



Dr. Reddy's Laboratories Ltd

Q4 and FY13 Press Meet

May 14, 2013



LIFE. RESEARCH. HOPE

A Touching Tribute



Life & Times of Dr Anji Reddy



నిత్య పరి

1940-2013

1940-1950 Anji Reddy was born on 10th October 1940 in the village of Ramachandrapuram, Guntur District, Andhra Pradesh. He was the son of a farmer and a teacher.

1950-1960 He completed his school education in 1958 and joined the Government College of Engineering, Guntur. He graduated in 1962 with a B.Tech. degree.

1960-1970 He worked for the Indian Railways for about 10 years. He was promoted to the rank of Assistant Engineer.

1970-1980 He started his own business in 1970. He started with a small shop in Guntur. He expanded his business and started manufacturing drugs.

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2010-2013 He passed away on 10th October 2013 in Guntur. He was 73 years old.

తీరని లోటు

Dr. Anji Reddy was a visionary leader who transformed the Indian pharmaceutical industry. He was a pioneer in the field of generic drugs and research and development. He was a philanthropist who supported various social causes. He was a devoted family man and a respected citizen.

కదిలే పరిశ్రమ

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He Introduced India to the Drug Called Innovation

Dr Kallam Anji Reddy changed the world's perception of India as a copycat nation with his optimism and passion

D Kallam Anji Reddy, founder of Hyderabad-based Standard Organics, is a visionary leader who transformed the Indian pharmaceutical industry. He was a pioneer in the field of generic drugs and research and development. He was a philanthropist who supported various social causes. He was a devoted family man and a respected citizen.

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Anji Reddy at a public event



Anji Reddy, pioneer of Indian pharma industry, passes away

K V Ramana

Pharma doyen Anji Reddy passes away



Anji Reddy in good times

Hyderabad: One of the creators of the modern drug industry in India, Dr Anji Reddy, 72, passed away on Friday evening after unsuccessfully battling cancer just two days after he had finished penning his autobiography. He leaves behind a \$2 billion pharma business that he built from scratch - with an initial investment of Rs 25 lakh. This was after chalking his job in the public sector Indian Drugs and Pharmaceuticals Limited. Incidentally in 1964 - was not Dr Reddy's first entrepreneurial venture. His first ventures were set up with partners: Unikids Ltd set up in 1956, followed by Standard Organics Ltd in 1960. But the turmeric farmer's son from Guntur district, who had completed a PhD from the Pune-based National Chemical Laboratory, was hell bent on making a mark in business without being encumbered by interfering partners and family taste-success with DRL. "He was a pioneer. Not only did he provide affordable medicines in India but also took a shot at the US market with generics. He also built a world class institution in just 29 years and

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Anji Reddy at a public event

- **Growth Shift to Emerging Markets**
- **US Generics Growth**
- **Customer Consolidation**
- **Regulatory Constraints**
- **Product Portfolio Shift Amongst Generic Companies**

Emerging Markets: New Frontier of Growth



- **High Value Launches in the US**
- **Strong Pipeline of Difficult to Make Products**
- **OTC Play in the US and Emerging Markets**
- **Biosimilars**
- **Niche Technology Capabilities**

- **Safety**
- **Cost Leadership**
- **Capacity Management**
- **Globalizing R&D**

Globalizing our R&D



**Chirotech
Technology Development Centre
Cambridge, UK**



**Octopus
Technology Development Centre
Leiden, Netherlands**

**Development Lab
Princeton, USA**



**Integrated Product Development Centre
Hyderabad, India**

- ❑ Global presence
- ❑ Industry leading Chemistry skills
- ❑ Building niche technology capabilities

**Two Technology Development Centres
Hyderabad, India**



	Global Generics- North America	Global Generics- EMs	Active Pharmaceutical Ingredients	Custom Pharmaceutical Services	Biosimilars
Industry	<ul style="list-style-type: none"> ▪ Patent expiries ▪ Volume growth ▪ Customer consolidation- Purchasing Power 	<ul style="list-style-type: none"> ▪ Volume growth ▪ Effect of price controls (India) ▪ OTC opportunities 	<ul style="list-style-type: none"> ▪ Patent expiries ▪ Price erosions ▪ Vertical integration by customers 	<ul style="list-style-type: none"> ▪ Big Pharma rationalization of costs ▪ Reversal in outsourcing trend 	<ul style="list-style-type: none"> ▪ Regulatory advances in EU and US ▪ Emerging markets difficulty in approvals
Dr. Reddy's	<ul style="list-style-type: none"> ▪ Complex products ▪ Other dosage forms ▪ Partnerships 	<ul style="list-style-type: none"> ▪ Mega brands ▪ Patient centric shift ▪ OTC 	<ul style="list-style-type: none"> ▪ Customer Lock -ins ▪ Key Accounts 	<ul style="list-style-type: none"> ▪ Differentiated Services ▪ Customer Engagement 	<ul style="list-style-type: none"> ▪ Merck Serono deal progress ▪ Emerging Market launches

Recognitions



'Best Managed Boards of India' award

Conferred by the Stars of the Industry Group, Asian Confederation of Businesses.



Selected as one of the

'Best Managed Boards in India'

in the Aon Hewitt, Mint, BSE and NSE Study, 2012.



Titanium Award for Excellence in Corporate Governance

From 'The Asset' magazine, Hong Kong.

CNBC TV18 India Business Leader Award (IBLA) for Lifetime Achievement

was conferred on our Founder Chairman, Padma Bhushan Late Dr. K Anji Reddy.



FY13

BUSINESS HIGHLIGHTS

FY 13 Business Highlights



Q4 FY13 Revenues at ₹ 3,340 Crs

Best ever Quarterly Performance

FY 13 Revenues ₹ 11,627 Crs

YoY Growth 26%[#]

EBITDA ₹ 2,782 Crs

24% to Sales

**Investment in R&D at around
7%**

PAT ₹ 1,678 Crs

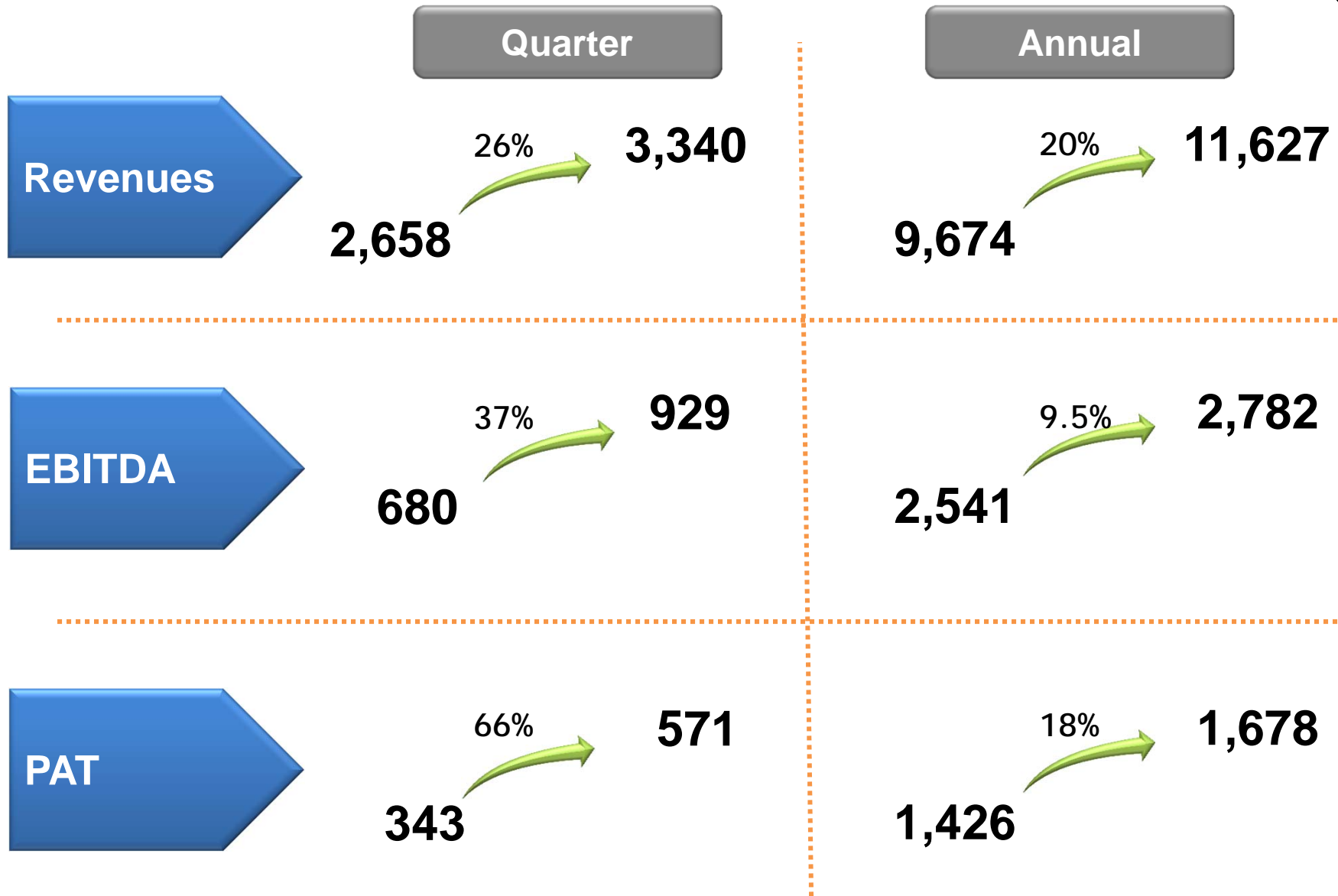
YoY Growth 18%

Excluding the impact of the olanzapine profit share recorded in FY 12

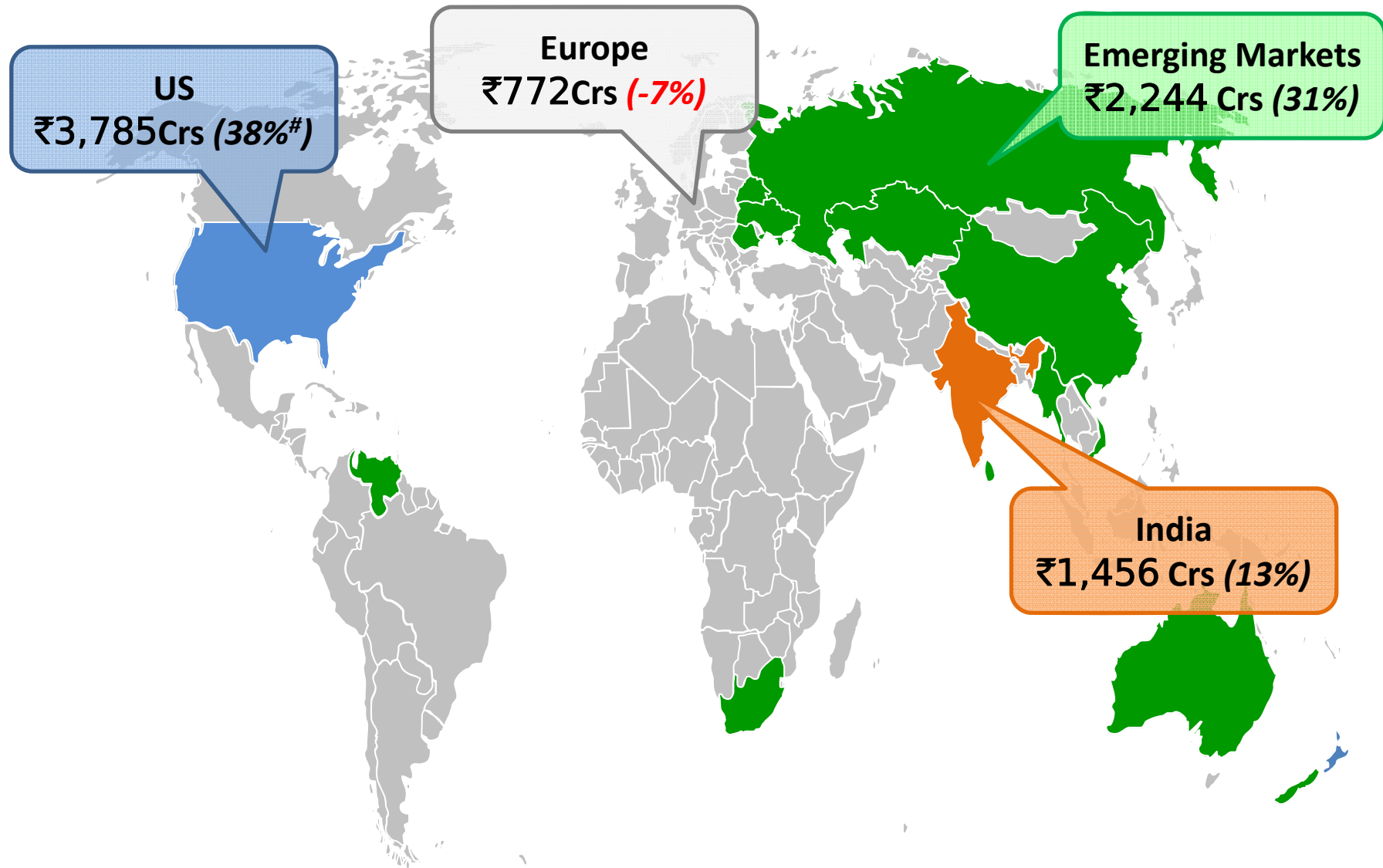
Key Financial Highlights



₹ Crs



Global Generics → ₹8,256 Crs (FY13)



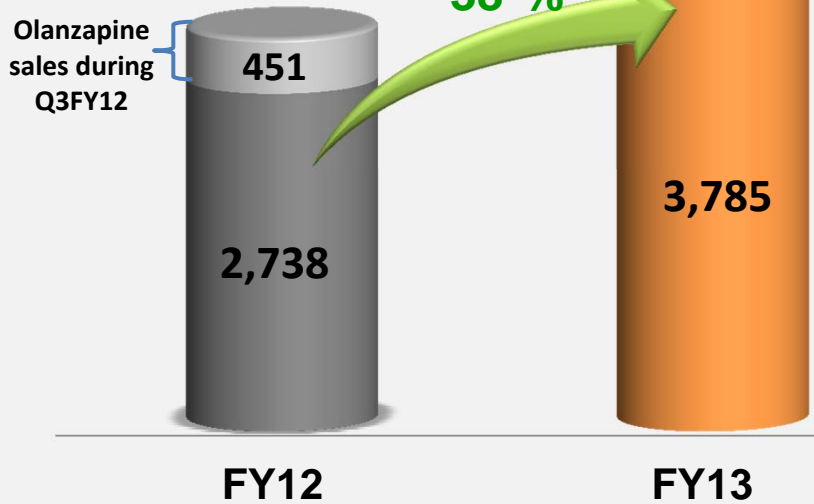
Excluding the impact of the olanzapine profit share recorded in FY 12

Global Generics : US



Revenues

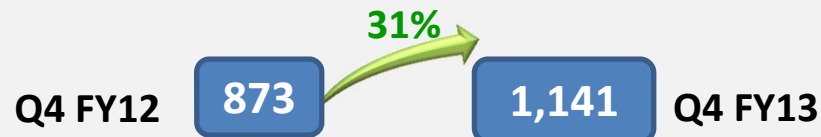
₹ Crs



Market Shares → Key Products

	Mar-13	Mar-12	Rank
Tacrolimus	45%	22%	1
Lansoprazole	21%	19%	2
Fondaparinux	27%	24%	2

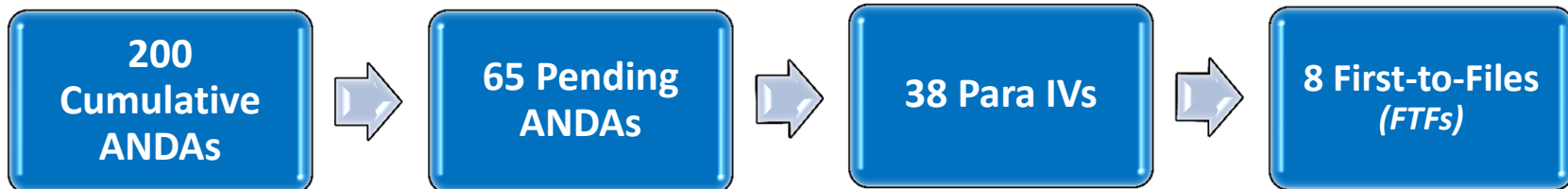
(Volume – Generics Market; Source: IMS Health Inc Mar2013)



Growth excluding Olanzapine in FY12

- **Finasteride (FTF)** market Share: **78%**
- Gaining / retaining market share in key products like **ziprasidone, tacrolimus** and **fondaparinux**
- **14** new products launched
- Good traction in Shreveport portfolio

ANDA Pipeline

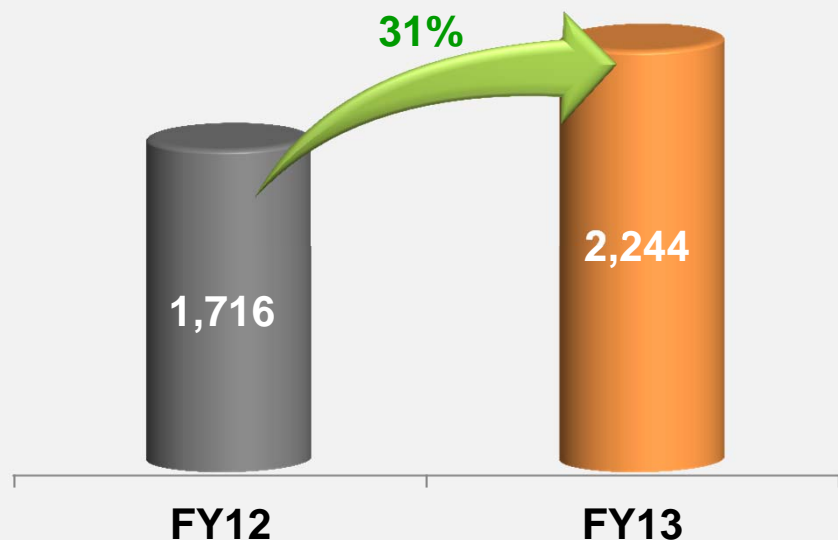


Global Generics : Emerging Markets



Revenues

₹ Crs



RUSSIA

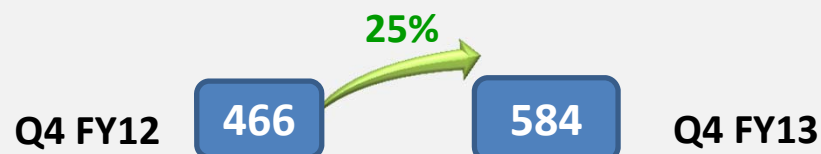
- Volume growth in key brands and new product launches
- OTC revenues at 34% to sales

CIS

- YoY growth of **28%**
- OTC revenues growth: **76%**

RoW

- YoY growth of **42%**
- Volume growth in key brands and new product launches



	FY13	FY12
RUSSIA	1,405	1,102
CIS	286	224
RoW	553	390

Emerging Markets OTC

- Revenues: ₹ **546 Crs**;
- YoY Growth **55%**, 3 year CAGR of **52%**

Global Generics : India



Revenues

₹ Crs

13%

1,293

1,456

FY12

FY13

Q4 FY12

320

9%

348

Q4 FY13

Volume growth in key brands: **Nise, Stamlo, Reditux, OmezD, Econorm, Atocor and Razo**

24 New Products Launched

Biosimilar revenues at **₹ 110 Crs**;
YoY Growth **+25%**, 3 year CAGR of **39%**

Growth focus – Combination Rx

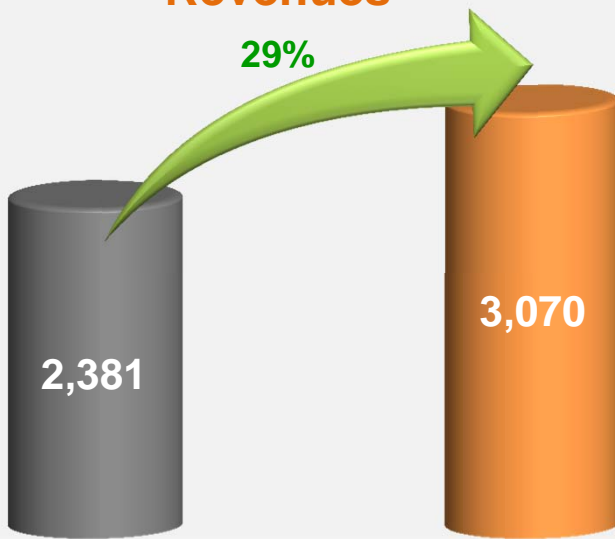


Pharmaceutical Services & Active Ingredients



Revenues

₹ Crs



FY12

FY13

29%

36%

Q4 FY12

748

1017

Q4 FY13

DMFs Pipeline

US	→	184
Europe	→	157
RoW	→	236
Cumulative	→	577

APIs

Growth driven by new launches to generic customers on the back of many patent expiries

CPS

Growth driven by new customer orders

47 DMF filings during the year;

17 filings during Q4FY13

Q&A Session

May 14, 2013



P&L → FY13



₹ Crs

Particulars	FY13	FY12	Gr%
Revenue	11,627	9,674	20%
Gross Profit	6,058	5,331	14%
<i>% to sales</i>	<i>52%</i>	<i>55%</i>	
SG&A	3,358	2,887	16%
<i>% to sales</i>	<i>29%</i>	<i>30%</i>	
R&D	767	591	30%
<i>% to sales</i>	<i>7%</i>	<i>6%</i>	
EBITDA	2,782	2,541	9.5%
<i>% to sales</i>	<i>24%</i>	<i>26%</i>	
PAT	1,678	1,426	18%
<i>% to sales</i>	<i>14%</i>	<i>15%</i>	

P&L → Q4 FY13



₹ Crs

Particulars	Q4 FY13	Q4 FY12	Gr%
Revenue	3,340	2,658	26%
Gross Profit	1,685	1,397	21%
<i>% to sales</i>	50%	53%	
SG&A	872	722	21%
<i>% to sales</i>	26%	27%	
R&D	233	174	34%
<i>% to sales</i>	7%	7%	
EBITDA	929	680	37%
<i>% to sales</i>	28%	26%	
PAT	571	343	67%
<i>% to sales</i>	17%	13%	

Key Balance Sheet Items



Particulars	₹ Crs	
	Mar'13	Mar' 12
Cash & Cash Equivalents	2,210	1,815
Trade & Other receivables	3,197	2,534
Inventories	2,160	1,935
Property, plant & equipment	3,781	3,325
Loans & borrowings (current & non current)	3,676	3,221
Trade accounts payable	1,186	950

Net Debt – Equity ratio at 0.20 as on Mar'13



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

THANK YOU