



DR. REDDY'S

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Q1 FY12 Results Update

July 20, 2011

L I F E . R E S E A R C H . H O P E

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 and the conditions of our customers, suppliers and the pharmaceutical industry; and
- Changes in political conditions in India.

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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.

Consolidated Key Financial Highlights → Q1 FY12

□ Revenues at ₹1,978 crs ; YoY growth of 18%

□ Adjusted EBITDA* at ₹434 crs ; 22% to sales ; YoY growth of 27%

□ Adjusted PAT** at ₹252 crs ; 13% to sales ; YoY growth of 20%

□ Globally 39 new product launches & 31 product filings

* includes a one-time charge of ₹14 Cr on account of a Voluntary Retirement Scheme (VRS) floated by the company

** includes: a) interest on bonus debentures of ₹12 Cr; b) a one-time charge of ₹14 Cr on account of VRS; c) tax normalized to annual tax rate

Key Updates

- Approval & launch of fondaparinux
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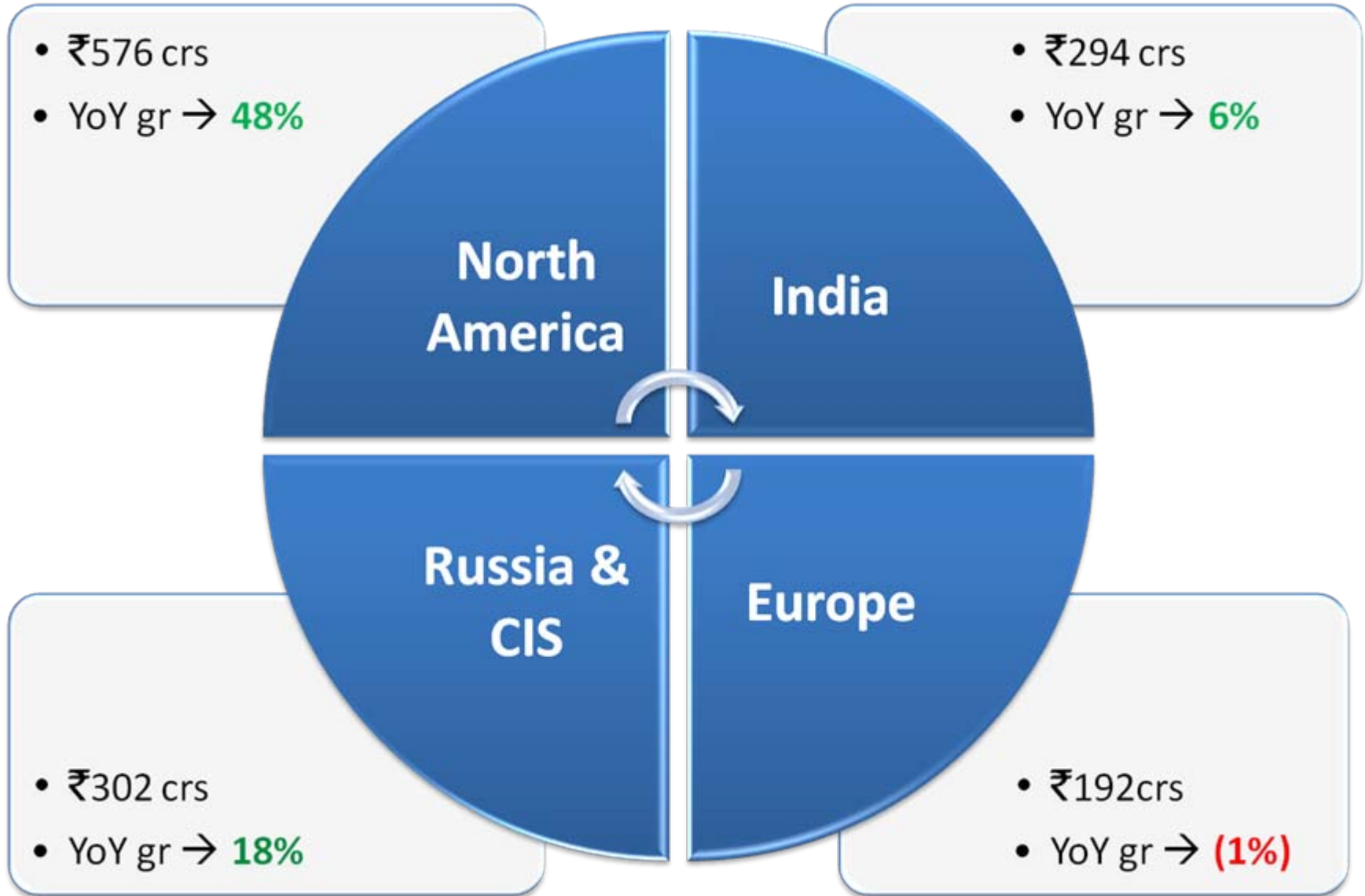
- Commencement of sales at Bristol penicillin facility
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- Commencement of new AOK tender supplies in Germany
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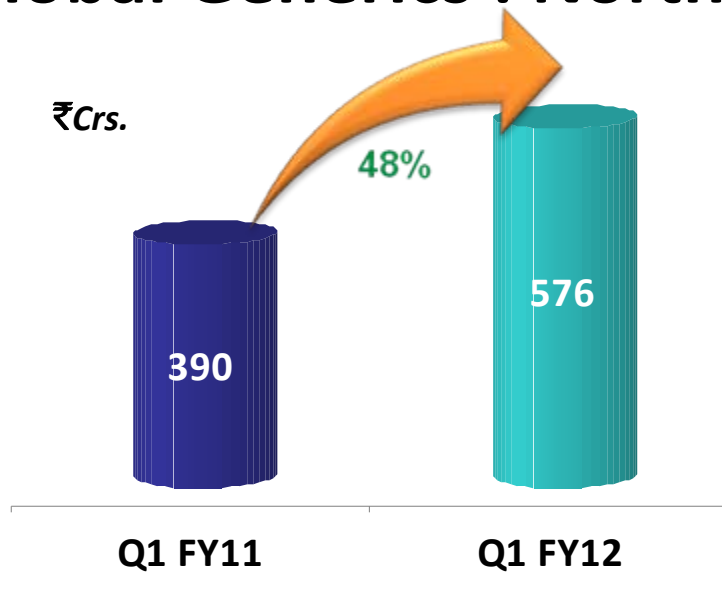
- Import alert at Mexico facility

Segmental Analysis : Revenues

Global Generics Q1 FY12 Revenues at ₹1,442 crs (21% YoY gr)



Global Generics : North America

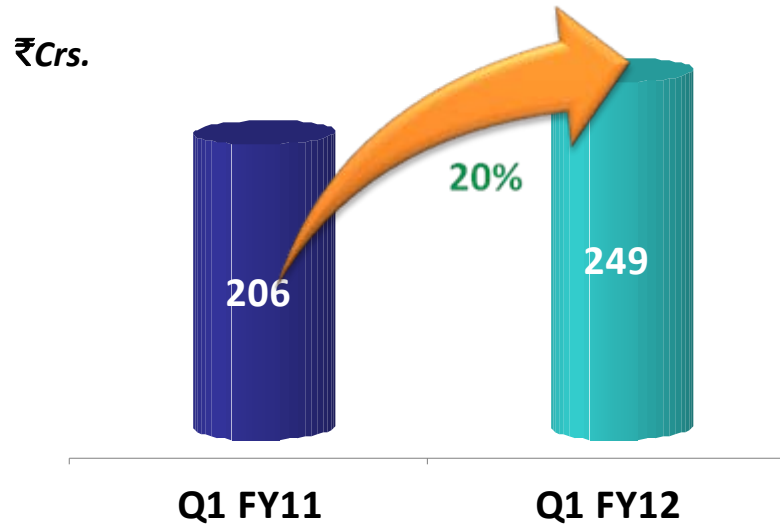


ANDA Pipeline

Q1 Filings	→	3
Cumulative	→	180
Pending Approvals	→	76
Para IVs	→	36
FTFs	→	11

- ❑ Impressive growth driven by new launches in FY11 and market share increase in base portfolio
- ❑ Market share improvements across key products → lansoprazole, tacrolimus, omeprazole Rx, omeprazole OTC and fexofenadine OTC
- ❑ 22 Rx products among the Top 3 ranks in market shares
- ❑ 9 new product launches (including 4 from Bristol penicillin facility)
- ❑ Launch preparedness underway → fexofenadine pseudoephedrine OTC 180/240 mg

Global Generics : Russia



Pharmexpert (MAT May 11)

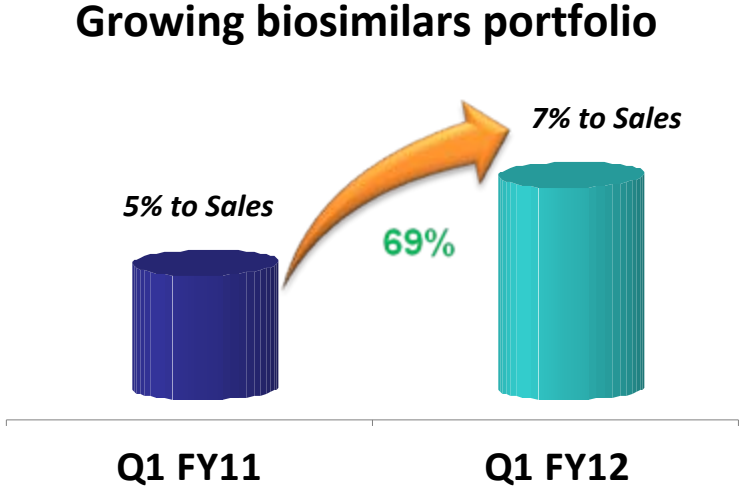
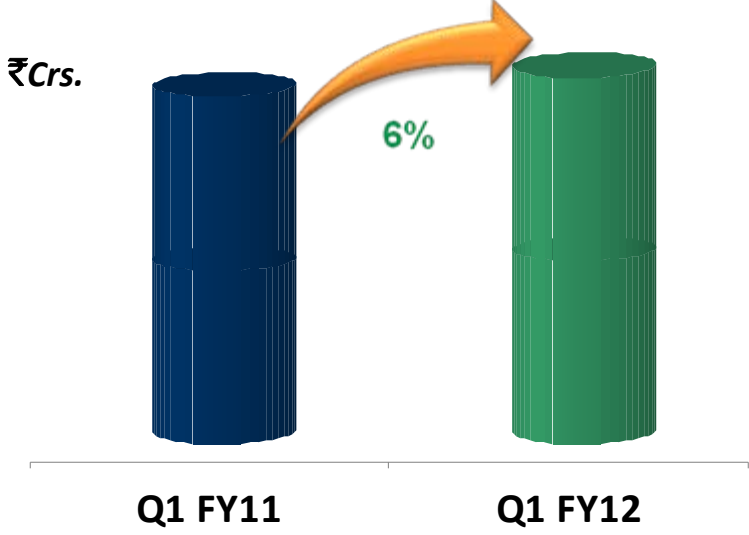
❑ Secondary sales growth :

- Dr. Reddy's → 17%
- Industry → 7%

❑ Dr. Reddy's rank → 13th

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- ❑ Growth driven by volume increase across key products - Omez, Keterol, Cetrine & Senade
 - ❑ 2 new product launches
 - ❑ High growth traction in OTC portfolio ; 30% of sales vs. 25% a year ago

Global Generics : India

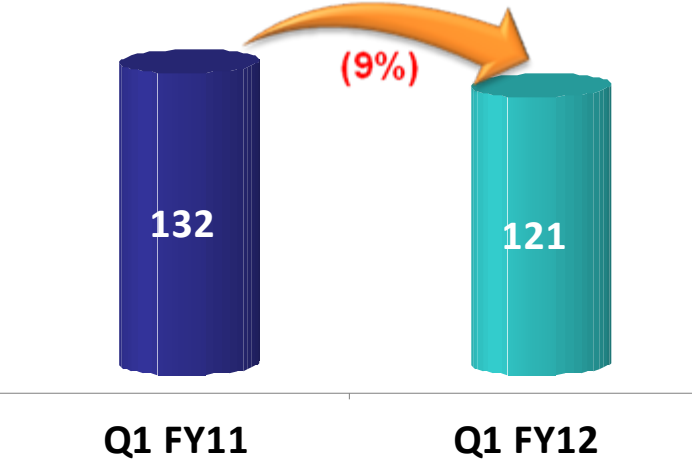


- ❑ Growth from new products partly offset by weak volume growth in a few key brands
 - Intense competitive pricing in industry
 - Field force reorganization yet to yield results

- ❑ 12 new products launched in the quarter

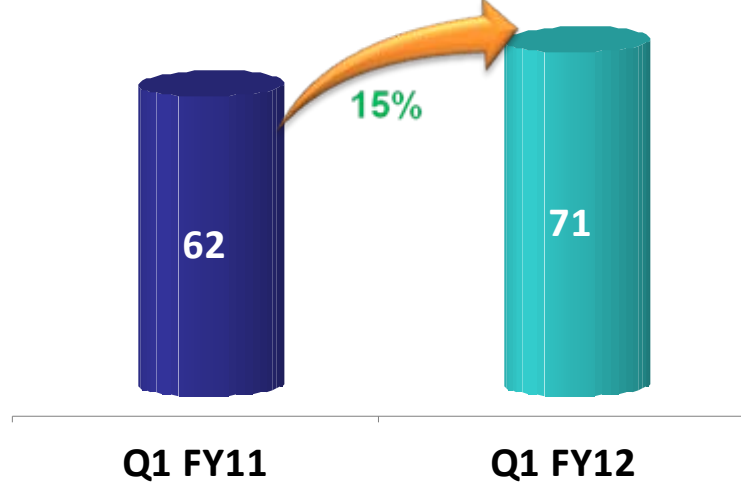
Global Generics : Europe

Germany



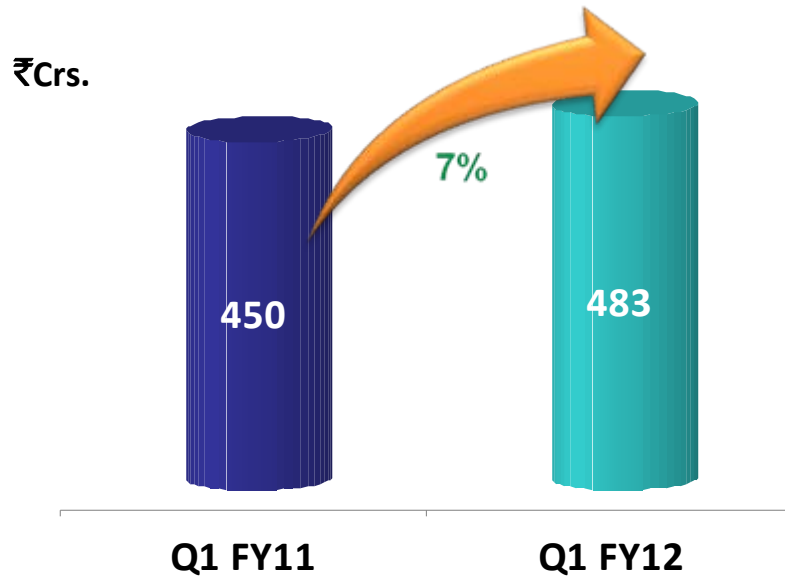
₹Cr.

RoEU



- ❑ Germany → Continuing pricing pressure due to new tenders
- ❑ Commencement of AOK tender supplies in June
- ❑ Growth in Rest of Europe driven by out-licensing business

Pharmaceutical Services & Active Ingredients



DMF Pipeline :

Cumulative	→ 495
US	→ 174
Europe	→ 139
Canada	→ 61
RoW	→ 121

- ❑ Growth in Active Ingredients driven on the back of new product launches
- ❑ Lower sales off-take in Pharmaceutical Services due to temporary issue at Mexico facility
- ❑ 9 DMF filings in quarter (1 in US, 1 in Europe, 1 in Canada & 6 in RoW)

Other Updates

❑ FY12 Outlook

- Business scale-up expected to be back-ended in FY12 on the back of new launches of olanzapine, fondaparinux, fexo-pseudo OTC (*HS*) & new launches from Bristol facility
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❑ Infrastructure expansion

- Capex spend in Q1 FY12 → ₹183 crs
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❑ Investments in R&D

- Expect R&D investments to scale-up significantly in H2 FY12



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Q&A Session

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P&L → Q1 FY12

All figures in ₹Cr. except EPS

	Q1 FY12	Q1 FY11	Gr%
Revenue	1,978	1,683	18%
Gross Profit	1,056	891	18%
% to sales	53%	53%	
SG&A	676	548	23%
% to sales	34%	33%	
R&D	120	99	21%
% to sales	6%	6%	
EBITDA	420	342	23%
% to sales	21%	20%	
PAT	263	210	25%
% to sales	13%	12%	
EPS	15.5	12.3	25%

Key Balance Sheet Items

	₹Cr.	
	June 11	Mar 11
Cash & Cash Equivalents	547	573
Trade & Other receivables	1,714	1,762
Inventories	1,740	1,606
Property, plant & equipment	3,052	2,964
Loans & borrowings (current & non current)	2,394	2,357
Trade accounts payable	843	848

Net Debt – Equity ratio at 0.38 in June 11 from 0.39 as of Mar 11