

A background image showing two hands shaking in a firm grip, symbolizing agreement or partnership. The hands are light-skinned and the background is a soft, out-of-focus grey.

DiaGenic in India

A market of opportunities

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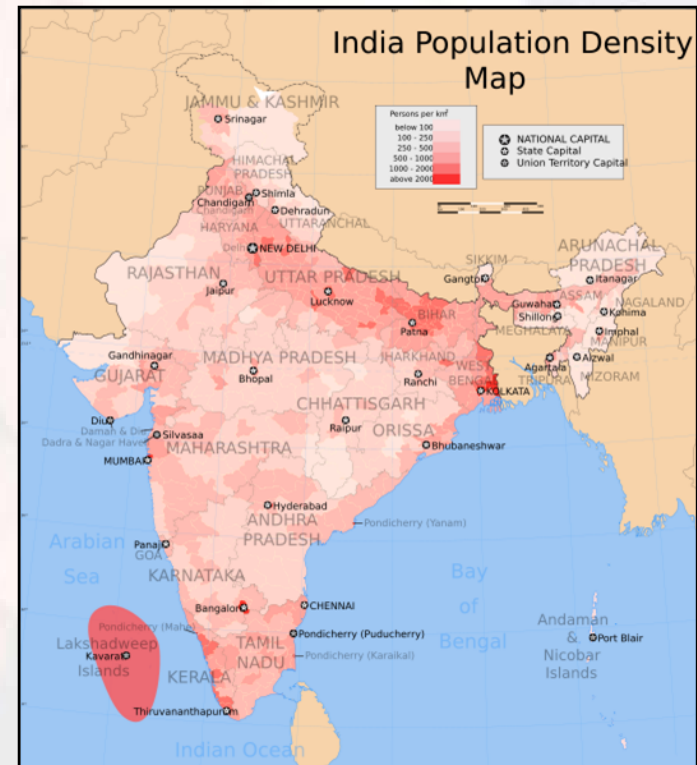
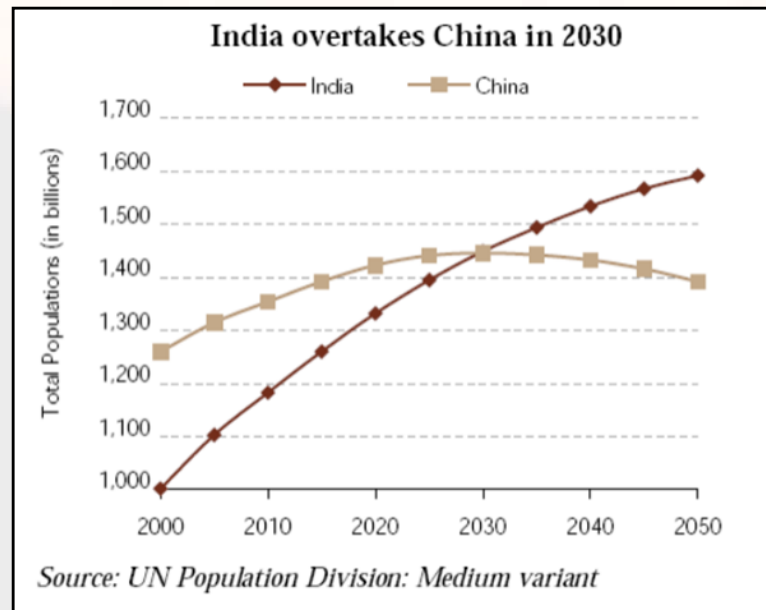
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Why India?

Large population base

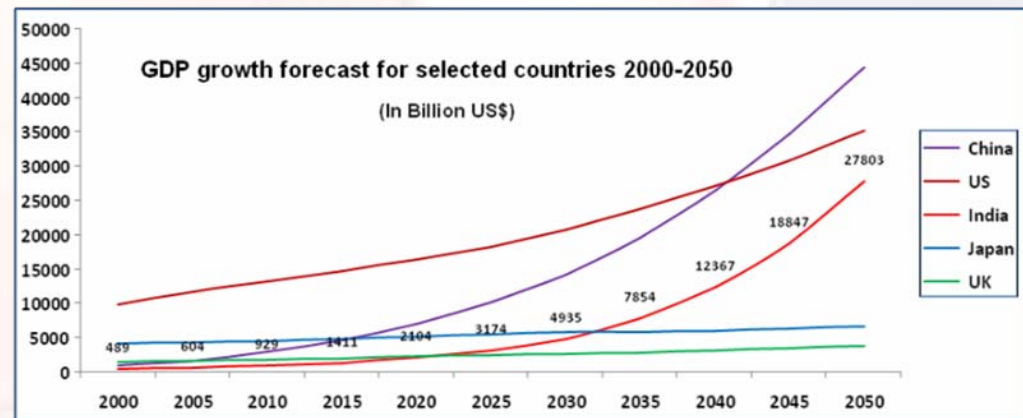
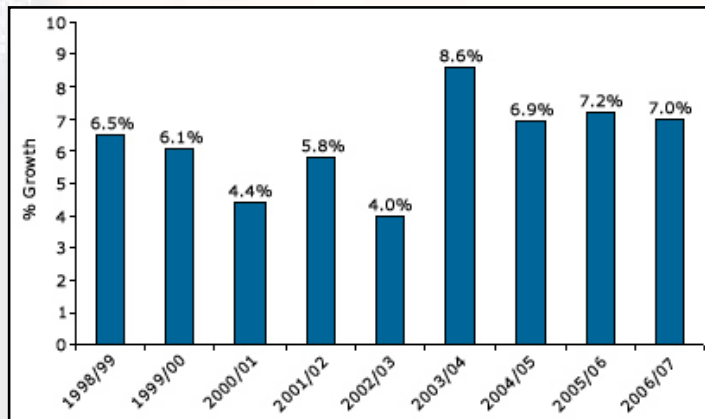
- Currently #2 in world in terms of population (>1.1 billion)
- Poised to become #1 within two decades; population will surpass China by 2030
- Population concentrated within regional pockets; excellent market access



Why India?

Excellent economic growth

- Economic reforms begun in 1991 have led to excellent economic growth
- Real compound annual growth forecast at $> 7\%$ over next two decades
- Currently India is world's 12 largest economy; expected to be in the top 5 by 2025¹



¹ Mckinsey Global Institute Report — Tracking the growth of India's middle class; 2007

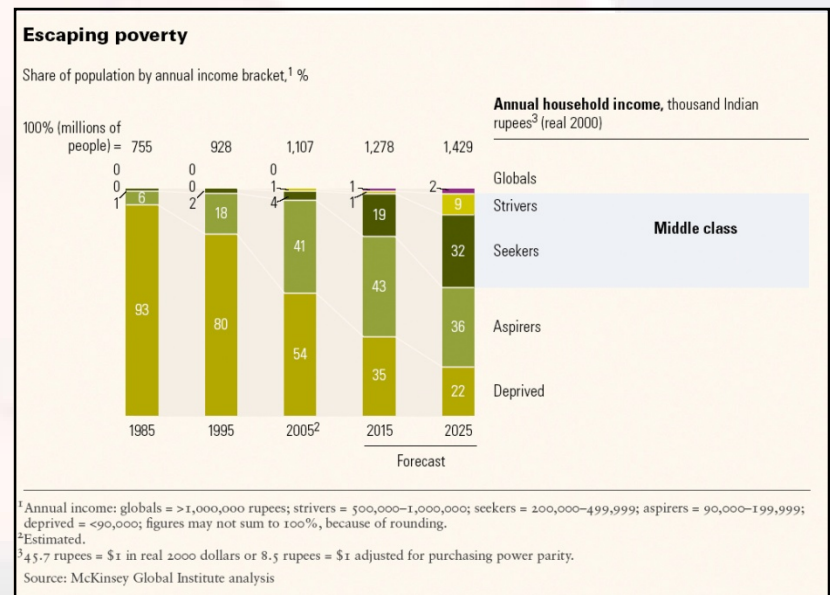
Why India?

Expanding middle class

- Poverty has been cut by one-half in last 20 years; similar decrease over next 20 years
- Increased urbanization and economic growth has greatly expanded the middle class
- Middle class currently at 50 million; will grow by ten-fold to over 580 million by 2025¹
- India's affluent population will grow to 24 million (more than the population of Australia)



¹ McKinsey Global Institute Report — Tracking the growth of India's middle class; 2007



Why India?

Increasing disposable income & purchasing power

- India will undergo a transition in the economic pyramid unlike any other country
- Economic growth will accompany similar growth in discretionary spending
- Increased spending on quality of life (health, education, lifestyle)
- Over 1.25 trillion USD in future purchases up for grabs by 2025
- 75% of India's consumer market in 2025 doesn't exist today!

The expanding middle

■ Middle class (xx.x) Number of households, millions

Aggregate disposable income by annual income bracket, trillion Indian rupees¹

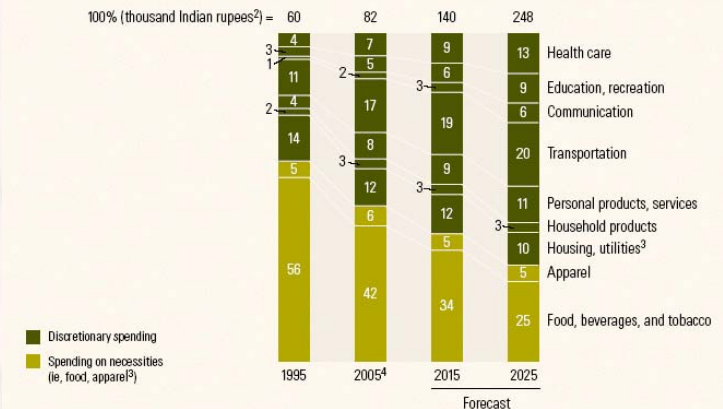


¹Annual income: globals = >1,000,000 rupees; strivers = 500,000–1,000,000; seekers = 200,000–499,999; aspirers = 90,000–199,999; deprived = <90,000; 45.7 rupees = \$1 in real 2000 dollars or 8.5 rupees = \$1 adjusted for purchasing power parity; 45.7 rupees = \$1 in real 2000 dollars or 8.5 rupees = \$1 adjusted for purchasing power parity.

Source: McKinsey Global Institute analysis

Beyond necessities

Share of average annual household consumption, %¹



¹Figures may not sum to 100%, because of rounding.

²Real 2000 rupees; 45.7 rupees = \$1 in real 2000 dollars or 8.5 rupees = \$1 adjusted for purchasing power parity.

³McKinsey Global Institute's cross-country comparisons of necessary consumption exclude housing from the category of necessity because of significant variations in national housing market structures, regulations, and measurement methodologies.

⁴Estimated.

Source: McKinsey Global Institute analysis

Entry Strategies for Western Companies

Setting up shop in India — the subsidiary approach

- All operational control under the umbrella of parent company
- Can capitalize on brand recognition to stimulate sales through local presence
- Huge expense in setting up operations
- Significant corporate resources (executive time and travel) needed

The marriage option — the JV model

- Joint Venture with an Indian entity allows for faster entry into marketplace
- Indian partner to co-invest in setting up needed operations within India
- Tie-up often involves a long-term relationship, with steep penalties for divorce
- Out-licensing of technology often involved (IP transfer / ownership issues?)

Being there without being there! — the Agency model

- Indian agent serves as operational arm of parent company; local presence not needed
- Greater operational control compared to JV model
- High consultancy fees
- Finding the right agent!

DiaGenic — India Business Structure

PAC Med Biotech appointed as Indian agent for DiaGenic

Services to be provided by PAC Med — Phase I (Clinical trials)

- Set up clinical trials on behalf of DiaGenic
- Identify a research service partner to undertake laboratory work
- Negotiate all contracting with CRO and other parties; generate drafts of contracts
- Oversee all aspects of clinical trials and help in troubleshooting (when necessary)

Services to be provided by PAC Med — Phase II (Commercialization)

- Identify and recruit research firm to undertake formal market assessment
- Prepare short-list of commercial partners for review by DiaGenic
- Mediate all discussions (introduction to consummation)
- Prepare draft versions of business contract; serve as intermediary in negotiations
- Assist with commercial launch — preparatory assistance, scheduling, CMEs, etc.

DiaGenic — India Business Structure

DiaGenic – PAC Med collaboration (core understandings)

Mutual promises

- DiaGenic shall prioritize commercial entry into India as a key strategic objective
- DiaGenic shall provide all support functions necessary to service providers
- PAC Med shall work closely with and represent the best interests of DiaGenic
- PAC Med shall invest the time and effort needed to execute its mandate

Financial considerations

- PAC Med will not levy any charges for its services (waiver of consultancy fees)
- PAC Med will earn future revenue only if the test is commercialized in India
- Royalty recovery based on a percentage of DiaGenic's earnings in India

DiaGenic — India Business Structure

Clinical trials – Appointment of Manipal AcuNova Ltd.



Profile and characteristics

- MAL chosen after review of several top CROs in India
- Attributes — fully accredited, excellent leadership, prior success, motivation
- Selected by Proximare as India's "Best Emerging CRO of 2005"

Overview of functions

- Identify clinical populations across India for study purposes
- Coordinate and oversee activities across all study sites; blood collection & transport

DiaGenic — India Business Structure

Clinical trials – Appointment of LabIndia Instruments Ltd.

LABINDIA®

Purpose and requirements

- Study to be run on ABI 7900HT platform
- Few places in India have this instrument
- High capital investment (> 200k USD)
- Option: Find a service provider that has this instrument



Profile and overview of functions

- LabIndia is the Indian agent for Applied BioSystems Inc.
- Receive samples from Manipal AcuNova (CRO)
- Undertake all laboratory procedures and array scans

Project Execution

Clinical trials

Q. Does the DiaGenic breast cancer test work in the Indian population?

Five study groups

- Group 1: early breast cancer
- Group 2: late breast cancer
- Group 3: genetic predisposition
- Group 4: radiographic concern (-ve cancer)
- Group 5: age-matched controls

Target

- ✓No. of Subjects to be enrolled: 720
- ✓Enrollment period: 12 months
- ✓Sites: 9 sites in 4 different geographical locations in India

Project Execution

Clinical trials

Geographic outline and operations flow



Project Execution

Clinical trials

Timelines for various operational aspects of the study

[illegible]

Project Execution

Clinical trials

Q. Does the DiaGenic breast cancer test work in the Indian population?

A. Yes.

- Indian data corroborates results of Scandinavian and U.S. cohort
- DiaGenic test is broadly applicable across diverge genetic pools
- DiaGenic test can be conducted successfully by alternate labs elsewhere
- scientific presentation of Indian data at 51st ACOG meeting in Delhi (Feb '08)
- international press release issued on Indian study outcome



The screenshot shows the homepage of The Financial Express. The main headline reads: "DiaGenic announces preliminary results from a multi-centre breast cancer study in India". Below the headline, it says "Agencies" and "Posted online: Monday, February 04, 2008 at 1918 hrs IST". The website features a navigation bar with links to Home, Print Edition, Latest News, Stocks, epaper, Archives, Subscribe, and Company Info. There is also a search bar and a "Login" link. On the left, there is a "Latest News" sidebar with links to Industry Sectors, Markets, Companies, and Economy. On the right, there is a "Most Read Articles" sidebar with links to "Trouble brews as pests, rupee trim coffee exports" and "Review of MSS ceiling in progress unlikely".

Project Execution

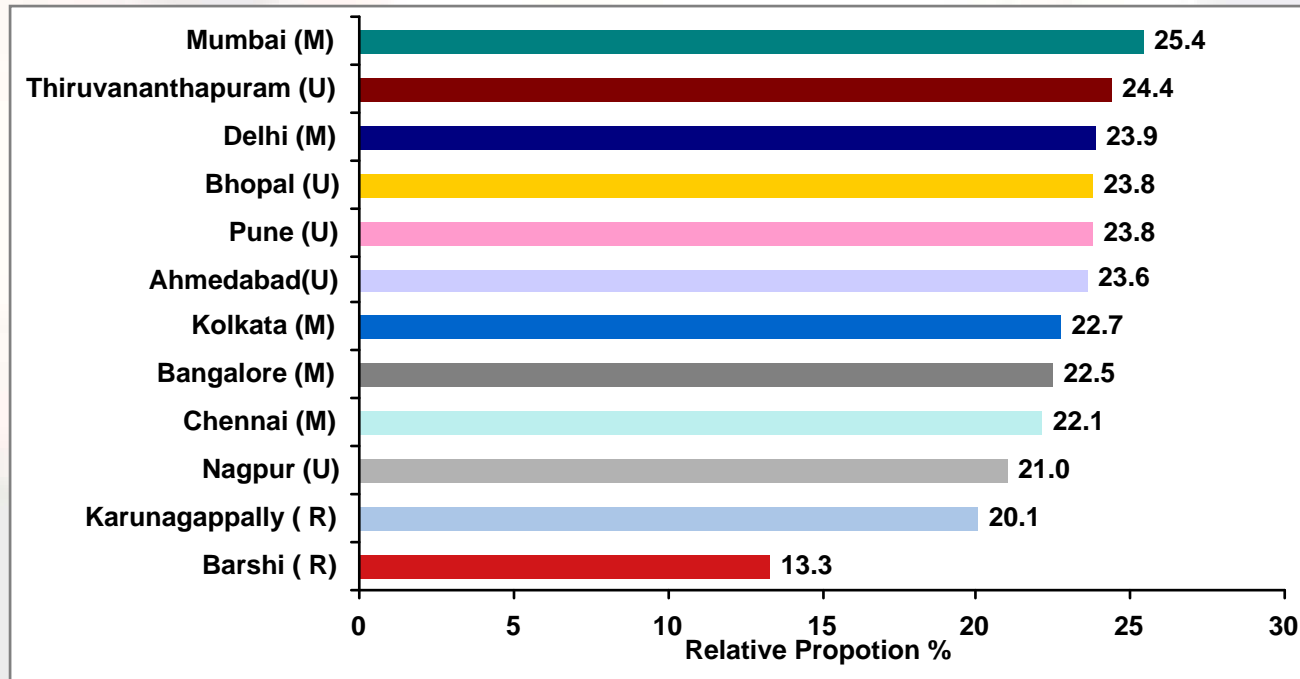
Market assessment

Indian study and future commercial prospects in India
sets up need for assessing market conditions

- recruit a reputable market research firm
- examine urban population profiles in terms of incidence
- pattern of patient flow to identify key clinical domains
- KOL feedback

Project Execution

Market assessment



- The Metro and Urban areas of India harbors significant PAR compared to the rural population
- Western part of India has the incidence of maximum breast cancer cases

M=Metro, U=Urban, R=Rural

Note: Relative Proportion is in comparison with other types of cancer

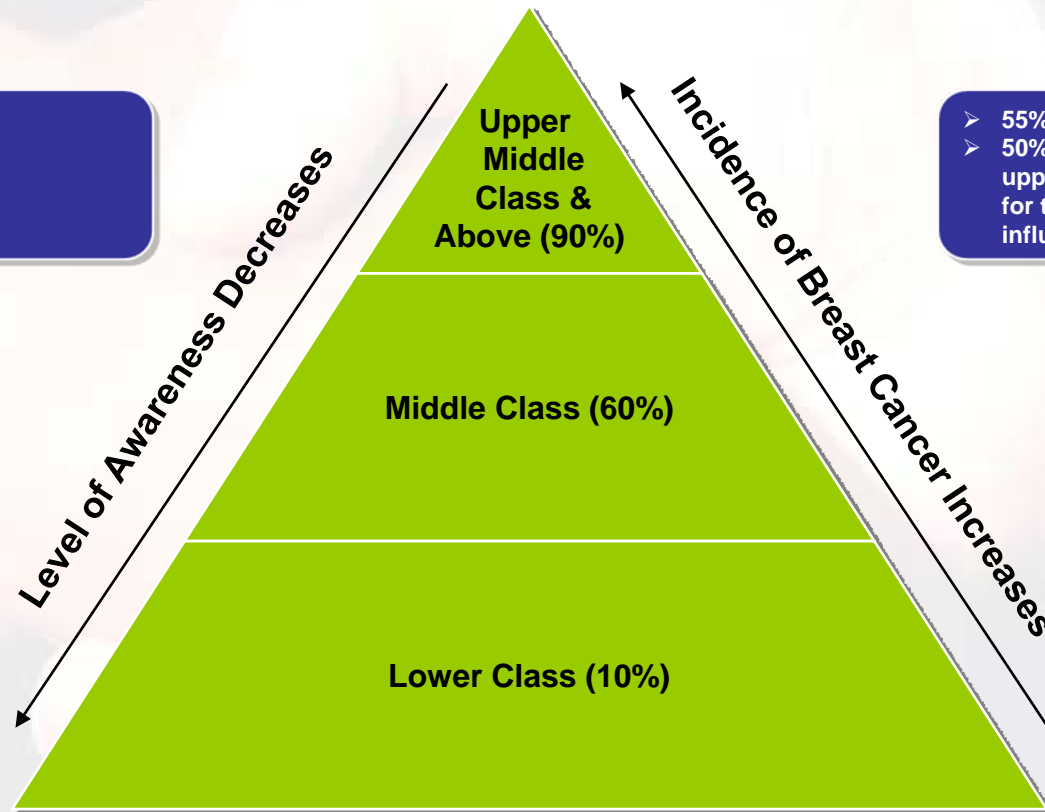
Source: <http://www.canceratlasindia.org/map.htm>

Project Execution

Market assessment

Awareness Channels:

- Health Care providers
- Television
- Magazine
- Newspaper

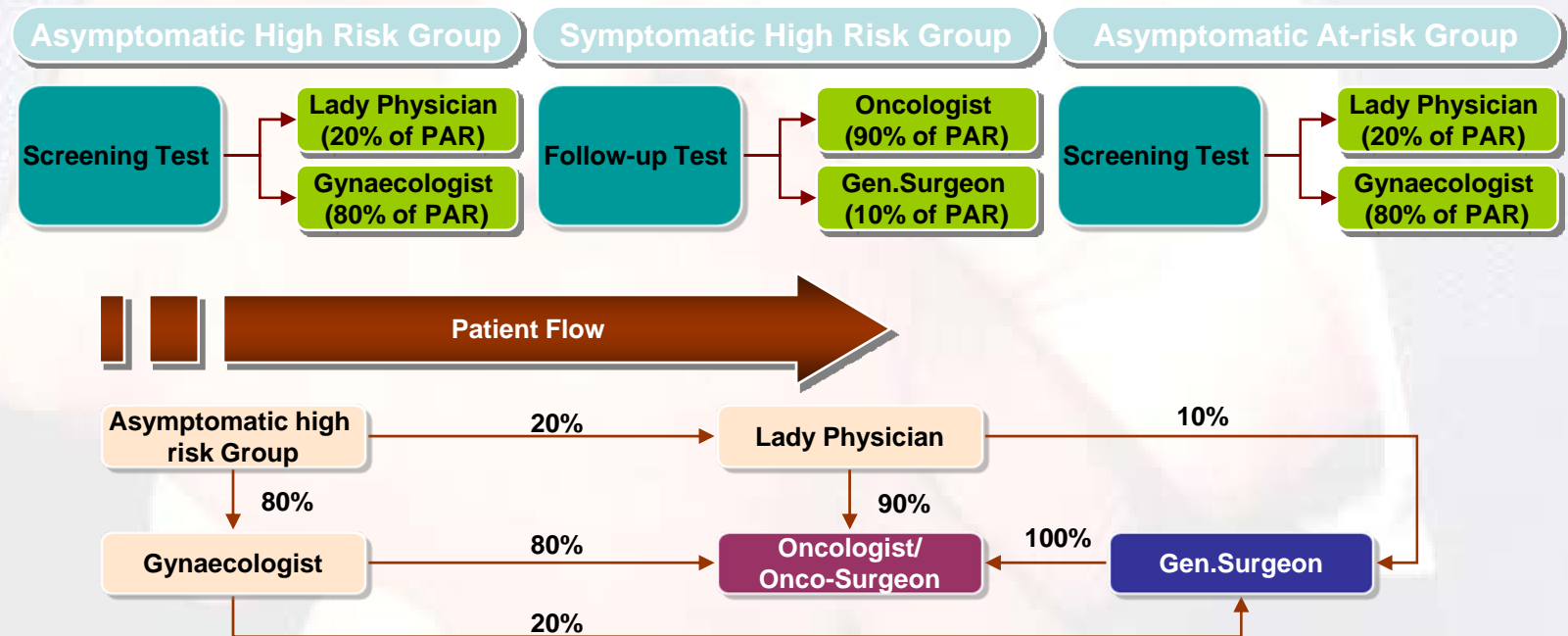


- 55% of the PAR have tried SBE
- 50% of >50 yrs age group in upper class of people have gone for their first BCT, majority influenced by their physician

Opportunity exists for newer diagnostics for BC due to the high level of awareness and incidence of BC among the upper and middle class of women

Project Execution

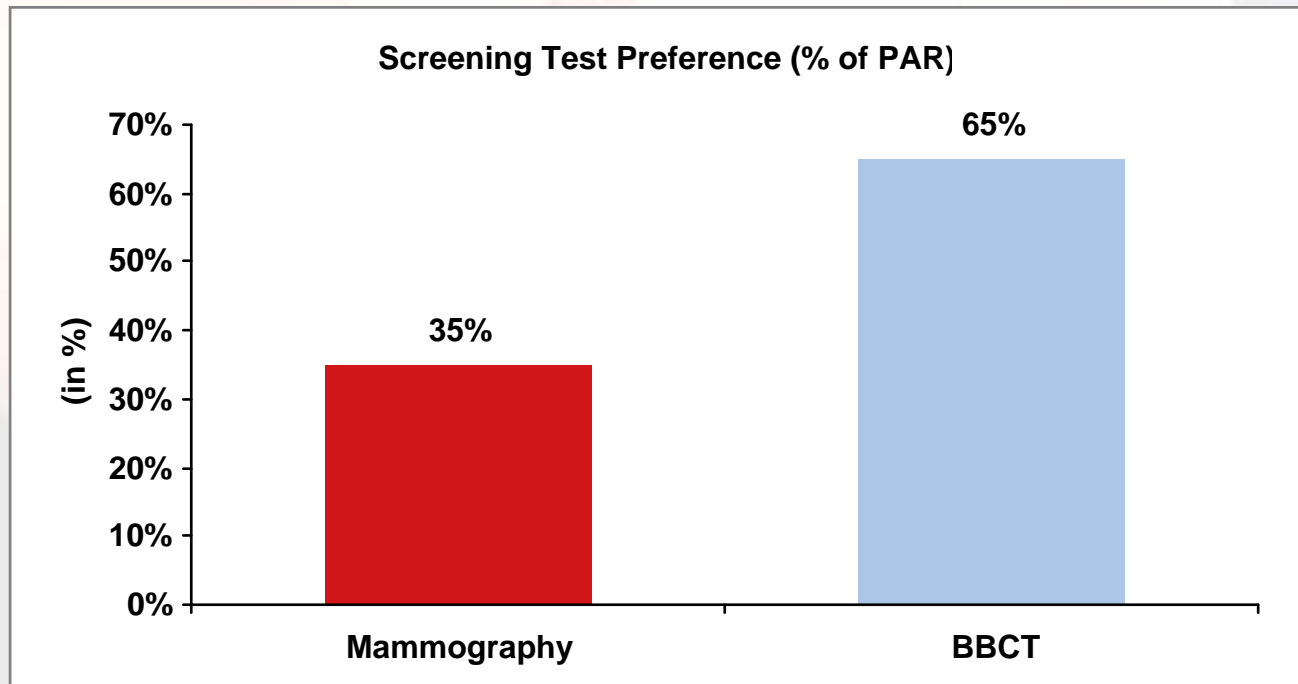
Market assessment



- Gynaecologists & female physicians play a major role in screening asymptomatic high-risk patients
- All advanced cases are referred to oncologists by general surgeons, gynaecologists and physicians

Project Execution

Market assessment



65% of PAR opted for DiaGenic BCT, due to its simple procedure

Market Entry

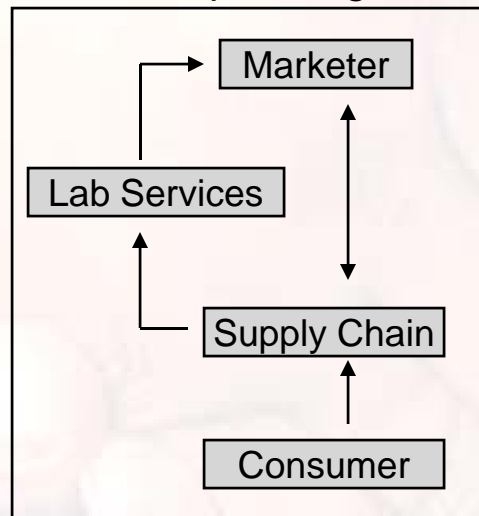
Partnership outline

Marketer – major laboratory chain

Supply chain (blood collection & transport) — under management of marketer

Lab services – LabIndia

Partnership arrangement



Market Entry



Partnership outline

Characteristics of SRL Ranbaxy

- India's first and South/South-East Asia's largest clinical reference lab
- Over 750 collections centres in 375 cities throughout all parts of India; tie-up with Fortis
- > 5 m annual customers
- Extensive clinical contact network across multiple domains (especially OB/GN)
- Backing of major pharmaceutical company (Ranbaxy Ltd.)
- Strong R&D unit with extensive professional and test development experience
- Highly motivated and eager to partner with DiaGenic

Market Entry

Partnership outline

SRL shall provide to DiaGenic ...

- Supply chain operations for blood collection throughout its network
- Marketing and promotional activities, including use of its national sales force
- Organize seminars and CMEs prior to test launch to inform clinical community
- Distribution of test reports to clinicians
- Substantial financial investment to ensure successful market penetration and uptake
- Fixed royalty per test

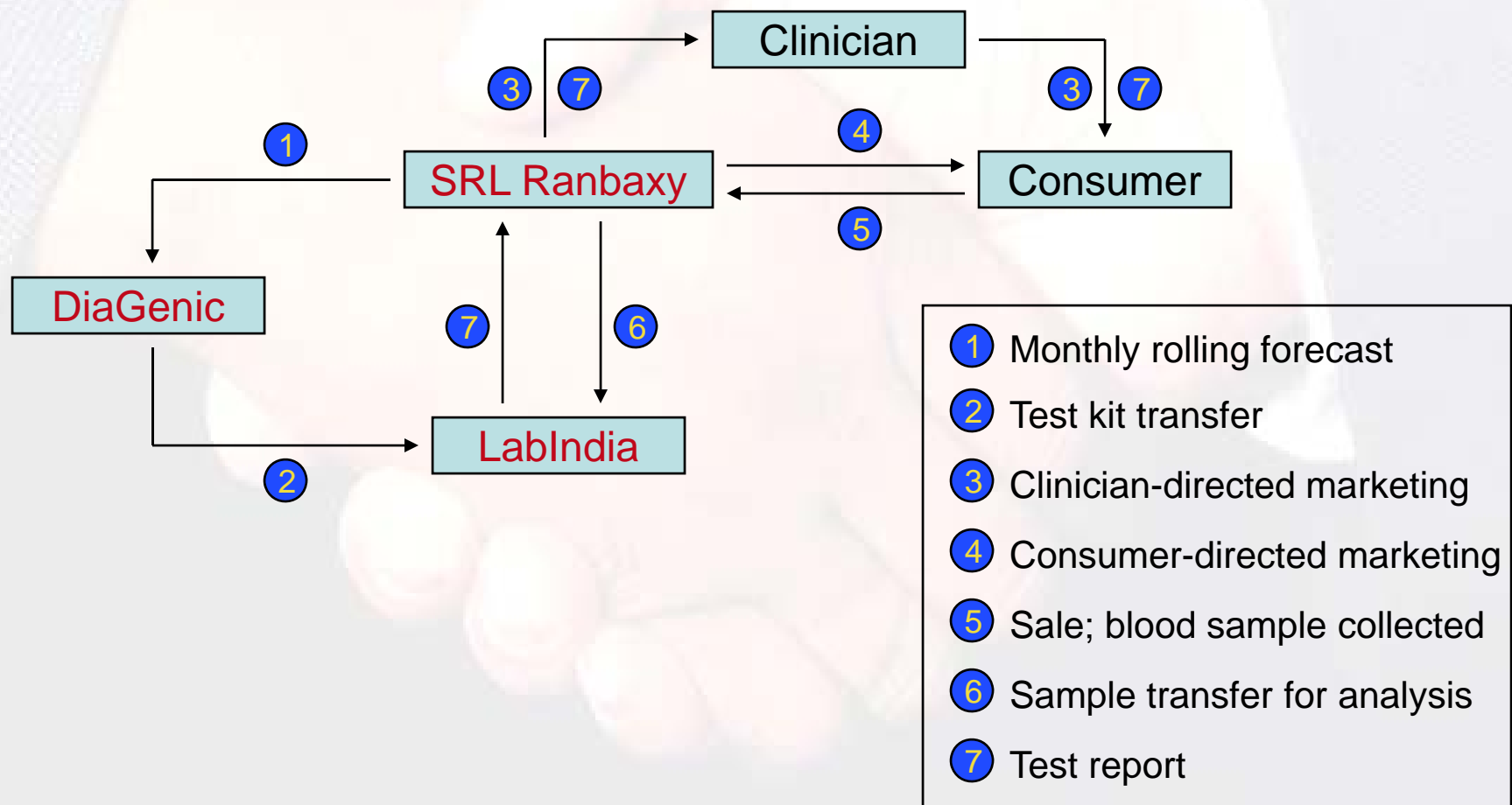
SRL shall receive from DiaGenic ...

- Marketing exclusivity of the breast cancer test in India
- Assistance with promotional materials in support of marketing
- Technical and logistical support during test launch
- Coordination assistance with LabIndia for analytical services

Market Entry

Operational details

Process flow – materials transfer and marketing operations



Synthesis

Why India?

Time to market

Jul '06 – Partnership with PAC Med (MoU)

Oct '06 – Contract signed with MAL (CRO)

Jan '07 – Clinical study finalized and initiated

Aug '07 – Half study enrollment (Go-NoGo decision point)

Feb '08 - Presentation of interim data at AICOG (Delhi)

Mar '08 - Clinical study completed, with final report

May '08 - Contract with SRL Ranbaxy executed

22 months

Cost efficient and speedy entry into a lucrative market