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## Q2 FY11 Results Update

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Oct 23, 2010

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# 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 in and the conditions of our customers, suppliers and the pharmaceutical industry; and
- Changes in political conditions in India.

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. 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.

## Q2 FY11: Key Highlights

□ **Revenues at Rs. 1,870 crs** ; *YoY growth at 2%*

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□ **EBITDA at Rs. 425 crs** ; *23% to sales ; YoY growth at 12%*

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□ **PAT at Rs. 287 crs** ; *15% to sales ; YoY growth at 32%*

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□ **Globally 41 new product launches & 34 product filings**

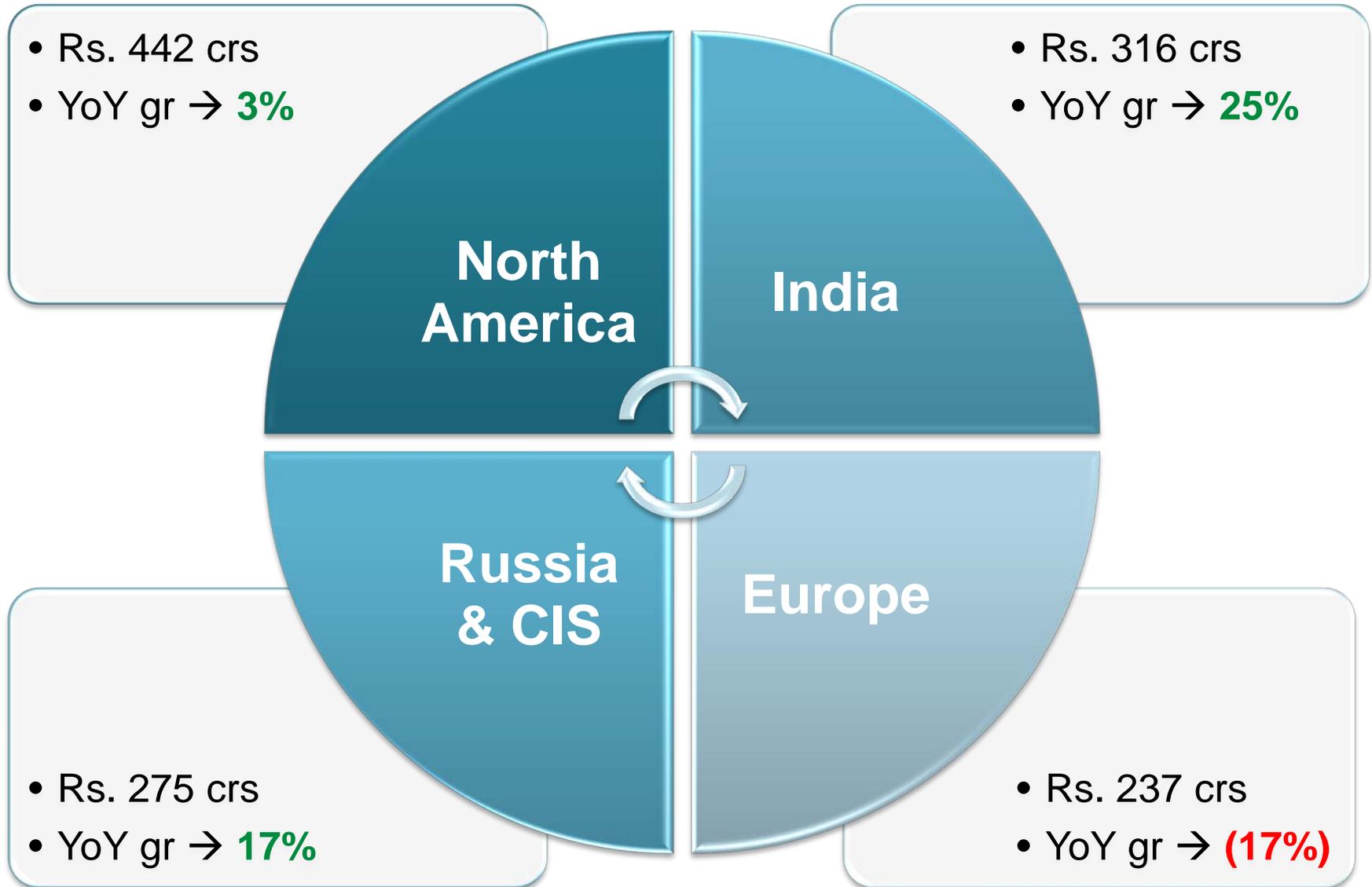
# P&L → Q2 FY11

All figures in Rs. Crs. except EPS

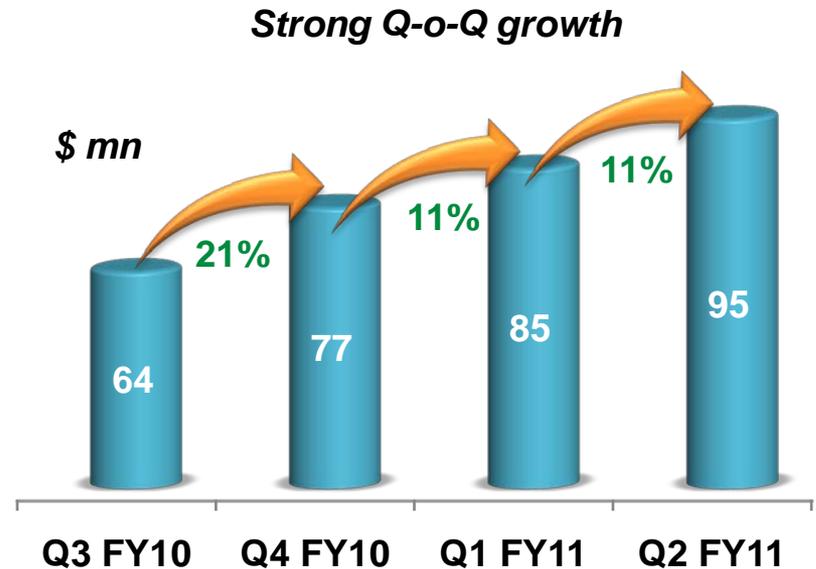
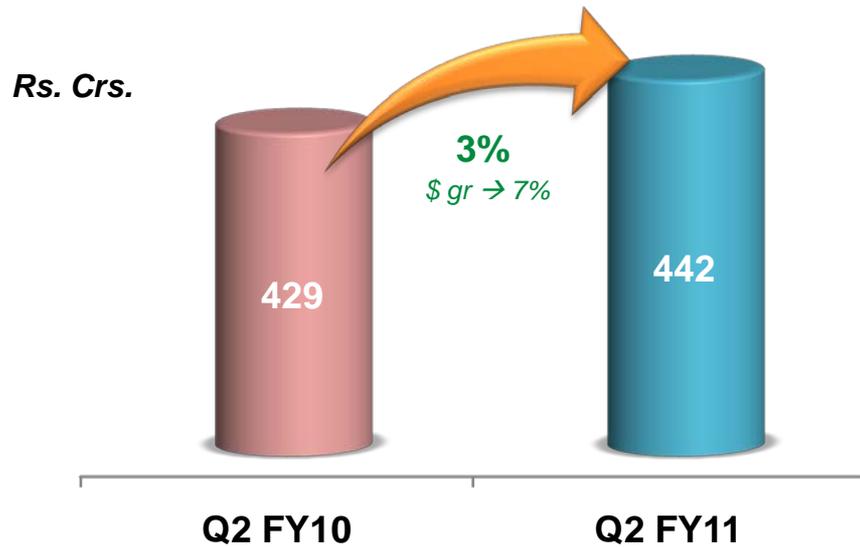
	Q2 FY11	Q2 FY10	Gr%
Revenue	1,870	1,837	2%
Gross Profit	999	872	15%
<i>% to sales</i>	53%	47%	
SG&A	571	534	7%
<i>% to sales</i>	31%	29%	
R&D	127	96	32%
<i>% to sales</i>	7%	5%	
EBITDA	425	380	12%
<i>% to sales</i>	23%	21%	
PAT	287	217	32%
<i>% to sales</i>	15%	12%	
EPS	16.9	12.8	32%

## Segmental Analysis : Global Generics

Q2 FY11 Revenues at Rs. 1,367 crs ; YoY gr → 8%

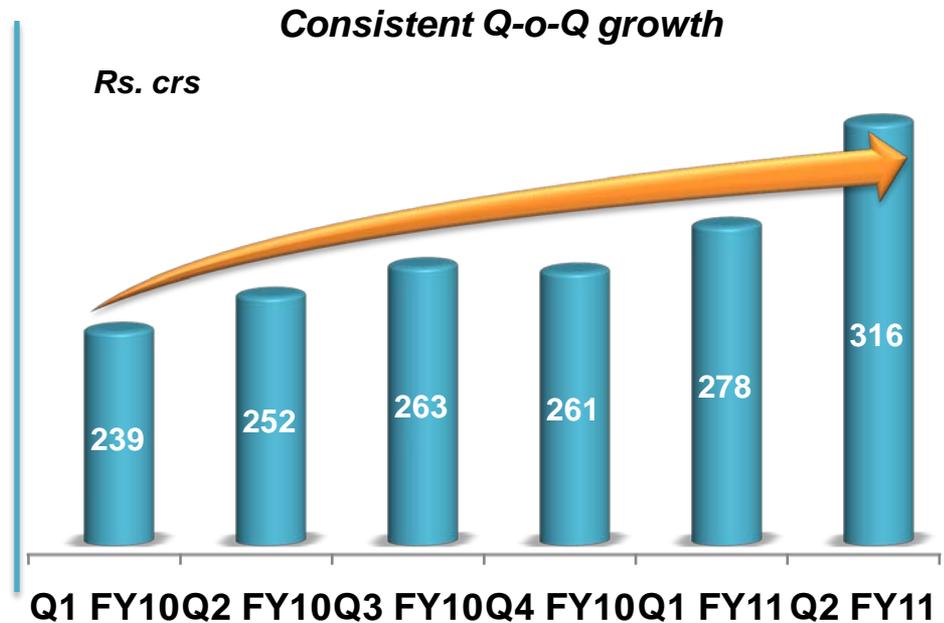
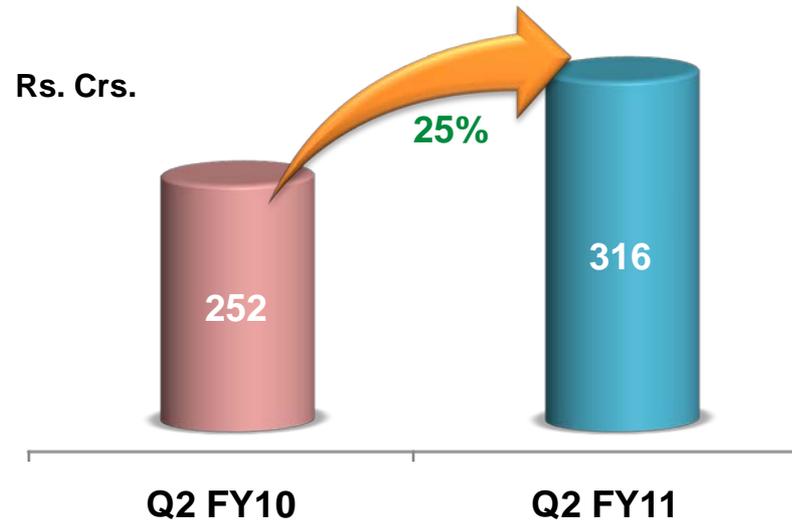


# Global Generics : North America



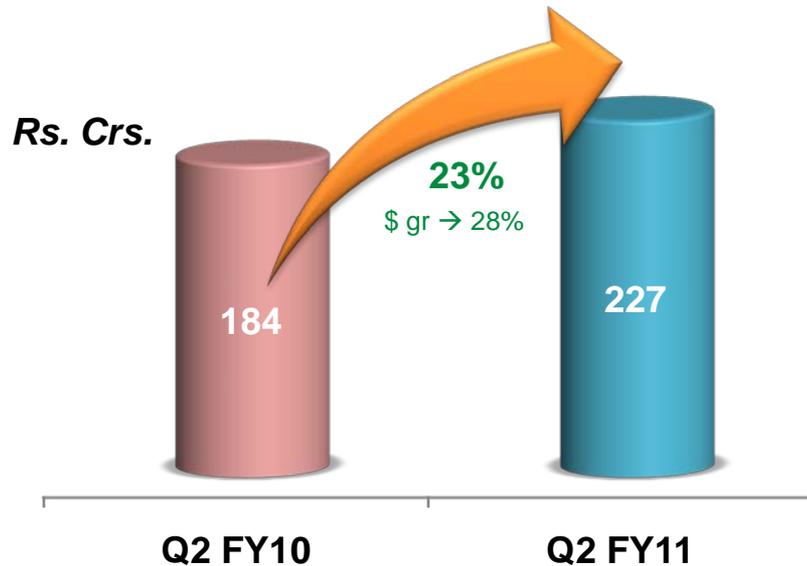
- ❑ Revenue growth driven largely by new products of Amlodipine Benazepril & Tacrolimus
- ❑ Base business → Visibility of improving market shares in our vertically integrated products
- ❑ Omeprazole Mg OTC → Commenced shipments to additional customers
- ❑ **ANDA Pipeline:** Pending approvals → 74 ; Para IVs → 39 ; FTFs → 12

# Global Generics : India



- ❑ 25% growth : Volume → 16% & New products (*last 12 month launches*) → 9%
- ❑ 13 new product launches in Q2 ; Launch of 3<sup>rd</sup> biosimilar, darbepoetin under brand 'Cresp®'
- ❑ Filed the application for our 4<sup>th</sup> biosimilar in India
- ❑ Recent field force expansion to drive incremental growth in future

# Global Generics : Russia

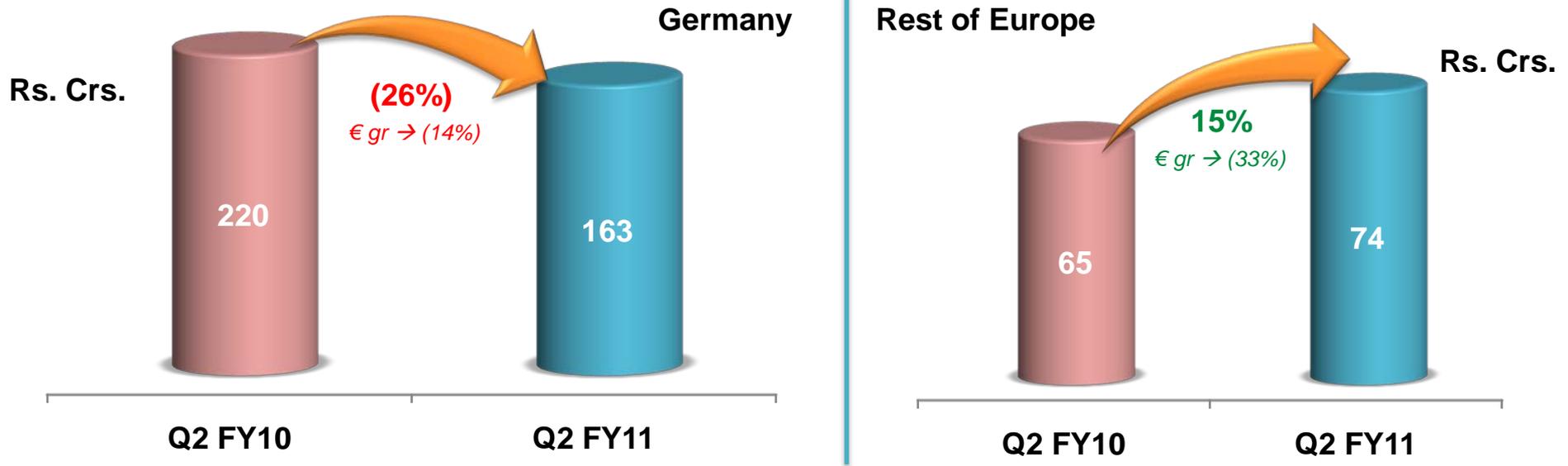


## Pharmexpert (YTD Aug 10)

- ❑ Secondary Sales Growth :
  - Dr. Reddy's → 25% (Vol 37%)
  - Industry → 16% (Vol 18%)
- ❑ Dr. Reddy's Rank → 12<sup>th</sup>

- ❑ Growth driven by volume increase largely in key brands of Nise, Omez, Cetrine & Ketorol and new products
- ❑ 3 new products launched during the quarter
- ❑ Focus on expanding OTC & Rx segments through various in-licensing deals
- ❑ Expect steady growth & healthy working capital position

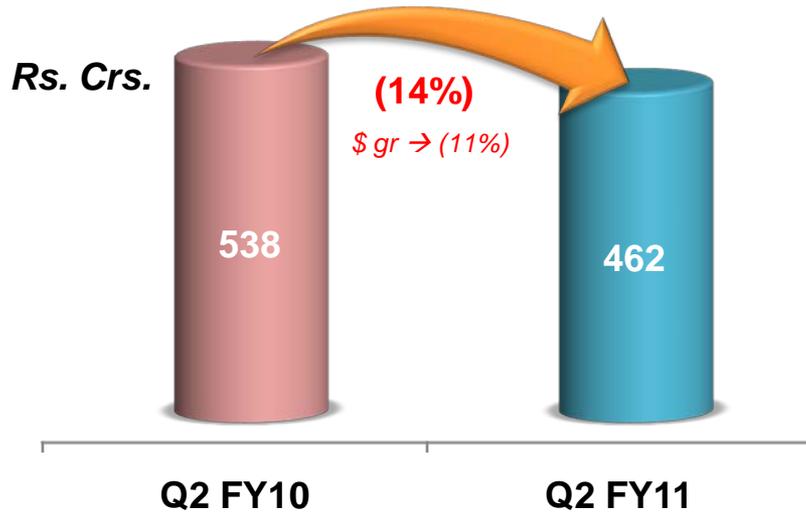
# Global Generics : Europe



## Germany

- ❑ Decline due to price erosions caused by the impact of tenders
- ❑ Improved profitability as a result of SG&A optimization in previous year
- ❑ Improved success rate in recent tenders for vertically integrated products
- ❑ Process of bidding for the next set of products under AOK tender begun

# Pharmaceutical Services & Active Ingredients



## DMFs Pipeline :

Cumulative	→ 394
US	→ 156
Europe	→ 95
Canada	→ 59
RoW	→ 84

- ❑ Decline largely driven by the Pharmaceutical Services segment on account of lower order flow due to weak macro-economic conditions
- ❑ Active Ingredients business to pick-up in H2 on the back of new product launches
- ❑ 13 DMF filings (*US → 2 ; EU → 4 ; RoW → 7*) during the quarter

# Other Updates

## ❑ North America Generics

- Lansoprazole launched in this week
  - Fondaparinux → USFDA inspection
  - Fexofenadine Pseudophedrine (*higher strength*) litigation likely in Jan 11
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## ❑ GSK Alliance :

- Shipped products to 7 markets
  - Cumulatively filed ~ 95 dossiers till date in various emerging markets
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## ❑ On track to achieve RoCE Guidance of 18% to 22% for full year



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## Q&A Session

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# Key Balance Sheet Items

	<i>Rs. Crs.</i>	
	Sep 10	Jun 10
Cash & Cash Equivalents	620	637
Trade receivables	1,338	1,277
Inventories	1,473	1,445
Property, plant & equipment	2,541	2,394
Loans & borrowings (current & non current)	1,449	1,387
Trade payables	991	969

- Capex for the quarter is at Rs. 216 crores
- Debt – Equity ratio at 0.18 in Sep 10