



Press Presentation Q3 FY19

February 01, 2019



SAFE HARBOUR 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, 2018 and quarterly financial statements filed in Form 6-K with the US SEC for the quarters ended June 30, 2018, September 30, 2018 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.

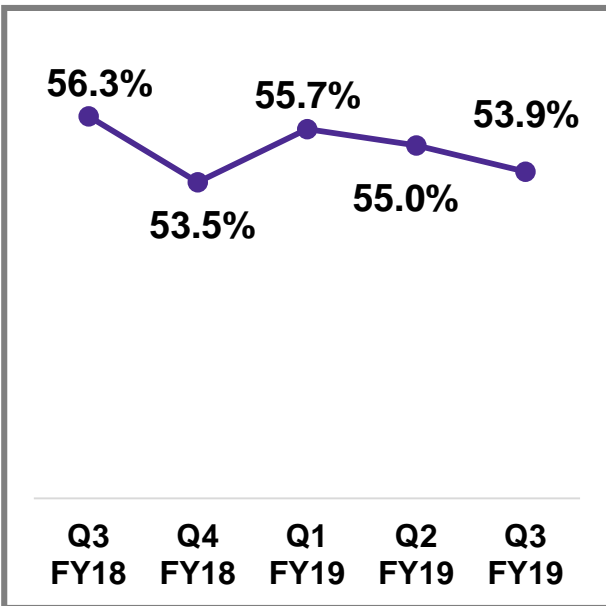
Q3 FY19 - Results

	₹ Cr	QoQ Gr%	YoY Gr%
Revenues	3,850	1.4%	1.2%
EBITDA	865	-	7.4%
PBT	581	0.4%	-2.3%
PAT	485	-3.7%	45.1%

Q3 FY19 – P&L metrics

Gross margin

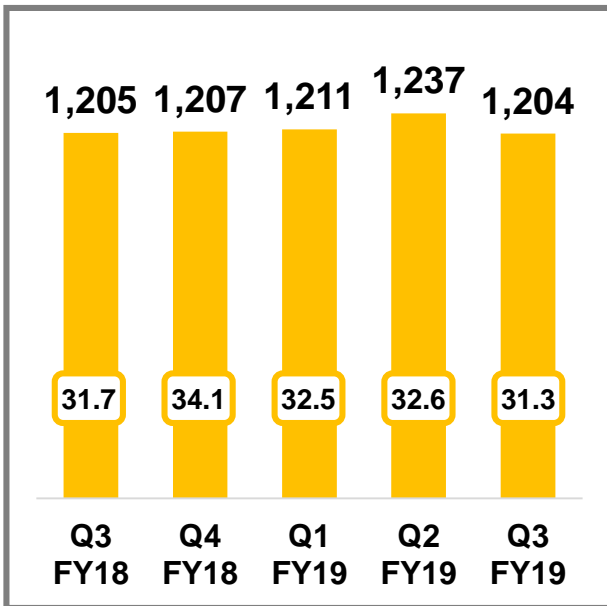
% to sales



Despite significant price erosion in NAG, Gross margin is holding up

SG&A expenses

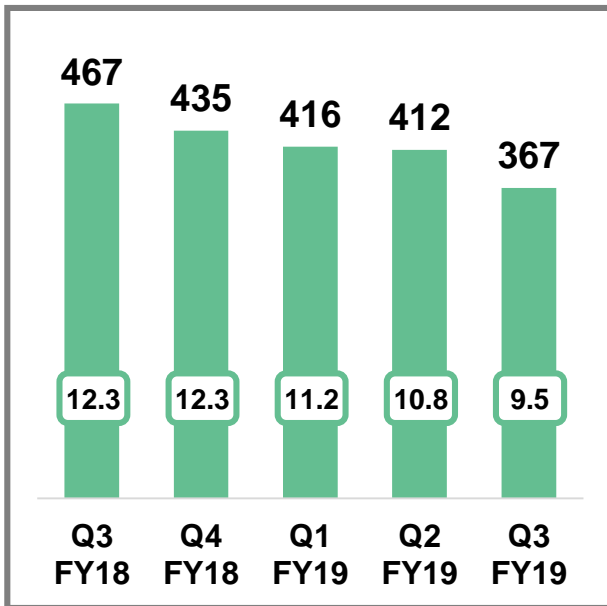
₹ cr / % to sales



Various cost optimization initiatives leading to controlled SG&A spend

R&D expenses

₹ cr / % to sales



Productivity improvements and timing difference of milestone activities led to lower R&D spend

North America

Revenues

₹ 1,483cr



YoY Dc (8)%

QoQ Gr 4%

- On a QoQ basis, Revenues were stable – Price erosion is compensated by volume increases and new product launches.
- We launched 10 new products in Q3 FY19, which include Colesevalam, Sevelamer sachet & unit dose, Aspirin & Dipyridamole XR and Omeprazole OTC tabs.
- High launch sales value of Sevelamer in Q3'18 led to decline on a YoY basis
- **U.S. Generics filing update:**
 - 3 ANDAs are filed with the U.S. FDA in Q3 FY19
 - 103 pending approval (100 ANDAs + 3 NDAs)
 - 59 Para IV filings and we believe 33 have first to file status

India

Revenues

₹ 674cr



YoY Gr 10%

QoQ Dc (2)%

- YoY growth driven by new product launches and improvement in the base business performance.
- We launched “Durataf” in Q3 FY19
- We gained 1 rank position in IQVIA MAT rankings (currently at 14th vs.15th in Sep-18)
- **IQVIA IMS growth rates**

November 2018	MQT
IPM	10.9%
Dr. Reddy's	11.7%

Emerging markets

Revenues

₹ 774cr



YoY Gr 31%

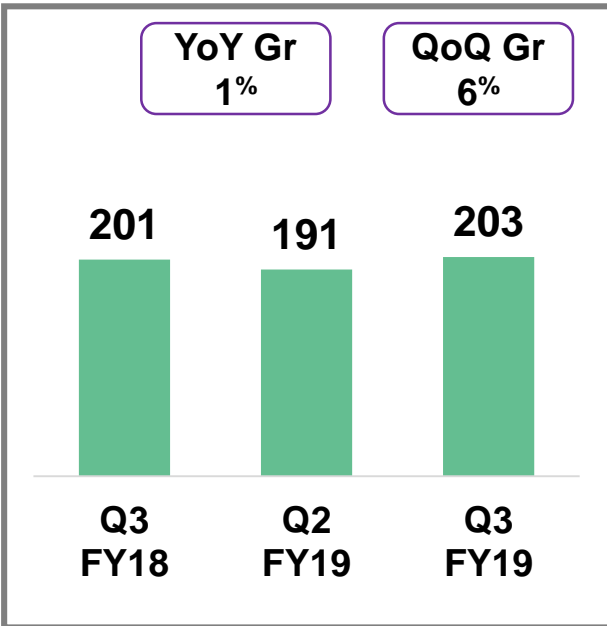
QoQ Gr 3%

Region	₹ cr			YoY Gr	QoQ Gr
	Q3'18	Q2'19	Q3'19		
Russia	337	379	410	22%	8%
CISR	99	144	144	45%	0%
RoW	154	226	220	43%	(2)%
EM	590	749	774	31%	3%

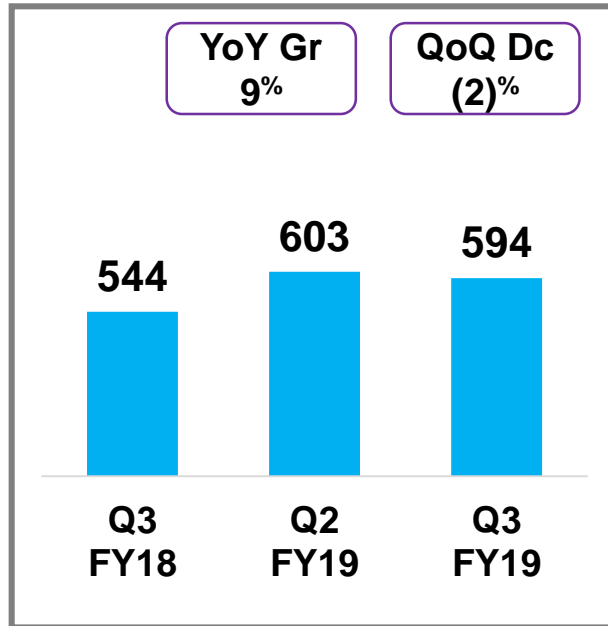
- **Russia:** In local currency terms, YoY sales grew by 24%. Growth majorly due to new launches & improvement in base business
- **CISR:** YoY Growth driven by higher sales in Uzbekistan, Kazakhstan & Romania
- **RoW:** YoY Growth driven by new markets (primarily Brazil) and volume traction in China & other countries

Other businesses

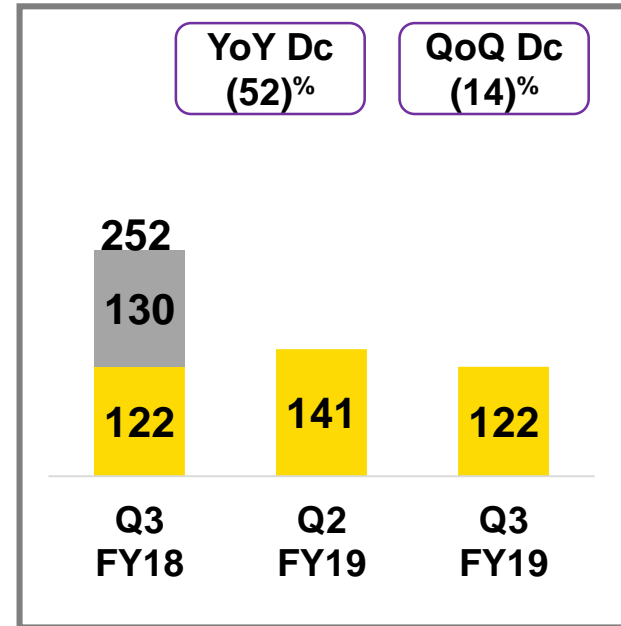
Europe ₹ cr PS&I ₹ cr PP & Others ₹ cr



Growth driven by new products and volume uptake



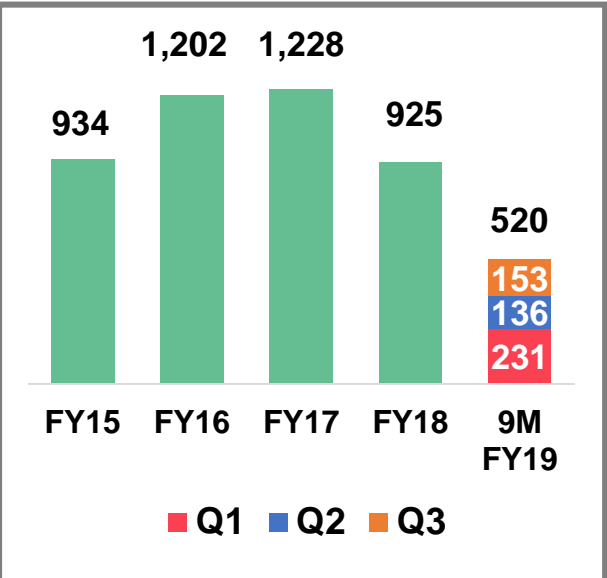
YoY growth is driven by custom pharmaceutical services business



Q3'18 had ₹ 130 Cr of out-licensing income in PP business

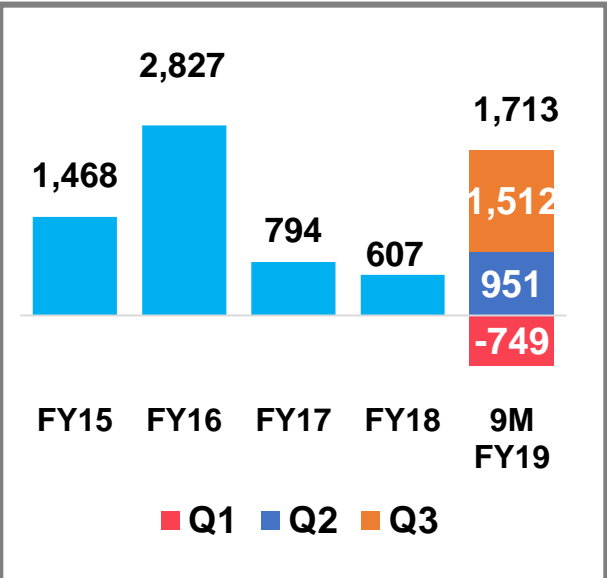
Other key financial metrics

Capital expenditure ₹ cr



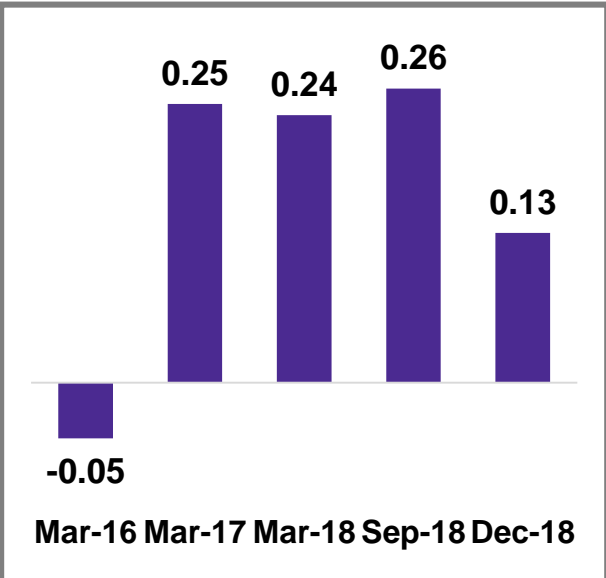
Sold API plant at Jeedimetla, Hyderabad in Q3 FY19

Free Cash Flow ₹ cr



EBITDA coupled with reduction in working capital balances translated into higher free cash flows

Net Debt / Equity ratio



Higher cash flows coupled with lower capital investments led to lower Net Debt/Equity

Key Priorities



Maintain our growth momentum



Continue to strengthen the quality systems



Accelerate the new product approvals



Sustain productivity improvements



Resolve pending warning letters



Questions?



**Good
Health
Can't
Wait.**