



Dr.Reddy's 

Press Meet

Q3 FY16

February 9, 2016

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 Form 20-F for the fiscal year ended March 31, 2015, and Form 6-K for the quarters ending June 30 2015 & September 30, 2015 and its other filings with the Securities and Exchange Commission. 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.

Business Highlights

- ✓ High focus on remediation and risk mitigation measures.

✓ Sustained performance of base business was key for this quarter.

- US Generics: Solid performance of Injectables portfolio, Valganciclovir and Habitrol.
- India formulations: Continued momentum. Sales of newly acquired portfolio from UCB in line with expectations.
- Europe: New launches driving profitable growth.
- EM: performance impacted by continued macro-economic uncertainties.

✓ Research & Development

- Four new generics filings in the US during the quarter (3 ANDAs and 1 NDA).
- Lower R&D due to the receipt of our share of the development costs and other contractual amounts from Merck Serono.

- ✓ Received final approvals from USFDA for ZEMBRACE™ SymTouch™ (sumatriptan succinate) Injection for the acute treatment of migraines in adults and SERNIVO™ (betamethasone dipropionate) Spray for the treatment of mild to moderate plaque psoriasis in adults.
- Received Tentative approval from USFDA for ZENAVOD™ (doxycycline) Capsules, 40 mg for the Treatment of Rosacea in Adults.

- ✓ Net cash surplus as on 31st Dec 2015.

Financial highlights

Q3 FY15

Q3 FY16

Revenues (₹Cr)

3,843

Gr
3%

3,968

Gross profit (%)

% of revenues

58.2%

↑

59.5%

R&D (₹Cr)

432

11.2%

Decline
5%

409

10.3%

% of revenues

EBITDA (₹Cr)

1,051

27.4%

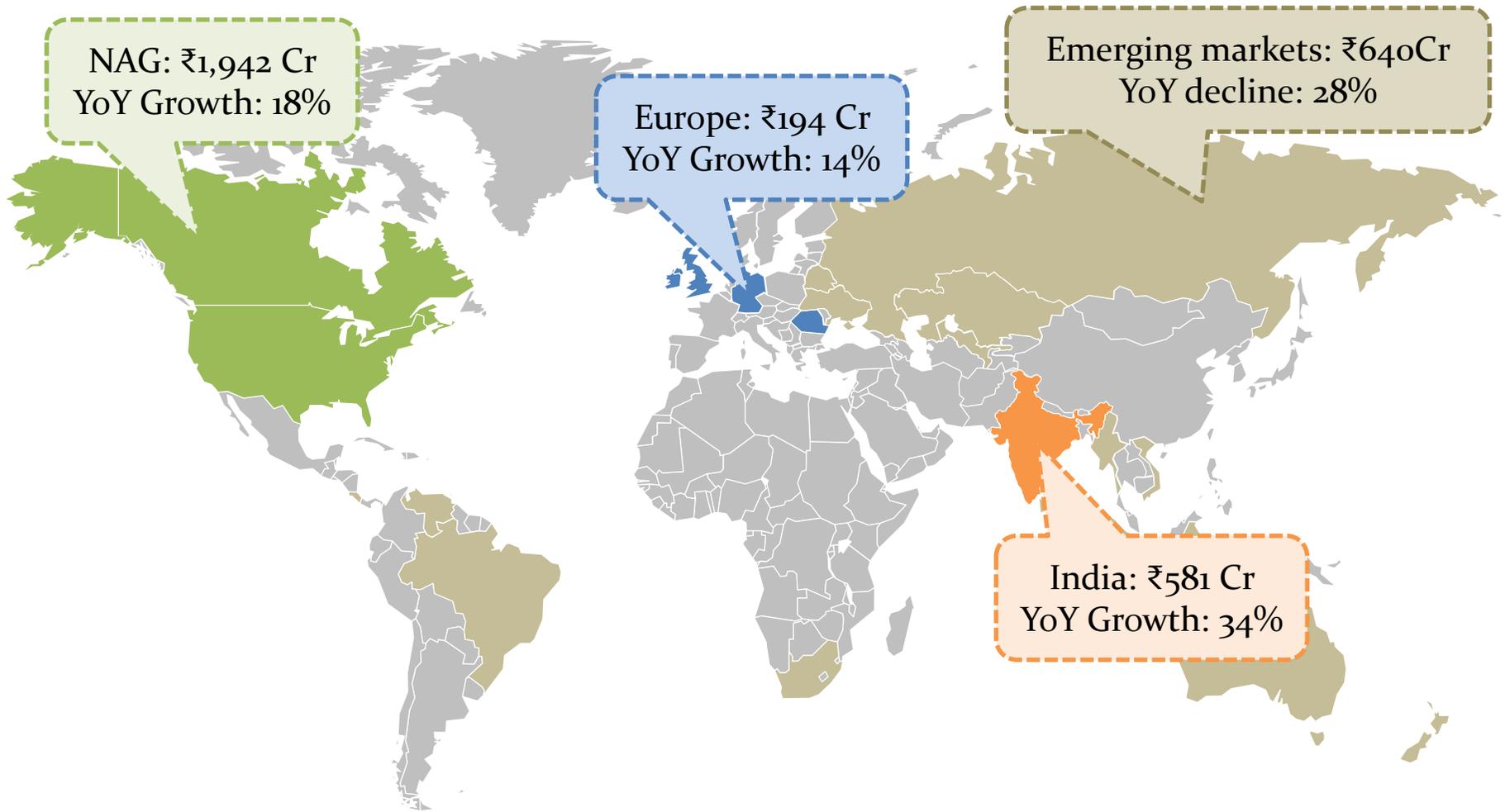
Decline
4%

1,012

25.5%

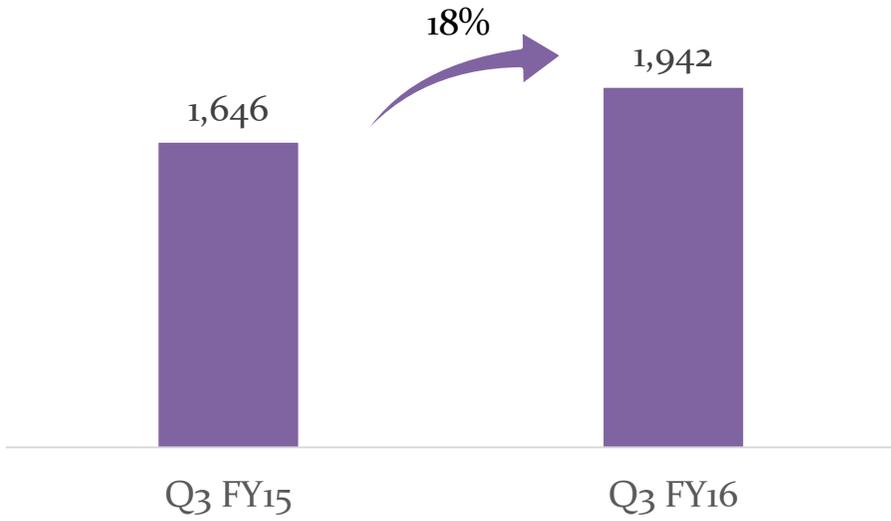
% of revenues

Global generics: Q3 FY16 Revenues of ₹3,356 Cr (YoY 7% Gr)



Global generics: US

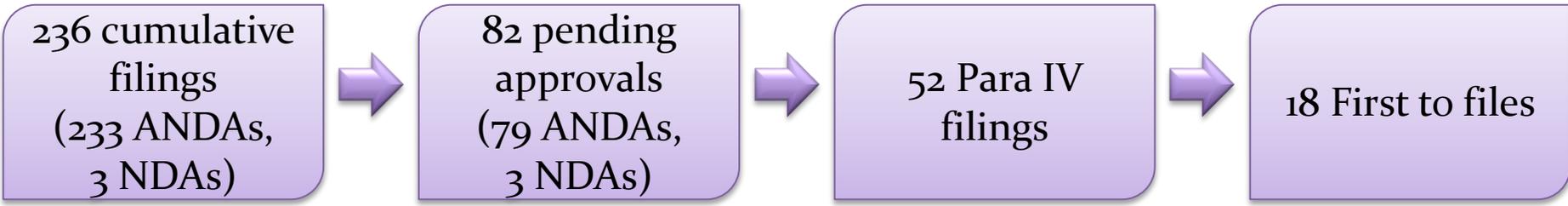
Revenues (₹Cr)



Market share

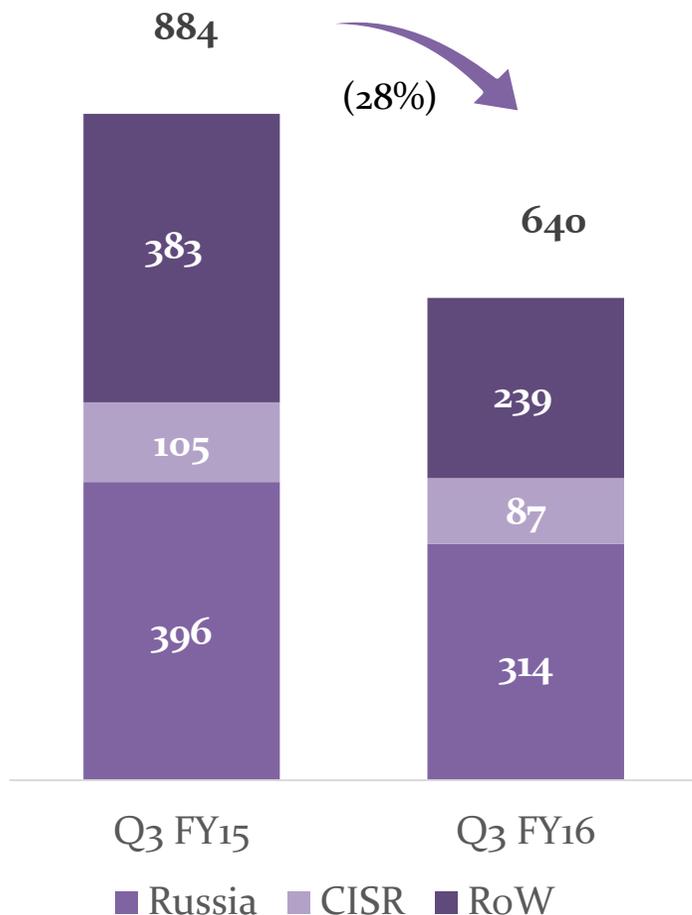
Product	Sep-15	Nov-15
Decitabine	68%	69%
Fondaparinux	51%	51%
Azacitidine	50%	51%
Zoledronic Acid (Reclast)	50%	47%
Valgancyclovir	39%	45%
Metoprolol	23%	25%
Omeprazole DR	16%	16%

Generics filings Pipeline



Global generics: Emerging markets

Revenues (₹Cr)



Russia

- Registered a growth of 5% in constant currency terms.
- Focus on mega brands and portfolio augmentation.
- OTC revenues at 38% of total revenues
- Russia Growth:

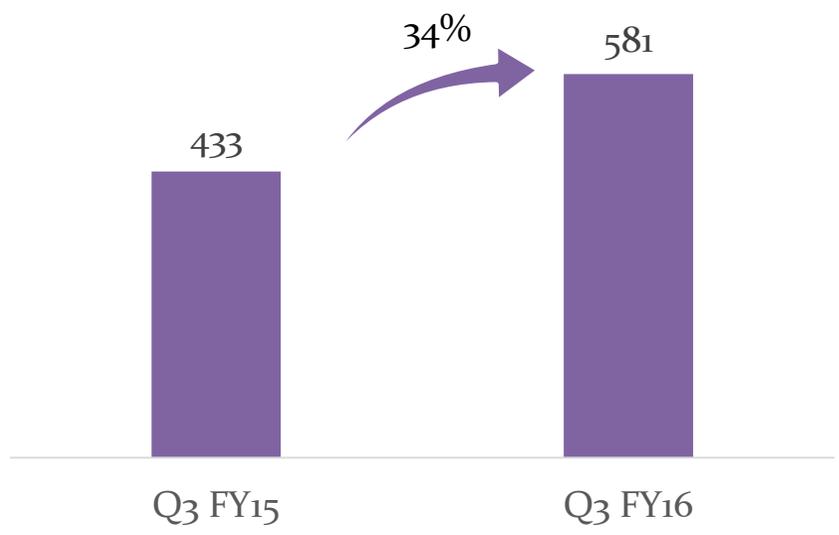
Source: IMS	Dr. Reddy's Gr%		Russia Mkt Gr%	
	Value	Volume	Value	Volume
Dec-15	3%	(3%)	(6%)	(12%)
YTD Dec-15	5%	(8%)	7%	(6%)

RoW / Venezuela

- Cautious stand continues
- Exploring various alternatives to secure the O/S amounts.

Global generics: India

Revenues (₹Cr)



India

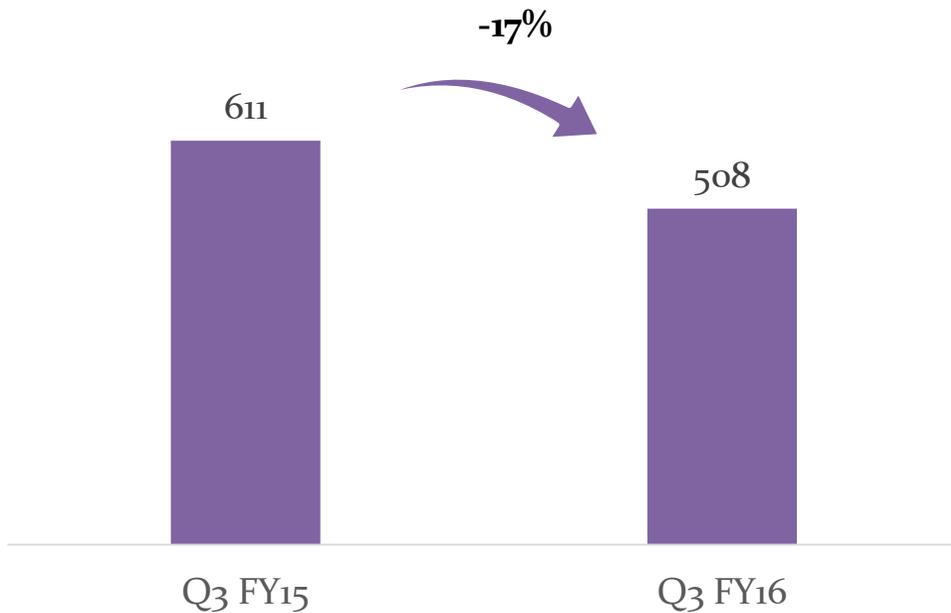
- 5 new brands launched
- Select portfolio of products acquired from UCB fully integrated into our supply chain
- Normalised for UCB portfolio contribution and sequential quarter spill over, growth is healthy & in line with expectations.

Key product launches



Pharmaceutical services and active ingredients

Revenues (₹Cr)



PSAI

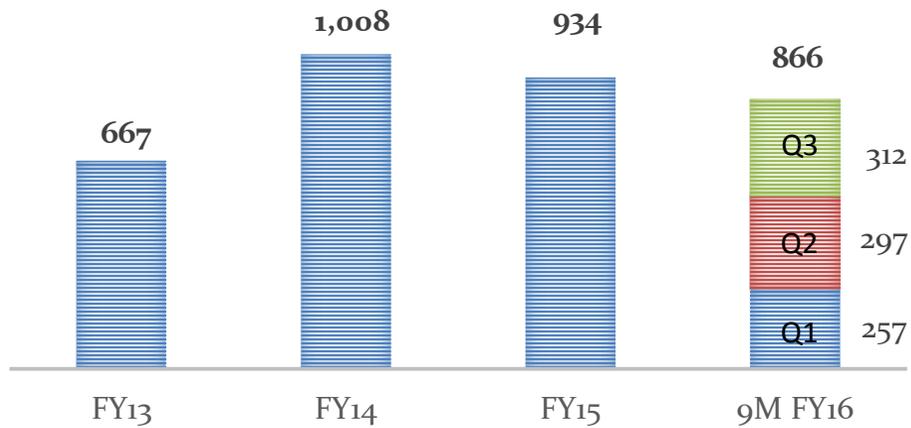
- 21 DMF filings during the quarter globally.
- Ongoing remediation measures temporarily impacted dispatches.
- Focus on healthy order book and pipeline.

DMF filings

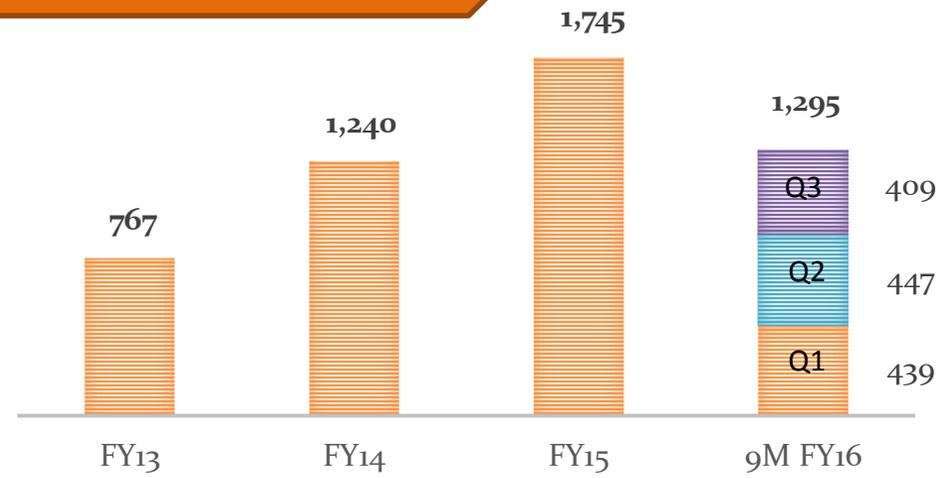
Region	Filings
US	223
Canada	202
Europe	81
RoW	268
Cumulative	774

Capex, R&D and Free cash flows

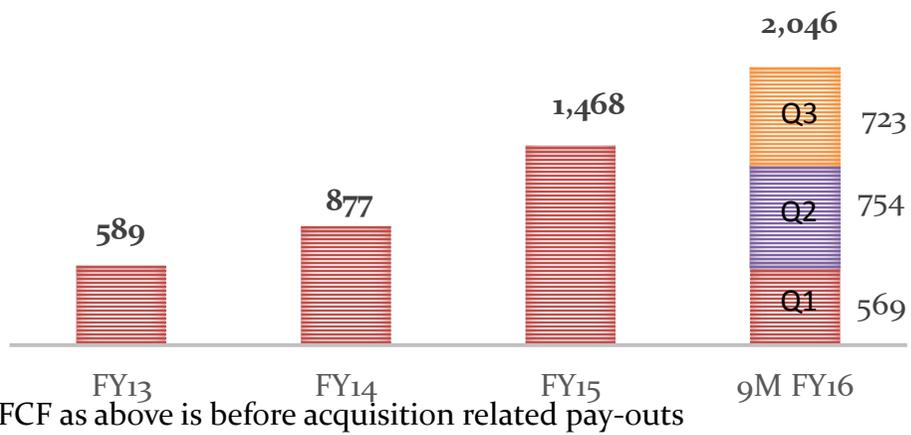
Capex (₹Cr)



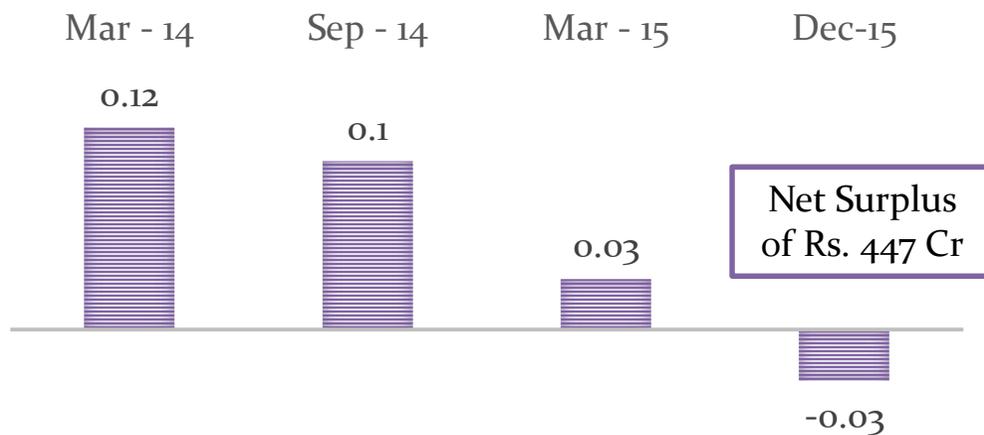
R&D (₹Cr)



Free cash flows (₹Cr)



Net debt/Equity



Key Priorities



Focus on timely closure of all remediation actions and risk mitigation measures.



Execute on the growth agenda through organic and in-organic means



Achieve the targeted development milestones for complex generics & differentiated products pipeline

Q&A SESSION

Thank You

Abridged P&L – Q3 FY16

Particulars (₹Cr)	Q3 FY15	Q3 FY16	Growth%
Revenues	3,843	3,968	3%
Gross Profit	2,235	2,359	6%
% to revenues	58.2%	59.5%	
SG&A	1,115	1,204	8%
% to revenues	29.0%	30.3%	
R&D	432	409	(5%)
% to revenues	11.2%	10.3%	
EBITDA	1,051	1,012	(4%)
% to revenues	27.4%	25.5%	
PAT	575	579	1%
% to revenues	15.0%	14.6%	

Key Balance sheet items – December 2015

Particulars (₹Cr)	Sep-15	Dec-15
Cash, cash equivalents and other investments	3,405	3,803
Trade receivables	4,284	4,190
Inventories	2,715	2,669
Property, plant and equipment	5,105	5,274
Goodwill and Other Intangible assets	2,415	2,474
Loans & borrowings (current & non-current)	3,707	3,380
Trade payables	1,277	1,183
Equity	12,150	12,868

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