Q3 FY20 Results

January 27, 2020

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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 Dec 31, 2018, June 30, 2019, Sep 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.

Financial highlights

Rs. Cr

	Q3 FY20	QoQ Gr%	YoY Gr%
Revenues	4,384	-9%*	14%
EBITDA	1,074	-25%	24%
PBT	-527#	-169%	-191%
PAT	-570	-152%	-217%

Q3 FY20

- Highest ever quarterly revenues from operations, without one-offs
- Healthy Gross Margin & EBITDA margin
- Net cash surplus of 414 cr as on 31st Dec'19

*Adjusted for revenues recognized in Q2 FY 20 for out-licensing of PP Neuro brands, the QoQ growth in revenue is 7%

During the current quarter, the profits were impacted due to trigger based impairment charge of Rs. 1,320 Cr taken on a few products including gNuvaring charge of Rs. 1,114 Cr. Adjusted for total impairment charge, the Profit Before Tax is Rs. 793 Cr, with a YoY growth of 37%

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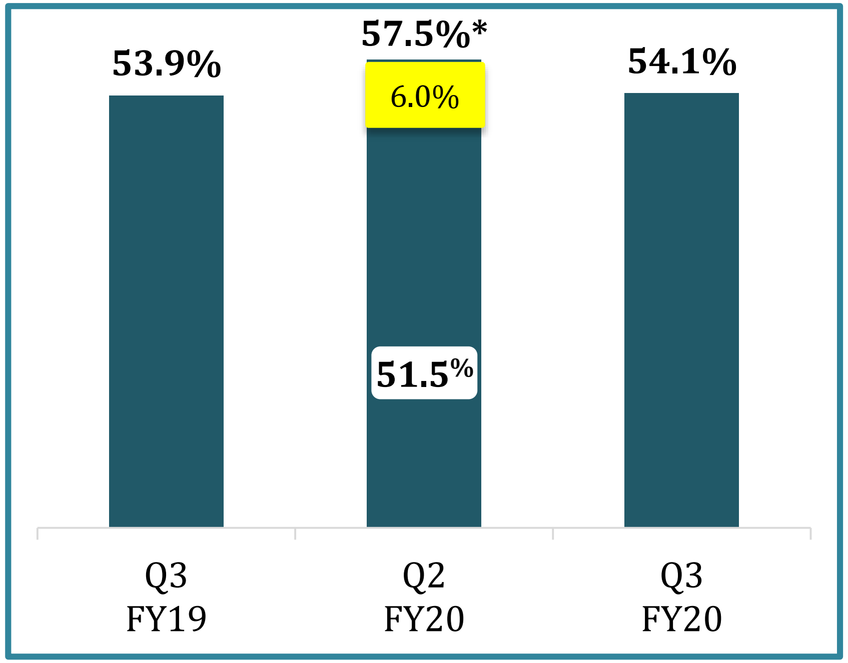
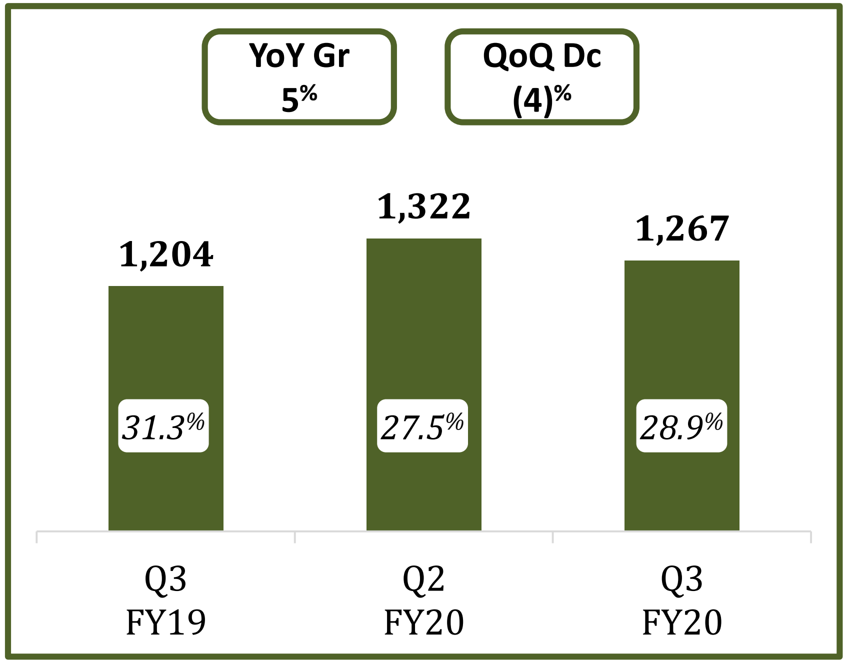
P&L Metrics

Rs. Cr

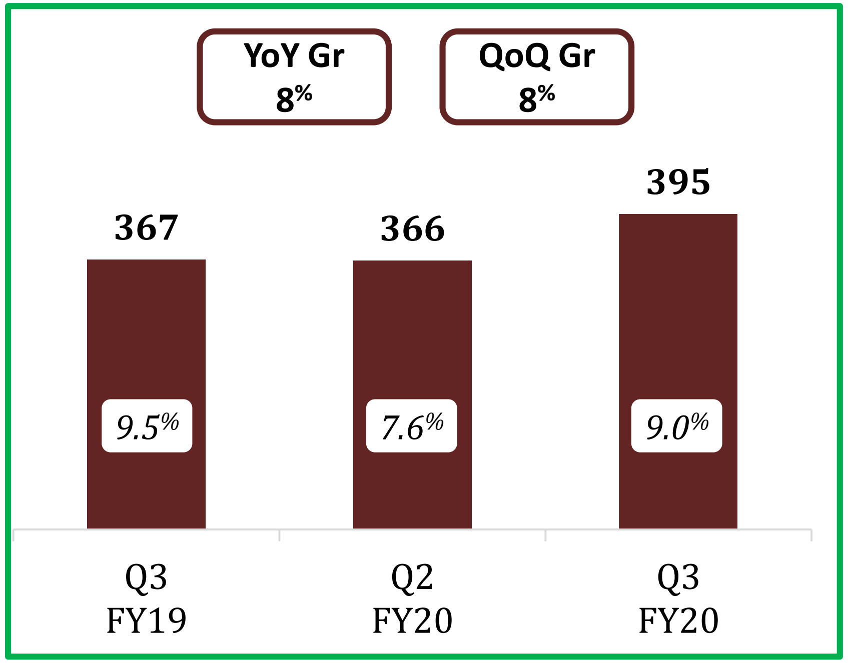
Gross margin



SG&A Expenses



R&D Expenses



*Q2 FY20 Gross Margin higher mainly on account of PP Neuro income & other one-offs

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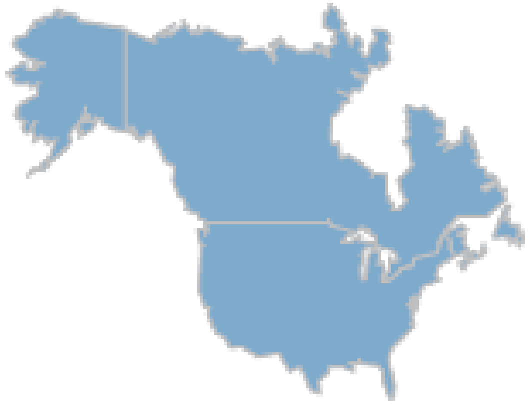
North America

Revenues

Q3 FY20 Rs. **1,600 cr**

YoY Gr	QoQ Gr
8%	12%



- Revenue increased on account of higher volumes, partly offset by price erosion in some of our key molecules
- 5 new products launched during the quarter - Bortezomib Injection, Doxercalciferol, Deferasirox Dispersable Tabs, Deferasirox Film Coated Tabs, Sodium Nitroprusside Injection
- **U.S. Generics filing update:**
  - 3 ANDAs filed with the US FDA in this quarter
  - 101 pending approval (99 ANDAs + 2 NDAs)
  - 53 Para IV filings and we believe 32 have first to file status

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India

Revenues

Q3 FY20 Rs. **764 cr**

YoY Gr 13%

QoQ Gr 2%

- Growth driven by new products, improved realizations in base business and volume traction
- We launched 8 brands during the quarter including Celevida & Nexret
- As per IQVIA, Dr. Reddy's growth better than IPM on both MQT & MAT basis

IQVIA IMS growth rates

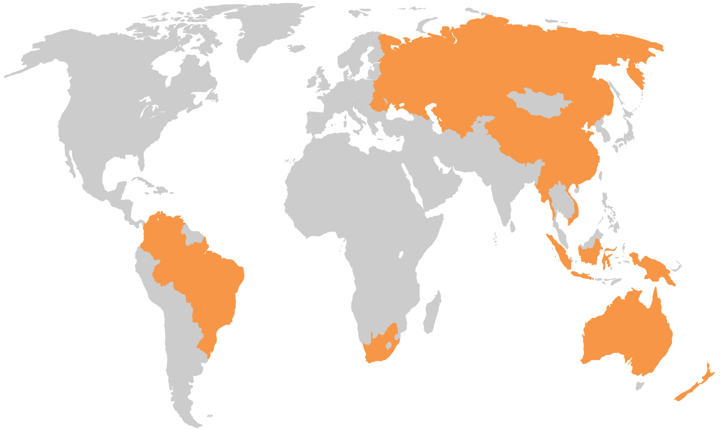
Dec 2019	MQT	MAT
IPM	9.6%	10.4%
Dr. Reddy's	**10.6%**	**12.2%**

Emerging Markets

Revenues

Q3 FY20 Rs. **920 cr**

YoY Gr 19% **QoQ Gr 11%**



₹ *Cr*

Region	Q3'20	*YoY Gr*	*QoQ Gr*
Russia	492	*20%*	*20%*
CISR	182	*26%*	*9%*
RoW	246	*12%*	*(1)%*
EM	**920**	***19%***	***11%***

- **Russia:** Growth largely driven by increase in volumes coupled with better realizations in some of the key molecules & tenders
- **CISR:** Growth driven by new products & volume traction
- **RoW:** YoY growth aided by new products & volume traction in base business, partly offset by price erosions in some of the key molecules

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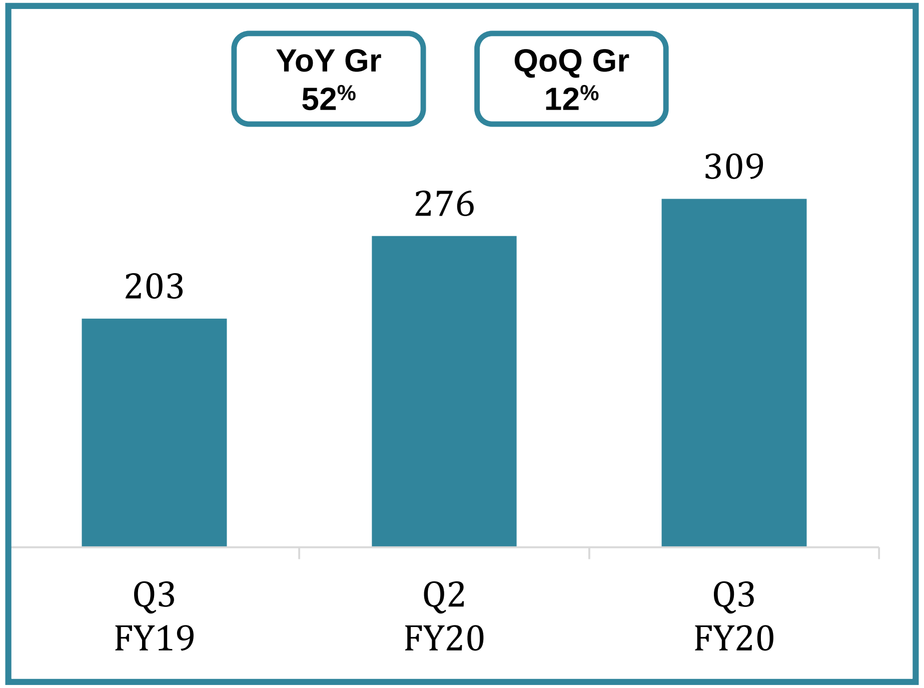
Other Businesses

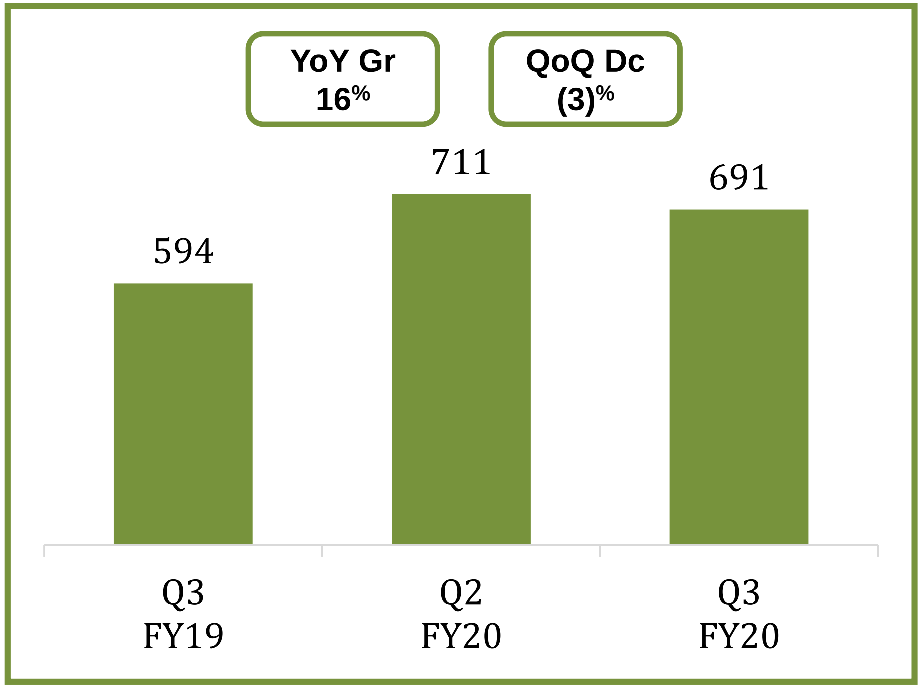
₹ Cr

Europe



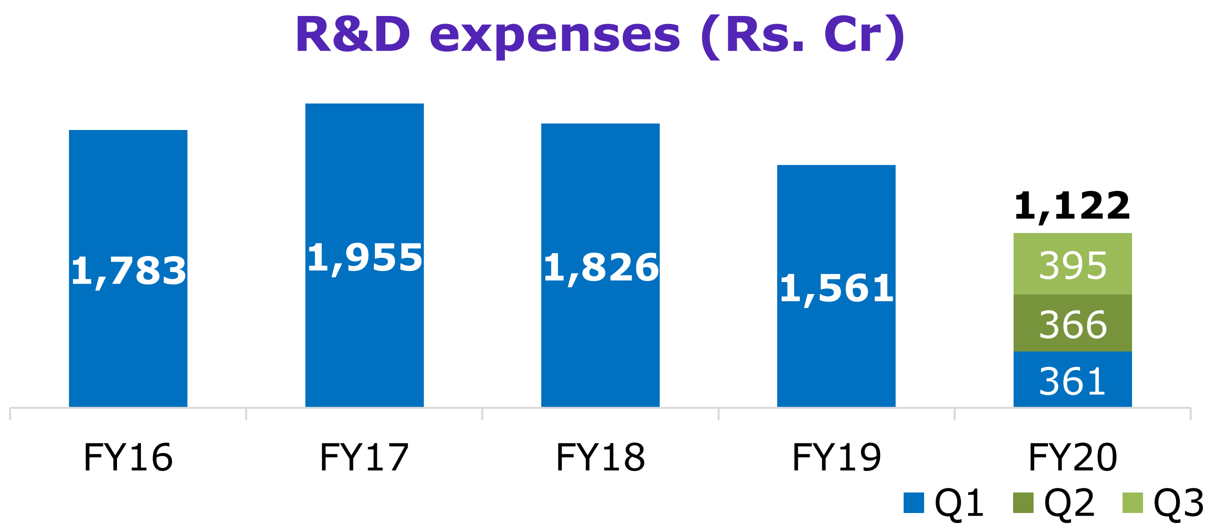
Growth aided by new products and volume traction, partly offset by lower realizations as few key molecules entered tenders

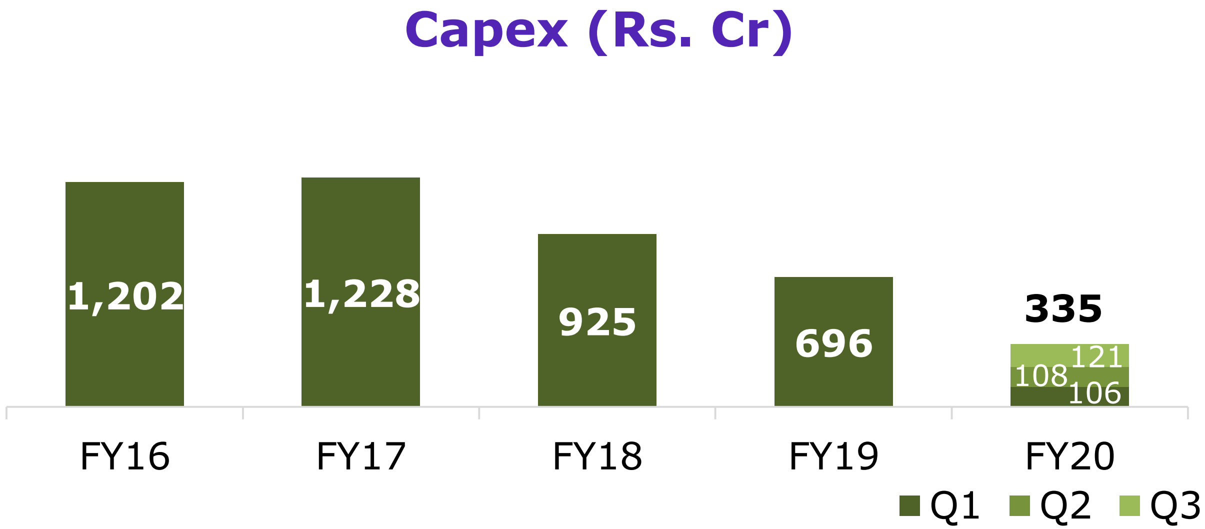
PSAI

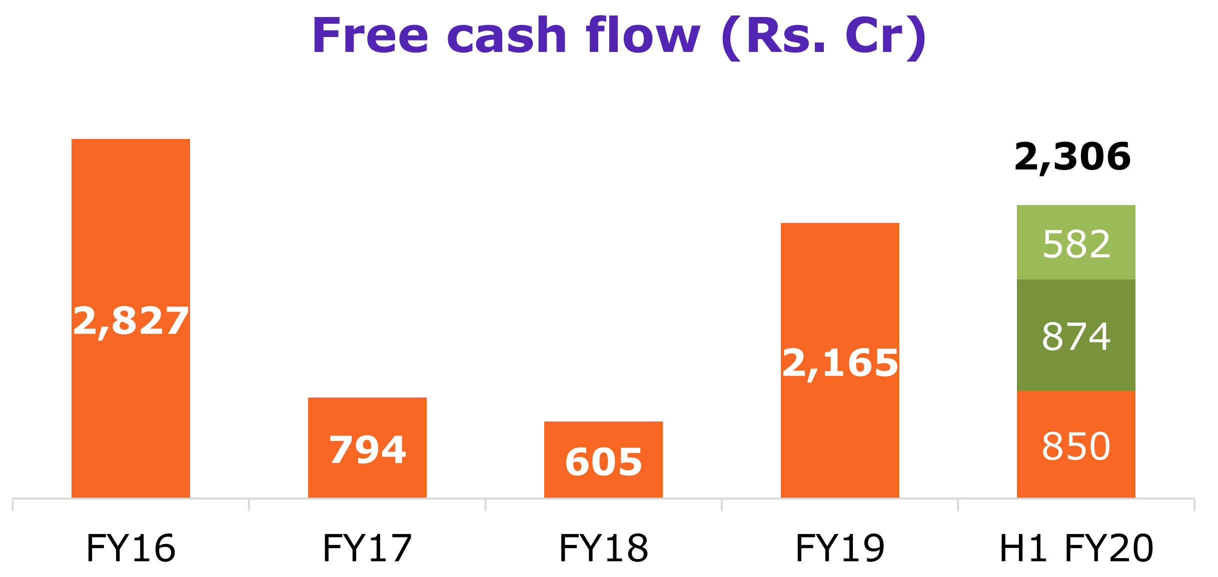


YoY growth driven largely by increase in volumes of API business

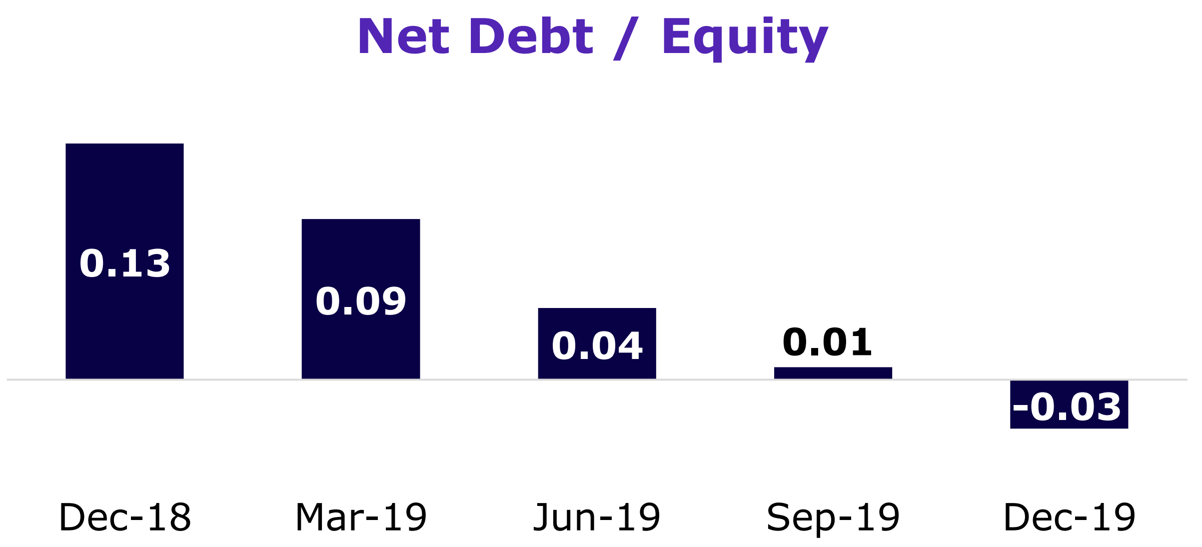
Capex, R&D & Free cash flows







FCF as above is before acquisition related pay-outs



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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

Execution of Strategic initiatives & moves

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THANK YOU