



Dr.Reddy's 

Press Presentation- Q2 FY17

October 25, 2016



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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, 2016 and quarterly financial statements filed in Form 6-K with the US SEC for the quarters ended September 30, 2015, December 31, 2015 and June 30, 2016 and our other filings with the 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.

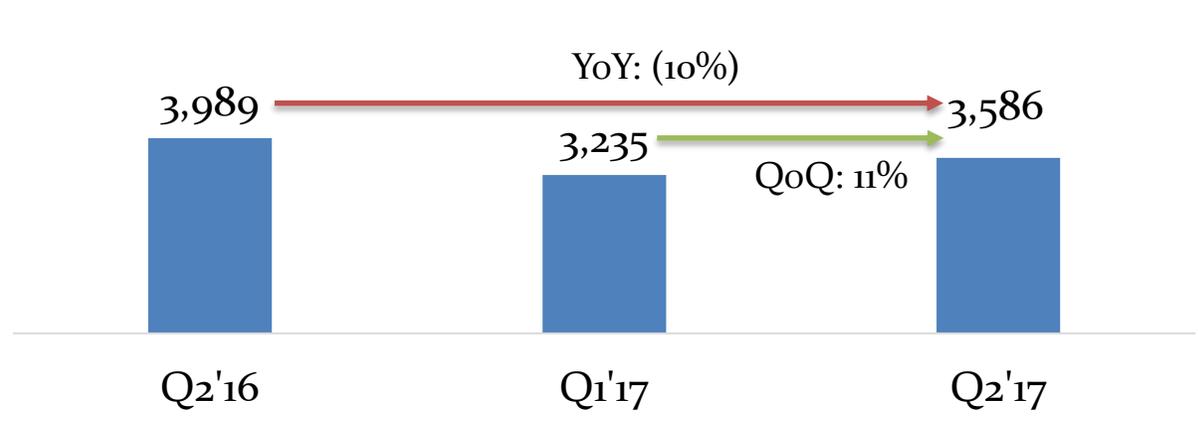
Business Highlights

- ✓ Key markets registered growth sequentially.
- ✓ Quality: Considerable progress in our remediation efforts. Focus continues on strengthening quality systems.
- ✓ Completed acquisition of product portfolio from TEVA.
- ✓ Proprietary Products : Initiated further development activities on the recently in-licensed IPR&D assets from Xenoport & Eisai, incrementally adding to the R&D spend

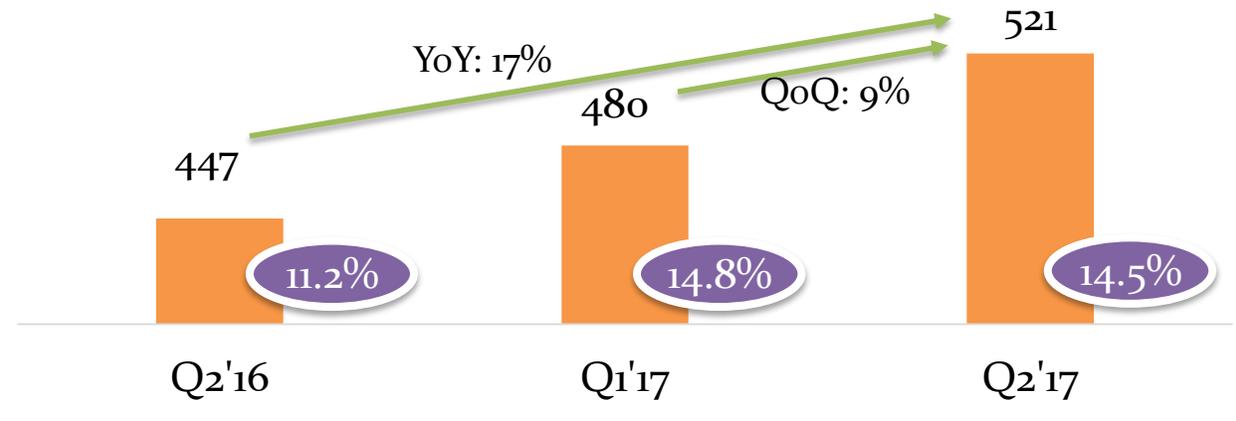
Q2 FY17 : Financial highlights

 % of revenues

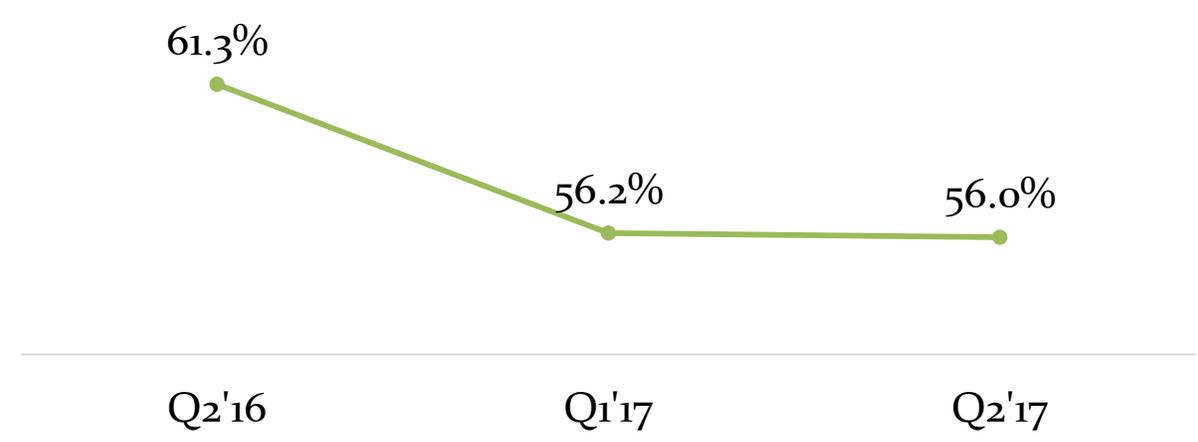
Revenues (₹ Cr)



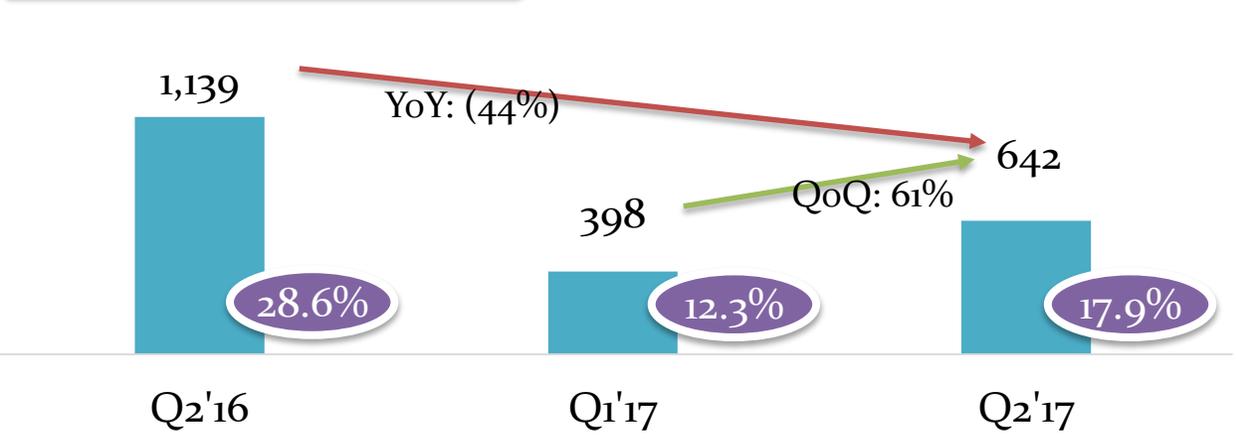
R&D (₹ Cr)



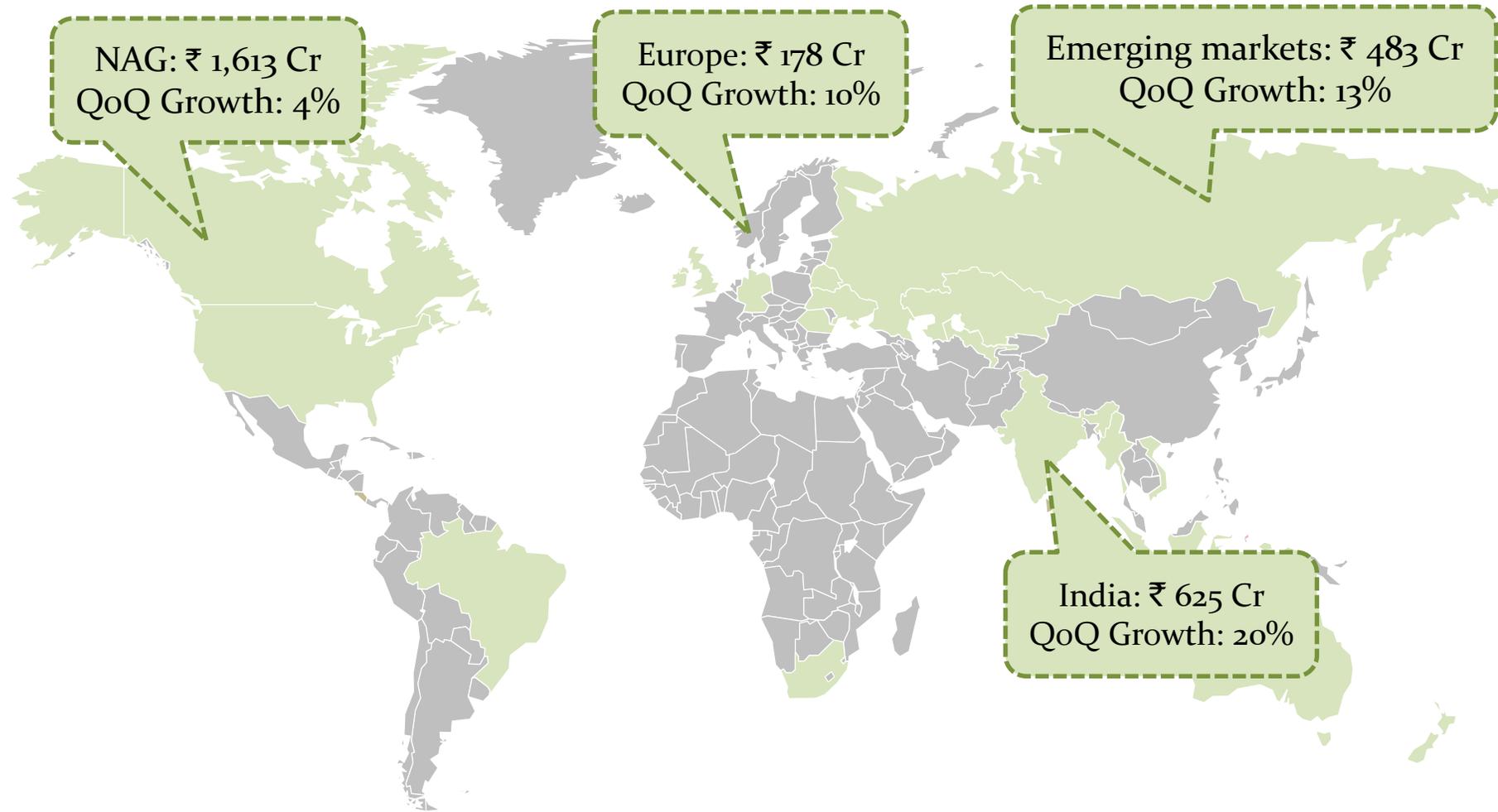
Gross profit (%)



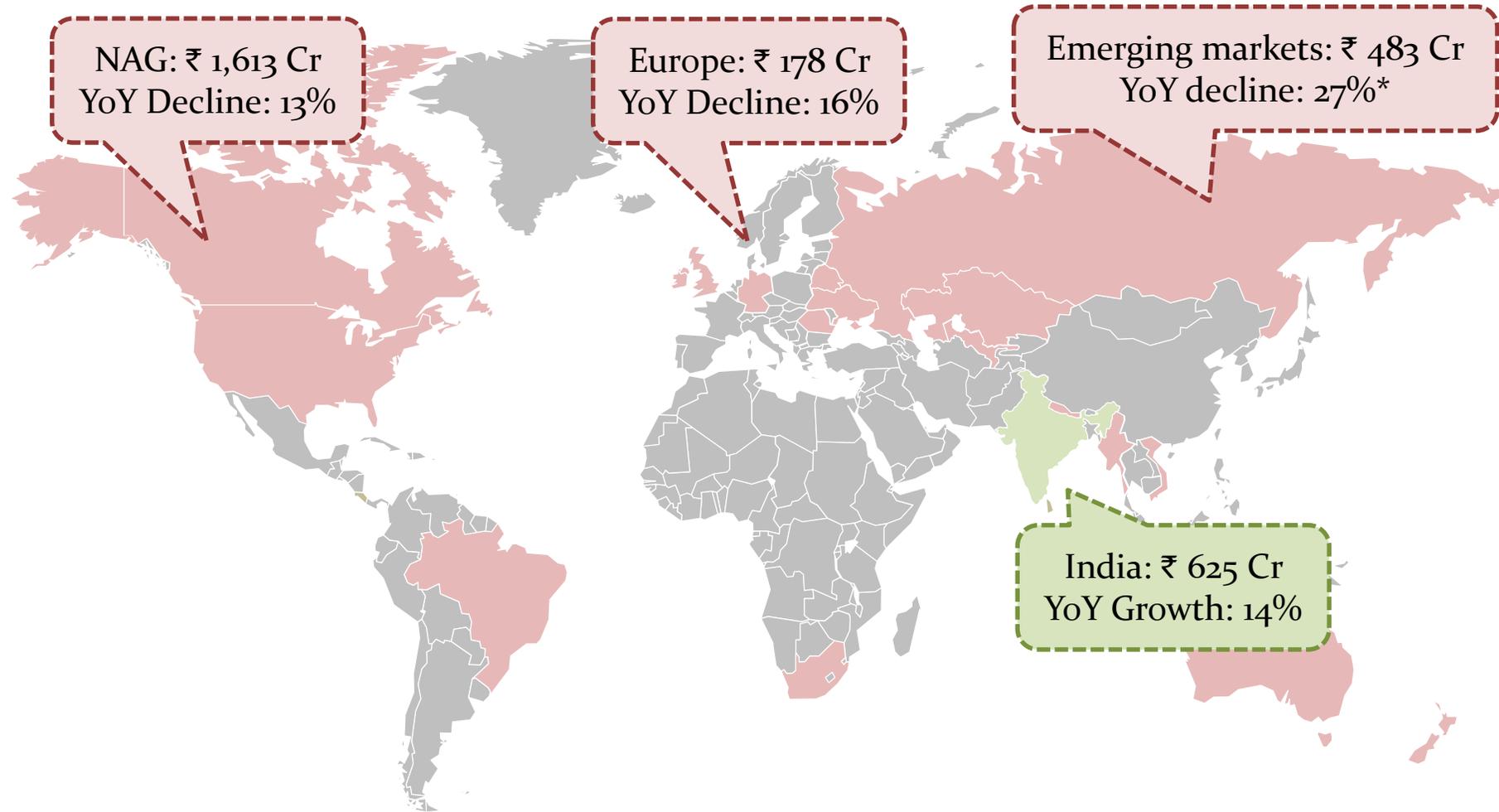
EBITDA (₹ Cr)



Global Generics: Q2 FY17 Revenues of ₹ 2,900 Cr (QoQ 9% Growth)

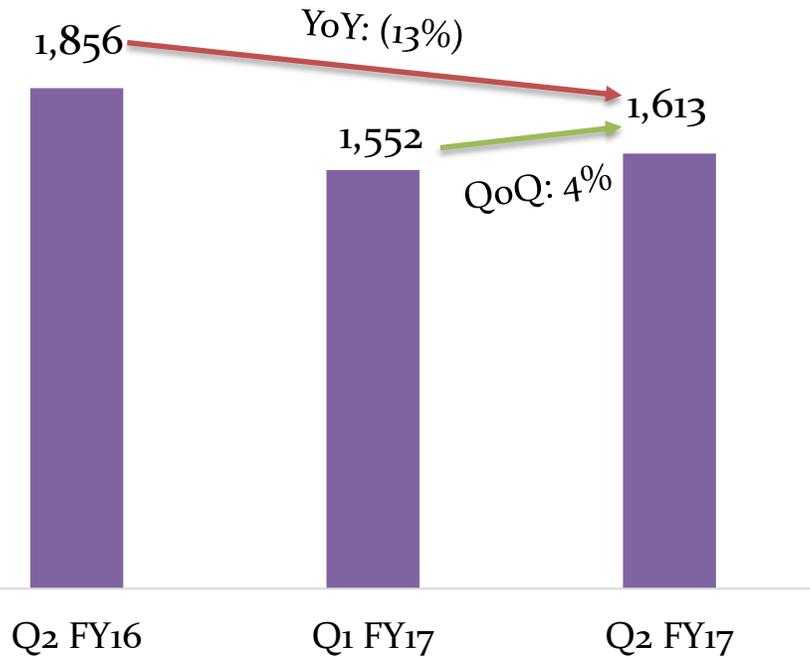


Global Generics: Q2 FY17 Revenues of ₹ 2,900 Cr (YoY 12% Decline)



Global generics: US

Revenues (₹ Cr)

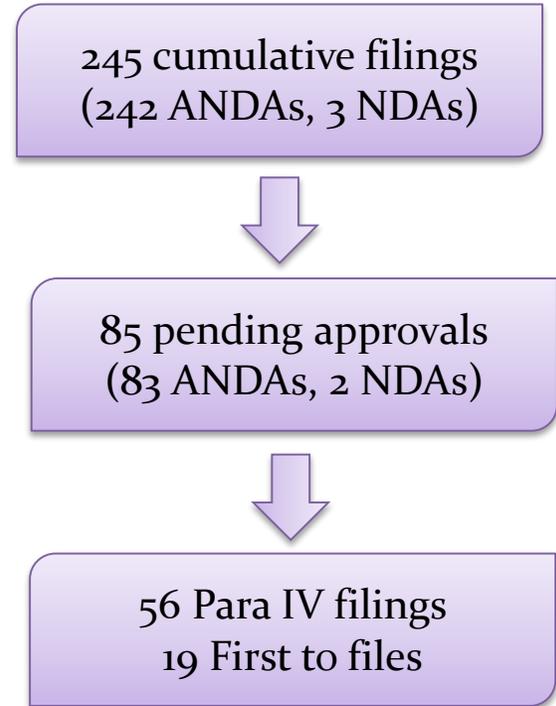


Market share

Product	May-16	Aug-16
Decitabine Injection	66%	72%
Azacitidine	47%	48%
Metoprolol ER	28%	28%
Esomeprazole	15%^	14%^
Valgancyclovir	36%	33%
Sumatriptan Inj	43%	58%

^ -Based on Total Market

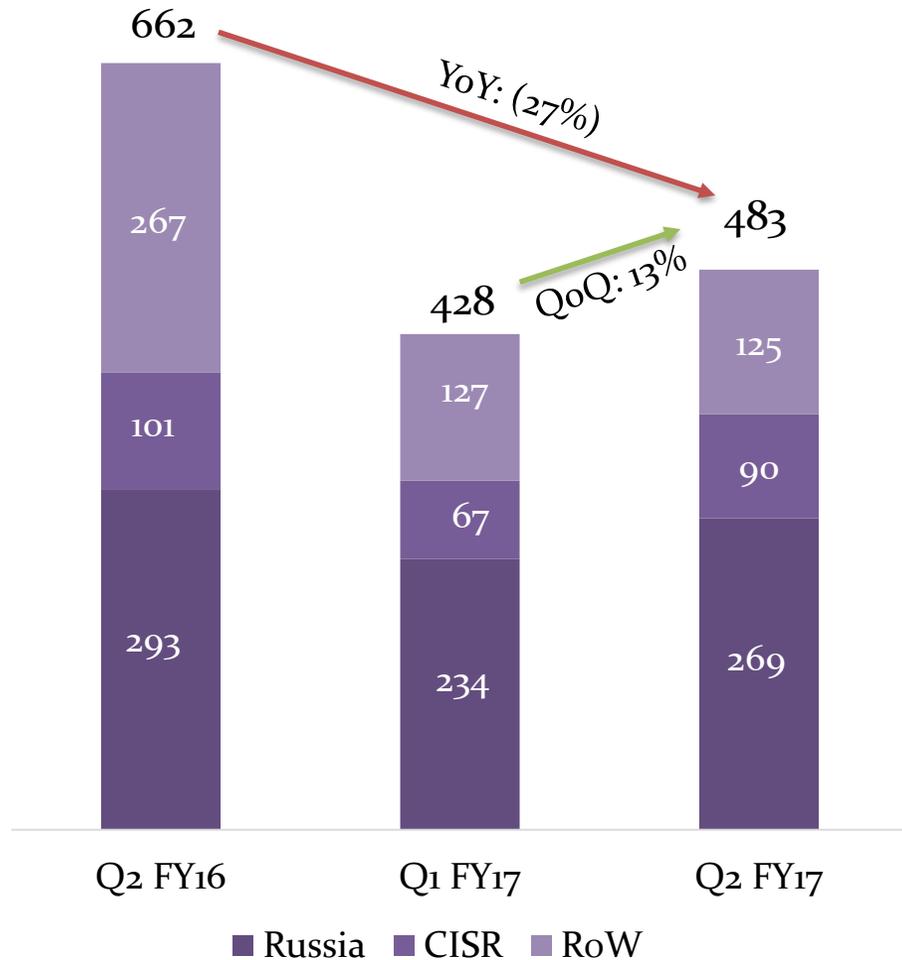
Generics filings Pipeline



- YoY decline primarily on account of increased competition in injectable franchise and valgancyclovir, coupled with pricing pressure and moderation in volumes off-take.
- QoQ Growth driven by new launches
- Generics filing pipeline also includes ANDAs acquired from Teva. Total 8 ANDAs of which 7 are Pending approval and 6 are PIVs.

Global generics: Emerging Markets

Revenues (₹ Cr)



Russia

- In constant currency, YoY decline of 5% | QoQ growth of 11% | H1 growth of 7%
- Focus on mega brands and portfolio augmentation continues
- YTD Aug'16 Dr. Reddy's volume growth at 5% vs. Russian market volume growth of 1%
- OTC : ~37% of total revenues

CISR

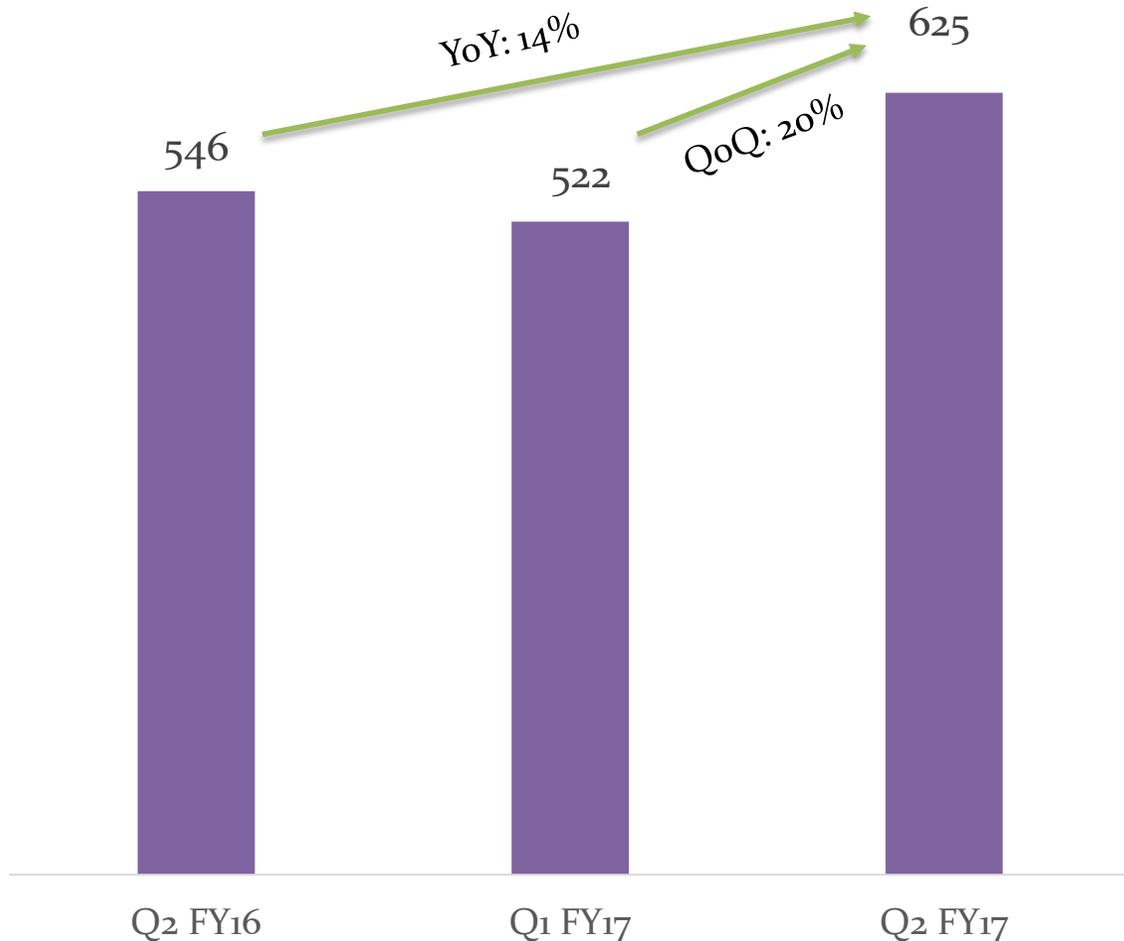
- Performance in line with expectations. Sequential growth of 33%.

ROW

- Excluding Venezuela, the base business remained flat
- Entered Colombia

Global generics: India

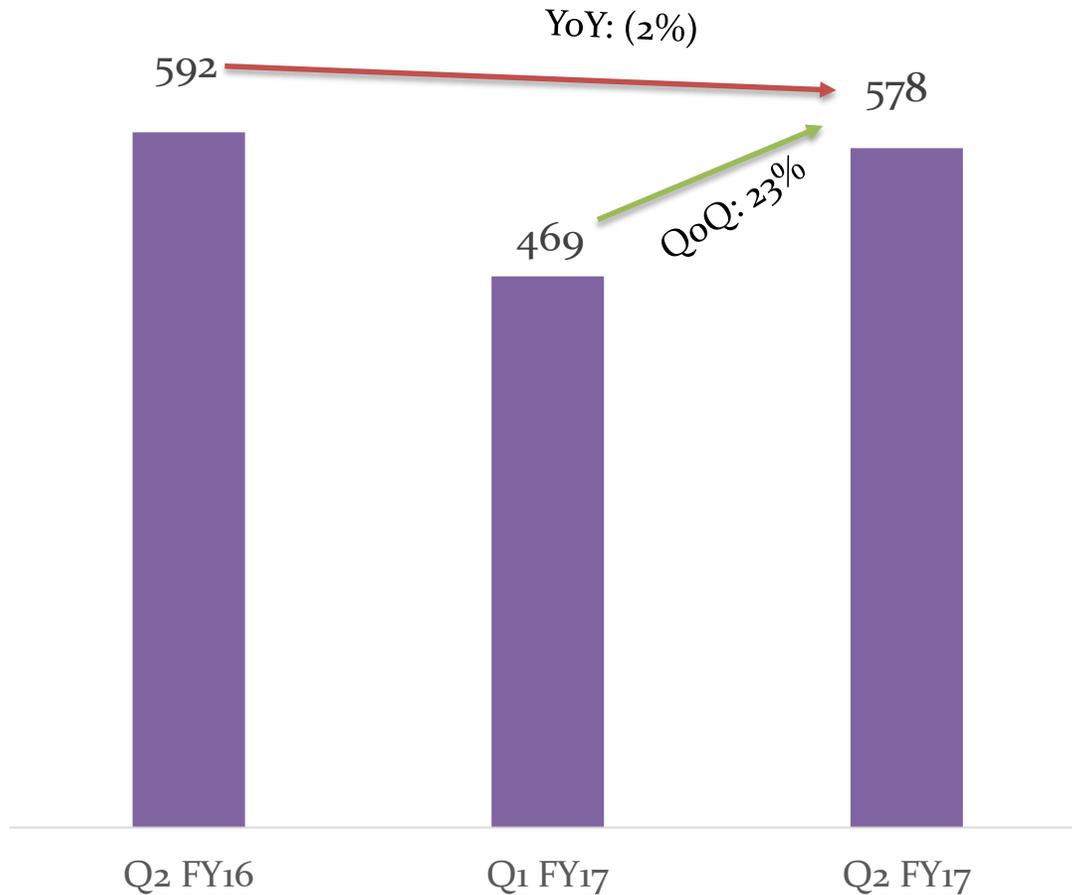
Revenues (₹ Cr)



- Continued momentum in MEGA brands
- UCB fully integrated into supply chain, sales contribution in line with expectations
- IMS: Dr. Reddy's MAT growth marginally better than market
- Expanded Strategic Collaboration with Amgen in India
- Accrued Rs 34 Cr towards potential liability following the dismissal of the writ petition filed by the IPA (Indian Pharmaceutical Alliance) on the CV/AD matter.

Pharmaceutical services and active ingredients

Revenues (₹ Cr)



PSAI

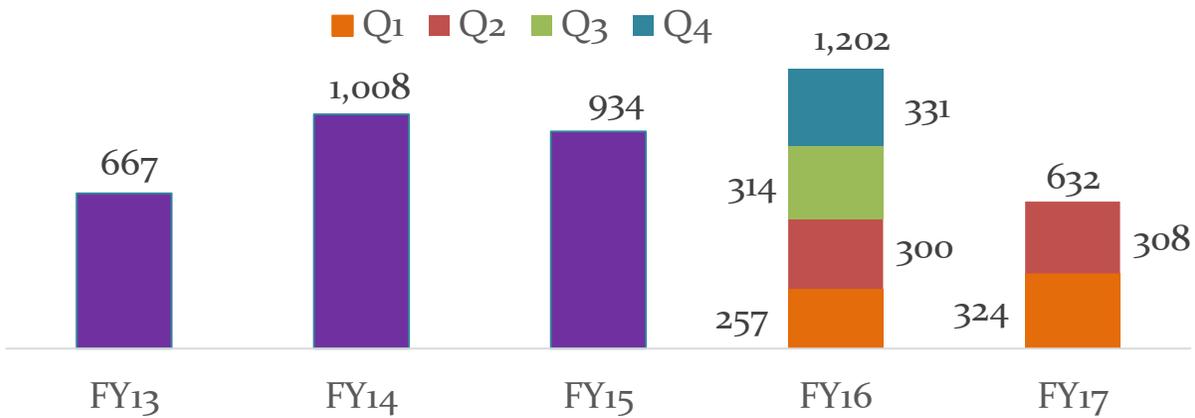
- Sequential improvement in API business on account of improved supply situations and better order inflow.

DMF filings

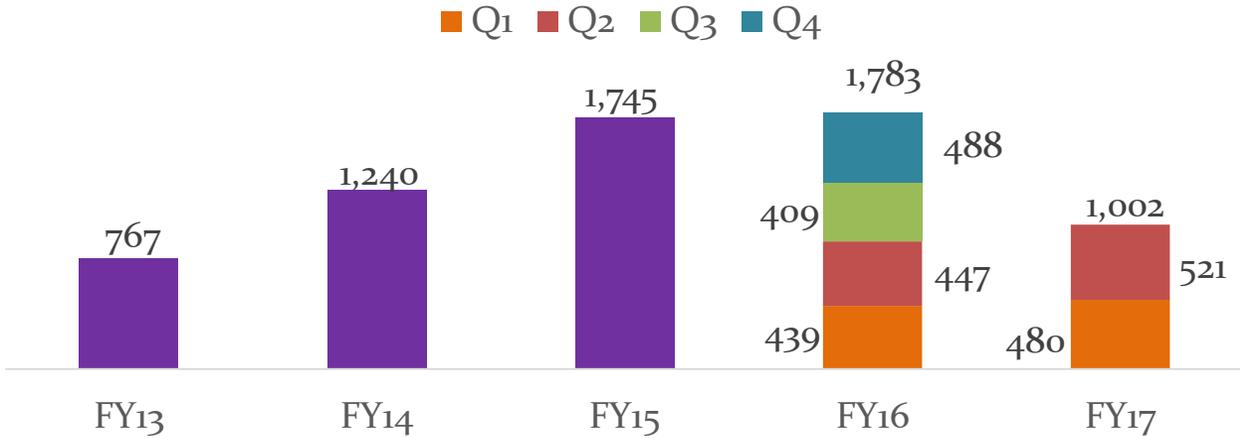
Region	Filings
US	218
Europe	210
Canada	73
RoW	296
Cumulative	797

Capex, R&D and Free cash flows

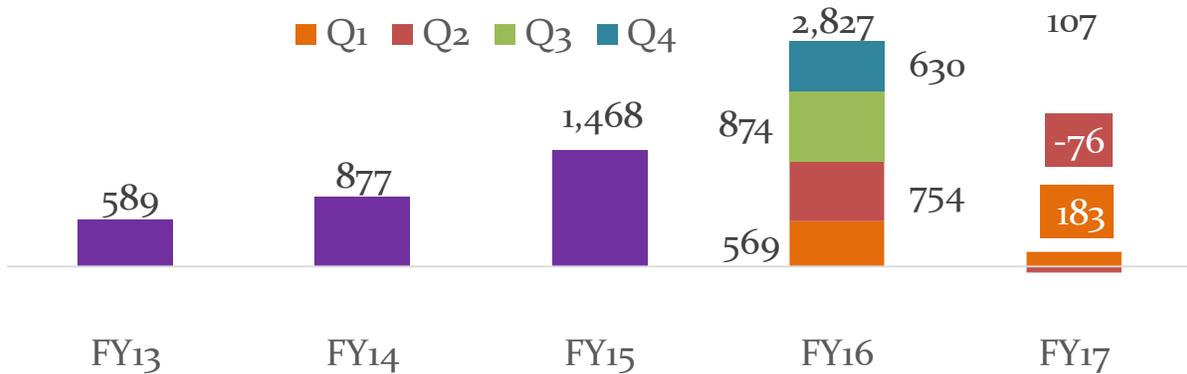
Capex (₹ Cr)



R&D (₹ Cr)

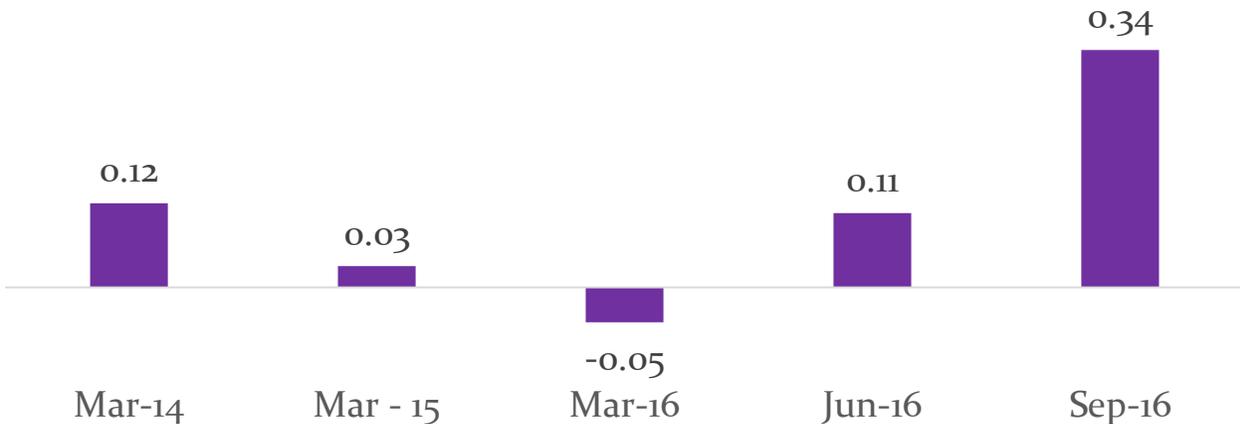


Free cash flows (₹ Cr)



FCF as above is before acquisition related pay-outs

Net debt/Equity



Key Priorities

✓ Deliver on the quality improvement initiatives

✓ Achievement of targeted development milestones for complex/ specialty pipeline

✓ Focus on the operational excellence to achieve cost leadership

✓ Increase penetration in EM

✓ Strengthen the product pipelines.

Q&A SESSION



**GOOD
HEALTH
CAN'T
WAIT.**

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