

Dr. Reddy's Laboratories Ltd

Q3 FY13 Press Meet

February 14, 2013



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;
- The ability to successfully implement our strategy, our research and development efforts, growth and 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 Government;
- Changes in laws and regulations that apply to our customers, suppliers, and the pharmaceutical industry;
- Increasing competition and the conditions of our customers, suppliers and the pharmaceutical industry; and
- Changes in political conditions in India.

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Q3 FY 13 Business Highlights



23%

growth in Net Revenues[#]

Emerging markets, NA and India
important contributors to growth

US (39%#)

Russia (35%)

Stable performance across
segments [PSAI / GG]

17

New products launched

603 Cr.

EBITDA

Investment in Research &
development crosses 7% of
the revenues

[#] Excluding the impact of the olanzapine profit share recorded in Q3 FY 12

Q3 FY13 → New Product Launches



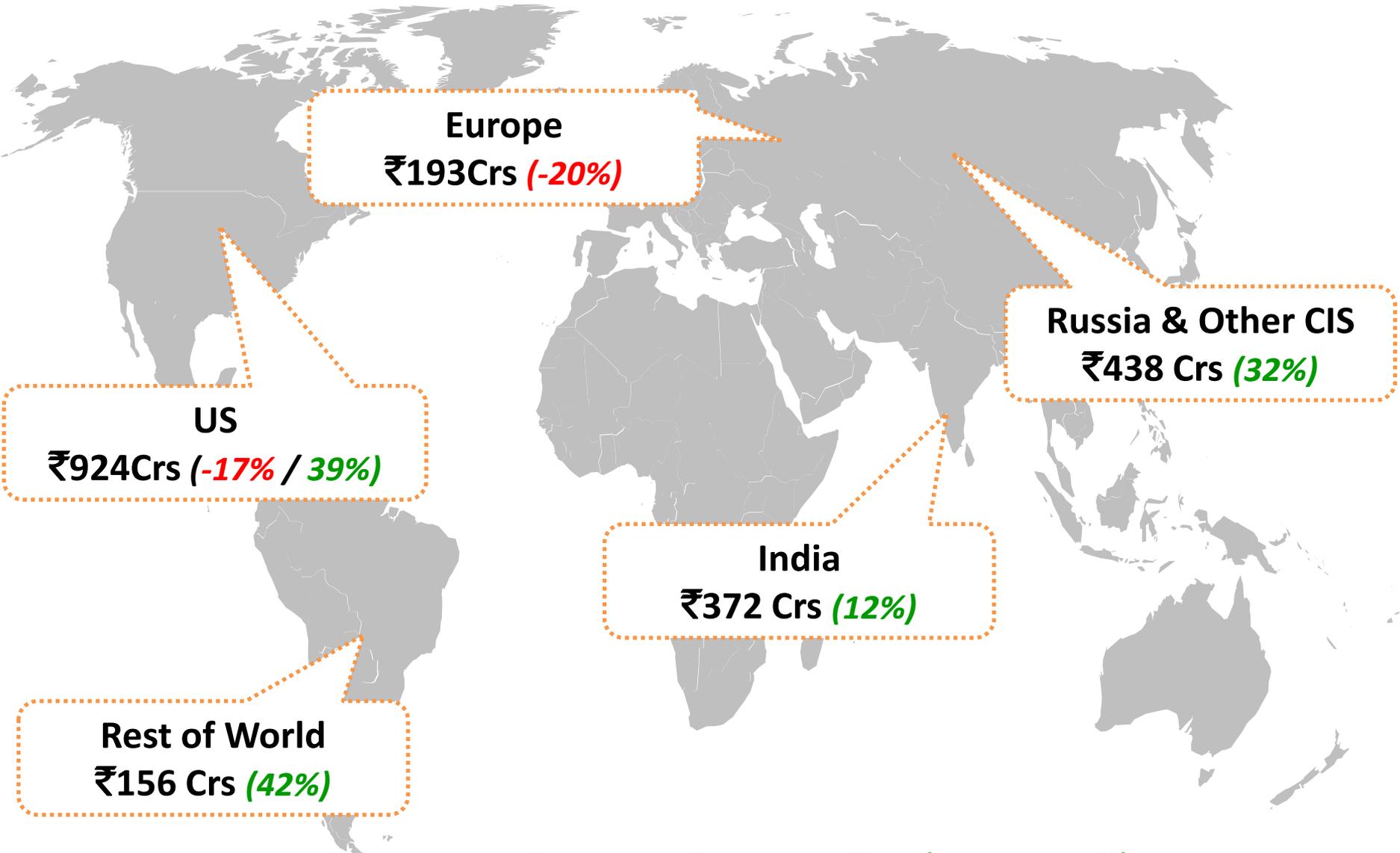
Launched 59 new products - YTD Dec 2013

Key Financial Highlights

| | Q3 FY13 | 9 months FY13 |
|----------|------------------------------------|---|
| Revenues | ₹ 2,865 Crs | ₹ 8,287 Crs |
| EBITDA | ₹ 603 Crs <i>(21% to sales)</i> | ₹ 1,857 Crs <i>(22% to sales)</i> |
| PAT | ₹ 364 Crs <i>(13% to sales)</i> | ₹ 1,134 Crs [#] <i>(14% to sales)</i> |

#Adjusted for (a) impairment charges in Q2 FY13 and (b) tax normalization on account of the annual effective tax rate

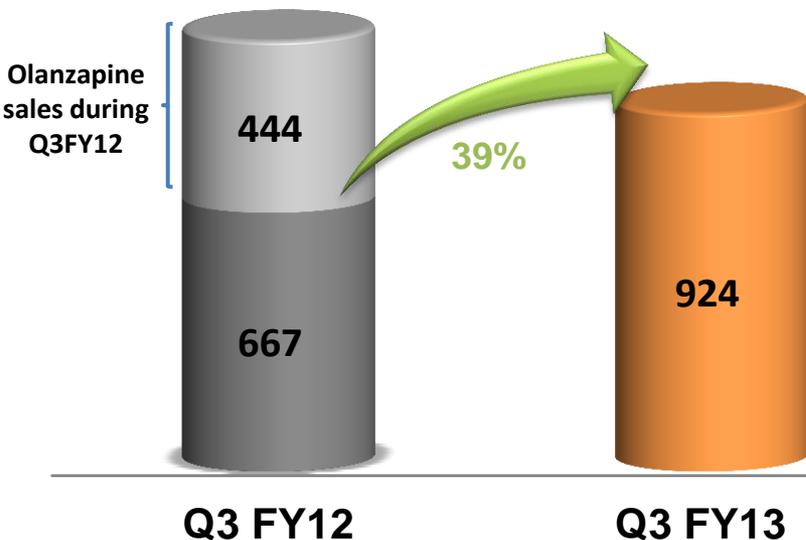
Global Generics → ₹2,083 Crs



Robust growth across all major geographies

Revenues

₹ Crs



9M FY12 2,316 ➤ 14% 2,643 9M FY13

Growth excluding Olanzapine for the 9M ended Dec'12 → 41%

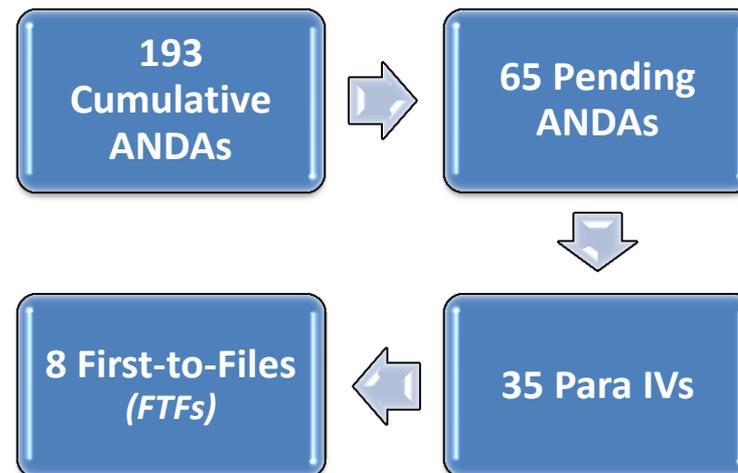
- ❑ Growth driven by:
 - increased focus on key products like ziprasidone, tacrolimus and fondaparinux
 - new product launches during the year
 - ramp-up in antibiotic portfolio
- ❑ 31 Rx products among Top 3 ranks in market shares

Market Shares → Key Products

| | Nov-12 | Mar-12 | Rank |
|--------------|--------|--------|------|
| Tacrolimus | 40% | 22% | 2 |
| Lansoprazole | 23% | 19% | 2 |
| Ziprasidone | 27% | 27% | 2 |
| Fondaparinux | 30% | 24% | 2 |

(Volume – Generics Market; Source: IMS Health Inc Nov2012)

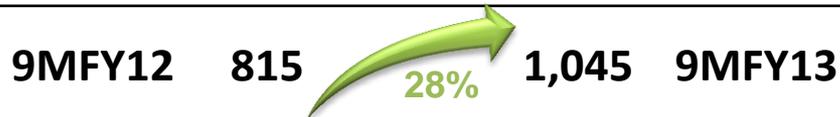
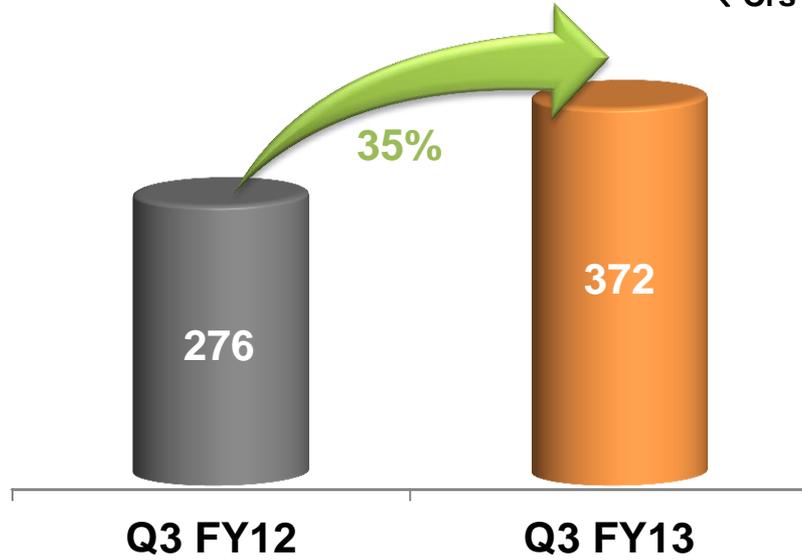
Pipeline



Global Generics : Russia

Revenues

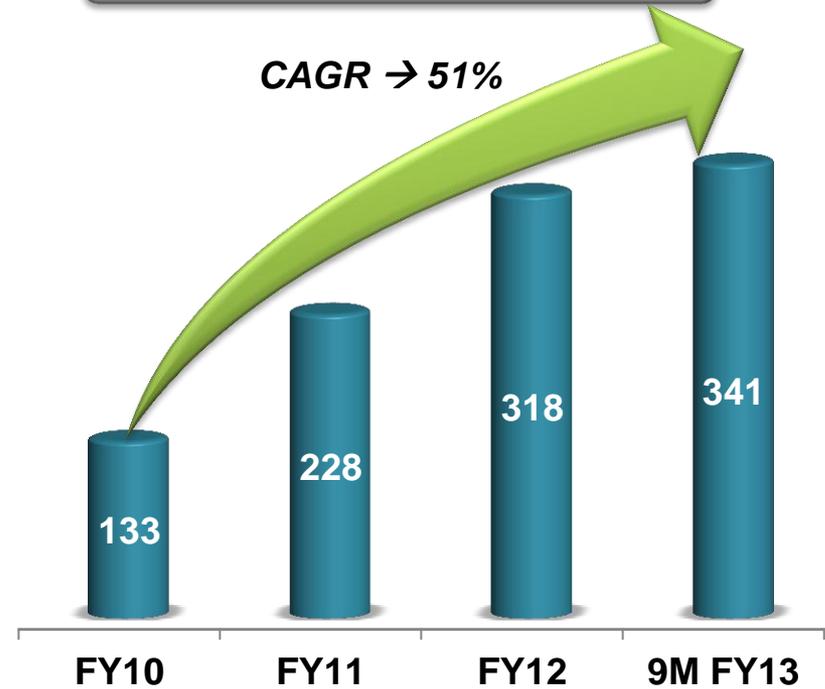
₹ Crs



OTC Revenues

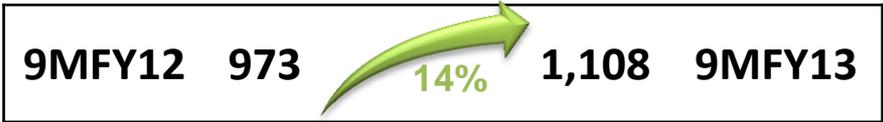
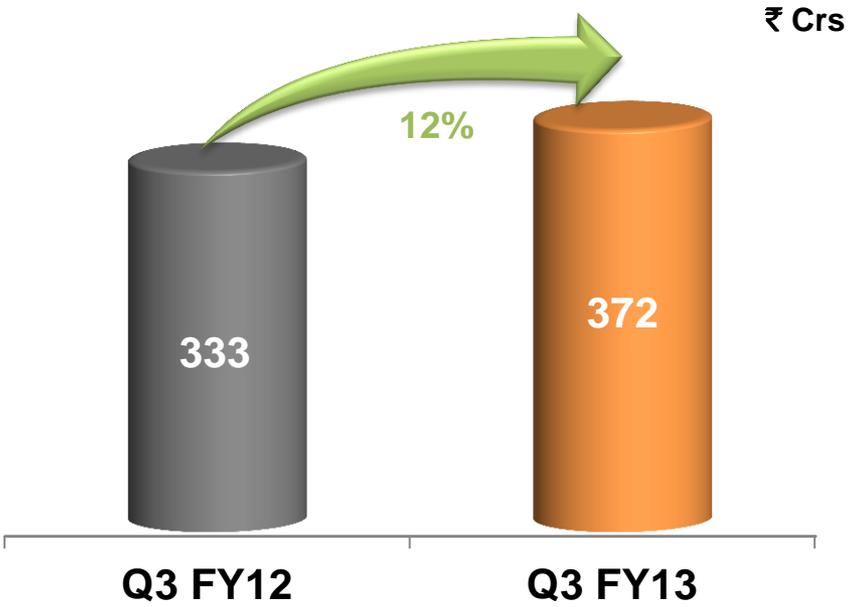
₹ Crs

CAGR → 51%

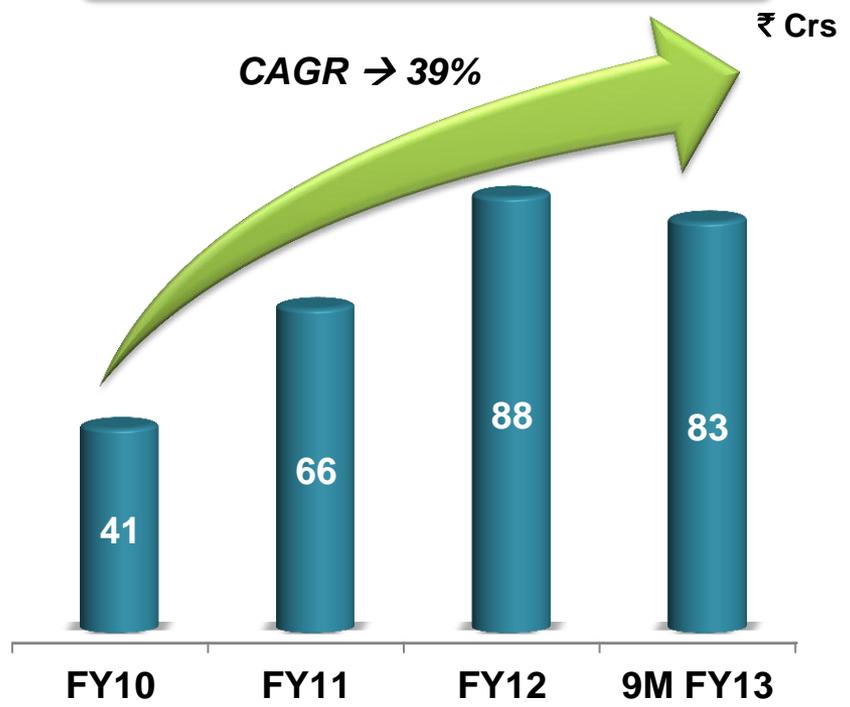


- ❑ Growth driven by top products Nise, Omez, Cetrine and new product launches aided by season onset
- ❑ Strong traction in OTC – growth of 43% YoY for 9M ended Dec'12
- ❑ Top 6 Rx products among Top 2 ranks in market shares; 5 of them are market leaders

Revenues



Strong growth in biosimilars

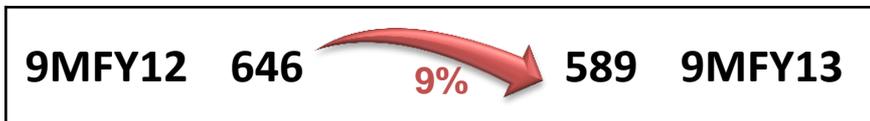
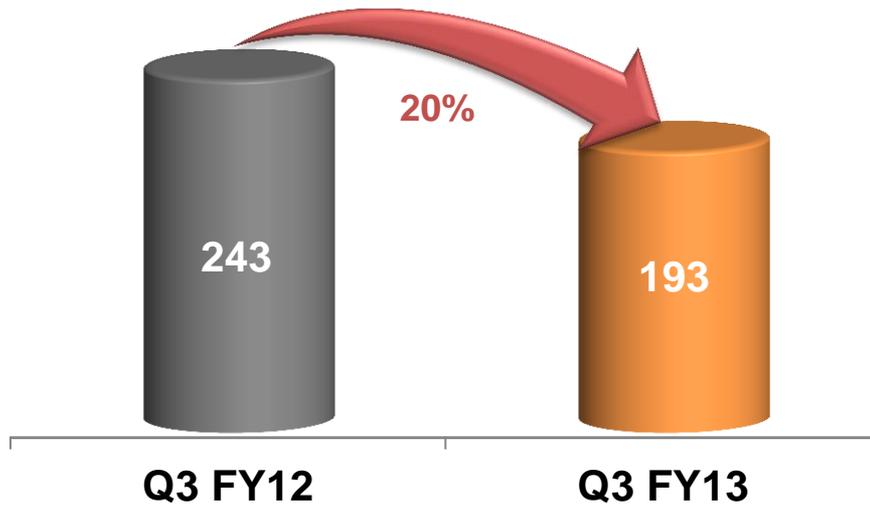


- ❑ Growth driven by new product launches and volume increase in key brands – Stamlo, Reditux, OmezD, Econorm, Atocor & Razo
- ❑ 8 new launches during the quarter (22 new launches in 9 months ended Dec'12)

Global Generics : Europe

Revenues

₹ Crs



New Launches (Q3)

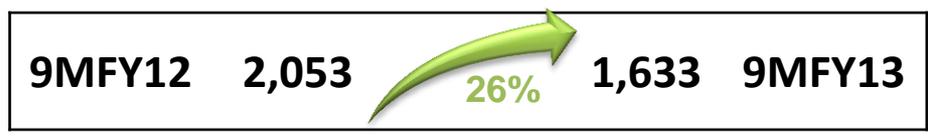
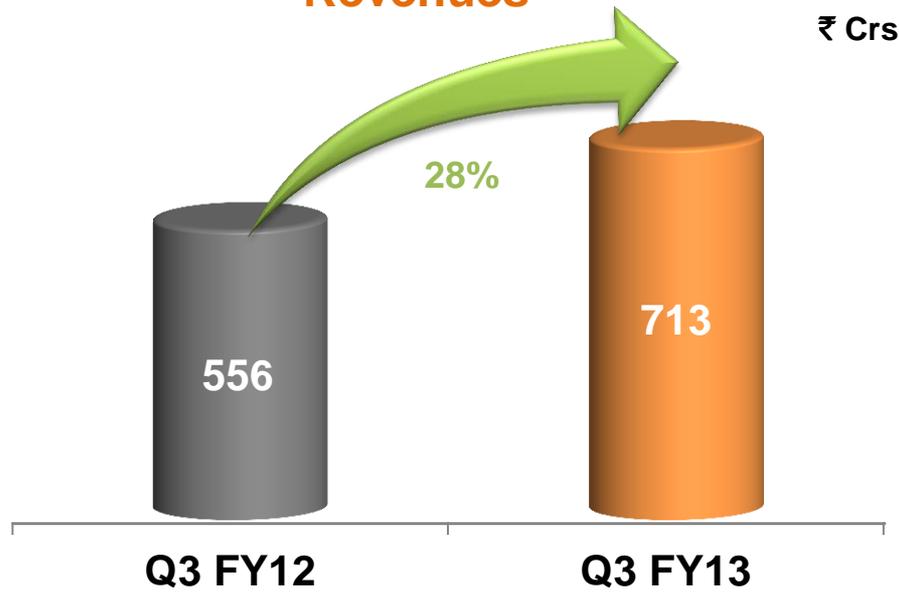
| Molecule | Country |
|--------------------|---------|
| Memantine | Germany |
| Riluzol | Germany |
| Dipyridamol+Asprin | Germany |
| Irbesartan | UK |

YTD Dec'12 → 10 launches

- ❑ Selective approach in picking new products
- ❑ Strong cost control measures adopted
- ❑ 7 new dossier filings in 9 months FY13

Revenues

₹ Crs



| Pipeline - DMFs | | |
|-------------------|----------|------------|
| US | → | 183 |
| Europe | → | 155 |
| RoW | → | 228 |
| Cumulative | → | 566 |

❑ Strong growth driven by :

Active Ingredients → new launches to generic customers on the back of many patent expiries

Services segment → new customer orders

❑ 13 DMF filings during the quarter

Recognitions- Q3 FY13



One of India's 'Best Managed Boards'
in a study done by Aon Hewitt,
Mint, BSE and NSE.



(IBLA)

Dr. Anji Reddy was conferred the
India Business Leader Award
(IBLA) for Lifetime Achievement.

**Titanium Award for Excellence in
Corporate Governance**
from 'The Asset' magazine, Hong Kong.



**Quality Leadership
Award**
was conferred to Saumen
Chakraborty at the World
Quality Congress and
Awards 2012.

Q&A Session

February 14, 2013



P&L → Q3 FY13

| Particulars | Q3 FY13 | Q3 FY12 | Gr% |
|-------------------|---------|---------|------|
| Revenue | 2,865 | 2,769 | 3% |
| Gross Profit | 1,509 | 1,657 | -9% |
| <i>% to sales</i> | 53% | 60% | |
| SG&A | 857 | 768 | 12% |
| <i>% to sales</i> | 30% | 28% | |
| R&D | 203 | 151 | 34% |
| <i>% to sales</i> | 7% | 5% | |
| EBITDA | 603 | 921 | -35% |
| <i>% to sales</i> | 21% | 33% | |
| PAT | 378 | 513 | -26% |
| <i>% to sales</i> | 13% | 19% | |

Note: The above presented unaudited consolidated income statement for 3 months ended 31 December 2012 is based on the financial submissions to be made with the US SEC in the form 6K. A charge of Rs 20.4 crs towards fuel surcharge adjustment was accounted in Q2 FY 13 after the unaudited results were announced as a subsequent event adjustment since the related judgement of AP High Court was delivered before the filing of Form 6K with US SEC for Q2 FY 13 financials. However, in the financials submitted to SEBI this charge has been considered in Q3 FY 13 only.

P&L → YTD Dec'12

₹ Crs

| Particulars | YTD Dec'12 | YTD Dec'11 | Gr% |
|-------------------|------------|------------|-----|
| Revenue | 8,287 | 7,015 | 18% |
| Gross Profit | 4,373 | 3,933 | 11% |
| <i>% to sales</i> | 53% | 56% | |
| SG&A | 2,486 | 2,165 | 15% |
| <i>% to sales</i> | 30% | 31% | |
| R&D | 535 | 417 | 28% |
| <i>% to sales</i> | 6% | 6% | |
| EBITDA | 1,857 | 1,861 | 0% |
| <i>% to sales</i> | 22% | 27% | |
| PAT | 1,107 | 1,084 | 2% |
| <i>% to sales</i> | 13% | 15% | |

Key Balance Sheet Items

₹ Crs

| Particulars | Dec 12 | Sept 12 |
|--|--------|---------|
| Cash & Cash Equivalents | 2,326 | 2,064 |
| Trade & Other receivables | 2,687 | 2,625 |
| Inventories | 2,317 | 2,189 |
| Property, plant & equipment | 3,613 | 3,530 |
| Loans & borrowings (current & non current) | 3,683 | 3,490 |
| Trade accounts payable | 1,100 | 1,041 |

Net Debt – Equity ratio at 0.20 in Dec'12



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

THANK YOU