



Q3 FY10 Results Update

January 20, 2010

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Safe Harbor Statement

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- 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.

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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.

Consolidated Key Financial Highlights

❑ Q3 FY10 Revenues at Rs. 1,730 crs

- 9 months FY10 Revenues at Rs. 5,385 crs ; YoY growth of 9%
-

❑ Q3 FY10 EBITDA at Rs. 367 crs

- 9 months FY10 EBITDA at Rs. 1,183 crs ; YoY growth of 31%
-

❑ Q3 FY10 Adjusted PAT at Rs. 231 crs

- 9 months FY10 Adjusted PAT at Rs. 734 crs ; YoY growth of 43%
-

❑ Q3 FY10 : Globally 27 new product launches & 27 product filings

Impairment of Goodwill and Intangibles at betapharm in Germany

- ❑ **March 2009** → Impairment ~ €200 mn relating to the goodwill and intangibles of our betapharm business in Germany
 - *due to an expected 'gradual' shift in the German generics pharmaceutical market to a tender based model*
- ❑ **Dec 2009** → many German insurance companies have announced their final tender results indicating a higher pace of transition to the tender based model with an associated erosion in sales base from the previous year's levels

Dec 09 Carrying Value before impairment

Intangibles → €60 mn
'beta' Brand → €66 mn
Goodwill → €76 mn

Non cash impairment (hit to P&L)

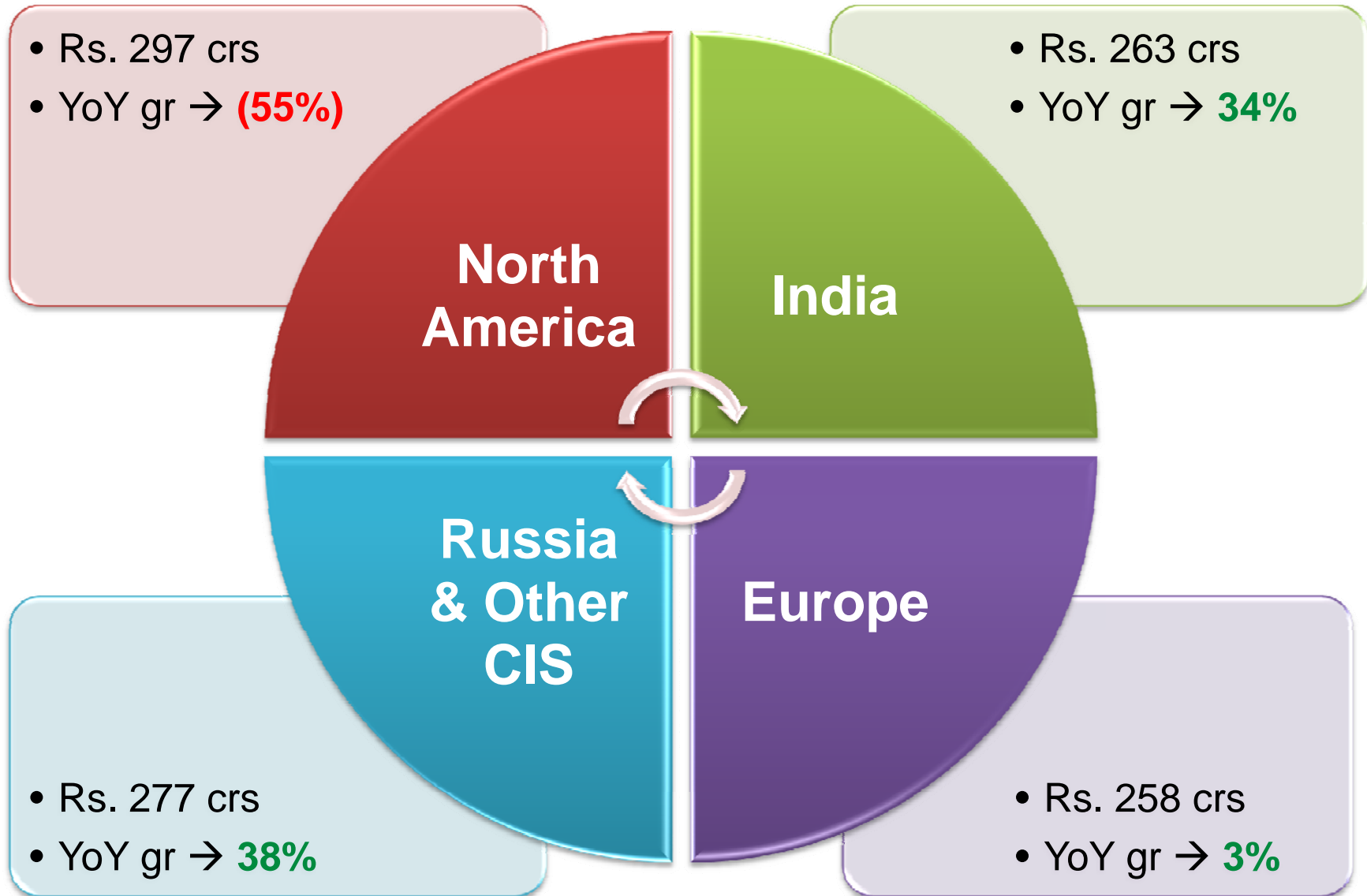
Intangibles → €21 mn
'beta' Brand → €12 mn
Goodwill → €76 mn

Dec 09 Carrying Value after impairment

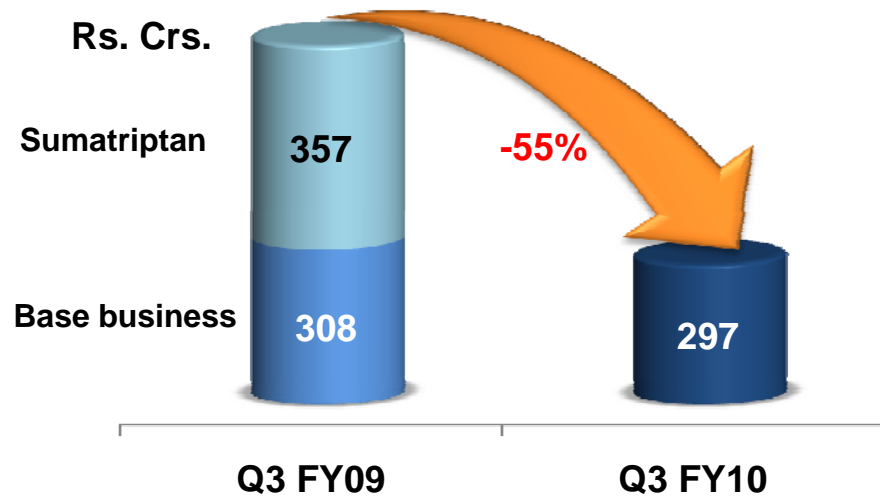
Intangibles → €39 mn
'beta' Brand → €54 mn
Goodwill → Nil

Segmental Analysis : Revenues

Global Generics Q3 Revenues at Rs. 1,172 crs



Global Generics : North America



Product Pipeline : ANDAs

Cumulative → 141

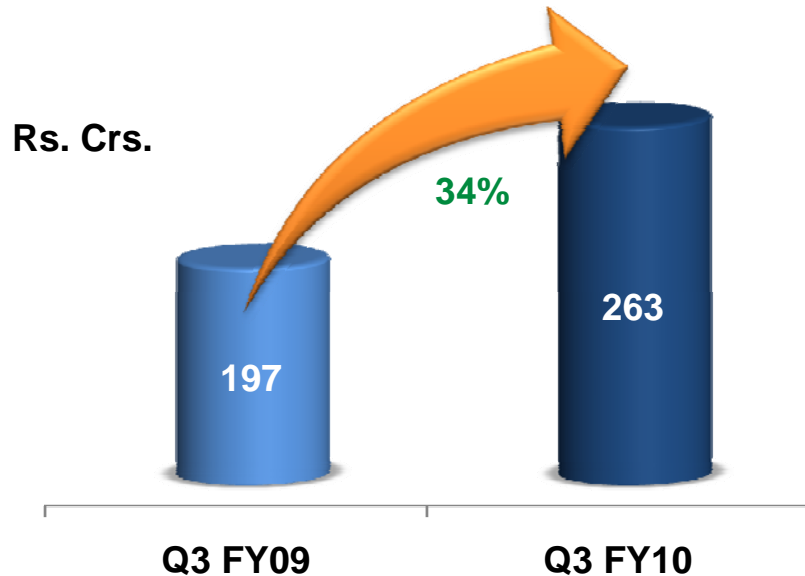
Pending approvals → 62

Para IVs → 35

FTFs → 13

- ❑ Excluding revenues from sumatriptan in the previous year, revenues are flat for the quarter
- ❑ Successful inspection of two finished dosage facilities by US FDA in Nov 2009
- ❑ Launch of Omeprazole Mg OTC in Dec 2009
- ❑ 1 ANDA filing and 2 approvals (including 1 tentative) in Q3 FY10

Global Generics : India



ORG IMS (Apr to Nov 09)

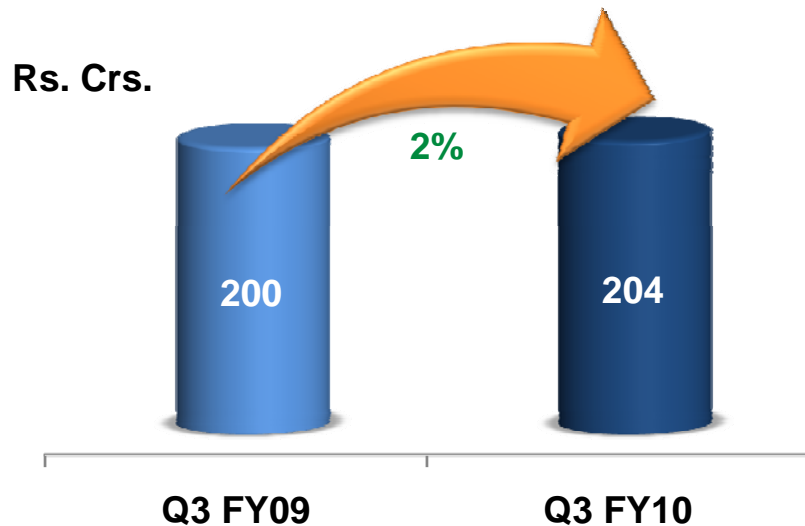
- ❑ Secondary Sales Growth :
 - Dr. Reddy's → 20%
 - Industry → 16%
 - Top 10 → 19%
- ❑ Dr. Reddy's Rank → 12th

- ❑ YoY growth breakup :
 - Volume → 29% & New Products → 7%
- ❑ Growth driven by key brands of Omez, Nise, Stamlo Beta, Reditux & Stamlo
- ❑ Expected launch of one biosimilar in Q4 FY10
→ contingent upon regulatory approval

New Product Launches

- ❑ Q3 Key Launch → Reswas
(cough syrup)
- ❑ 18 new launches in Q3
- ❑ 56 new launches in 9 months
(4% to sales)

Global Generics : Germany

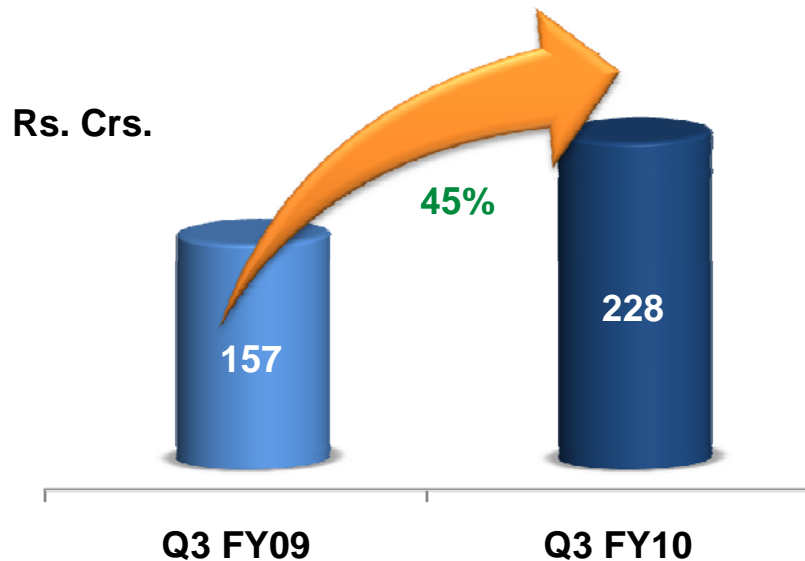


Recent Tender Outcomes, bids won by beta

- ❑ TK → 5 products
- ❑ Spectrum K → 16 products
- ❑ IKK → 4 products
- ❑ GWQ → 4 products

- ❑ YoY decline of 4% in € terms
- ❑ 5th largest in volumes among generic companies with 3.2% market share as of Nov 09
- ❑ New tender outcomes continue to put pressure on pricing & business
- ❑ Discussions with 'Works Council' for further restructure of workforce by Mar 2010

Global Generics : Russia

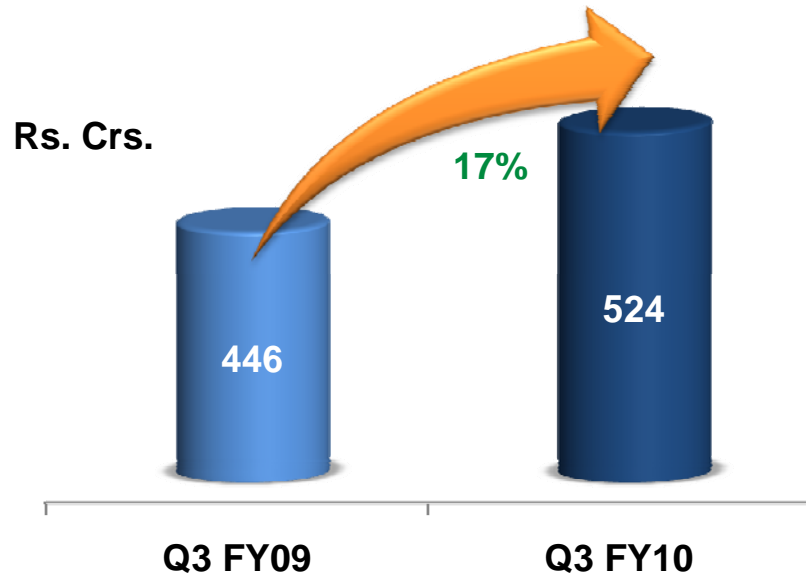


Pharmexpert (Apr to Nov 09)

- ❑ Secondary Sales Growth :
 - Dr. Reddy's → 13%
 - Industry → 2%
- ❑ Dr. Reddy's Rank → 16th

- ❑ YoY \$ growth of 52%
- ❑ Growth driven equally by price increase and volumes.
- ❑ Aggressive portfolio expansion through OTC diversification, in-licensing deals & other niche products where the competition is lower

Pharmaceutical Services & Active Ingredients



DMFs Pipeline :

Cumulative	→ 388
US	→ 146
Europe	→ 116
Canada	→ 58
RoW	→ 68

- ❑ YoY \$ growth of 23%
- ❑ Growth driven by improving order book status & lower base in the previous year
- ❑ 11 DMF filings in Q3 (*8 in Europe & 3 in US*)
- ❑ Customer trends in CPS business indicating a healthy revival

Key Updates

- ❑ Key organizational change :
 - Abhijit Mukherjee to lead Global Generics business
 - Saumen Chakraborty → Corporate (*Integration of People, Processes and Information*)
- ❑ Encouraging results on the headline data from the first phase III study for Balaglitazone
- ❑ GSK Strategic Alliance : The first set of products to be launched in Mexico early in Q1 of next fiscal
- ❑ Guidance FY10 :
 - Revenue growth likely to be in low single digits for full year
 - Confident to meet full year RoCE guidance



Q&A Session

January 20, 2010

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P&L → Q3 FY10

All figures in Rs. Crs. except EPS

	Q3 FY10	Q3 FY09	Gr%
Revenue	1,730	1,840	-6%
Gross Profit	881	1,027	-14%
% to sales	51%	56%	
SG&A	543	538	1%
% to sales	31%	29%	
R&D	89	103	-13%
% to sales	5%	6%	
EBITDA	367	419	-13%
% to sales	21%	23%	
Adjusted PAT	231	260	-11%
% to sales	13%	14%	
Adjusted EPS	13.6	15.4	-12%

Key Balance Sheet Items → Dec 09

	<i>Rs. Crs.</i>	
	Dec 09	Sep 09
Cash & Cash Equivalents	554	615
Trade & Other receivables	1,161	1,316
Inventories	1,291	1,314
Property, plant & equipment	2,141	2,128
Loans & borrowings (current & non current)	1,252	1,452
Trade accounts payable	591	720