

Indian Pharma Event Calendar



Merrill Lynch

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Presenting our Indian pharmaceutical event calendar

We outline the anticipated events that may affect each of the main Indian Pharmaceutical companies in our coverage in the next 12-18 months.

Key milestone events by company

We highlight important milestones for each company, like (a) Potential generic product launches, (b) Patent litigation progress on Para IV challenges (trial dates, 30-month expiry status, rulings etc), (c) NCE research progress for the main companies, and (d) Other developments expected over next 12-18 months.

We also highlight whether the potential milestones are incorporated in MLe and the likely impact on earnings if it is not already part of MLe. In addition, we provide a valuation snapshot for each company

Key near-term events to watch for

1. Generic Zocor (US\$4.38 billion, cholesterol lowering drug) patent expiry on 23rd June 06 – impact on Ranbaxy (180 day exclusivity for 80 mg dose) and Dr. Reddy's (authorized generic to Merck)
2. Generic Proscar (US\$368 million, BPH drug) patent expiry on 19th June – impact on Dr. Reddy's (authorized generic to Merck) and Cipla (API supplier to Ivax)
3. FTC decision on Plavix litigation settlement (US\$4.8bn; clopidogrel bisulfate, stroke drug) – impact on Dr. Reddy's
4. Spin-off and listing of Sun Pharma's R&D entity
5. Research progress on Balaglitazone (diabetes, Dr. Reddy's) and Oglemilast (asthma, Glenmark) – likely milestones, partnerships, clinical progress etc.

Available in excel format

The event calendar is also available as a excel document which is sortable/filterable by timing, company upon request.

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Refer to important disclosures on page 11. Analyst Certification on page 10.

Indian Pharmaceuticals Event Calendar

The tables below outline the anticipated events that may affect each of the main Indian Pharmaceutical companies in our coverage in the next 12-18 months.

Ranbaxy Laboratories

Table 1: Ranbaxy Laboratories Calendar - Anticipated Key Events

Timeline Event/ Milestone	Details & potential impact
Jun-06 Zocor (Simvastatin; cholesterol lowering drug) patent expiry (23rd June) and marketing exclusivity for 80mg dose	Not yet in MLe; potential FDA approval could result in US\$80mn revenues and US\$40mn profit upside for CY06E (Rs 4.7 EPS addition; 30% EPS upside)
Jul-06 2Q results	Focus on impact of cost reduction initiatives, base generics pricing, new launch impact and newsflow on generic Zocor/Pravachol
3Q 06 Likely FDA approval for Pravachol 80mg dose (cholesterol lowering) and marketing exclusivity	Incorporated in MLe; FDA approval not yet received; extended delay could impact CY06E EPS by Rs1.8
3Q 06 Potential launch of generic Allegra (allergy)	Dr. Reddy's received approval on 04/13/06 and launched. Mylan has a tentative approval (30-month stay ends on 10/21/06). Sandoz (stay ends 06/09/06) and Ranbaxy (stay ends 09/09/05) do not have tentative approvals yet.
2Q/3Q 06 Likely trial on generic Valtrex (US\$1.08bn, Valacyclovir, herpes; Ranbaxy vs GSK patent litigation)	Ranbaxy is FTF for Valtrex (Valacyclovir); 30-month stay has expired; trial date not yet set
3Q 06 Progress on Exelon patent litigation vs GSK (US\$225mn)	Ranbaxy, Sun, Reddy's and Watson have shared exclusivity; likely settlement between Novartis & Sun could result in similar opportunity for other defendants
Dec-06 Litigation progress on Flomax (US\$798mn, Tamsulosin, benign prostatic hyperplasia; Ranbaxy vs Boehringer)	Ranbaxy is FTF on Flomax (Tamsulosin); 30-month stay expires in Sep'07; final pre-trial conference scheduled for Dec'06
2006 French generics business to become EBITDA positive and China operations to turn profitable in 2006	Incorporated in MLe
2006 Likely newsflow on further acquisitions in Europe/US	Likely dilutive impact on earnings
2006 Focus on price erosion in base generics business	5% price erosion in base generics assumed in MLe
2006 Likely launch of 15+ generics in US	Incorporated in MLe
2007 Trial on generic Tricor patent challenge (US\$1.08bn; Fenofibrate, cholesterol lowering drug)	Ranbaxy and Teva have FTF status; trial scheduled for 11/26/07
2007 Appeals Court ruling on Lipitor patent challenge	A district court trial concluded in Dec-04. Court ruled for Pfizer. Ranbaxy filed an appeal on 01/05/06.
2007 Trial on Tricor (US\$1.08bn; Fenofibrate, cholesterol lowering drug) anti-trust lawsuit by Teva	Teva and Ranbaxy have FTF; Teva has sued Abbott for having converted the market into new strength; trial scheduled for Nov'07
2007 Patent litigation trial on Actos vs. Takeda (US\$2.2bn)	Possible shared exclusivity between Mylan, Watson, and Ranbaxy. Watson and Ranbaxy are not challenging the '777 patent (compound) which was ruled against Mylan

Source: Company Data, Merrill Lynch Research

Dr.Reddy's Lab

Table 2: Dr. Reddy's Laboratories Calendar - Anticipated Key Events

Timeline	Event/ Milestone	Details & potential impact
2Q/3Q 06	Focus on market share build-up for generic Allegra (US\$1.3bn; allergy)	Launched in April'06, DRL now commands over 5% market share; likely limited competition until Sep'06; incorporated in MLe (Rs7 EPS impact)
Jun-06	Zocor (US\$4.6bn; Simvastatin, cholesterol lowering drug) patent expiry on 23rd June and launch of generics by Teva & Ranbaxy; DRL is authorized generic to Merck	Likely Rs12-15 EPS accretion to FY07E EPS (over 20% EPS upside); Not yet in MLe
Jun-06	Likely launch of generic Proscar as authorized generic for Merck (US\$406mn, finasteride, benign prostatic hyperplasia)	Patent expires 19th June; Ivax is FTF; incorporated in Mle (Rs. 3 EPS for FY07E)
Jun-06	Progress on Risperdal patent litigation (US\$2.3bn; Risperidone, schizophrenia; Mylan vs JNJ)	Mylan is FTF; however DRL is FTF in Risperdal-M litigation (US\$71mn) which is consolidated with the Risperdal case; not yet in MLe
Jul-06	1Q Results	Focus on gross margin, impact of generic Allegra and BetaPharm integration
Aug-06	Patent litigation trial on Avelox (US\$271mn; Moxifloxacin, anti-bacterial; DRL vs Bayer)	DRL is FTF; Ranbaxy has not been sued; trial scheduled for 7th Aug'06; 30-month stay expires Oct'07
Sep-06	Patent litigation trial on Imitrex (US\$1.13bn; Sumatriptan, acute migraine; DRL vs GSK)	DRL is FTF; trial scheduled for 18th Sep'06; not yet in Mle
3Q 06	Likely competition to generic Allegra (US\$1.3bn, allergy)	Dr. Reddy's received approval on 04/13/06 and launched. Mylan has a tentative approval (30-month stay ends on 10/21/06). Sandoz (stay ends 06/09/06) and Ranbaxy (stay ends 09/09/05) do not have tentative approvals yet.
3Q 06	FTC decision on Plavix (US\$4.8bn; Clopidogrel bisulfate, stroke drug) litigation settlement	On 03/21/06 Apotex (FTF) and Sanofi-Aventis/BMS proposed to settle. Under the terms of the proposed settlement, Apotex will have an exclusive royalty-bearing license to manufacture and sell its generic version, 8 months before the patent expires (earlier if another generic is launched). DRL and Teva (other defendants but not FTF) too have been approached by BMS/Sanofi; not in MLe
3Q 06	More clarity on potential marketing exclusivity for generic Zofran (US\$1.1bn; Ondansetron, anti-emetic)	Trial for Dr. Reddy's (FTF) was held in Jul-04; a decision is pending; Teva lost case in District Court; likelihood of 180-day exclusivity for DRL post expiry of Dec'06 patent; not yet in MLe
3Q 06	Progress on Exelon (alzheimer's) patent litigation vs GSK (US\$225mn)	Ranbaxy, Sun, Reddy's and Watson have shared exclusivity; likely settlement between Novartis & Sun could result in similar opportunity for other defendants
Oct-06	Launch of generic Pravachol (US\$2bn, Pravastatin) post marketing exclusivity for Teva	Pravachol patent expired in Apr'06; Teva's 180-day exclusivity likely to end Oct'2006; likely to be a crowded market
4Q 06/ 1Q 07	Avandia/Avandamet (anti-diabetes) trial of Teva vs GSK (US\$1.8bn)	Teva is FTF while DRL is another defendant in the case; trial date not yet set
2006	Launch of 6-8 generics in US	Incorporated in Mle
End 06	Entry of Balaglitazone NCE (diabetes) into Phase III clinical trials	Possible outlicensing agreement for marketing in US/Europe
2007	District Court ruling on Tequin patent litigation (US\$171mn, Gatifloxacin, anti-bacterial)	DRL has shared exclusivity with Teva & APP; 30-month stay expires Sep'06
2007	Newsflow on progress of NCEs in Perlican Pharma	
2007	Newsflow on Phase III clinical datapoints for Balaglitazone	

Source: Company Data, Merrill Lynch Research

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Cipla

Table 3: Cipla Calendar - Anticipated Key Events

Timeline	Event/ Milestone	Details & potential impact
Jun-06	Proscar (US\$406mn; Finasteride; BPH) patent expires 19th June; Ivax has FTF and Cipla is API supplier	Part of MLe export growth assumptions; likely upside
2Q 06	Supply of generic Zoloft (US\$3bn, Sertraline, anti-depressant) to Teva/Ivax	Compound patent expires on June 30, 2006 (assumes pediatric exclusivity). Ivax has settled patent litigation with Pfizer and expects to have 6 months of exclusivity for the product; incorporated in MLe
2H 06	Possible launch of generic Flonase (US\$1.17bn, allergy)	Watson has partnered with Cipla on generic Flonase; tentative approval not yet in place; not yet in MLe
End		
2006/early 2007	Decision on generic Lexapro patent litigation trial (US\$2bn; Escitalopram, anti-depressant; Teva/Ivax vs Forest)	Cipla is API supplier to Teva/Ivax; 30-month stay has expired; potential settlement between Teva & Forest could benefit Cipla as well; Teva/Ivax could also launch at risk
2006	Registrations of CFC-free inhalers in EU	Cipla has received regulatory approval for its CFC free inhalers in Portugal and has filed for approval in Spain; regulatory approvals in other key markets of Western Europe expected
2006	Tamiflu update from Roche on global supply discussions and Govt. contracts	
2006	Commercialization of 15 ANDAs for partners in US	
	Potential DPCO liability of Rs3.6bn	Any adverse ruling could result in Cipla paying up at least Rs1.8bn (50% of liability)

Source: Company Data, Merrill Lynch Research

Sun Pharmaceuticals

Table 4: Sun Pharmaceuticals Calendar - Anticipated Key Events

Timeline	Event/ Milestone	Details & potential impact
Early 2006	USIND filing for an NCE (new chemical entity)	
1Q 06	Unfolding of research progress; demerger of research program into a separate entity	Management expected to share further details on the research program before listing
Jun/ Jul-06	Generic Ultracet competition	Par launched at risk in Apr-05. Caraco's motion for SJ of non-infringement was granted on 10/19/05; JNJ appealed; Caraco received final approval and launched in Dec-04. Teva is awaiting a decision on its SJ motion; tentative approval received in Jul-05; 30-month stay ends in Jul-06.
2006	Likely acquisition in US generics market (raised US\$350mn through FCCB)	Possible shared exclusivity between Reddy's, Sun, Ranbaxy, Watson. Cases have been consolidated; Challenging compound (enantiomer) patent. Novartis and Sun may settle based on a letter filed on 02/08/06 requesting a two-week extension to submit a response to Sun's 01/17/06 letter motion for a protective order. Sun stipulated that it has infringed claims 1, 2 and 3 of the '176 patent to narrow pretrial discovery and simplify litigation. 30-month stay expires Oct'05
2006	More details on Exelon patent litigation vs Novartis (Rivastigmine; US\$225mn)	
2006	Progress on Protonix patent litigation vs Altana (US\$2.4bn)	Likely shared exclusivity between Teva, Sandoz & Sun; 30-month stay expires Oct'06
Dec-06	Launch of generic Zofran IV; Patent expires 24th Dec'06; Sun and several other companies have tentative approvals.	
2007	Progress on Ethyol patent litigation vs. Medimmune (amifostine; US\$92mn)	Caraco (Sun) is FTF; not yet in MLe

Source: Company Data, Merrill Lynch Research

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GlaxoSmithKline India

Table 5: GlaxoSmithKline India Calendar - Anticipated Key Events

Timeline	Event/ Milestone	Details & potential impact
2006	Proceeds from sale of animal health business in Q3	Rs2bn one-off income expected in Q3
2006	Five new launches for the domestic market ('me too' products)	These include (a) generic carvedilol (in-licensed from Roche) (b) 2 vaccines and (c) one product each for diabetes and asthma indication. Apart from this we expect launch of several Avandia line extensions in 2007- (a) Avandaryl (Avandia+Amaryl) (b) Avandemetryl (Avandia+melformin+Amaryl) (c) Avandastat (Avandia+simvastatin); Incorporated in MLe
2006	Accelerating exports and potential to double revenues from clinical R&D service	Incorporated in Mle
2007	Rotarix vaccine (liquid vaccine against rotavirus for severe dehydration in children) slated for India launch in 2007	US\$50mn revenues over 5 yrs
2008	Alvimopan (post operative ileus). Global launch-2007; India launch - 2008	
2008	Allermist (allergic rhinitis) – Global launch-2007; India launch - 2008	
2008	Eltrombopag (thrombocytopenia) – Global launch-2007; India launch- 2008	
2009	Streptorix vaccine (pneumonia). Global launch- 2008; India launch - 2009	

Source: Company Data, Merrill Lynch Research

Wockhardt

Table 6: Wockhardt Calendar - Anticipated Key Events

Timeline	Event/ Milestone	Details & potential impact
2006	Launch of generic insulin and EPO in key semi-regulated markets	Incorporated in MLe
2006	Possible acquisition of US/EU generic company	Targeting acquisition size of US\$1bn+
2006	Erythropoietin (cancer drug) : European Union filing for generic version	Not in Mle
2006	Human insulin: European Union filing for generic version	Not in Mle
2006	Potential further updates on biogenerics from US/EU authorities	
2006	Launch of 10+ ANDAs in US	
2006	Expansion of UK facility for supply of Byetta API to Lilly	

Source: Company Data, Merrill Lynch Research

Nicholas Piramal

Table 7: Nicholas Piramal Calendar - Anticipated Key Events

Timeline	Event/ Milestone	Details & potential impact
2006	Gradual scale-up custom manufacturing supplies to AMO (Advanced Medical Optics; US\$15-20mn revenue expectation annually)	Incorporated in MLe
2006	Possible USFDA approval for Brimonidine API & initial shipments beginning (custom mfg deal with Allergan)	Incorporated in MLe
2006	Potential announcement of new custom manufacturing deals	
Mid 2006	Beginning of custom manufacturing supplies to the fortune 500 company	Incorporated in MLe
	Acquisition newsflow	

Source: Company Data, Merrill Lynch Research

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Matrix Laboratories

Table 3: Matrix Laboratories Calendar - Anticipated Key Events

Timeline	Event/ Milestone	Details & potential impact
3Q 06	Sale of medical devices business of Doc Pharma	Likely US\$100mn debt reduction
Jun-06	Outsourcing deals with innovators/generic companies	
Jun-06	Start of Modafinil API supplies to Cephalon	Likely US\$15mn revenue potential over three years; Incorporated in Mle
Jun-06	Commencement of ARV exports to President's PEPFAR program	Not in Mle
2006	Synergies from full year consolidation impact of all major acquisitions Doc Pharma (Belgium), MChem (China) and Concord (India)	Incorporated in Mle
2Q 06	Start of ARV supplies to Aspen JV	Likely revenues of US\$25mn in FY07E and about US\$50mn in FY08E for Matrix; Incorporated in Mle
FY 07	Likely launch of 8-10 generic APIs and branded formulations (Doc Pharma) each in FY07E	Incorporated in Mle
Jan-07	Supply of generic simvastatin API	Supply post exclusivity period; expected to be a crowded space
Jun-07	Likely generic launches of sertraline (US\$3bn)	Supply agreement in place with Mylan; launch post patent expiry and Ivax's 6-month exclusivity
Jun-07	Likely generic launches of terbenafine (US\$678 mn)	Supply agreement in place; launch post patent expiry
Jun-07	Likely generic launch of zolpidem (US\$2bn)	Possible supply agreement with Teva

Source: Company Data, Merrill Lynch Research

Biocon

Table 4: Biocon Calendar - Anticipated Key Events

Timeline	Event/ Milestone	Details & potential impact
3Q 06	Launch of Bio Mab in India (head and neck cancer; monoclonal antibody)	Not in Mle; benchmarked against Erbitux (Imclone/BMS) which is priced at Rs5lac per dose in India; potential revenues of US\$10-12mn over 3 years for Biocon
3Q 06	Start of Pravastatin API supplies to US (generic Pravachol; cholesterol lowering agent) post exclusivity period for Teva & Ranbaxy	Part of Mle; pricing is the key variable; supply delayed due to exclusivity period for Teva/Ranbaxy
4Q 06	Start of simvastatin API supplies to US (generic Zocor; cholesterol lowering agent) post exclusivity period for Teva & Ranbaxy	Part of Mle; pricing is the key variable; supply delayed due to exclusivity period for Teva/Ranbaxy
2006	Potential further updates on biogenerics from US/EU authorities	
2006	Start of Phase I trials for oral insulin in India (acquired from Nobex); USIND filing by year-end	Out-licensing candidate post establishment of proof of concept studies
2006	Launch of insulin in key markets - Middle East, Latam, Russia and other semi-regulated markets	Likely upside to FY08E Mle
2006	Clinical trials by Clinigene for Bentley's nasal insulin program	
2006	Filing of Biosimilar insulin in EU through partners	

Source: Company Data, Merrill Lynch Research

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Glenmark Pharma

Table 5: Glenmark Pharma Calendar - Anticipated Key Events

Timeline	Event/ Milestone	Details & potential impact
2006	Oglemilast (asthma; licensed to Forest Labs) - US\$30mn milestone due from Forest Labs shortly; European partnership expected	Expected to be received in FY06; further delays could impact FY07E EPS
2006	Scale-up of US generics and Brazil operations to US\$35mn each in FY07E (vs US\$13mn and US\$17mn resp.)	Incorporated in Mle; likely launch of 10-15 product each in both US & Brazil
2006	GRC 8200 (Diabetes; DPP IV product; Phase II) - Likely USIND filing this quarter; possible out-licensing in FY07E	Not in MLe
2006	GRC 10389 (CB1; Obesity) - Phase I trials to commence in H1FY07E	
2006	GRC 6211 (VR1 antagonist for pain) - Expect Phase I trials in Sep'06	
2006	GRC 10622 (CB2; neuropathic and inflammatory pain) - Likely Phase I trials in Nov'06.	
2006	GRC 4039 (PDE-4 for rheumatoid arthritis) - Phase I to start in Feb'07	
2H 2007	Phase II clinical data for Oglemilast (asthma) Newsflow on product acquisitions/marketing deals	Key sentiment driver for the stock

Source: Company Data, Merrill Lynch Research

Cadila Healthcare

Table 6: Cadila Healthcare Calendar - Anticipated Key Events

Timeline	Event/ Milestone	Details & potential impact
FY07	Launch of 20+ ANDAs in the US	Incorporated in Mle
2006	Announcement of contract manufacturing deals with generic/innovator companies	So far announced 11 contract manufacturing deals having peak revenue potential of US\$24mn
2006	Progress on Protonix patent litigation vs Altana (US\$2.4bn)	Likely shared exclusivity between Teva, Sandoz & Sun; 30-month stay expires Oct'06; Possible 'at risk' launch by the generic players could negatively impact Cadila's intermediate supply arrangement with Altana (nearly 40% profit contribution at present)
2006	likely launch of generic simvastatin in the US post marketing exclusivity period	Tentative approval received; likely crowded market
1Q 07	Likely break-even in the French generics business	Incorporated in Mle
2007	Start of commercial production of oncology injectibles for the Mayne JV Newsflow on acquisitions	Facility being set up; Not present in MLe

Source: Company Data, Merrill Lynch Research

Divi's Laboratories

Table 7: Divi's Laboratories Calendar - Anticipated Key Events

Timeline	Event/ Milestone	Details & potential impact
2006	Pipeline visibility & new custom manufacturing deal announcements	So far company has announced only one big custom manufacturing deal (specialty ingredient project) for which capex is currently ongoing and revenue visibility is expected from 2HFY07; we watch out for more such deals in custom manufacturing
2006/2007	Take-off of carotenoid business	Following a near two-year delay in this project due to regulatory hurdles, investors will look forward to timing of cash flows from this project
2006	New generic cashflows and capex completion	We expect new DMF filings to result in revenue opportunity starting mid 2006 when the current investment of Rs800mn will start giving returns.
2H2006	Patent litigation update on generic Kepra (US\$513mn, levitracetam; UCB pharma)	Kepra 30-month stay expires July'06; Mylan is FTF and Divi's is API supplier to Mylan; trial date not yet set

Source: Company Data, Merrill Lynch Research

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Panacea Biotech

Table 8: Panacea Biotech Calendar - Anticipated Key Events

Timeline	Event/ Milestone	Details & potential impact
2Q/3Q 06	Completion of Phase IIA validation studies for anthrax vaccine	Likely collaboration with a US company for tendering to US Govt. stockpiling program; Not in Mle
2006/ early 2007	Progress on NDDS project with an European MNC	NDDS project involves a cardiovascular NCE (Phase III trials) jointly patented by Panacea & the European MNC; likely royalty for Panacea on launch post 2009; Not in MLe
3Q 06	Cyclosporine NDDS approval by Envisa (Brazil)	potential US\$5mn revenues in FY07E; US\$10-15mn in FY08E; incorporated in Mle
2006	Strong 20%+ growth in polio vaccine business	Upside to Mle driven by price increase in base polio business and recent outbreak of polio in several African nations
2006	Start of manufacturing collaboration with an MNC	Incorporated in MLe
2007	Start of EU clinical trials for key NDDS products - Willgo, Nimulid, Thank God, 2 Good, Panimun Bioral	

Source: Company Data, Merrill Lynch Research

Table 9: Indian Pharmaceuticals Valuation Table

13/6/2006	Fiscal Yr	Bberg	Price	Market Cap		EPS (Rs)				2006-08E	P/E (x)			EV/Sales (x)			EV/EBITDA (x)			Abs. Price Perf			
	End	Ticker		Rating	Rs	Rs mn	US\$ mn	FY05	FY06E	FY07E	FY08E	EPS	CAGR	2006E	2007E	2008E	2006E	2007E	2008E	2006E	2007E	2008E	YTD
Ranbaxy Laboratories	December	RBXY	C-2-7	373	148,827	3,271	18.4	5.8	15.4	17.1	72%	64.5x	24.2x	21.8x	3.0x	2.5x	2.2x	42.1x	16.8x	15.0x	-0.7%	-42%	13%
Sun Pharmaceuticals	March	SUNP	C-3-7	747	154,682	3,400	19.1	27.7	30.9	34.3	11%	27.0x	24.2x	21.7x	9.5x	7.7x	6.3x	30.4x	24.0x	19.4x	5.4%	23%	85%
Dr. Reddy's Laboratories	March	DRRD	C-1-7	1,277	97,563	2,144	2.8	19.2	57.1	67.1	87%	66.4x	22.4x	19.0x	5.0x	2.9x	2.6x	28.9x	14.6x	12.6x	26.5%	13%	-40%
Cipla	March	CIPLA	C-1-7	212	164,788	3,622	5.3	7.7	9.3	11.5	22%	27.5x	22.8x	18.5x	5.5x	4.6x	3.8x	20.9x	14.8x	12.2x	14.5%	39%	17%
GlaxoSmithKline Pharma	December	GLXO	C-1-7	1,010	85,550	1,880	32.0	36.8	46.9	58.7	26%	27.4x	21.5x	17.2x	5.0x	4.1x	3.6x	16.6x	12.8x	10.2x	-6.0%	46%	31%
Nicholas Piramal	March	NP	C-2-7	179	37,411	822	5.3	5.7	9.7	12.9	50%	31.3x	18.5x	13.9x	2.3x	1.9x	1.6x	15.4x	11.2x	11.2x	-38.5%	-11%	102%
Biocon	March	BIOS	C-1-7	343	34,325	754	19.9	17.4	22.2	28.2	27%	19.7x	15.5x	12.2x	4.5x	3.6x	3.1x	15.1x	11.2x	9.2x	-30.6%	-4%	
Wockhardt	December	WPL	C-1-7	355	42,529	935	18.0	21.6	27.3	31.4	20%	16.4x	13.0x	11.3x	3.4x	2.8x	2.2x	15.2x	11.9x	11.9x	-21.0%	24%	45%
Cadila Healthcare	March	CDH	C-1-7	508	31,896	701	21.1	25.6	33.8	43.4	30%	19.8x	15.0x	11.7x	2.3x	1.9x	1.6x	12.6x	9.9x	8.2x	-1.0%	-17%	52%
Glenmark Pharma	March	GNP	C-1-7	259	33,794	743	8.2	6.9	19.6	22.4	80%	37.3x	13.2x	11.6x	5.2x	4.0x	3.3x	22.1x	9.9x	8.4x	-14.4%	19%	233%
Matrix Laboratories	March	HDPH	C-1-7	229	35,094	771	8.5	9.0	13.6	18.0	41%	25.5x	16.9x	12.7x	3.2x	2.5x	2.0x	24.0x	12.7x	9.9x	-8.8%	-4%	53%
Divi's Laboratories	March	DIVI	C-2-7	1,215	15,575	342	51.9	55.1	73.1	88.7	27%	22.0x	16.6x	13.7x	4.2x	3.3x	2.9x	13.1x	10.7x	9.3x	-21.1%	-4%	-15%
Panacea Biotec	March	PNCB	C-1-7	270	15,408	339	4.2	10.5	18.9	26.7	60%	25.7x	14.2x	10.1x	3.4x	2.5x	2.0x	14.4x	9.8x	7.7x	-8.8%	105%	178%
Average-ML Universe					897,441	19,724						30.6x	20.2x	16.8x	4.1x	3.3x	2.8x	22.4x	14.8x	12.5x	-8%	14%	63%

Source: Merrill Lynch Research

Note: FY= Fiscal Year; For March ending companies fiscal year end is different from calendar year end eg: FY08=CY07

Table 10: US and European Generics Valuation Table

as of 14/6/2006	Price	Market Cap		EV	2006 EPS	2007 EPS	5 year CAGR	P/E		PEG		EV/Rev.		EV/EBITDA	
		Cap	EV		ML est.	ML est.		2006E	2007E	2006E	2007E	2006E	2007E	2006E	2007E
Alpharma	\$22.36	\$1,223	\$840	\$1.41	\$1.57	13%	15.9x	14.2x	1.2x	1.1x	1.3x	1.2x	6.0x	5.0x	
Barr Labs	\$51.19	\$5,435	\$4,797	\$3.16	\$4.02	14%	16.2x	12.7x	1.2x	0.9x	3.3x	2.8x	8.2x	6.4x	
Mylan	\$20.45	\$4,299	\$4,857	\$1.13	\$1.54	25%	18.1x	13.3x	0.7x	0.5x	3.7x	3.1x	10.9x	8.4x	
Par Pharmaceuticals	\$20.40	\$715	\$825	\$0.78	\$1.30	52%	26.0x	15.7x	0.5x	0.3x	1.2x	1.1x	12.4x	8.2x	
Taro	\$11.54	\$337	\$533	\$0.71	\$0.89	35%	16.2x	12.9x	0.5x	0.4x	1.7x	1.6x	8.6x	7.5x	
Teva	\$36.18	\$28,416	\$29,373	\$1.86	\$2.31	14%	19.5x	15.6x	1.4x	1.1x	3.6x	3.0x	29.1x	10.4x	
Watson	\$24.35	\$2,713	\$2,671	\$1.23	\$1.65	14%	19.8x	14.8x	1.4x	1.1x	1.4x	1.4x	6.4x	5.5x	
Stada (EUR)	30.79	1,670	1,904	1.65	2.05	20%	18.7x	15.0x	1.0x	0.8x	1.6x	1.4x	9.6x	8.2x	
Pliva	\$20.30	1,766	2,141	\$0.81	\$0.89	5%	24.9x	22.7x	5.0x	4.5x	2.0x	2.0x	11.7x	11.0x	
Zentiva (CZK)	870.4	35,554	40,353	57.74	67.15	14%	15.1x	13.0x	1.1x	1.0x	2.9x	2.6x	10.1x	9.1x	
Richter Gedeon (HUF)	37,500.0	695,178	643,617	2,487.03	2,711.26	8%	15.1x	13.8x	1.9x	1.8x	3.3x	3.0x	11.1x	10.2x	
Hikma (USD)	\$5.92	\$997	\$893	\$0.36	\$0.41	19%	16.4x	14.5x	0.9x	0.8x	2.7x	2.2x	9.5x	8.4x	
Krka (SIT) (consensus est.)*	150,400	532,867	557,867	6,030	6,550	15%	24.9x	23.0x	1.7x	1.5x	3.6x	3.3x	12.6x	11.3x	
Average US						23.8%	18.8x	14.2x	1.0x	0.8x	2.3x	2.0x	11.7x	7.4x	
Average Europe						13.2%	19.2x	17.0x	1.9x	1.7x	2.7x	2.4x	10.8x	9.7x	
Average Total						21.7%	18.3x	15.1x	1.2x	1.0x	2.9x	2.5x	12.4x	9.9x	

Source: Merrill Lynch European Generics Team, Merrill Lynch US Specialty Pharmaceuticals Team, IQ Analytics

Analyst Certification

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