



Investor Presentation

June 2019

Dr. Reddy's Laboratories Limited

Hyderabad, India

BSE: 500124 | NSE: DRREDDY | NYSE: RDY



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, quarterly financial statements filed in Form 6-K with the US SEC for the quarters ended June 30, 2018, September 30, 2018 and December 31, 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.

More than ever people across the world need access to affordable healthcare

Our purpose and promises remain relevant to achieve this need

PURPOSE

We accelerate access to affordable medicines because

**Good Health
Can't Wait.**



OUR PROMISES



Bringing expensive medicine within reach



Addressing unmet patient needs



Helping patients manage disease better

Enabling and helping our partners ensure our medicines are available where needed

Working with partners to help them succeed

We believe that the changes in market dynamics have created exciting opportunities. We have what it takes to win in the generics industry



Strong R&D, API, complex generics, biologics, specialty

(1200+ scientists, 350+ PhDs)



Broad portfolio – Differentiated, complex, back integrated



Six spaces set up for growth

(US, China, Russia, India, API, Hospitals)



Commitment to operational excellence, safety, and compliance



Stable ownership and strong management team with dedicated employees



Low cost operations



Strong balance sheet



Quality



Strong brand identity

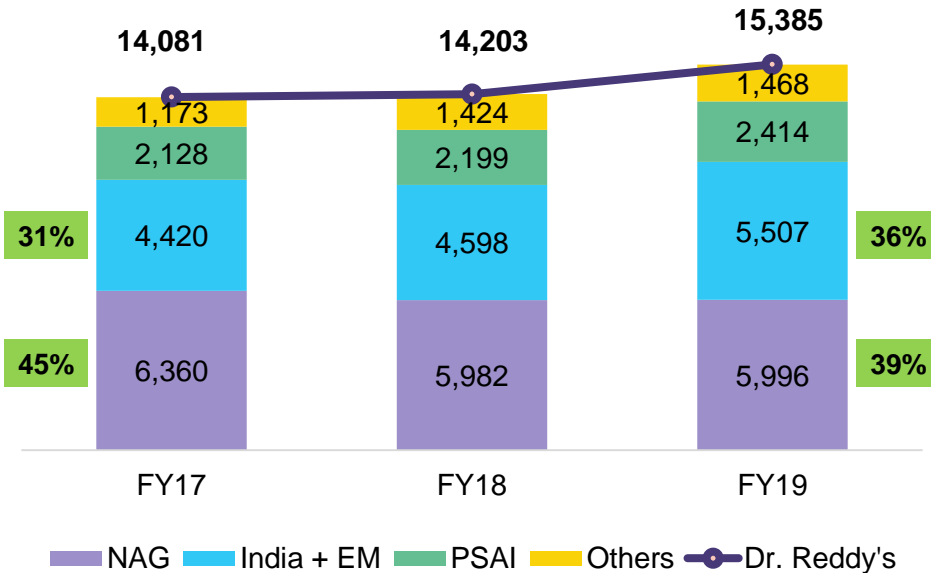


Customers & stakeholders orientation

(Customers, Regulators, Vendors, Partners)

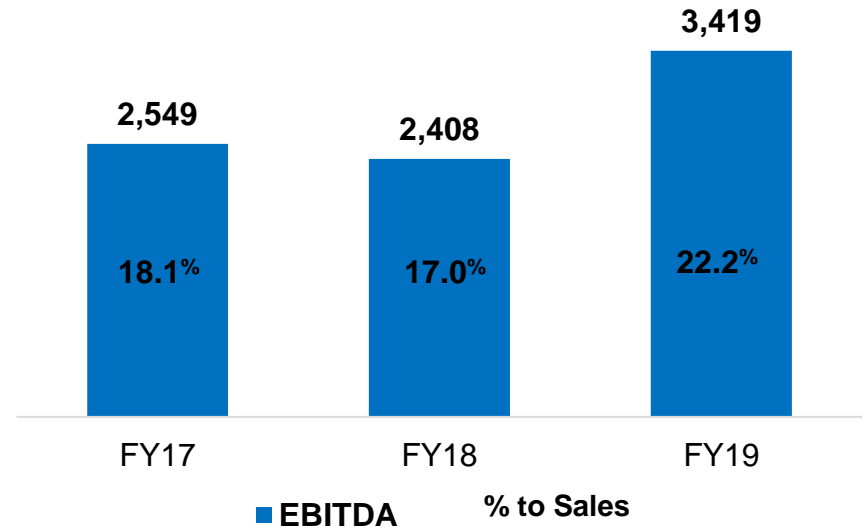
We have improved our business performance in last few years...

SALES: 2 year CAGR of 5%



We have well diversified revenue streams between generics and branded generic markets.

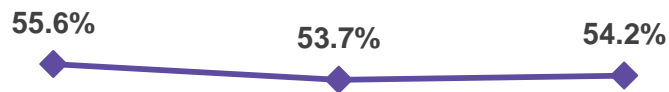
EBITDA: 2 year CAGR of 16% INR Cr.



EBITDA margins improving due to optimization of cost and growth in emerging markets

...We are controlling our spend and capex while we remain with a strong balance sheet and are focusing on improving profitability ...

Gross margin holding up despite continuing price erosion in the US



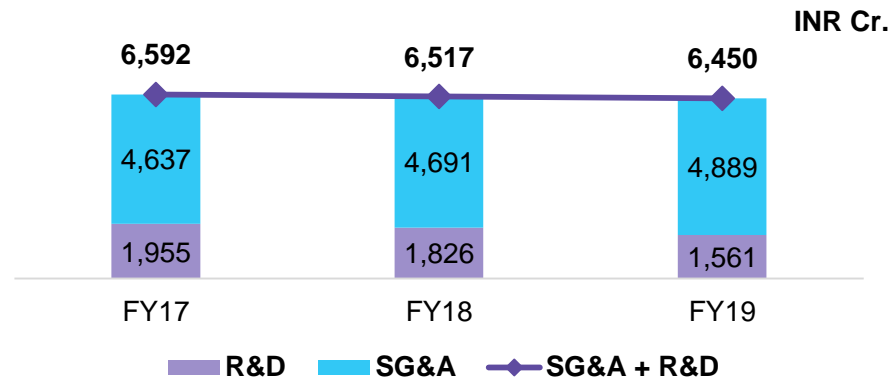
Gross Margin as a % to sales

FY17 FY18 FY19

Moderation seen in capital expenditure

	FY17	FY18	FY19
Capital Expenditure	1,228	925	696

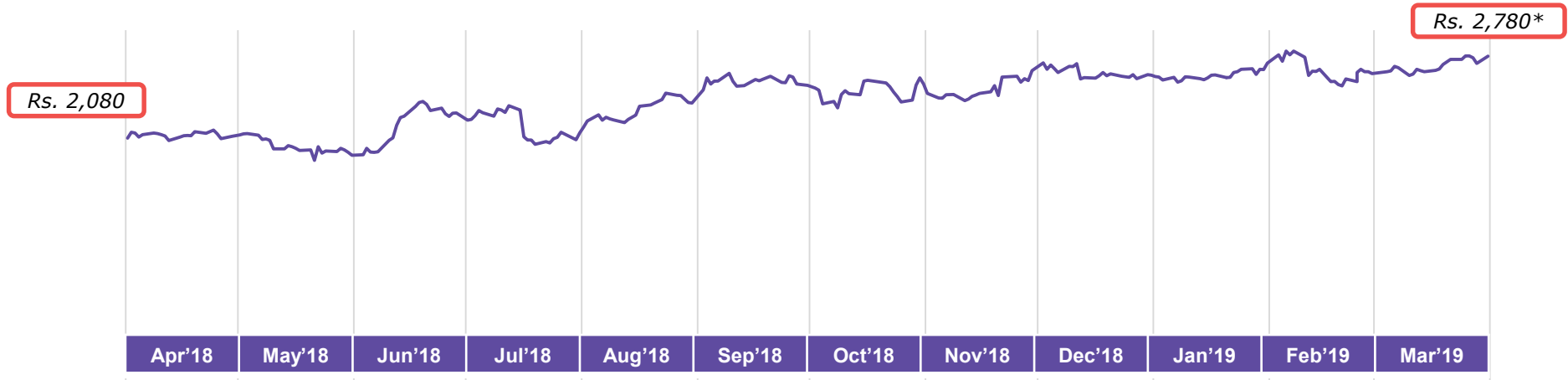
Spend optimization initiatives & improved productivity



Headroom available for borrowing

	Mar-17	Mar-18	Mar-19
Net Debt to Equity	0.25	0.24	0.09

We have provided a positive TSR since last year



*Closing price of Mar 29, 2019

**Total Shareholder
Return**

=

**Dividend[^] + Capital Gains
Rs. 720**

>

35%

% Return

[^] Dividend pay out of Rs. 20

How are we accomplishing that?

- 1 Delivering high **growth in emerging markets**
- 2 Enhancing **customer service**
- 3 Launching **new products in US and other markets** and continue to **build a healthy pipeline**
- 4 Improving **efficiency and cost controls**, elimination of waste
- 5 Divesting **non strategic assets and brands**
- 6 Changes in **management and improving internal processes**
- 7 **Engaging with USFDA** to resolve outstanding concerns and **focus on quality**



Our Quality Journey

We are committed to excellence in quality and being best in class

U.S. FDA Audit Updates

Sites Previously on Warning Letter

CTO 6: Submitted all compliance responses; Awaiting re-inspection

FTO 7 Sterile Plant: Received EIR, status changed to VAI

Sites in receipt of EIR & considered compliant

FTO 3	FTO – PU 1	FTO – PU 2	Shreveport
CTO – 1	CTO – 2	CTO – 3	CTO – 5
CTO – SEZ	Mexico	Mirfield	CPS – TDC

In addition, our sites have been approved by regulators from ~20 countries



Six spaces which will drive significant growth

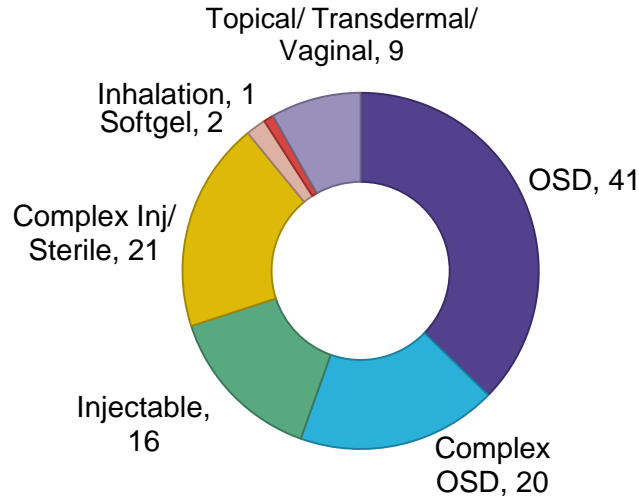
1

US Generics

- 110 products pending approval in US*
- Ramp-up in New launches
- Providing great customer service

We have a healthy pipeline of First-to-market, complex Products

NUMBER OF PENDING FILINGS* BY DOSAGE FORM



24 products launched in the US during the FY 19

PIPELINE HIGHLIGHTS

107 pending ANDAs & 3 pending NDAs [505(b)(2)s]

- No incl. 60 para-IV and we believe 34 have first to file status

Fast-following on potential OTC switches

* Filings as of Mar 31, 2019

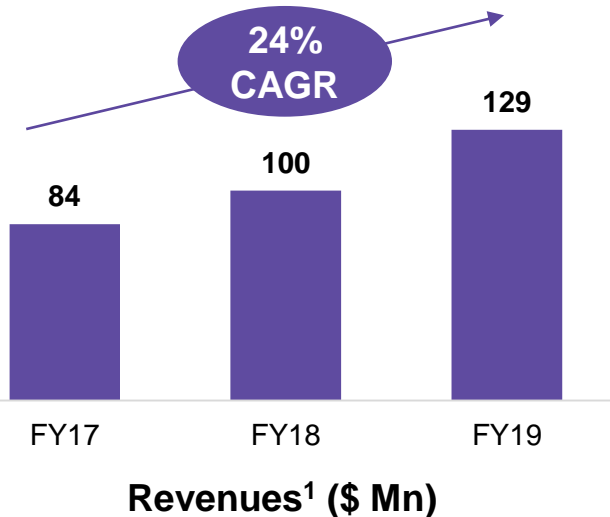
Six spaces which will drive significant growth

2

China

- We are looking for sustainable high growth in China
- Many of our US products meet the new Chinese requirements

High CAGR in China



1 – Includes JV Revenue

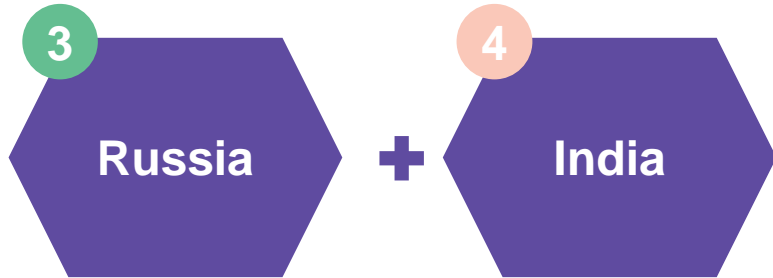
What are we going to do in China?

- Select and launch products that meet local requirements
- Scale up local manufacturing
- Scale up partnerships in identified therapy areas

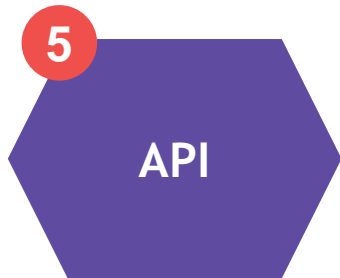
We have been present in China for ~20 years

- Established credentials with Regulatory agencies
- Local Manufacturing experience
- Familiarity with commercialization in all provinces of China

Six spaces which will drive significant growth



- Focus on mega brands
- Focus on leveraging Dr. Reddy's brand
- Develop and launch clinically differentiated products



- Partner of choice for global generics manufacturers effectively
- Global Leadership through cost, service and back integration



- Leverage portfolio to reach high number of patients
- Build sustainable business and financial model to fund biosimilars

Key Strategic Priorities

Focus on execution in the short term...

Focus on profitable growth and shareholder returns

- ✓ Growth in all markets and launch new products



Improve efficiencies and our cost structure



Focus on compliance and quality



Key Strategic Priorities

...And ensure growth in the long term

Continue to build our global portfolio

- ✓ Divest non strategic assets



Strengthen our positioning with organic and inorganic moves

- ✓ Selective inorganic moves to complement our capabilities



Build strong leadership teams and enhance our internal processes





Thank you