

Dr. Reddy's Laboratories Ltd

Q3 FY12 Press Meet

February 03, 2012



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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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.

Key Highlights

 Highest ever quarterly sales and profit

 Launch of high value olanzapine 20mg in the US

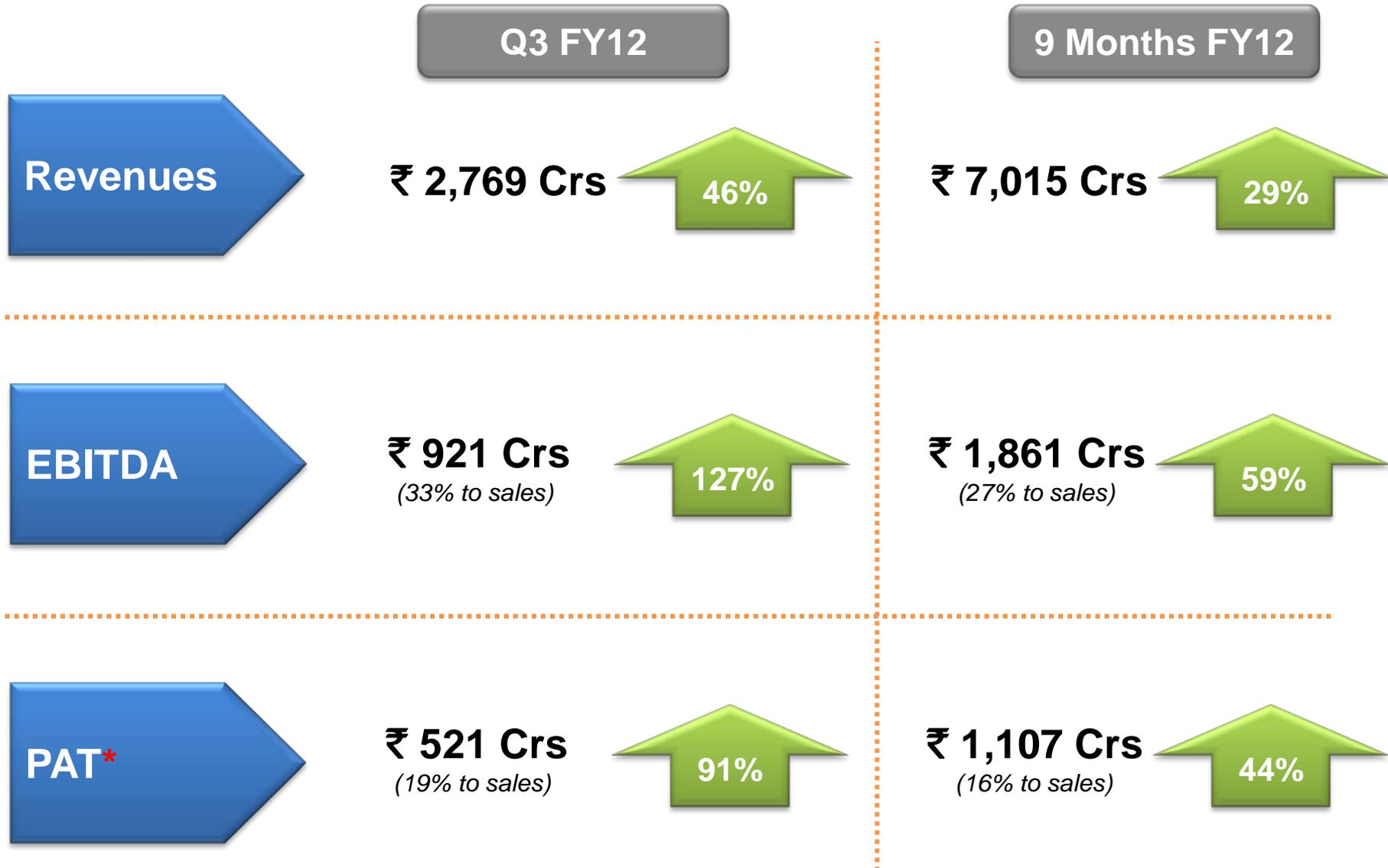
 OTC portfolio in the US crosses \$100 mn



Q3 FY12 → New Product Launches

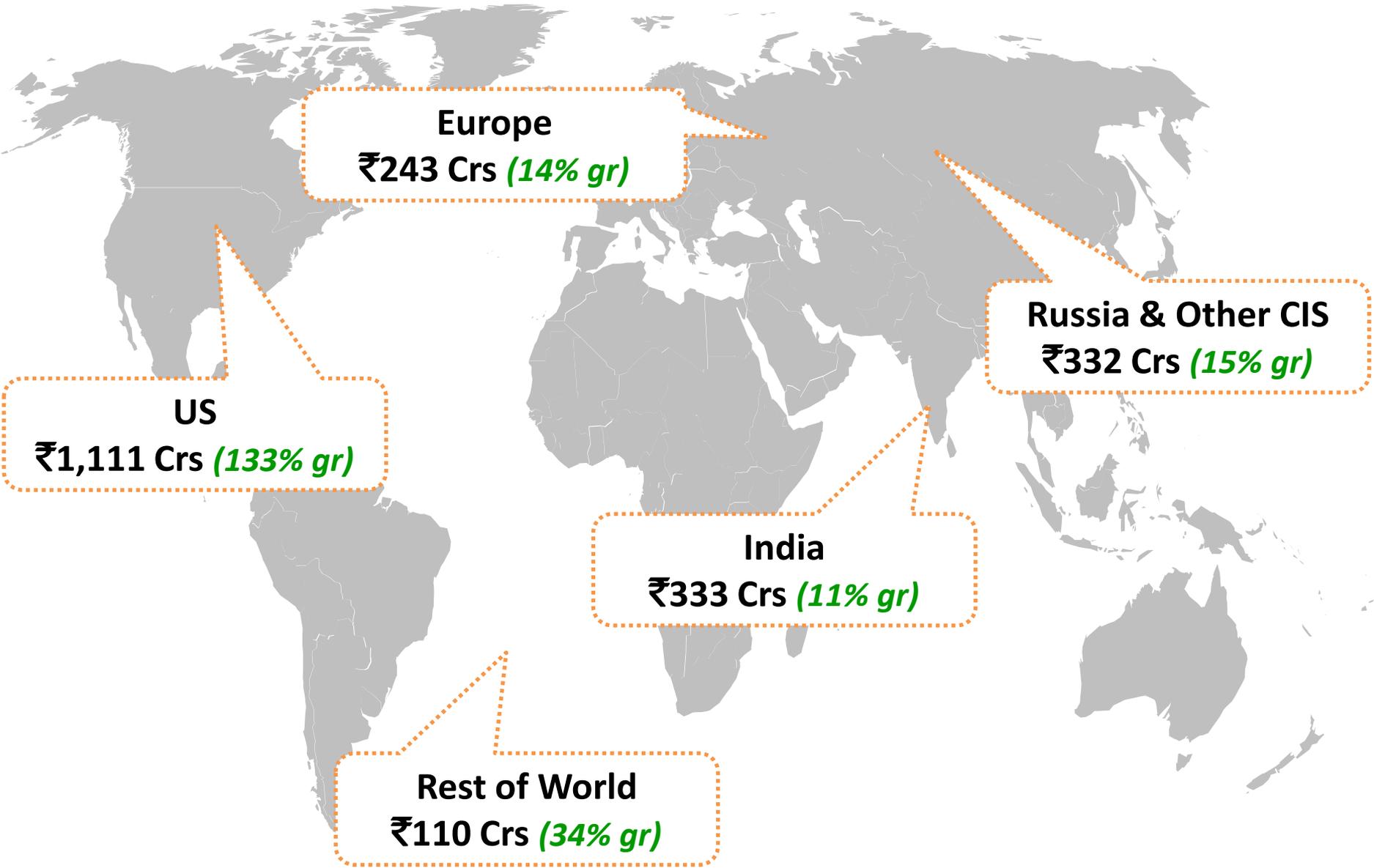


Key Financial Highlights

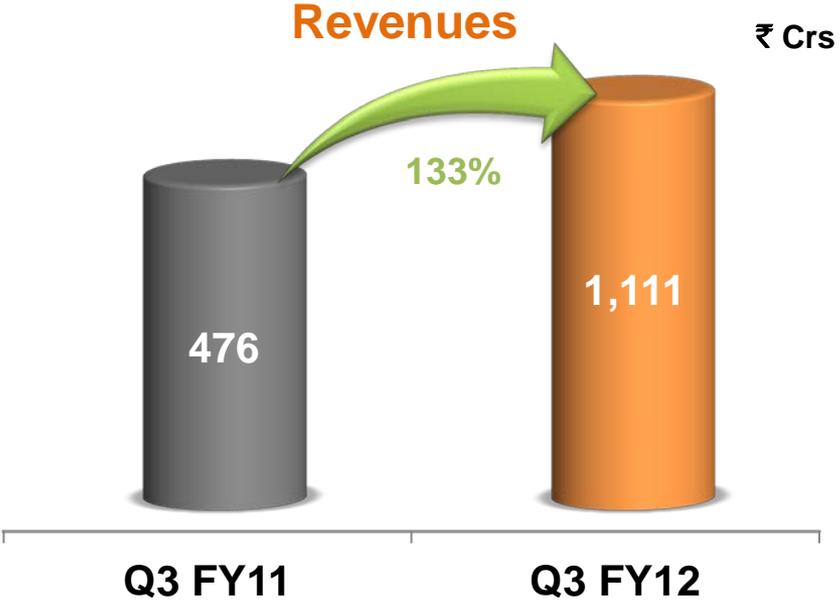


*PAT adjusted for interest on bonus debentures (net of tax)

Global Generics → ₹2,129 Crs (57% gr)



Global Generics : US



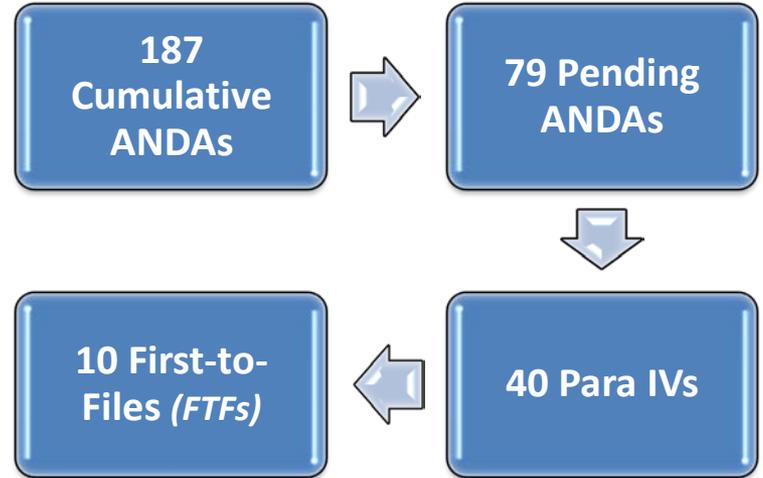
Market Shares → Key Products

	Nov 11	Nov 10	Rank
Olanzapine	40%	-	1
Tacrolimus	29%	29%	2
Lansoprazole	17%	2%	4
Omeprazole	16%	16%	4

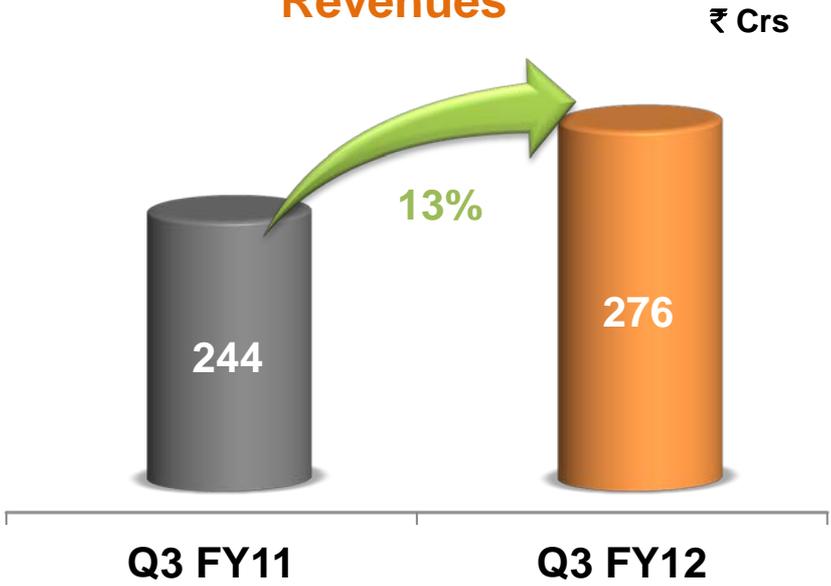
Source: IMS Nov 11 Volumes

- ❑ Growth driven by olanzapine launch, fondaparinux, lansoprazole and antibiotics portfolio
- ❑ 26 Rx products among Top 3 ranks in market shares

Pipeline



Revenues

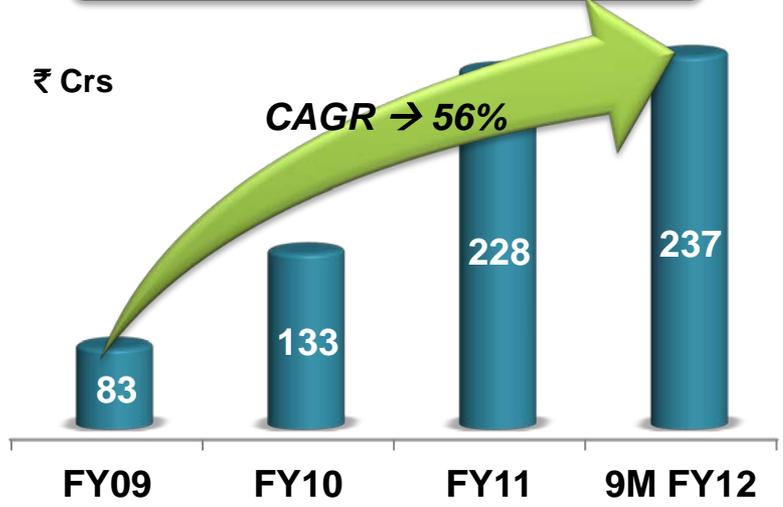


- ❑ Growth driven by volume increase in key products
- ❑ Delayed onset of season (*winter*)
- ❑ Robust traction in OTC
- ❑ Top 5 Rx products among Top 2 ranks in market shares

- ❑ Market Rank 12th
- ❑ Secondary sales growth :
 - *Dr. Reddy's* → 23%
 - *Industry* → 19%

Source: Pharmexpert Apr – Nov 2011

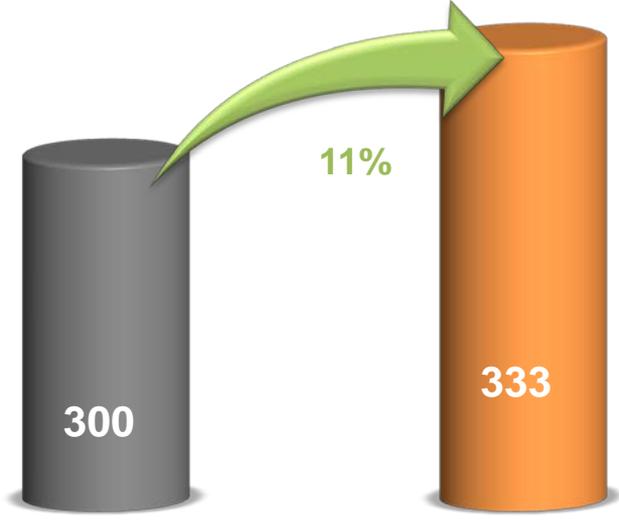
OTC Revenues



Global Generics : India

Revenues

₹ Crs



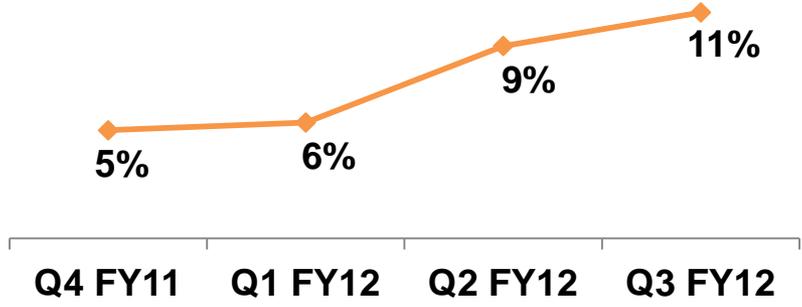
Q3 FY11

Q3 FY12

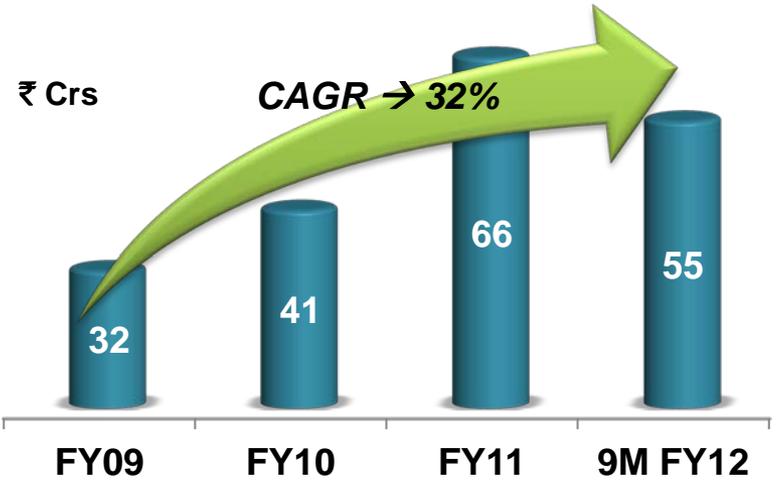
- Growth driven by new product launches and volume increase in key brands – Stamlo, Reditux, Omez D & Razo
- 6 new launches during the quarter (23 new launches in nine months)

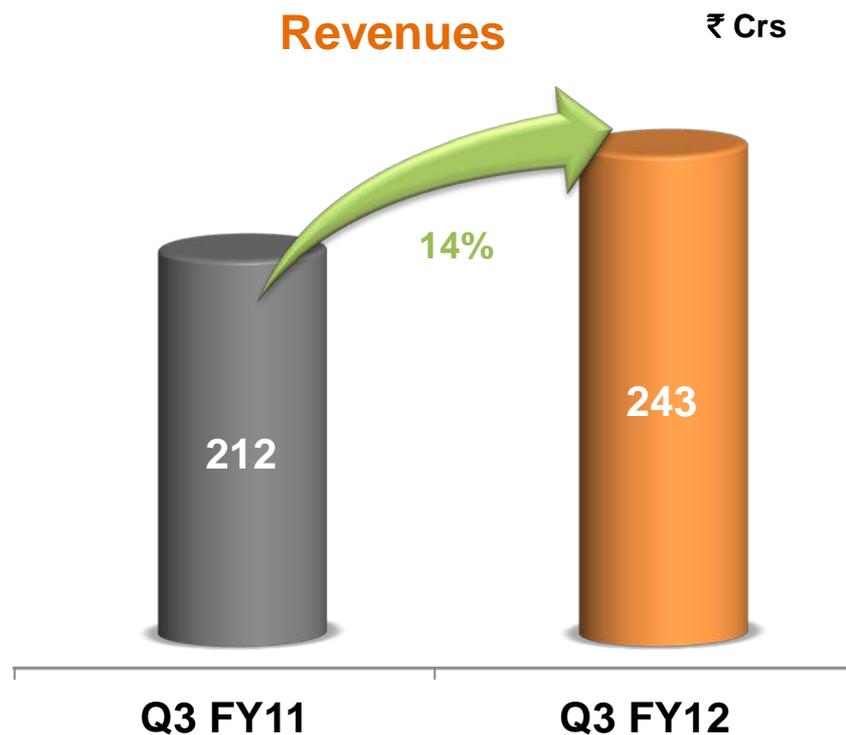
Growth → last 4 quarters

YoY growth



Steady growth in biosimilars



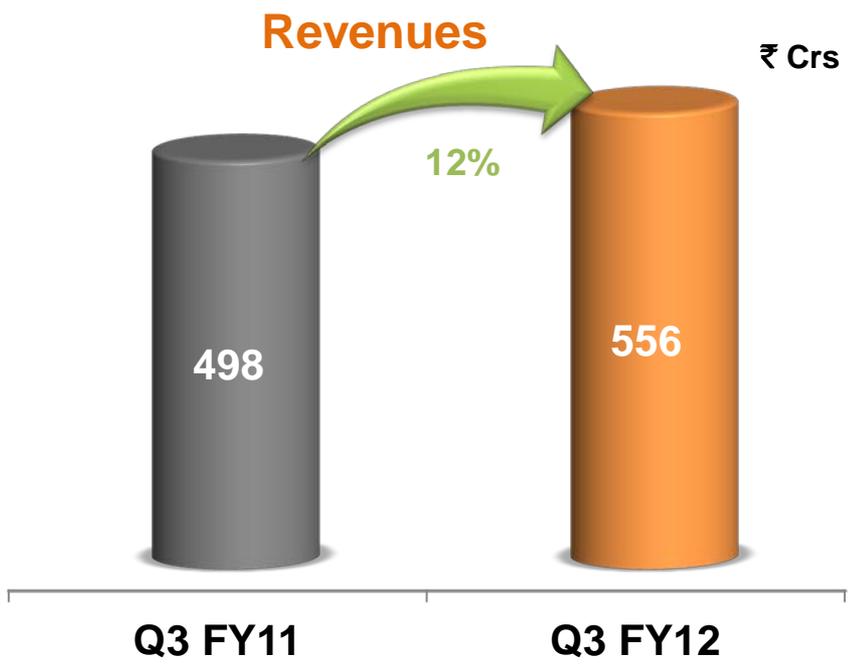


New Launches

Molecule	Country
Olanzapine	Germany
Levetiracetam	Germany
Valsartan	Germany
Levodopa+Benzapril	Germany
Losartan Hctz	Italy
Olanzapine IR	Italy
Olanzapine ODT	Italy
Repaglanide	Italy

❑ Growth driven by :

- Germany → new launches out of tender offset by price decline in tendered products
- Rest of Europe → new launches in Italy

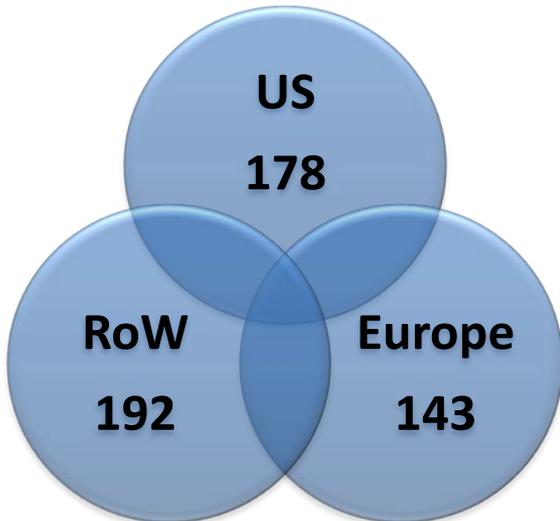


- ❑ Growth driven by key products
- ❑ Growing trends of order books and customer lock-ins

Filings

	Q3 FY12	9M FY12
US	2	5
Canada	-	2
Europe	2	5
RoW	3	15

Pipeline (DMFs)



❑ Infrastructure expansion

→ Capex spend for nine months → ₹497 Crs

❑ Mexico facility update

❑ Outlook

→ Key launches in the US over next six months

→ Expect to commission SEZ in 2012

Awards & Recognition



Dr. Reddy's won the **Thomson Reuters Innovation Award 2011 - India** at the "Decade of Innovation: India @ Year 1" organized by the CII and the National Innovation Council.

Dr. Reddy's was conferred the **ICAI Gold Shield for Excellence in Financial Reporting** for the year 2010-11 in the manufacturing sector (*Sales more than Rs 500 crores*).



Q&A Session

Feb 03, 2012



P&L → Q3 FY12

₹ Crs

Particulars	Q3 FY12	Q3 FY11	Gr%
Revenue	2,769	1,899	46%
Gross Profit	1,657	1,041	59%
<i>% to sales</i>	60%	55%	
SG&A	768	637	20%
<i>% to sales</i>	28%	34%	
R&D	151	131	16%
<i>% to sales</i>	5%	7%	
EBITDA	921	405	127%
<i>% to sales</i>	33%	21%	
PAT	513	273	88%
<i>% to sales</i>	19%	14%	

Key Balance Sheet Items

₹ Crs

Particulars	Dec 11	Sep 11
Cash & Cash Equivalents	1,659	760
Trade & Other receivables	2,637	2,057
Inventories	1,959	1,859
Property, plant & equipment	3,243	3,145
Loans & borrowings (current & non current)	3,850	3,130
Trade accounts payable	919	894

Net Debt – Equity ratio at 0.42 in Dec 11 from 0.49 as of Sep 11



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

THANK YOU