Financial Results Q2 FY22

Oct 29th, 2021

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, 2021 and quarterly financial statements filed in Form 6-K with the US SEC for the quarters ended Sep 30, 2020, Dec 31, 2020, Jun 30, 2021 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.

Q2 FY22 - Financial Highlights

Rs. Cr

Highest ever Sales, EBITDA & PBT

	Q2 FY22	YoY Gr%	QoQ Gr%
Revenues	5,763	18%	17%
EBITDA	1,557	23%	53%
PBT	1,268	47%	71%
PAT	992	30%	74%

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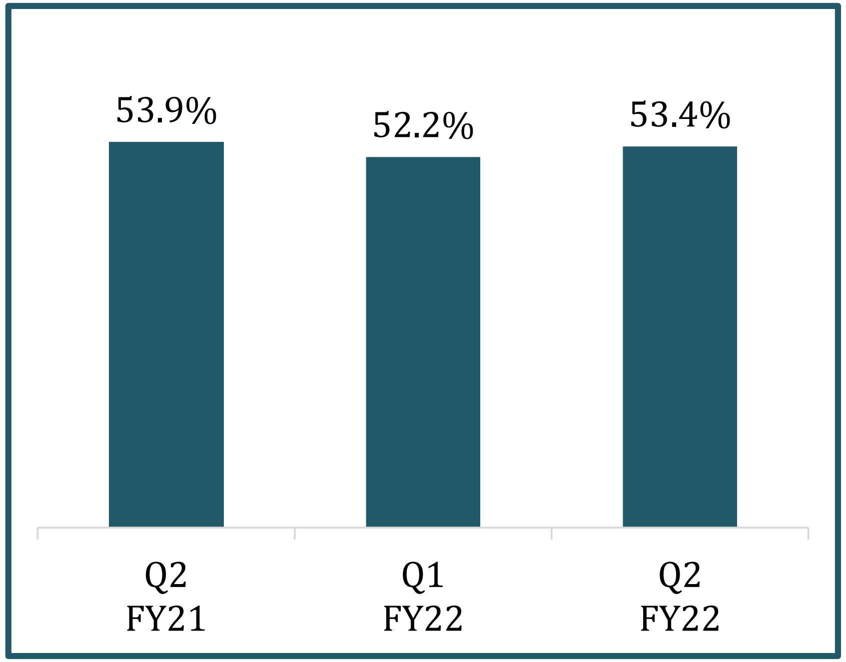
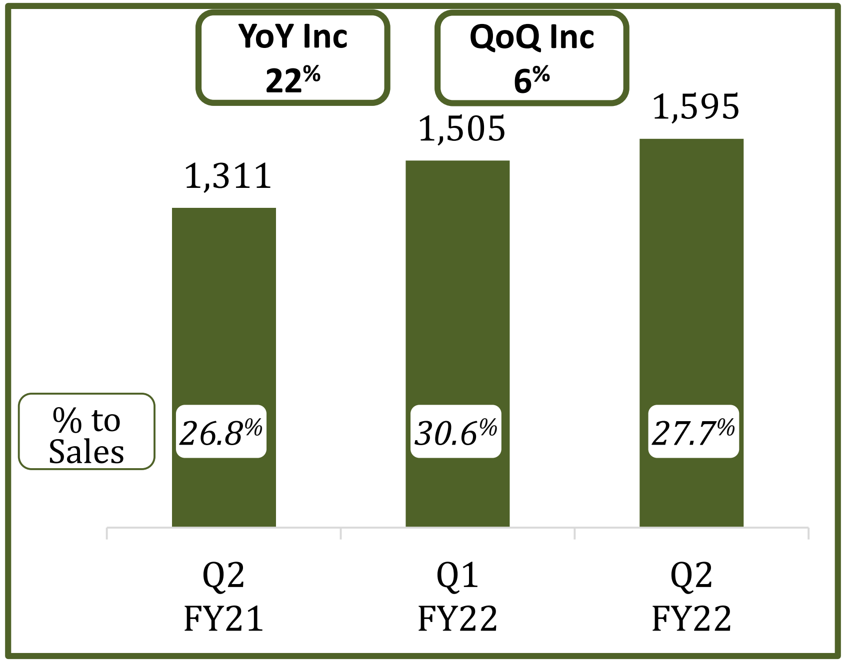
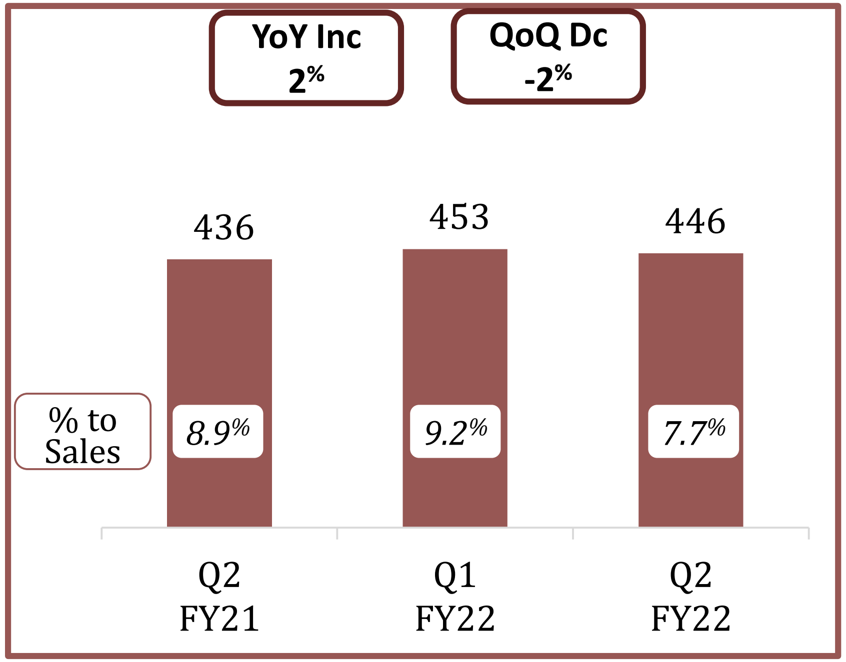
P&L Metrics – Leverage benefit visible on higher sales

Rs. Cr

Gross margin	SG&A Expenses	R&D Expenses







Manufacturing overhead leverage, partially impacted by price erosion

Increase in line with sales growth and due to investments in brands and digitalization

Focus on complex generics and biosimilars

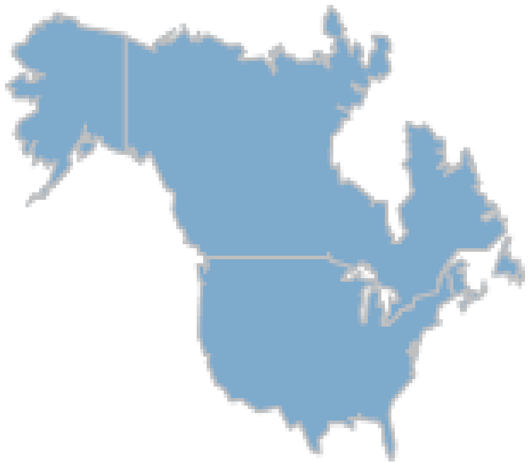
North America – Benefits from volume traction & new product launches offset with price erosion

Revenues

Q2 FY22 Rs. **1,891 cr**

YoY Gr +3%

QoQ Gr +9%



- **Revenue:** Growth mainly driven by
  - Volume traction with market share gain for a few key products
  - Scale-up of recent product launches
  - Partially offset with price erosion
- **New launches: Four**
  - US - Chlordiazepoxide HCl + Clidinium bromide
  - Canada – Ertapenem Inj., Lenalidomide, and Dasatinib
- **US filing update:**
  - ANDAs filed – 2
  - Cumulative pending for approval - 93 (90 ANDAs + 3 NDAs)
    - 46 Para IV filings
    - 23 expected to have FTF status

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India – growth driven by base business traction, Covid portfolio & new products

Revenues

Q2 FY22 Rs. **1,140 cr**

YoY Gr +25%

QoQ Gr +8%

Our performance has been significantly better than market –

IQVIA growth rates

Sep 2021	MQT*	MAT*
IPM	15.4%	17.6%
Dr. Reddy's	**21.3%**	**24.7%**

We were ranked 11th on MAT basis

We launched two new products during the quarter – Melotryp & Baricax

Revenue - Growth driven across therapies post moderation in Covid scenario –

- Traction in base business
- Covid product portfolio and
- New product launches

* MQT: Moving quarterly total | MAT: Moving annual total

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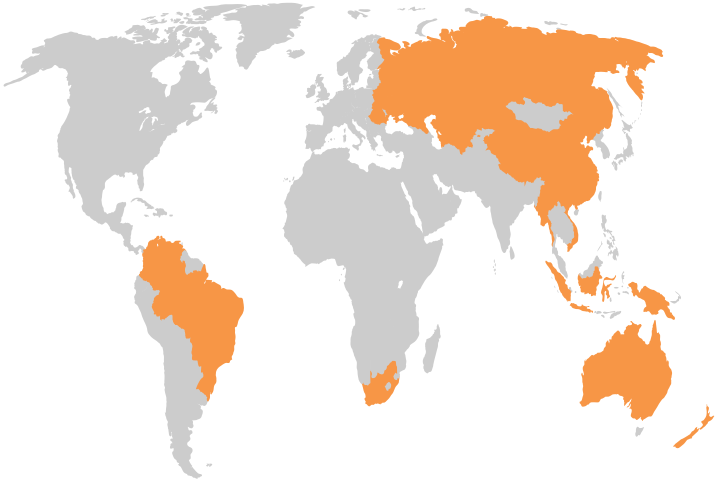
Emerging Markets – Continued strong growth momentum across markets

Revenues

Q2 FY22 Rs. **1,298 cr**

YoY Gr +50%

QoQ Gr +42%



₹ Cr

Region	Q2 FY22	YoY Gr	QoQ Gr
Russia	574	*44%*	*63%*
CISR	217	*9%*	*51%*
RoW	507	*90%*	*22%*
EM	**1,298**	***50%***	***42%***

- New launches: We launched 24 new products across emerging markets during Q2, including Bevacizumab in Russia
- Russia: Growth driven by new launches & base business traction (led by seasonal demand and normalization after covid impacted Q1)
- CISR: Growth driven by traction in base business & new products
- RoW: Growth mainly driven by Covid portfolio & base volume growth

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Europe – Growth driven by UK, France, Italy & Spain

Revenues

Q2 FY22 Rs. **414 cr**

YoY Gr +10% **QoQ Gr +4%**

₹ Cr

Region	Q2 FY22	YoY Gr	QoQ Gr
Germany	223	*-4%*	*0%*
UK/OL	93	*12%*	*1%*
France, Italy, Spain & others	97	*60%*	*16%*
Europe	**414**	***10%***	***4%***

- Growth mainly driven by –
  - New product launches
  - Volume traction
  - Offset partly by price erosion in the base business mainly in Germany

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PSAI – Supported by Covid portfolio & new products

Revenues

Q2 FY22 Rs. **837 cr**

YoY Dc -2%

QoQ Gr +11%

Revenue:

- YoY decline on account of –
  - Lower base business traction
  - Partly offset with benefits from Covid portfolio & new products
- QoQ increase on account of –
  - Benefits from Covid portfolio
  - New products

Filings:

	Q2 FY22
Global DMFs filed incl. in US	24
US DMFs	2

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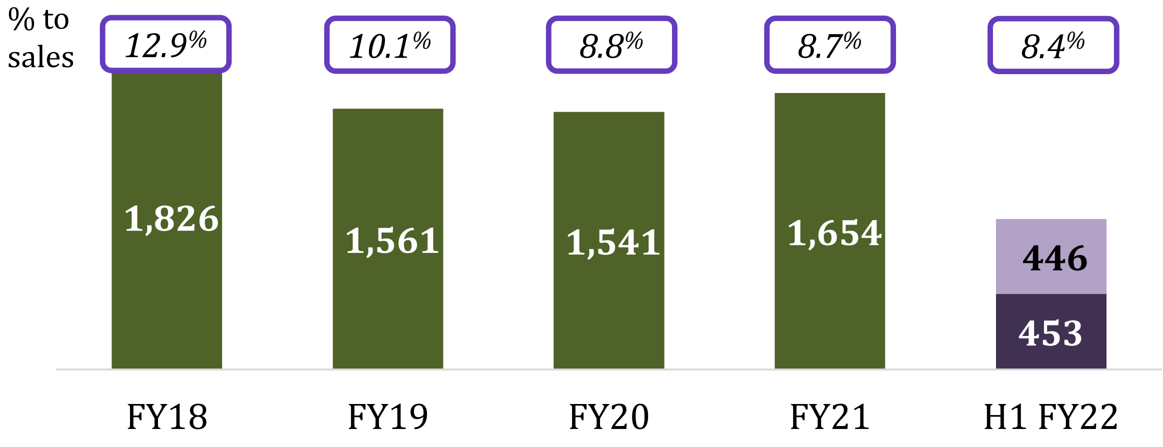
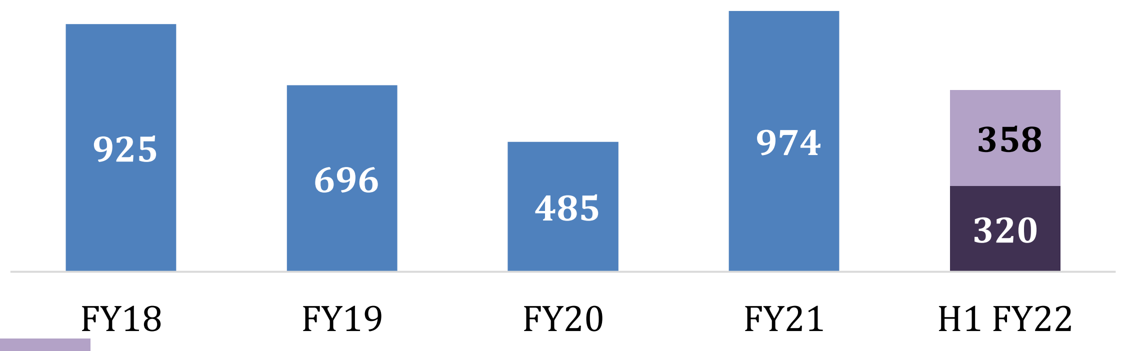
R&D, Capex & Cash flows

R&D expenses (Rs. Cr)

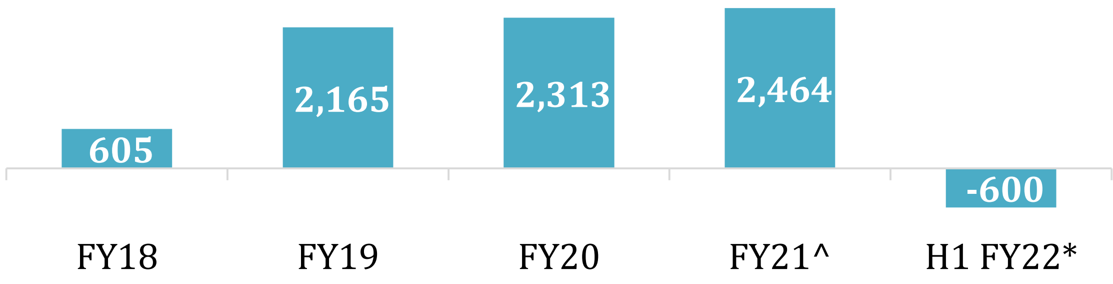


Capex (Rs. Cr)



Q1 Q2

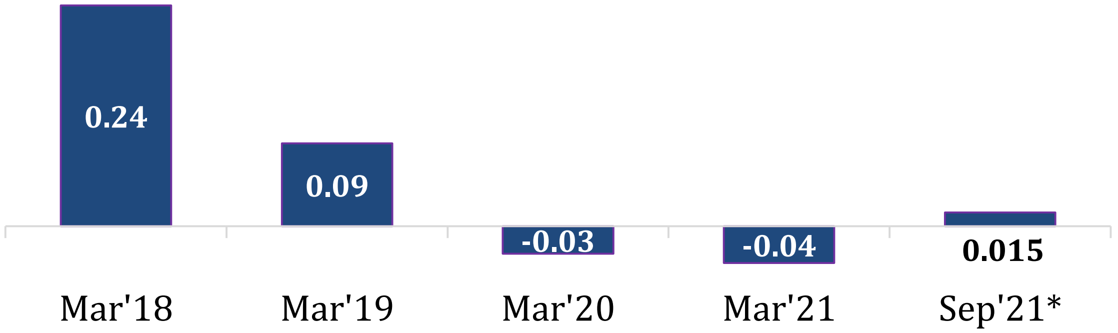
Free cash flow (Rs. Cr)



^ Before acquisition related payout of Rs.1,551 Cr to Wockhardt & Rs.152 Cr to Glenmark

** FCF impacted due to planned unwinding of receivable discounting*

Net Debt / Equity



** Net debt (Adjusted for non-current cash & borrowings) stood at Rs. 268 Cr as on September 30th, 2021*

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Key Priorities

- Covid portfolio development & opportunities
- Build healthy pipeline of products
- Achieve market leading growth across businesses
- Continue with the productivity improvements
- Investment in capabilities and brands

With focus on execution, we remain confident that our strategy will deliver sustainable growth

Covid portfolio Update

Dr. Reddy’s has one the most comprehensive COVID portfolio, and continues to build upon it

PREVENTION | **TREATMENT**

<table>
<tr><th>Prevention and Diagnostics</th><th>Asymptomatic</th><th>Mild</th><th>Moderate</th><th>Severe & Critical</th></tr>
<tr><td>Sputnik V</td><td colspan="3">Hydroxychloroquine</td><td></td></tr>
<tr><td>Sputnik Light</td><td></td><td colspan="2">Molnupiravir</td><td></td></tr>
<tr><td></td><td></td><td colspan="2">Favipiravir</td><td></td></tr>
<tr><td></td><td></td><td colspan="2">2-deoxy-D-Glucose</td><td></td></tr>
<tr><td></td><td></td><td></td><td colspan="2">Remdesivir</td></tr>
<tr><td></td><td></td><td></td><td colspan="2">Baricitinib</td></tr>
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Update on Key Products

Remdesivir

- **Partner : Gilead**
- Currently sold in India
- Scaled up production and capacity
- Extension –
  - 1 ml liquid (IV/SC) Injection
  - Market expansion to continue

Favipiravir

- **Partner : Fujifilm**
- Launched in India & a few other countries
- Manufacturing by Fuji film and also by Dr Reddy's
- Market expansion to continue

2-DG

- **Partner : DRDO (INMAS)**
- Launched in India
- Extension –
  - Label expansion for mild patients
  - Ph. 3 for expanded indication

Molnupiravir

- **Partner : MSD**
- **Status :**
- Clinical trial in progress
- Collaboration with other VL holders
- Interim Data shared with the DCGI
- LMIC market access enhancement

Liposomal Amphotericin B - Mucormycosis

- Re-purposed drug for Mucormycosis (black fungus)
- India approval received in Jun'21
- Manufacturing readiness achieved

Other Drugs

- Additionally, we are working on re-purposing other covid treatment drugs for patients with mild, moderate, severe and critical conditions

Sputnik: Continues to be a relevant product for vaccination programs

Lifecycle Management of Sputnik

- **Sputnik light**
- **Sputnik as a Booster Dose**
- **Sputnik V for Pediatrics**
- **Sputnik for Exports**

Sputnik Light, Booster demand, pediatrics are the key life cycle management activities being worked on

THANK YOU