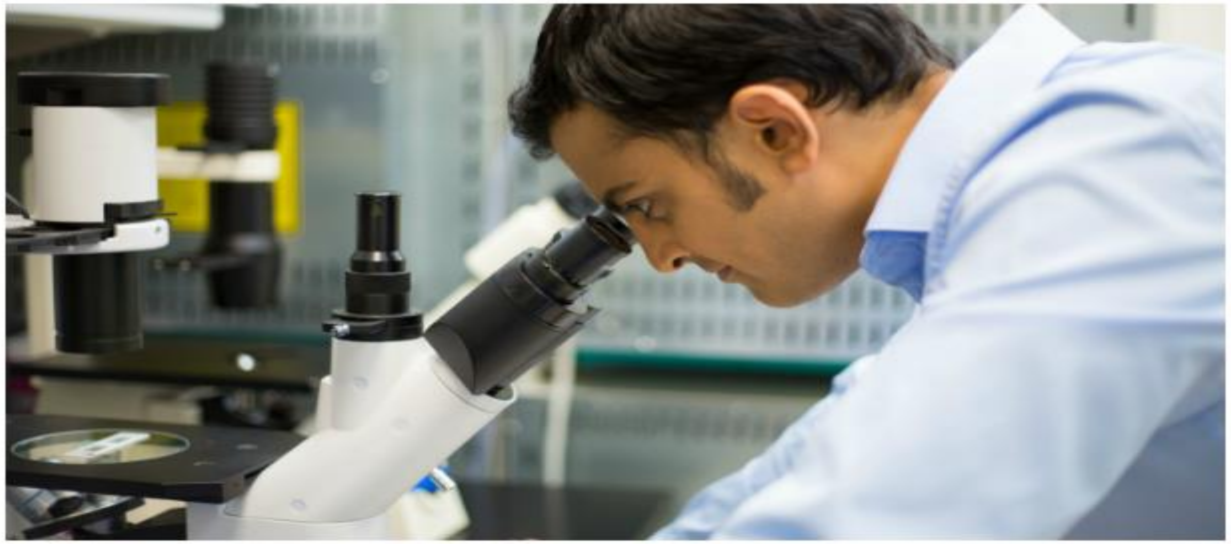
Press Presentation – Q2 FY20



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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 and other key global markets in which we operate;
- The ability to successfully implement our strategy, our research and development efforts, growth & 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 Governments in our key global markets;
- 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 and in our key global markets.

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.

For more detailed information on the risks and uncertainties associated with the Company’s business activities, please see the company’s annual report filed in Form 20-F with the US SEC for the fiscal year ended March 31, 2019 and quarterly financial statements filed in Form 6-K with the US SEC for the quarters ended Sep 30, 2018, December 31, 2018, June 30, 2019 and our other filings with US SEC. 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.

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Financial highlights

Rs. Cr

Highest ever Revenues & PAT in a quarter

	Q2 FY20	QoQ Gr%	YoY Gr%
Revenues*	4,801	25%	26%
EBITDA**	1,434	26%	66%
PBT**	766	-10%	33%
PAT***	1093	65%	117%

*Including recognized revenue of PP Neuro brands
**Including related costs of PP Neuro brands, impairment charge of Rs. 355 cr on three product related intangibles & certain other one-offs
***Net Tax is a benefit due to recognition of deferred tax assets of Rs. 5.2 billion, primarily related to MAT credit

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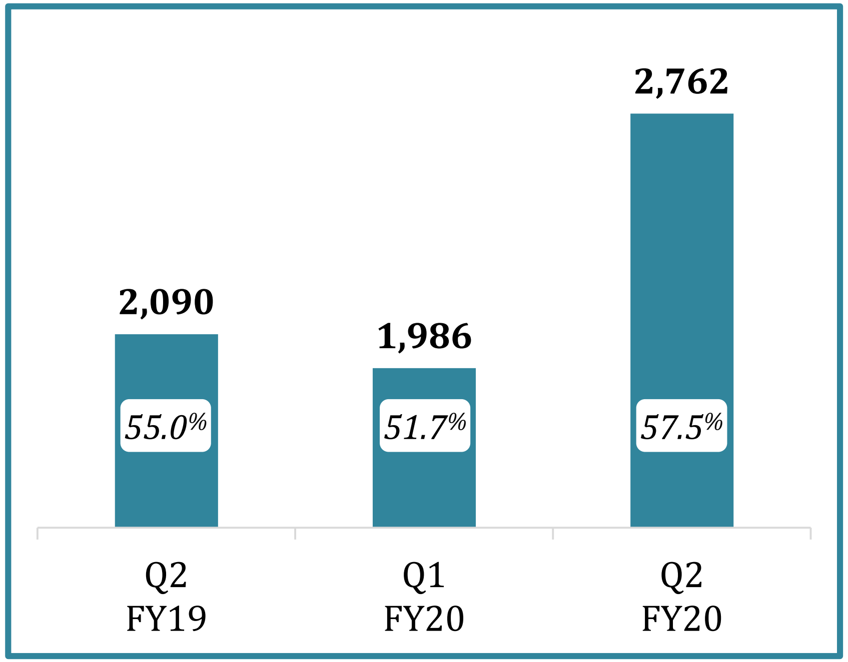
P&L Metrics

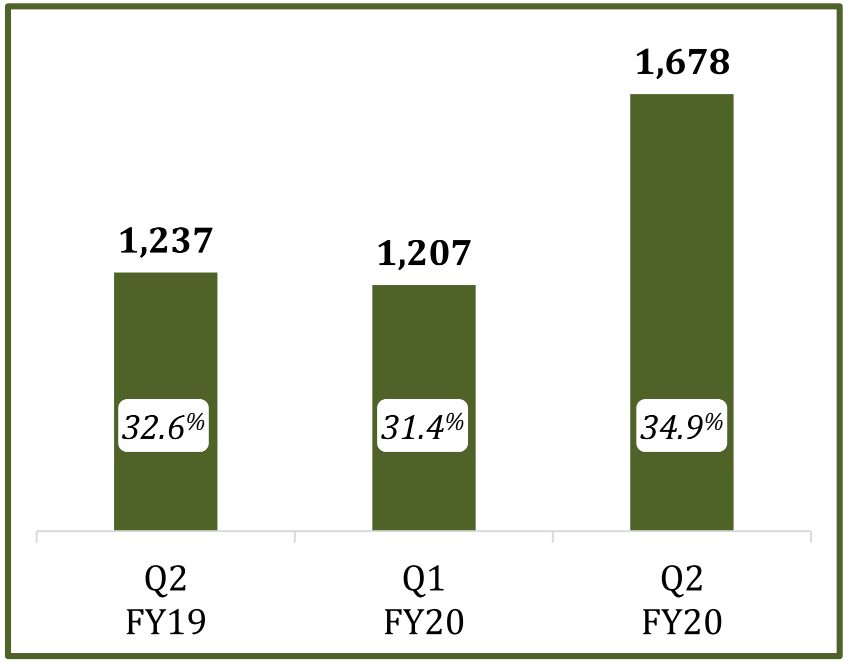
Rs. Cr

Gross margin



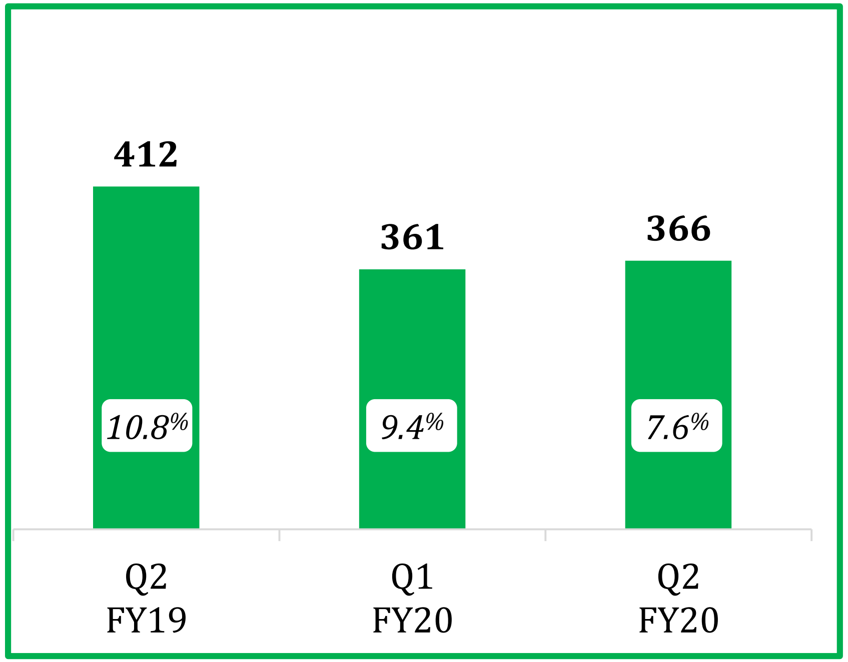
Adjusted for PP Neuro & certain other one-offs the normalized Gross Margin is 51.5%

SG&A Expenses



Includes impairment charge of Rs. 355 cr on three product related intangibles & certain other one-offs

R&D Expenses



R&D expenses @ 8.9% of adjusted revenues

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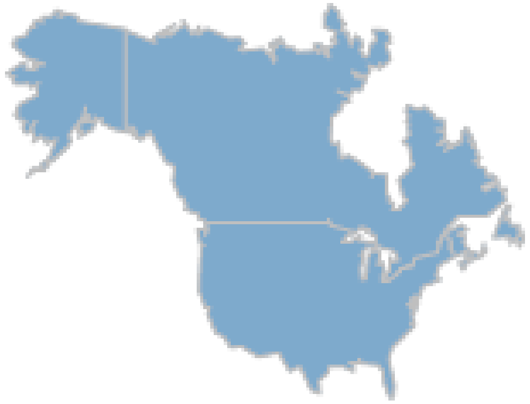
North America

Revenues

Q2 FY20 Rs. **1,426 cr**

YoY flat

QoQ Dc (13)%



- Revenue declined on account of price erosion, voluntary recall of ranitidine and temporary disruption in supplies due to logistics issues
- 8 new products launched during the quarter - Carboprost, Ramelteon, Fosaprepitant, Pregabalin, Vigabatrin, Docetaxel 160mg, Bupropion SR and OTC Guaif / Psuedo
- **U.S. Generics filing update:**
  - 1 ANDA filed with the US FDA in this quarter
  - 99 pending approval (96 ANDAs + 3 NDAs)
  - 55 Para IV filings and we believe 31 have first to file status

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India

Revenues

Q2 FY20 Rs. **751 cr**

YoY Gr	QoQ Gr
9%	8%

- Growth driven by new products, improved realizations and volume traction in base business
- We launched 5 brands during the quarter: Allerku, IDRT, IMDRT, Ultra Nise & Versavo
- As per IQVIA, Dr. Reddy's growth better than IPM on both MQT & MAT basis

IQVIA IMS growth rates

Sep 2019	MQT	MAT
IPM	13.1%	10.5%
Dr. Reddy's	**13.4%**	**12.7%**

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Emerging Markets

Revenues

Q2 FY20 Rs. **828 cr**

YoY Gr 10% **QoQ Gr 13%**

₹ *Cr*

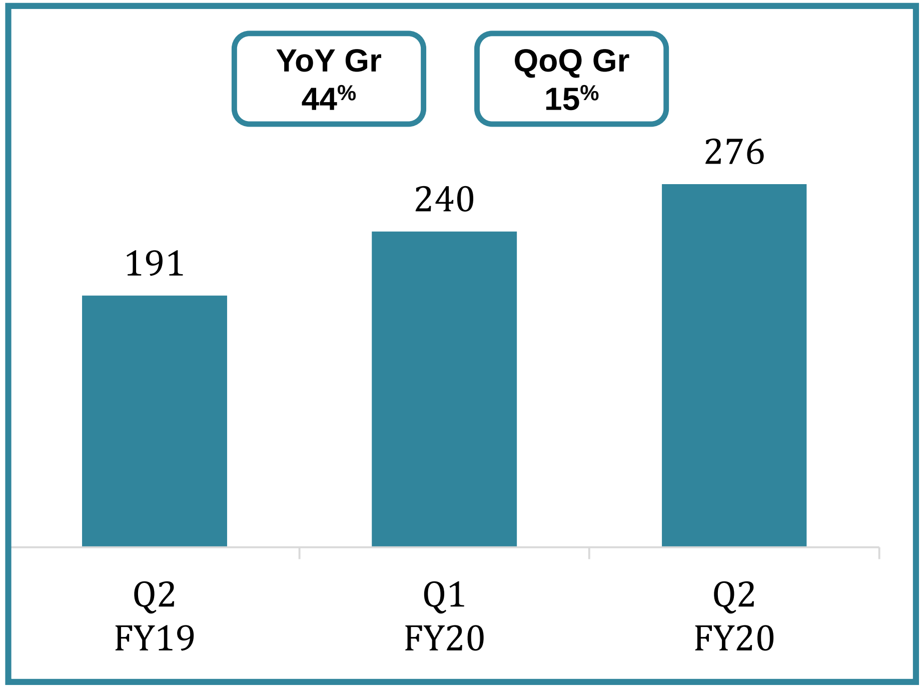
Region	Q2'20	*YoY Gr*	*QoQ Gr*
Russia	410	*8%*	*4%*
CISR	167	*16%*	*39%*
RoW	250	*11%*	*17%*
EM	**828**	***10%***	***13%***

- **Russia:** Growth largely driven by increase in volumes and better realizations in some of the key molecules
- **CISR:** Growth driven by new products launched in this quarter & improved realizations in base business
- **RoW:** YoY growth aided by new products & volume traction in base business

Other Businesses

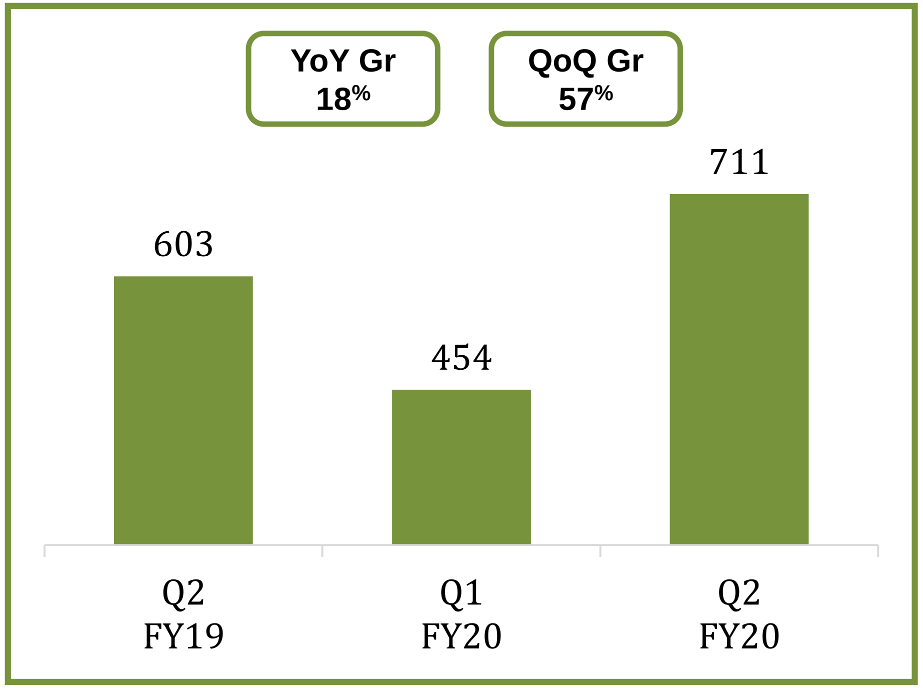
₹ Cr

Europe



Growth aided by new products and volume traction, partly offset by lower realizations

PSAI



Growth driven largely by increase in volumes of our existing products

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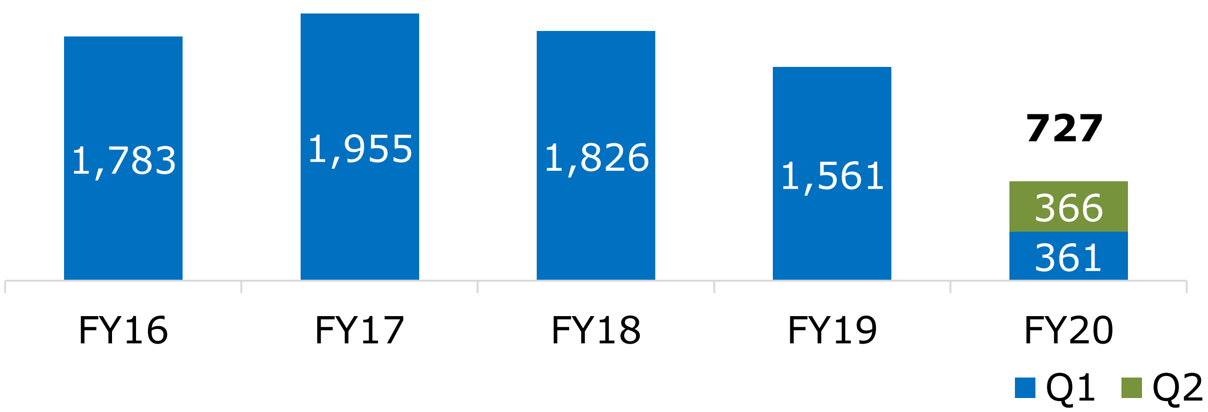
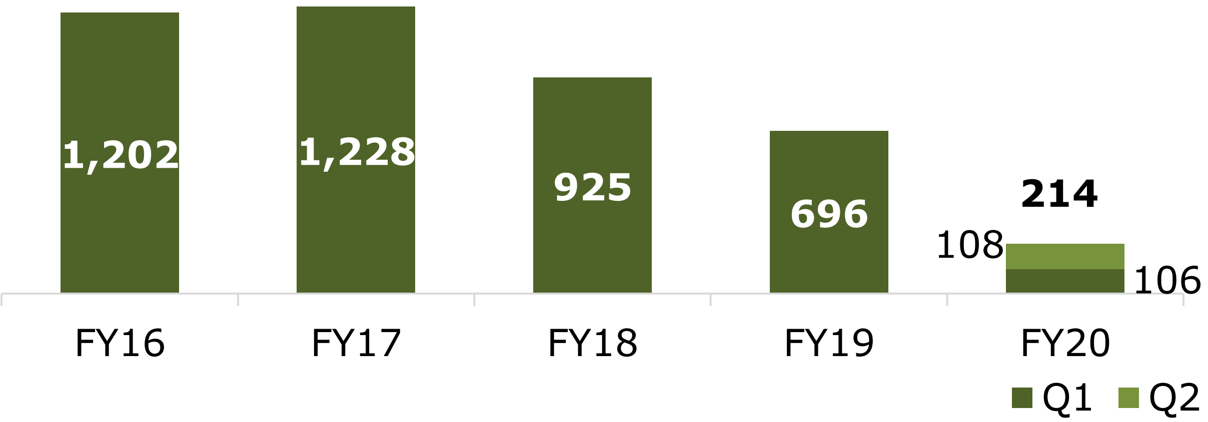
Capex, R&D & Free cash flows

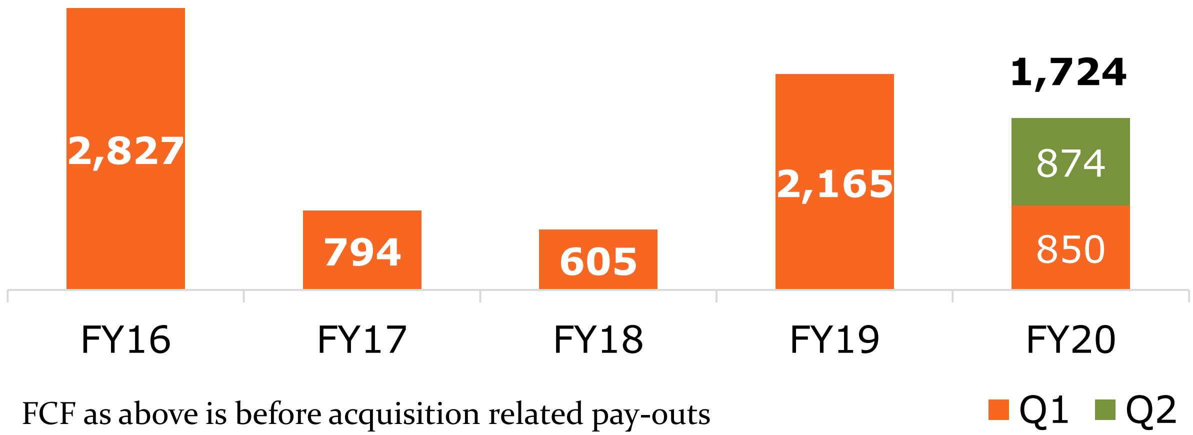
R&D expenses (Rs. Cr)



Capex (Rs. Cr)

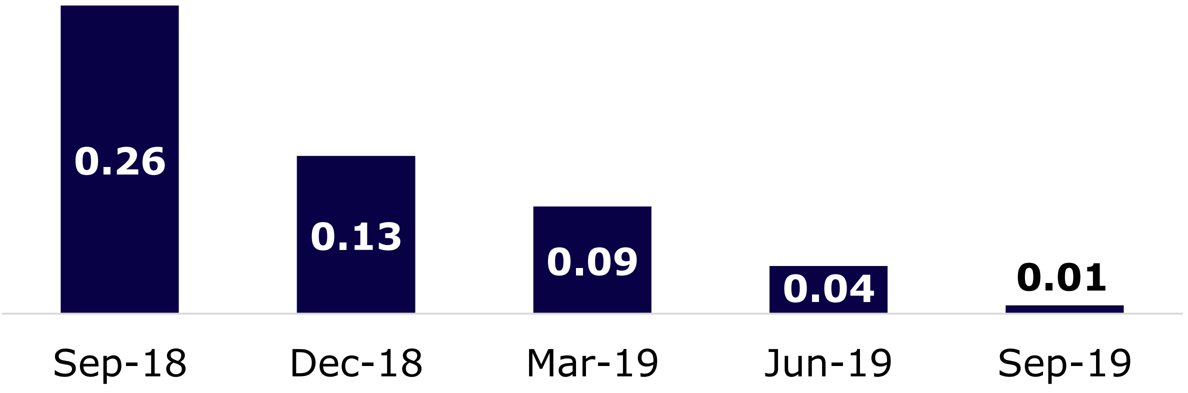


Free cash flow (Rs. Cr)



FCF as above is before acquisition related pay-outs

Net Debt / Equity



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Key Priorities

Resolution of CTO 6 Warning Letter

Achieve market leading growth across businesses

Build healthy pipeline of products

Continue with the productivity improvements

Drive innovation to fuel future growth


Good
Health
Can't
Wait.
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