



Q2 FY10 Results Update

October 23, 2009

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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:

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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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Consolidated Key Financial Highlights

❑ **Q2 FY10 Revenues at Rs. 1,837 crs ; YoY growth of 14%**

➤ H1 FY10 Revenues at Rs. 3,656 crs ; YoY growth of 17%

❑ **Q2 FY10 EBITDA at Rs. 380 crs ; YoY growth of 51%**

➤ H1 FY10 EBITDA at Rs. 816 crs ; YoY growth of 70%

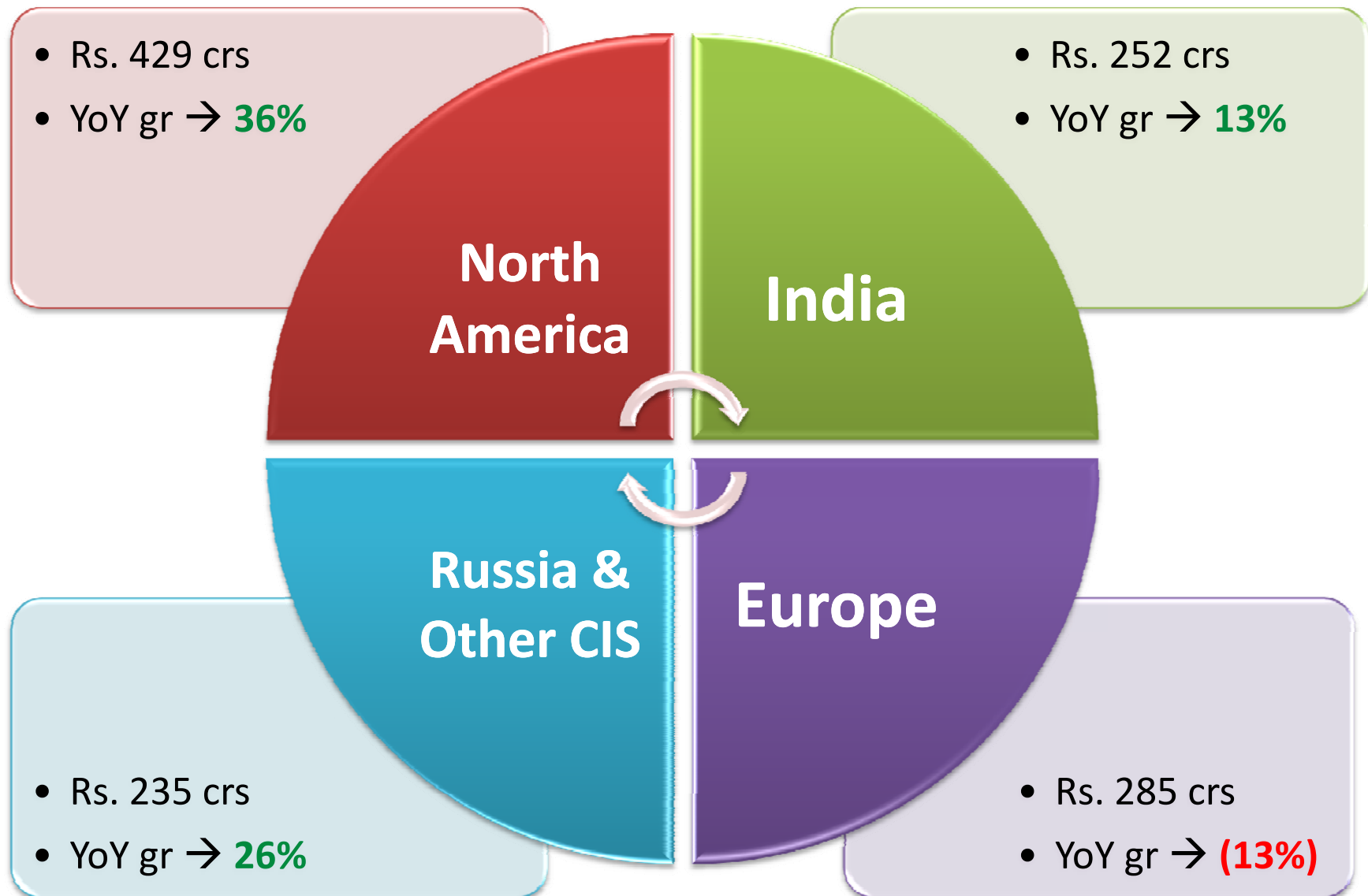
❑ **Q2 FY10 PAT at Rs. 217 crs ; YoY growth of 106%**

➤ H1 FY10 PAT at Rs. 462 crs ; YoY growth of 113%

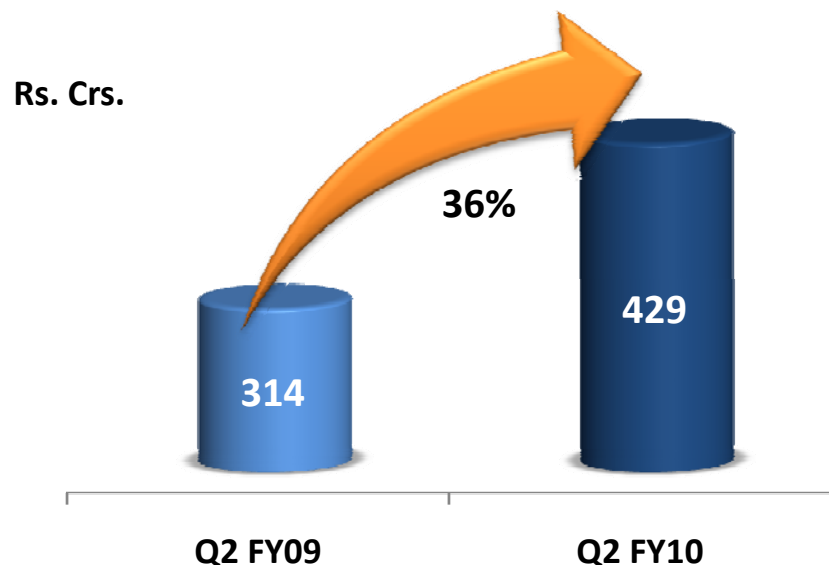
❑ **Q2 FY10 : Globally 39 new product launches & 29 product filings**

Segmental Analysis : Revenues

Global Generics Q2 Revenues at Rs. 1,271 crs ; YoY gr → 14%



Global Generics : North America



Product Pipeline : ANDAs

Cumulative → 141

Pending approvals → 62

Para IVs → 27

FTFs → 16

- ❑ \$ growth of 23% for Q2 & 52% for H1 FY10
- ❑ Sumatriptan genericized in 2nd week of August
- ❑ Launch of nateglinide – deemed exclusivity
- ❑ Settlement of generic version of Lotrel®
- ❑ Purchase of ANDA of Antara®

Q2 Product Update

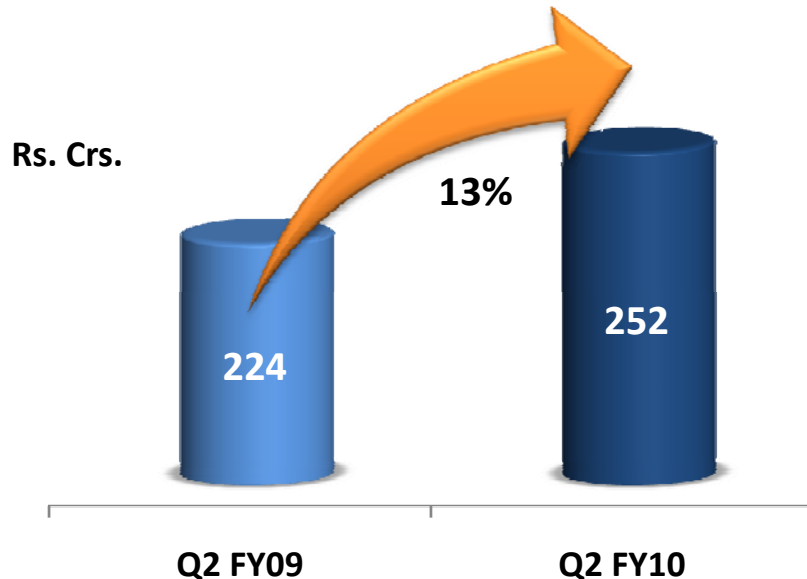
New Product Launches → 5

ANDA Filings → 1

ANDA approvals → 5

Products in Top 3 ranks → 20

Global Generics : India



H1 FY10 : 32 new product launches

Dermatology & Anti-Infectives segments led the therapeutic segments with 6 launches each.

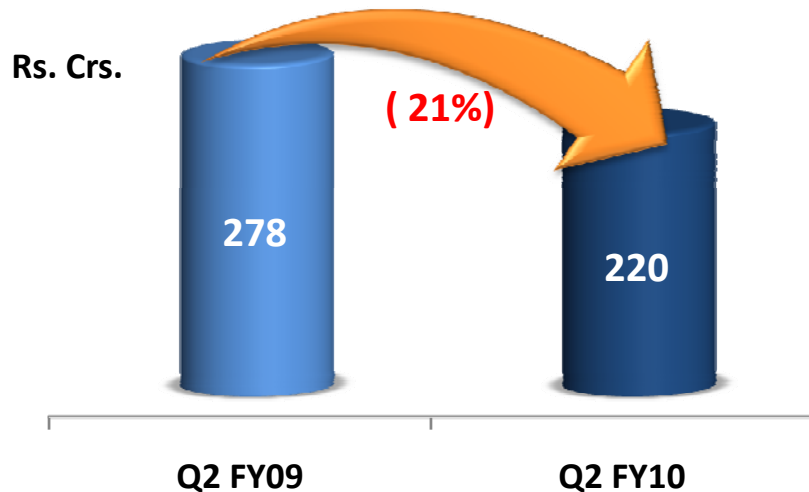
- ❑ Highest ever quarterly sales of Rs. 252 crs.
- ❑ ORG IMS Growth (Apr to Aug 09)
Dr. Reddy's : 17% ; Industry : 14% ; Top 10 : 16%
- ❑ Key growth drivers : Change in supply chain management & New product launches
 - Greater than 50% of growth driven by new launches in the last 12 months

Key Launches

Finrid → fentanyl patch for acute pain management

Strea brands → premium derma & aesthetic products

Global Generics : Germany



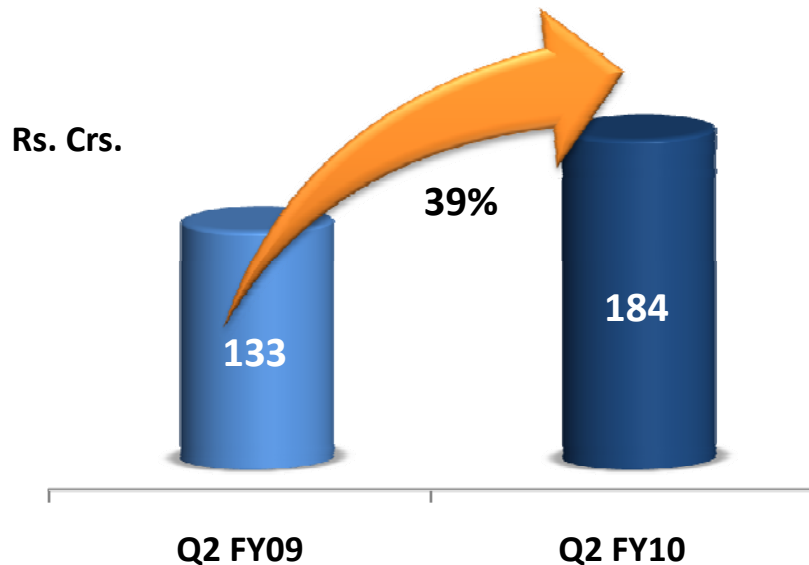
Product Update : H1 FY10

Dossier Filings → 3

New product launches → 3

- ❑ YoY decline of 25% in € terms ; QoQ increase of 31% aided by one time seasonal vaccine sales
- ❑ 5th largest in volumes among generic companies with 3.5% market share as of Aug 09
- ❑ Market share of → products under AOK ~ 50% - 80% ; → non-AOK products ~ 5% -20%
- ❑ Continuous efforts to restructure existing cost bases in Germany
- ❑ Other insurance companies have announced new tenders

Global Generics : Russia



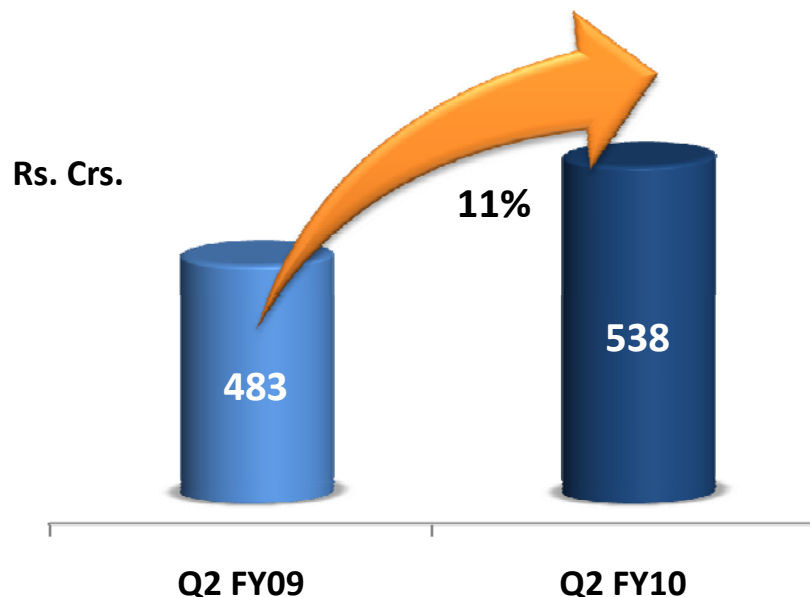
H1 FY10 : Product Update

New launches → 2

Filings → 8

- ❑ YoY \$ growth of 25% & QoQ \$ growth of 22%
- ❑ Growth as per Pharmexpert data (Apr to Aug 09) → Dr. Reddy's : 7% ; Industry : (6%) ; Top 10 : 2%
- ❑ Aggressive portfolio expansion : Tie-ups with many companies to in-license products
- ❑ Customer credit limits under tight control

Pharmaceutical Services & Active Ingredients



DMF filings in H1 → 9

Product Portfolio

US DMFs → 151

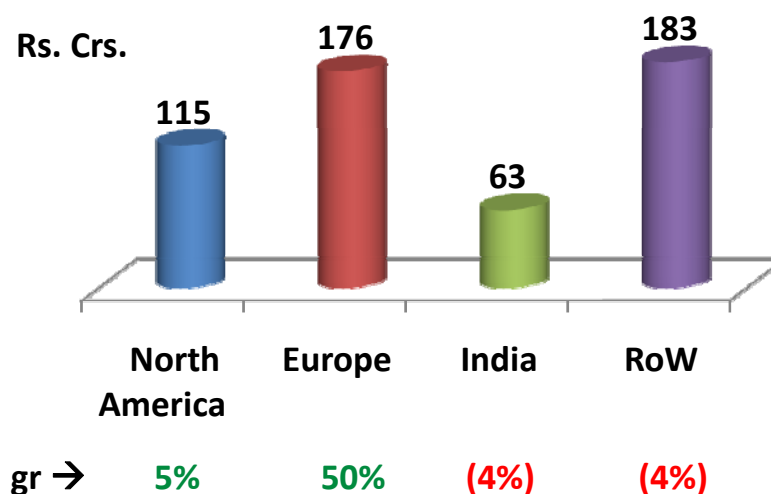
Europe DMFS → 85

Canada → 57

RoW → 68

- ❑ H1 FY10 revenues at Rs. 1,024 crs ; YoY gr → 9%
- ❑ Positive impact from swine flu intermediate sales at Mexico plant
- ❑ Continuing improvement in the order book trend
- ❑ Rebalancing in the global macro-economic scenario to impact positively

Revenue breakdown by Geography



Key Business Updates

- ❑ Strategic alliance with GSK for Emerging Markets progressing well
 - Few large markets identified & the process of dossier transfers & filings ongoing
 - Product selection prioritized for markets earlier exited by Dr. Reddy's
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- ❑ Voluntary recall of four lots in the US ; initiated various corrective and preventive measures at our manufacturing sites

Outlook

- ❑ Market developments in Germany & subdued growth outlook in Russia impact FY10 revenue guidance ; **RoCE** guidance **on track**
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- ❑ North America Generics pipeline of 'Annuity of opportunities' gaining further visibility
 - Settlement of Lotrel® ; Purchase of ANDA of Antara® ; Currently the first and only filer on Fexofenadine Hcl & Pseudoephedrine Hcl 180 & 240 mg
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- ❑ Launch of Omeprazole Mg OTC in Q3 FY10
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- ❑ Launch of one biosimilar in India by end FY10



Q&A Session

October 23, 2009

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P&L → Q2 FY10

All figures in Rs. Crs. except EPS

	Q1 FY10	Q1 FY09	Gr%
Revenue	1,837	1,615	14%
Gross Profit	872	796	9%
% to sales	47%	49%	
SG&A	534	529	1%
% to sales	29%	33%	
R&D	96	83	17%
% to sales	5%	5%	
EBITDA	380	251	51%
% to sales	21%	16%	
PAT	217	105	106%
% to sales	12%	7%	
EPS	12.8	6.2	106%

Key Balance Sheet Items → Sep 09

	<i>Rs. Crs.</i>	
	Sep 09	Jun 09
Cash & Cash Equivalents	615	618
Trade & Other receivables	1,316	1,337
Inventories	1,314	1,393
Property, plant & equipment	2,128	2,097
Loans & borrowings (current & non current)	1,467	1,611
Trade accounts payable	720	687