Financial Results Q3 FY22

Jan 28th, 2022

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 Dec 31, 2020, Jun 30, 2021, Sep 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.

Q3 FY22 - Financial Highlights

Rs. Cr

Consistent growth despite external headwinds

	Q3 FY22	YoY Gr%	QoQ Gr% **
Revenues	5,320	8%	(8)%
EBITDA	1,266	7%	(19)%
PBT	971	242% *	(23)%
PAT	707	3,468%	(29)%

** YoY: PBT growth before the impact of impairment charges is 11%*

*** QoQ: Growth impacted due to higher covid related sales and PP outlicencing deals in Q2 FY 22*

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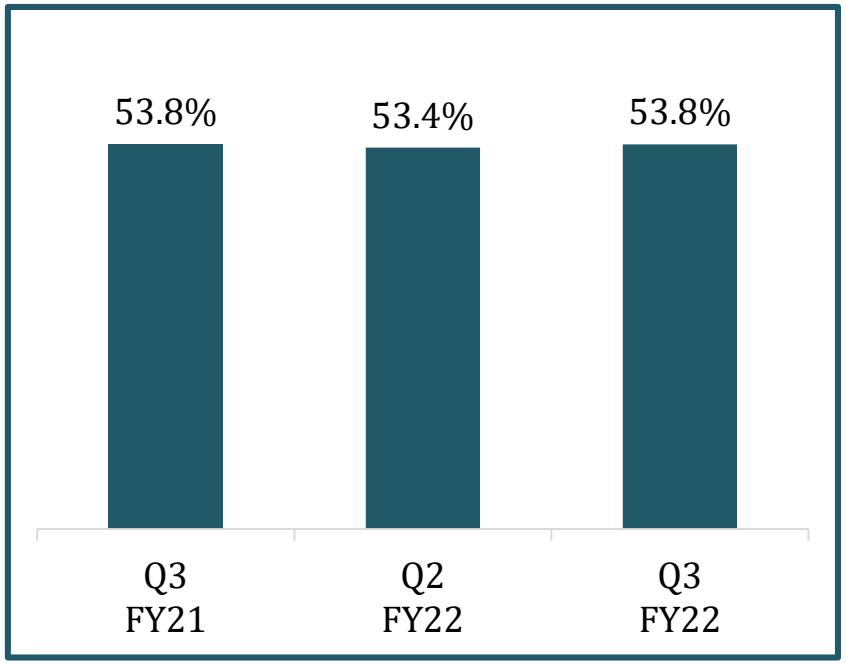
P&L Metrics – Continued focus on productivity

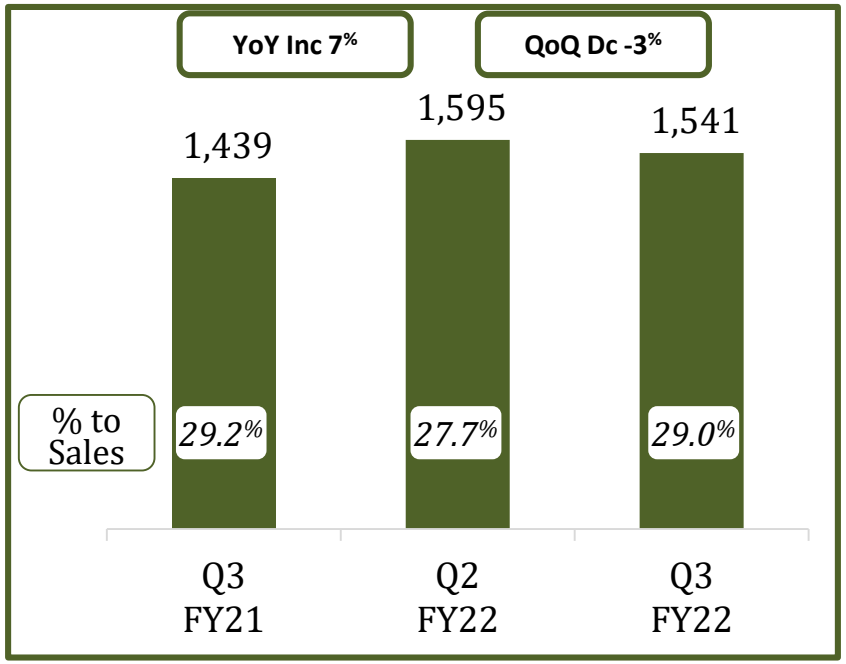
Rs. Cr

Gross margin



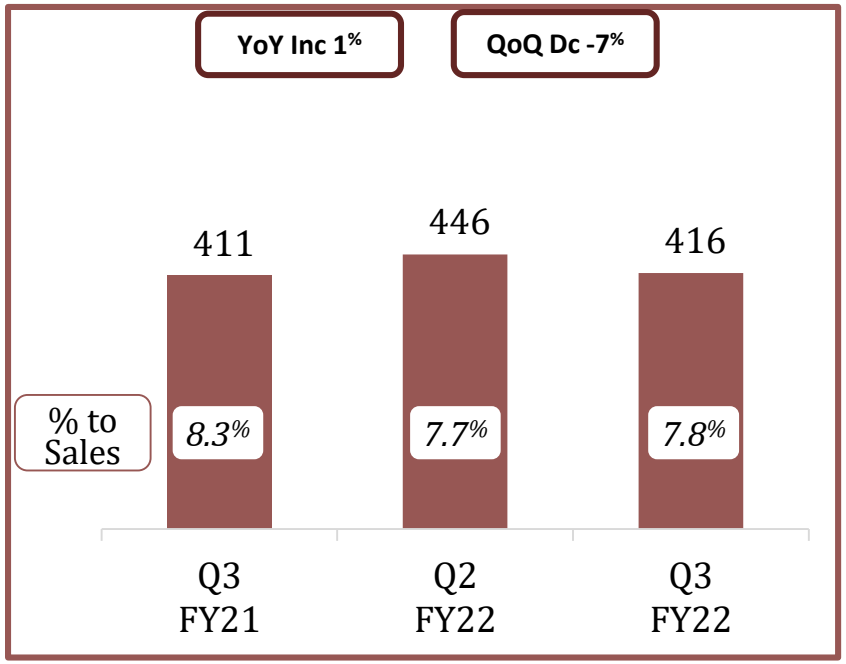
In line with trend

SG&A Expenses



In line with sales growth

R&D Expenses



Focus on complex generics and biosimilars

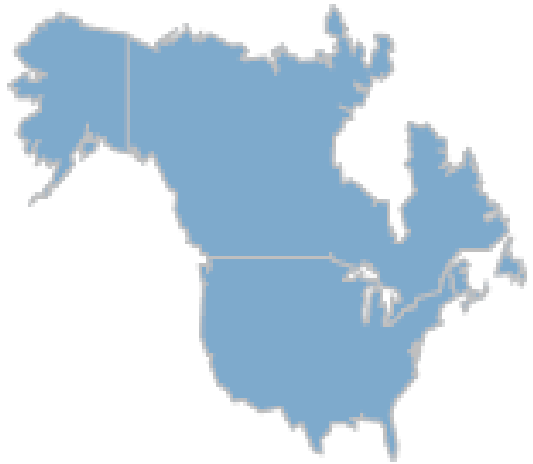
North America – Volume traction & new product launches offset with price erosion

Revenues

Q3 FY22 Rs. **1,864 cr**

YoY Gr +7%

QoQ Dc -1%



- **Revenue:** YoY Growth mainly driven by -
  - Volume traction with market share gain for few key products
  - Scale-up of recent product launches
  - Partially offset with price erosion
- **New launches: Four products launched in US**
  - Carmustine Injection, Ephedrine Sulphate Injection, Valsartan tablets and Venlafaxine ER tablets
- **US filing update:**
  - ANDAs filed – 1
  - Cumulative pending for approval - 91 (88 ANDAs + 3 NDAs).
    - 45 Para IV filings
    - 24 expected to have FTF status

India – Growth driven by new products and base business

Revenues

Q3 FY22 Rs. **1,027 cr**

YoY Gr +7%

QoQ Dc -10%

Our performance has been higher than market for MAT Dec'21

IQVIA growth rates

Dec 2021	MQT*	MAT*
IPM	10.4%	18.1%
Dr. Reddy's	9.3%	23.1%

We were ranked 12th on MAT basis

We launched **four new products** during the quarter – Cabzored, Biovac TCV, Vicra and Celehealth which is part of our Nutraceutical portfolio.

Revenue :

- YoY and QoQ growth impacted due to lower covid related sales.
- Growth has been supported by new product launches.

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

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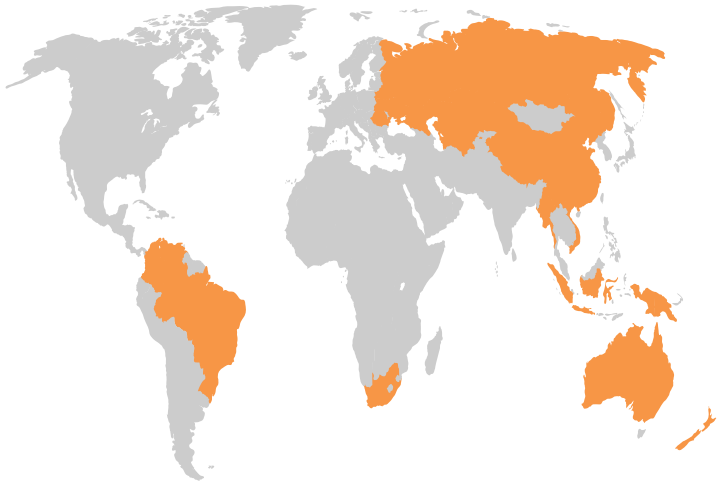
Emerging Markets – Growth momentum continues, QoQ dip due to lower Covid sales

Revenues

Q3 FY22 Rs. **1,154 cr**

YoY Gr +20% **QoQ Dc -11%**



₹ Cr

Region	Q3 FY22	YoY Gr	QoQ Gr
Russia	475	*5%*	*-17%*
CISR	237	*11%*	*9%*
RoW	442	*50%*	*-13%*
EM	**1,154**	***20%***	***-11%***

- New launches: We launched 16 new products across emerging markets during Q3FY22.
- Russia: YoY growth was driven by new product launches and price increases. QoQ decline due to seasonal demand and tender sales in Q2.
- CISR: YoY & QoQ growth driven by launch of new products
- RoW: YoY growth mainly driven by volume growth and launch of new products. QoQ decline due to lower sales from Covid products

Europe – Marginal decline led by price erosion

Revenues

Q3 FY22 Rs. **406 cr**

YoY Dc -2% **QoQ Dc -2%**

₹ Cr

Region	Q3 FY22	*YoY Gr*	*QoQ Gr*
Germany	224	*-9%*	*1%*
UK/OL	100	*11%*	*7%*
France, Italy, Spain & others	82	*5%*	*-16%*
Europe	**406**	***-2%***	***-2%***

New launches: We launched 6 new products across Europe during Q3FY22.

Decline in revenues is primarily due to –

- Price erosion and adverse forex rates
- Offset partially by contribution from new products

PSAI – QoQ dip due to lower Covid related sales

Revenues

Q3 FY22 Rs. **727 cr**

YoY Inc 4%

QoQ Dr -13%

Revenue:

- YoY: Steady performance
- QoQ: Lower due to decline in covid related sales

Filings:

	Q3 FY22
Global DMFs filed incl. in US	32
US DMFs	2

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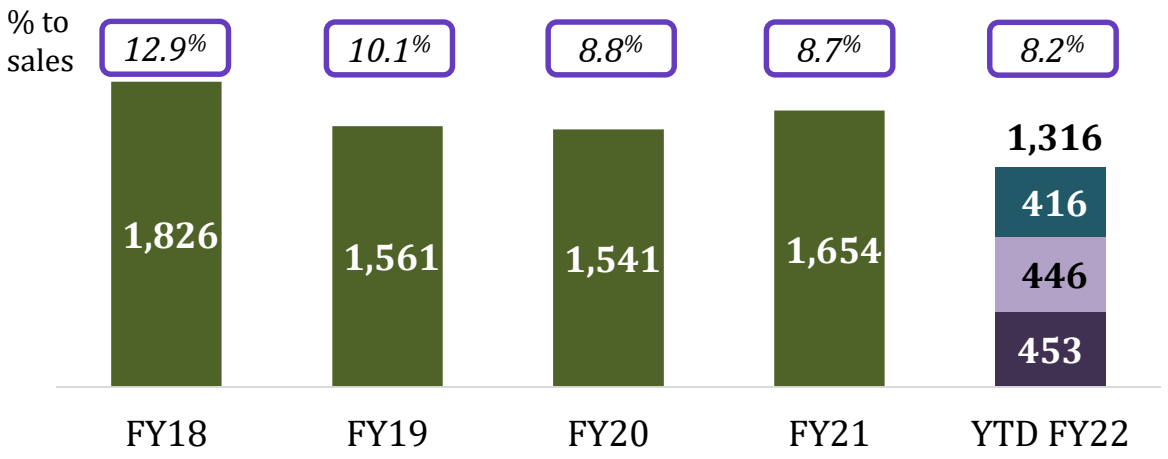
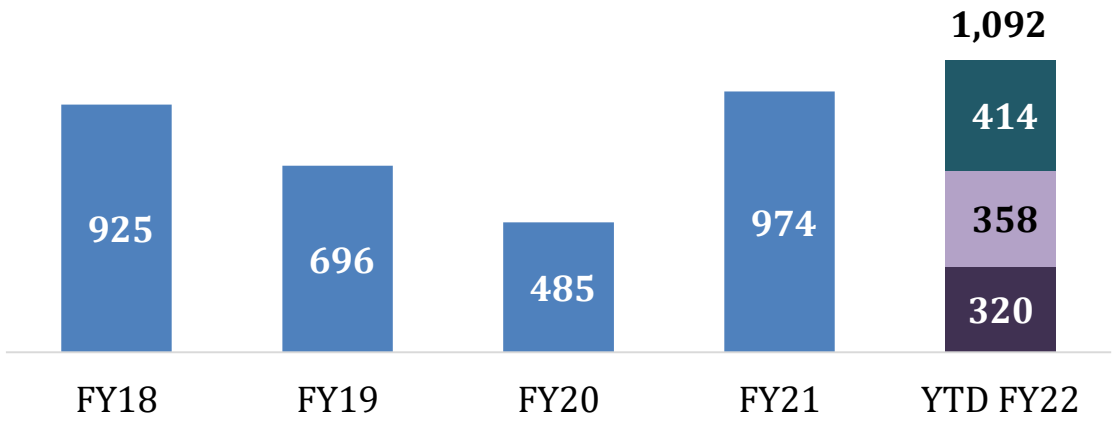
R&D, Capex & Cash flows

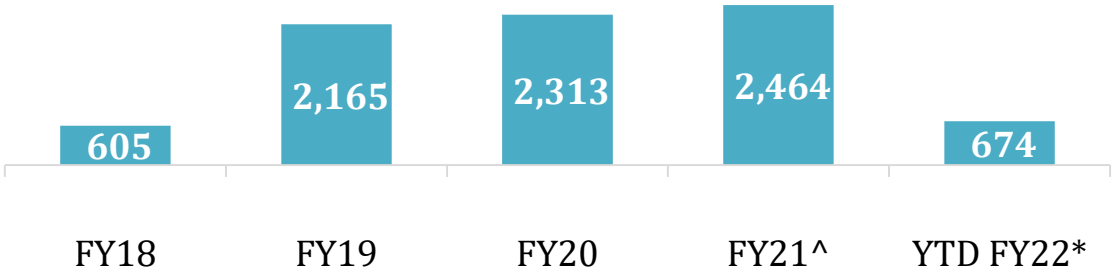
R&D expenses (Rs. Cr)



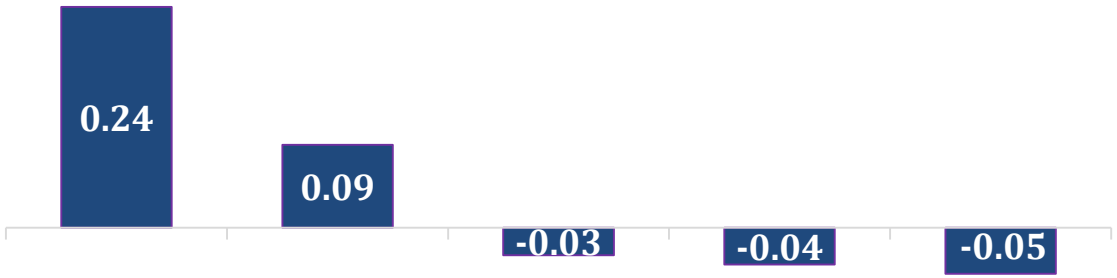
Capex (Rs. Cr)



Free cash flow (Rs. Cr)



Net Debt / Equity



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

** Q3 FY 22 FCF generated at Rs. 1,274 Cr. FCF for 9 months are lower due to planned unwinding of receivable discounting of Rs. 925 Cr.*

** Net Surplus (adjusted for non-current cash & borrowings) stood at Rs. 998 Cr as on December 31st, 2021*

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Recent recognitions of our ESG efforts

- Positioned 9th among pharma companies in the world in the Dow Jones Sustainability Index 2021
- Recognized by the UN WEP for gender inclusivity in the workplace

Awards:

- Most Innovative Company of the Year 2021 at the CII Industrial Innovation Awards 2021
- Sustainable Corporate of the Year award at the 2021 Frost & Sullivan – TERI Sustainability 4.0 Awards.
- FTO SEZ PU 1 plant: Nation Energy Conservation Award by the Bureau of Energy Efficiency (Ministry of Power, Government of India)

MEMBER OF
Dow Jones Sustainability Indices
In collaboration with SAM a RobecoSAM brand

Emerging Markets	**1st**
Global position	**9th**

FROST & SULLIVAN

SUSTAINABILITY 4.0 AWARDS
PURPOSE | PARTNERSHIP | PLANET | PEOPLE

Sustainable Corporate of the Year

CII INDUSTRIAL INNOVATION AWARDS 2021
Recognizing Champions of Indian Innovation

The Most Innovative Company 2021

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Key Priorities

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

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COVID Products Update

Molnupiravir

Regulatory and Production

Regulatory

- **India:** Regulatory approval received
- **Other countries:** Filing completed in 6 countries and approval received in 2.
- **WHO PQ**: Preparations underway for filing

Production

- Commercial Production on-going for various markets at Dr. Reddy's
- Production, vertical integration and capacities lined up to meet global access requirements

Taking to the patients

Partnership with access organizations

- Working very closely with access driven global organizations
- Goal is to take the product to market to maximize coverage in the 104 countries for which we have a license from Merck

Launches

- Launched in India
- Readiness for additional launches in Asia, Latin America and Africa being ensured

Sputnik update

Sputnik V is approved in 71 countries and Sputnik Light is approved in 20 countries

Sputnik Light, the single dose, first component, is also approved as a universal booster in some countries

Sputnik continues to be a viable option for Dr. Reddy's for India and other countries

- **Sputnik Light status in India**
  - Phase III clinical trail data of Sputnik light submitted to the regulator
  - Additional Data from clinical trails for Sputnik light from Russia and other countries also submitted to the regulator

- **Sputnik Light / Sputnik V Component 1 as booster to Sputnik V**
  - Application for approval submitted to the regulator.

- **Sputnik Light as mix-match Booster dose**
  - Proposal submitted to DCGI to conduct trail to test Sputnik Light as a booster to other vaccines

- **Sputnik additional studies against Omicron**
  - Sputnik has demonstrated **superior protection against the Omicron variant,** with higher virus neutralizing activity than the comparable vaccines in an independent comparative study conducted by the Spallanzani Institute in Italy
  - Sputnik Light significantly **increases virus neutralizing activity against Omicron** based on sera tested after revaccination with 100% of individuals revaccinated with Sputnik Light as a booster having developed neutralizing antibodies against this variant.