



PRESS MEET

Q3 - FY14



Dr. Reddy's Laboratories Limited
February 11, 2014

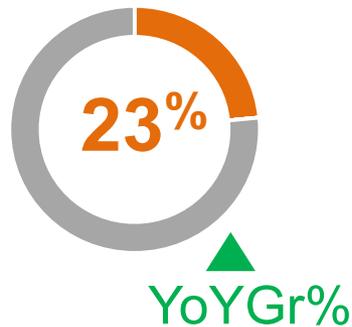


Q3 FY 14 Business Highlights

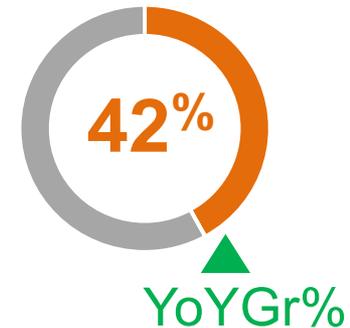
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Sales

₹ 3,534 Cr



Gross Margin



-- High margin product launches in US during the year

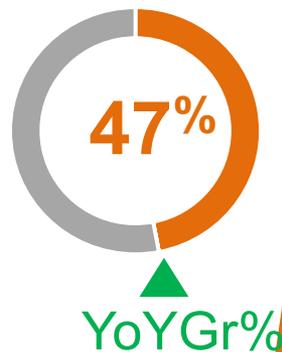
Highest ever quarterly sales and profitability

First time EBITDA crossing Rs 1,000 Cr

R & D



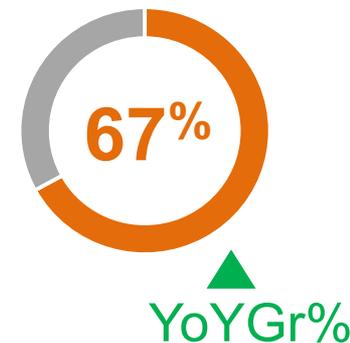
-- Q3 FY13 at 7.1% to Sales



EBITDA



-- Better product/market mix



Country wise launches

▶ India

5

▶ Russia & CIS

1

▶ Europe

1

7
New
product
launches

US ANDA filings

2

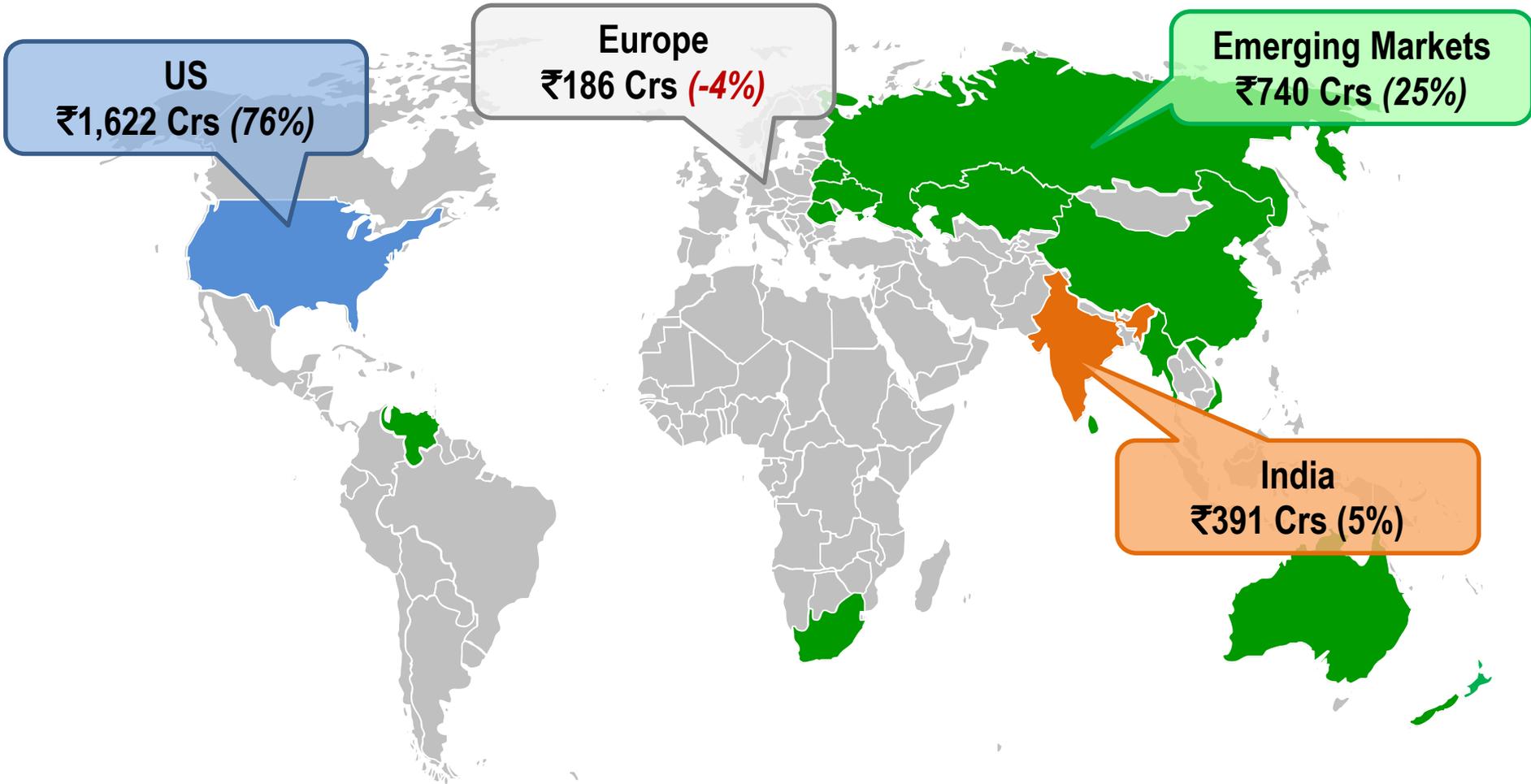
New DMF filings

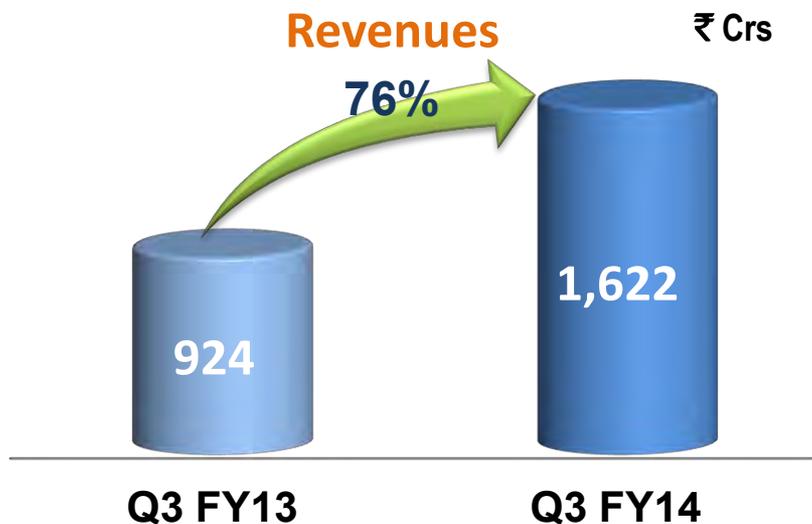
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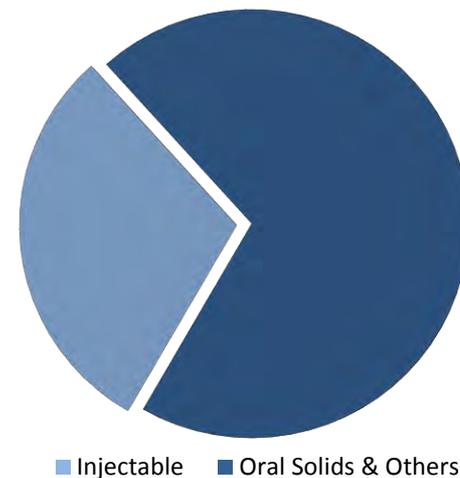
Global Generics → ₹2,940 Crs.(Q3 FY14)

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Injectable biz Approx. 1/3rd of portfolio

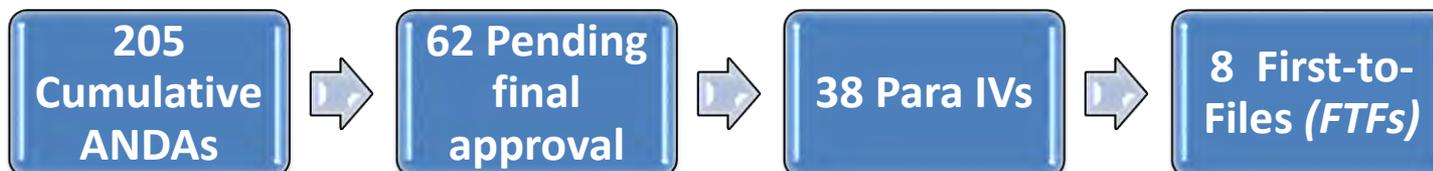


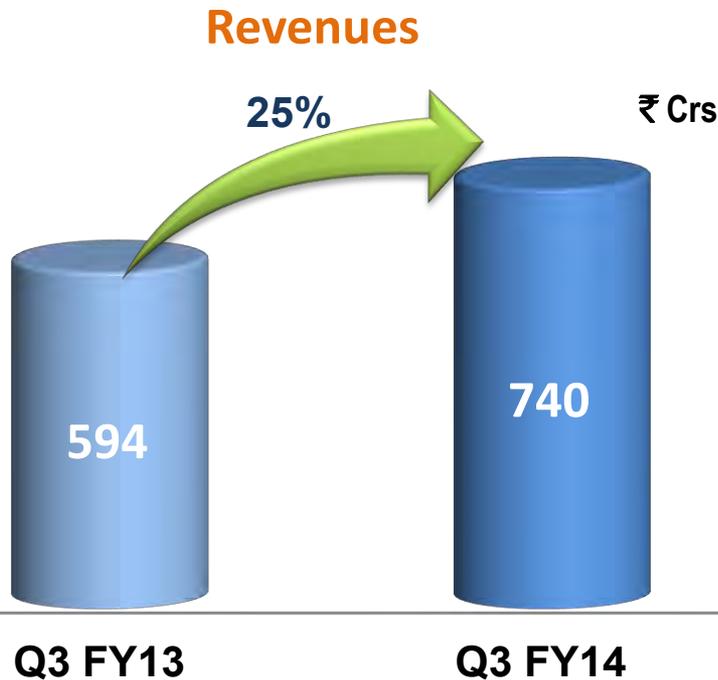
Market Share – Key Products

- Improving share in key products of – **metoprolol, atorvastatin, omeprazole DR etc**
- Market share stabilization and full quarter benefit of continuing limited competition launches -> **decitabine – 61% , azacitidine – 42%, zoledronic acid (Reclast) – 55%, & divalproex ER – 7%**

(Source : IMS, Dec)

ANDA Pipeline





₹ Crs	Q3 FY13	Q3 FY14
RUSSIA	372	433
CIS	66	96
RoW	156	210

RUSSIA

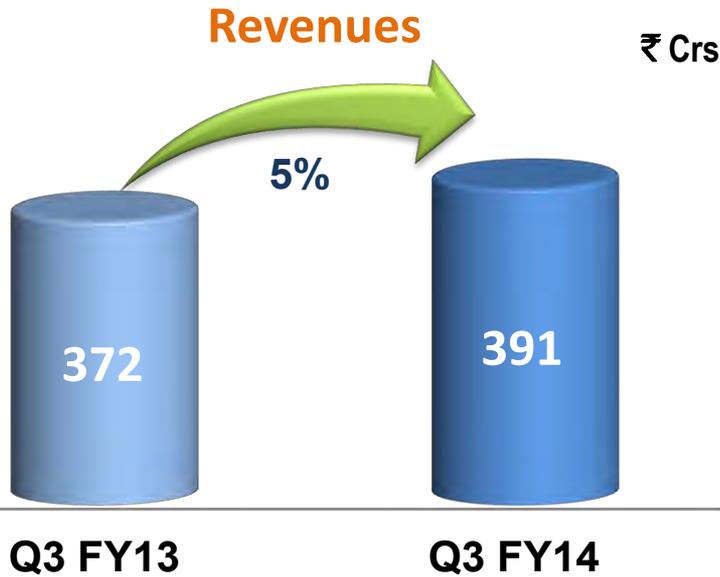
- Overall : YTD Dec gr@ **9.5%** Vs market gr@ 5.0% (Growth Second fastest in OTC segment) (*IMS*)
- OTC : @ **37%** to revenues → Q3 FY14 gr@ **46%**

CIS

- YoY growth of **45%**
- OTC revenues growth: **138%**

RoW

- YoY growth of **35%** (Volume growth in Venezuela & other Asian countries)
- Volume growth in key brands



MQT Dec growth at **12.2%** vs IPM gr@10% (As per IMS). (4th in terms of growth among Top 20)

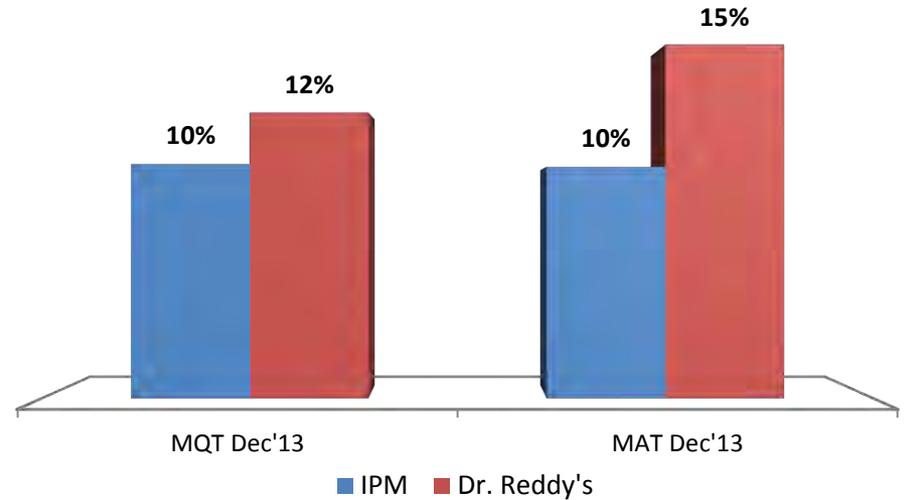
Full quarter impact of pricing policy (NPPP)

Biosimilar revenues at Rs 26 Crs

Differentiated Formulations:

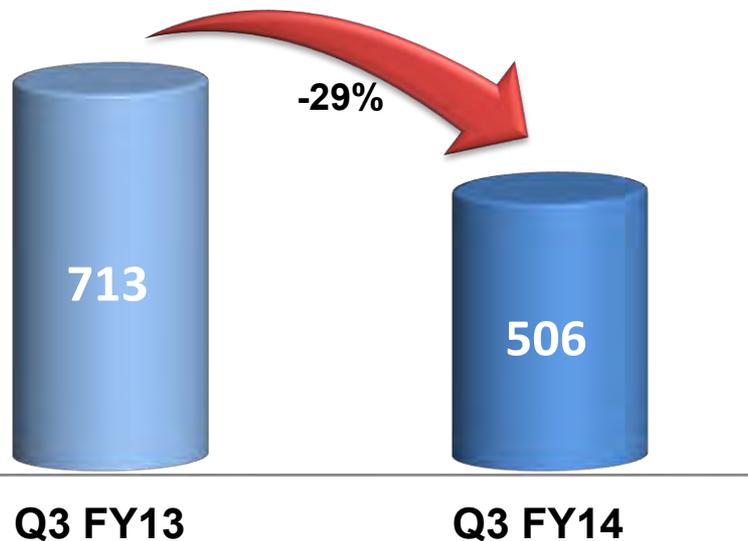


Dr. Reddy's beating IPM both in MQT & MAT basis



Revenues

₹ Crs



API

- Decline on account of high base in previous year, as Q3FY13 had higher contribution from new products
- Lower volume off take by key customers and higher price erosion.

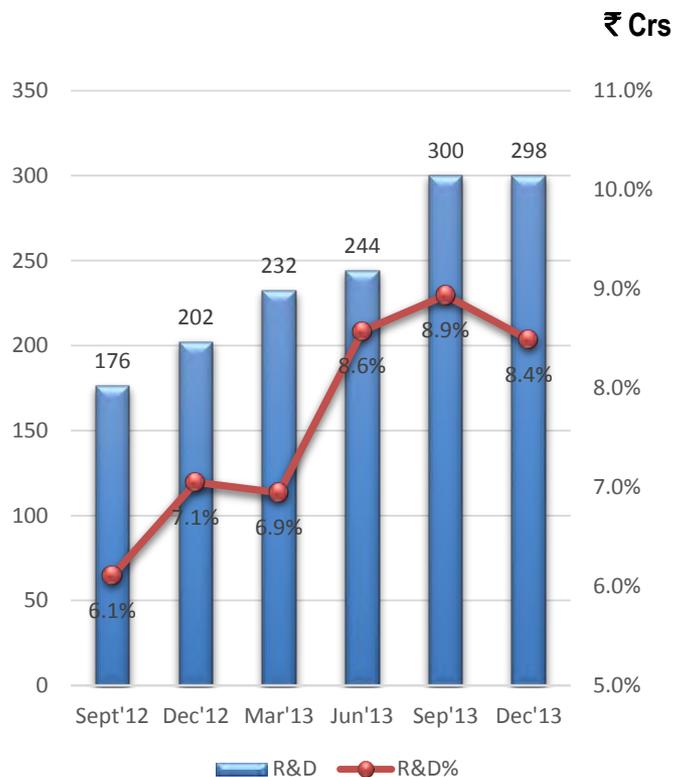
CPS

Decline due to deferment of orders in current quarter & presence of certain high value orders in Q3 FY13 leading to higher base in previous year.

DMFs Pipeline

US	→	188
Europe	→	169
RoW	→	255
Cumulative	→	612

19 DMF filings during Q3 FY14



R&D investments likely to increase over the coming years:

- Complex Generics: Injectable, Topical etc
- Bio-similars
- Proprietary Products

Clear technology choices



Strengthening Manufacturing



Globalizing R&D



External R&D relationships



R&D spend for FY 14 – 15 period is likely to be in the range of **9% to 10%**

Research & Development

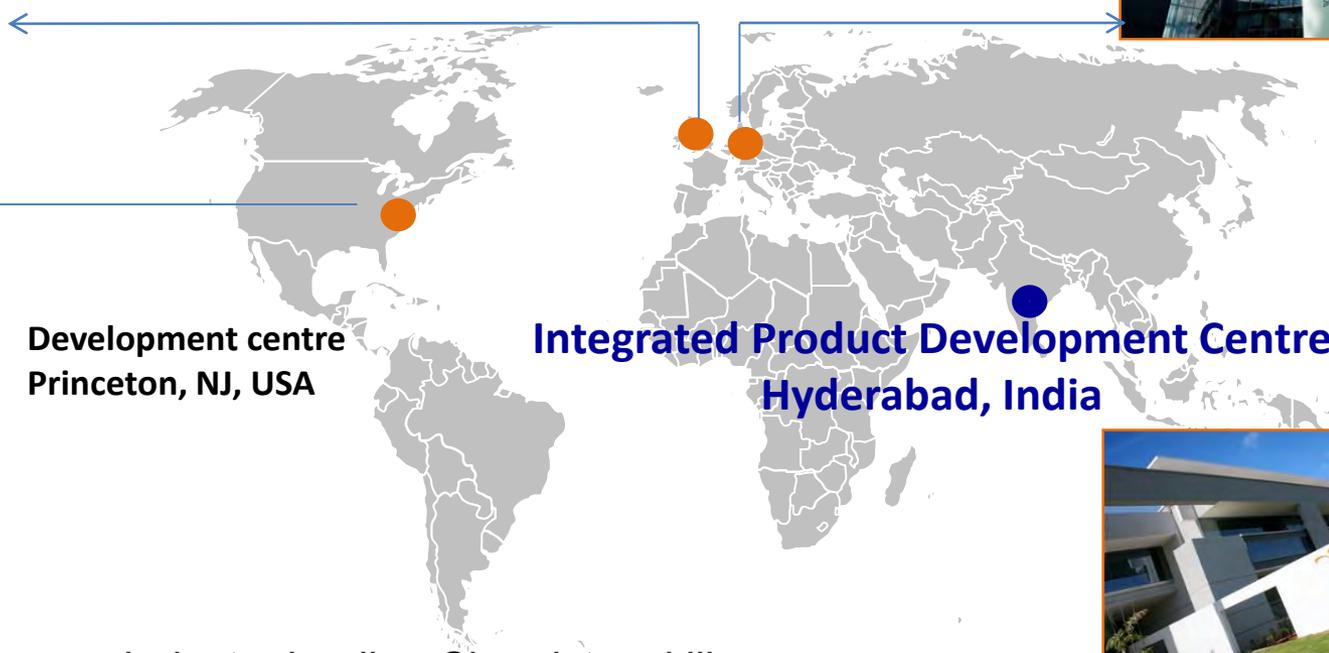
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**Chirotech
Technology Development Centre
Cambridge, UK**



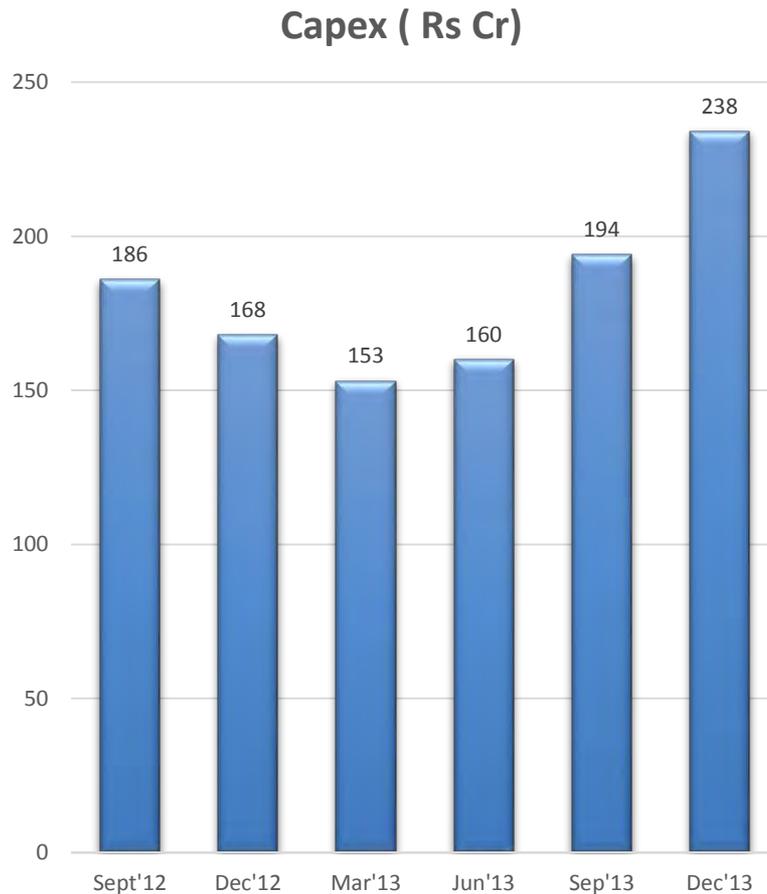
**Octopus
Technology Development Centre
Leiden, Netherlands**



- Industry leading Chemistry skills
- Building niche technology capabilities in dosage form development

Capital Investments (Cash flow)

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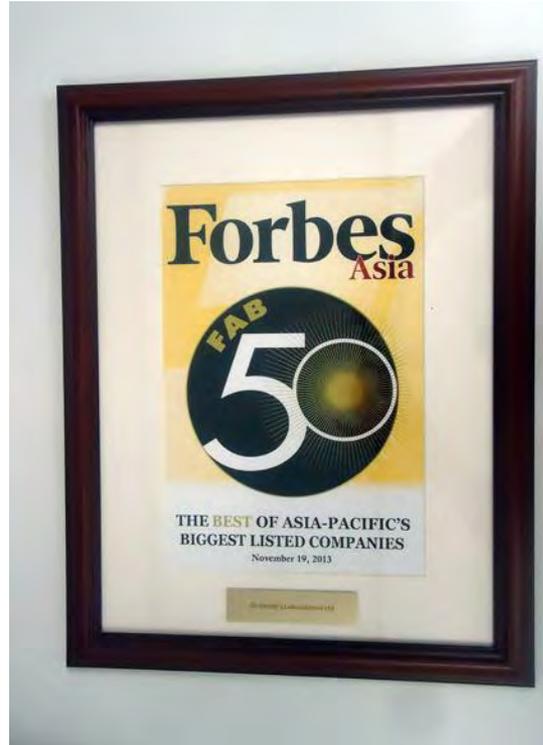
Major Investments:

- **SEZ facility in Visakhapatnam [OSD & API]**
- **Cyto-toxic injectable facility – Visakhapatnam**
- **Non-Cyto-toxic injectable facility – Visakhapatnam**
- **Capability building around topicals, heparins, peptide products**
- **Biologics: Capacity enhancement – Cell Culture block**
- **Other modernization and Capacity expansions wrt existing facilities**



Hall of Fame Award

Padmabhushan Late Dr. K Anji Reddy was conferred the Hall of Fame Award at CNBC-TV18's India Business Leader Awards 2013



'Forbes 2013 Asia Fab 50 companies' List

Featured in the Forbes Asia Fab 50 list for 2013 at a special Forbes Asia Fab 50 Awards Ceremony held in Beijing, China



Best Company in an Emerging Market

Awarded the 'Best Company in an Emerging Market' award at the 9th Annual Scrip Awards ceremony held in London

Q&A Session

P&L – Q3 FY14

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₹ Crs

Particulars	Q3 FY14	Q3 FY13	Gr%
Revenue	3,534	2,865	23%
Gross Profit	2,139	1,509	42%
% to sales	60.5%	52.7%	
SG&A	1,044	857	22%
% to sales	29.6%	29.9%	
R&D	298	203	47%
% to sales	8.4%	7.1%	
EBITDA	1,005	603	67%
% to sales	28.4%	21.1%	
PAT	618	378	64%
% to sales	17.5%	13.2%	

Note: Q3 FY 13 Income Statement considered is as submitted to the US SEC in the form 6K.

Key Balance Sheet Items

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Particulars	₹ Crs	
	Dec'13	Sep'13
Cash, cash equivalents & current investments	3,120	2,720
Trade & Other receivables	3,481	3,329
Inventories	2,415	2,387
Property, plant & equipment	4,384	4,248
Loans & borrowings (current & non current)	4,928	4,920
Trade accounts payable	974	1,083

Net Debt – Equity ratio at 0.21 as on December'13



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

THANK YOU