



DR. REDDY'S

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## Q1 FY09: Results Update

July 21, 2008

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# Safe Harbor Statement

This presentation contains forward-looking statements and information that involve risks, uncertainties and assumptions. Forward-looking statements are all statements that concern plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact, including, but not limited to, those that are identified by the use of words such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects” and similar expressions. Risks and uncertainties that could affect us include, without limitation:

- General economic and business conditions in India;
- The ability to successfully implement our strategy, our research and development efforts, growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Allocations of funds by the Government;
- Changes in laws and regulations that apply to our customers, suppliers, and the pharmaceutical industry;
- Increasing competition in and the conditions of our customers, suppliers and the pharmaceutical industry; and
- Changes in political conditions in India.

Should one or more of such risks and uncertainties materialize, or should any underlying assumption prove incorrect, actual outcomes may vary materially from those indicated in the applicable forward-looking statements. Any forward-looking statement or information contained in this presentation speaks only as of the date of the statement.

We are not required to update any such statement or information to either reflect events or circumstances that occur after the date the statement or information is made or to account for unanticipated events.

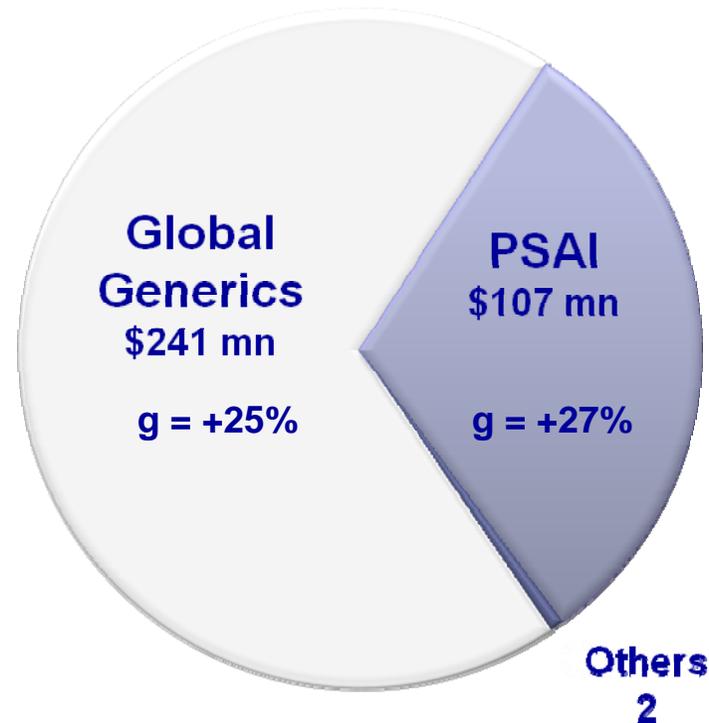
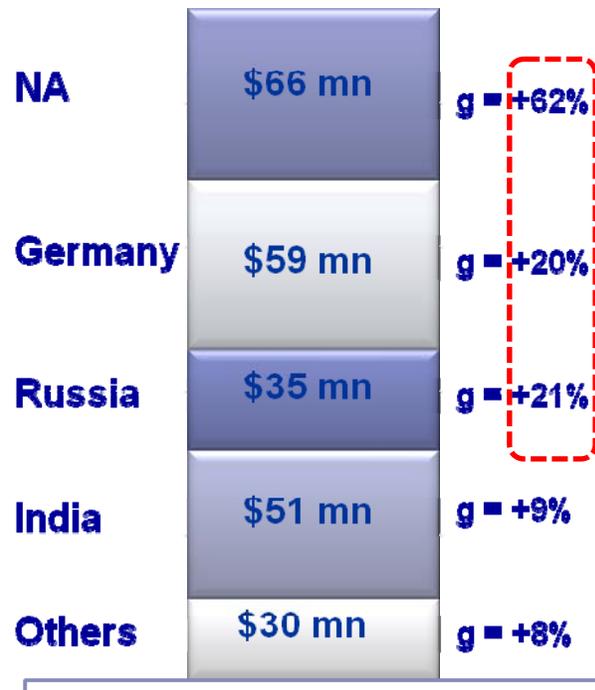
# Q1 FY09 Highlights

- **Overall INR revenue growth of 25%**
  - Revenues at Rs. 1,504 crs (\$350 mn) as against Rs. 1,198 crs (\$279 mn)
  - Key growth drivers: North America, Germany, Russia & PSAI business
  - Acquisitions add \$11.5 million in revenues
  - Global Launches: 26 generic products
- **Gross Profit margins at 50%**
- **EBITDA at Rs. 271 crs (\$63 mn) compared to Rs. 290 crs (\$68 mn) in Q1 FY08**
- **Net Profit at Rs. 135 crs (\$31 mn) compared to Rs 183 crs (\$43 mn) in Q1 FY08**
- **Global Filings: 20 generic products, 11 DMFs**

# Consolidated Performance

## Revenue (\$ Mn)

### Global Generics



### PSAI

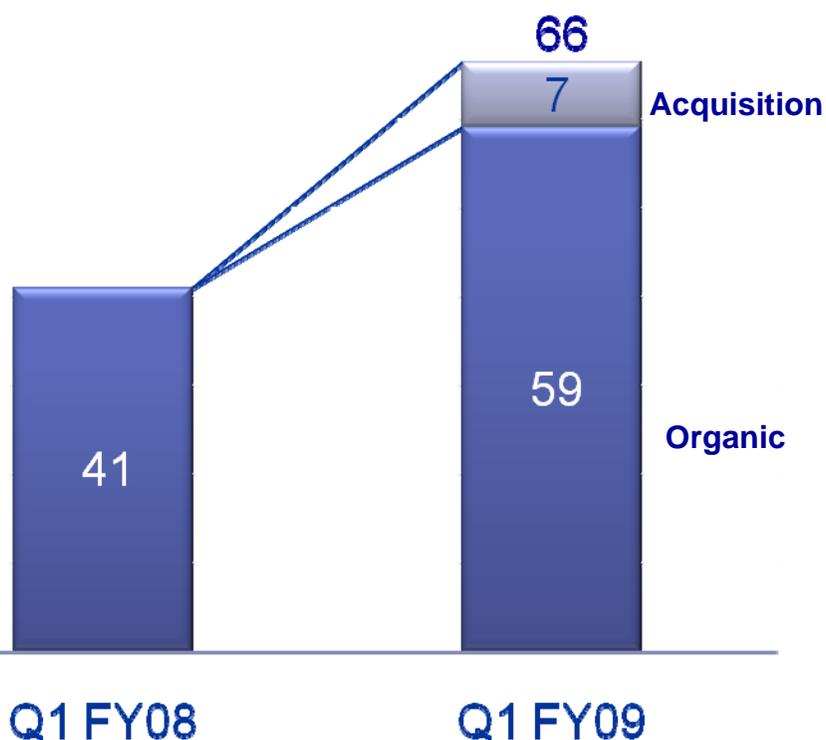


Note: Others include Rest of Europe and Other CIS as well

g represents growth in INR terms

# North America

Revenue (\$ Mn)

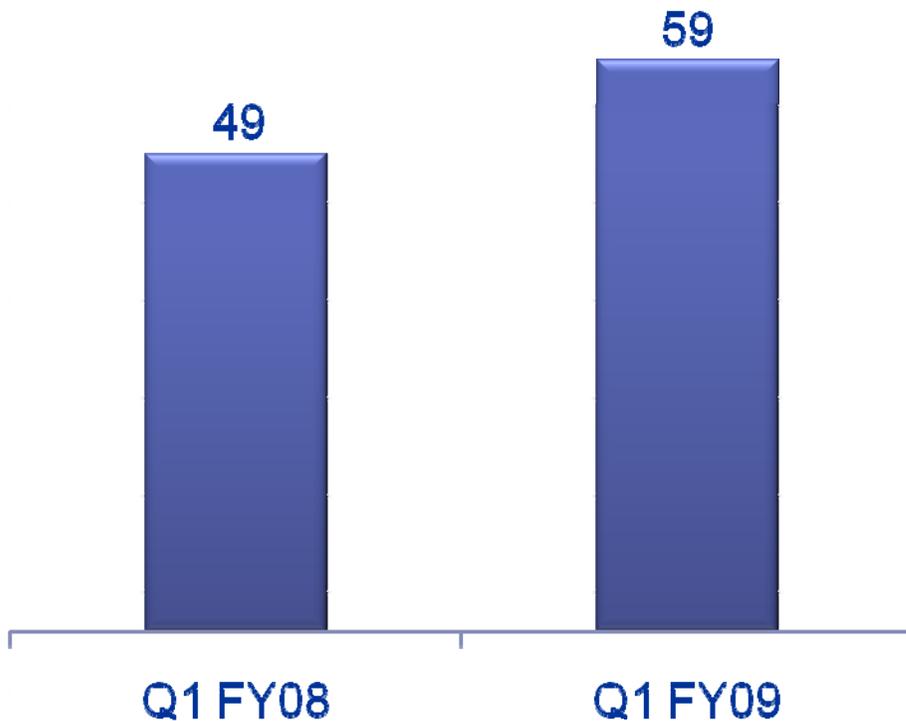


FY08 quarterly run rate of \$ 47 mn

- Excluding acquisitions, INR growth of 44%
- Growth drivers: Volume growth in key existing products & new product launches (FY08, Q1 FY09)
- 4 new product launches : Ramipril & Venlafaxine capture ~ 15% market share each
- Sales from Shreveport facility acquired in Apr 08 : \$7 mn. (May & Jun)
- Filed 4 ANDAs; 72 (including tentative) pending approval addressing innovator sales of \$ 48 bn.

# Germany

Revenue (\$ Mn)

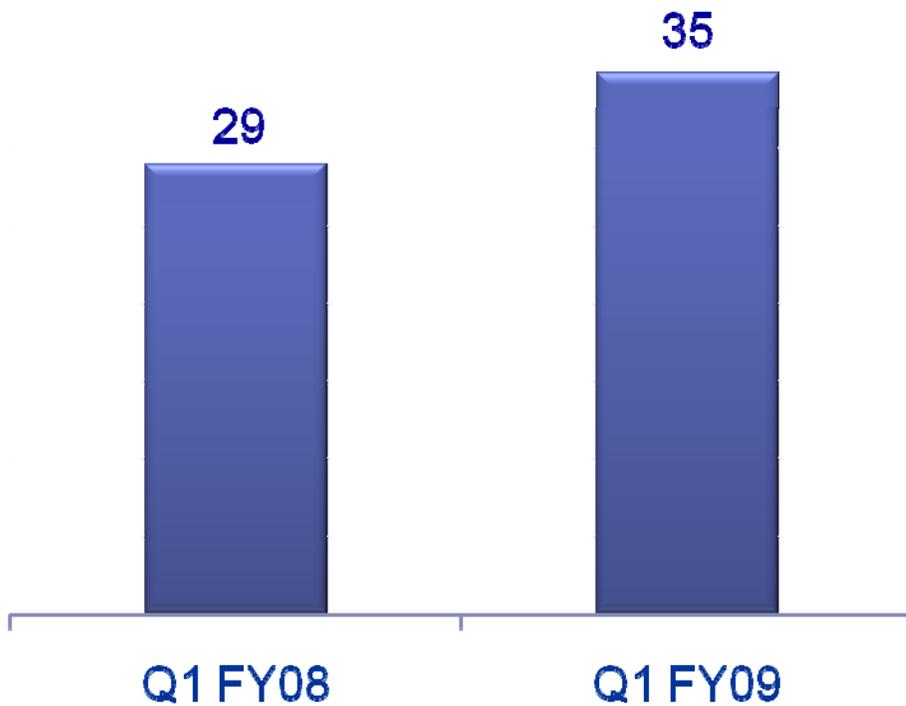


FY08 quarterly run rate of \$ 48 mn

- INR growth of 20%
- Improvement in supply situation helps drive market share & volume growth
  - Reduction in stock outs to 12%.
  - Market Share (volume terms) : 2.81% (May 08) as against 2.51% (MAT Mar 08)
  - 100 products transferred to Dr. Reddy's own supply network as of date
- Filed 3 dossiers and launched 1 new product.

# Russia

Revenue (\$ Mn)



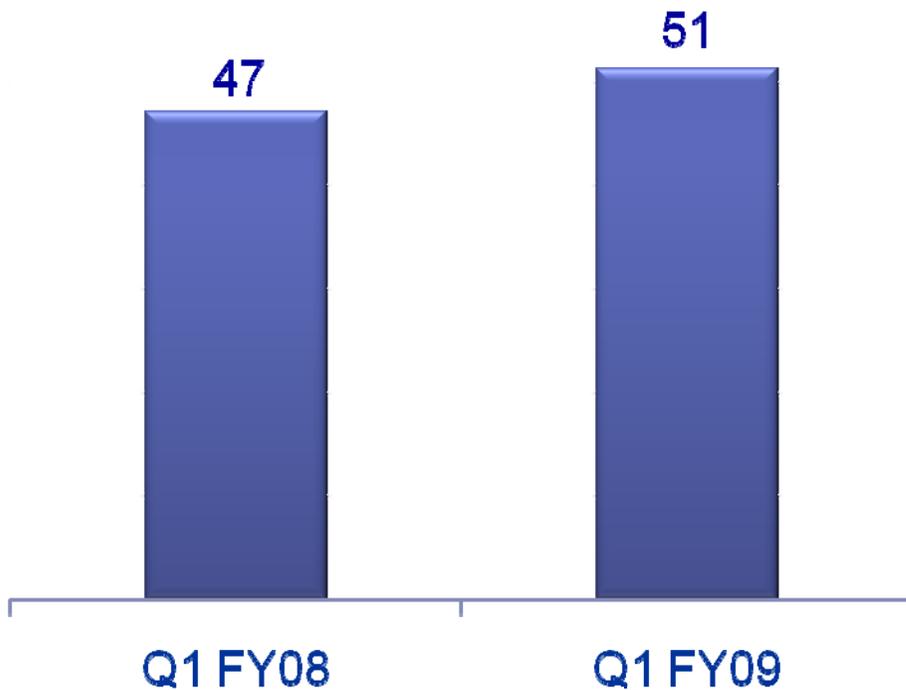
FY08 quarterly run rate of \$ 24 mn

- INR growth of 21%
- Growing faster than industry growth rate
  - Dr. Reddy's growth rate : 23%
  - Industry's growth rate : 17.5%
  - Dr. Reddy's rank : 14<sup>th</sup>

(Source: Pharmexpert MAT Mar 08)
- Growth led by key brands : Nise, Ketorol & Cetrine.
- OTC & hospital segment contribute 24% to total revenues.

# India

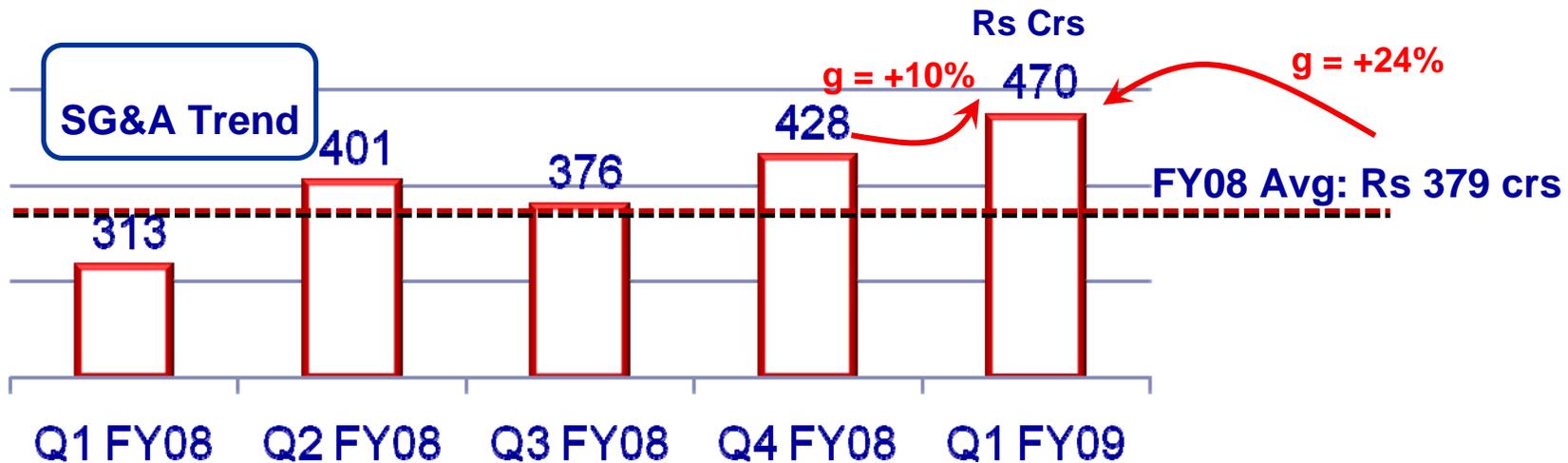
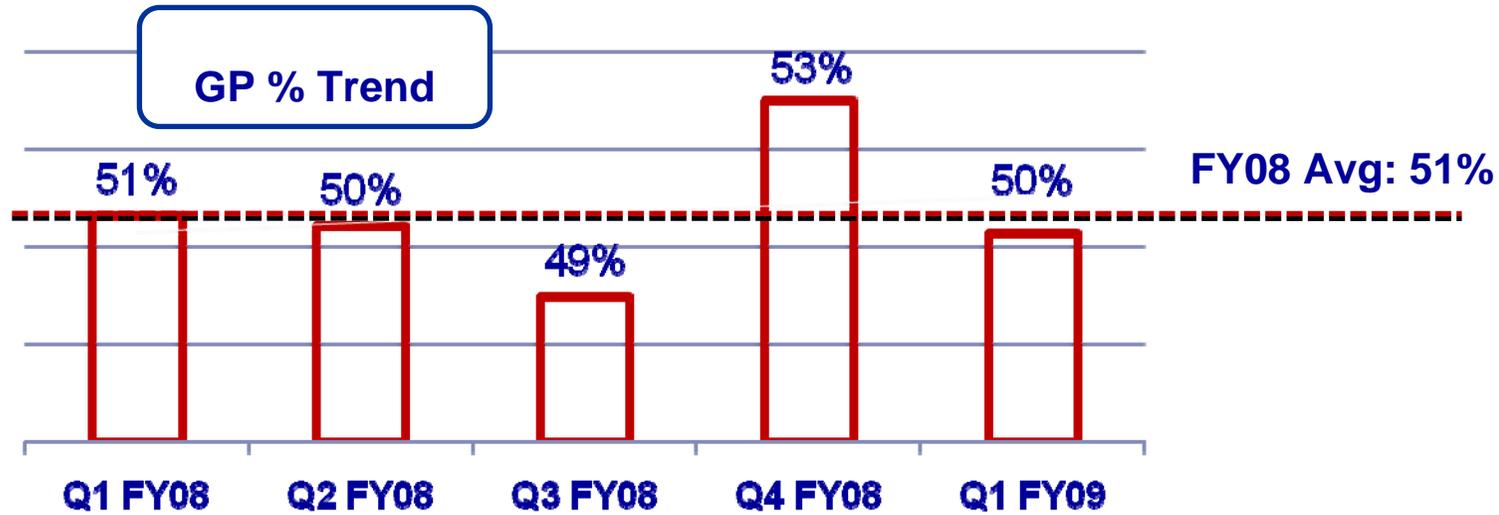
Revenue (\$ Mn)



FY08 quarterly run rate of \$ 47 mn

- INR growth of 9%.
- Improved rank to 9<sup>th</sup> with a market share of 2.3%. (ORG IMS May'08 MAT)
- Omez - D enters the Top 300 brands in India. Total of 8 brands in the Top 300 category.
- Launched 10 products; sales of Rs. 3 crs.
- New product launches in the last 36 months contributed 27% to total sales

# GP% & SG&A - Quarterly Trends



# Outlook

- Revenue growth of 25% in rupee terms with substantial improvement in profitability: **On Track**
- As a % to revenues, GP% at 50%+, R&D spend in range of 7%: **On Track**
- Launch of Specialty business in the US in FY09: **On Track**
- Launch of sumatriptan as AG in late Q3 FY09: **On Track**



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## Q&A Session

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