



DR. REDDY'S

LIFE
RESEARCH
HOPE

FY09 & Q4 FY09 Results Update

May 18, 2009

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

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.

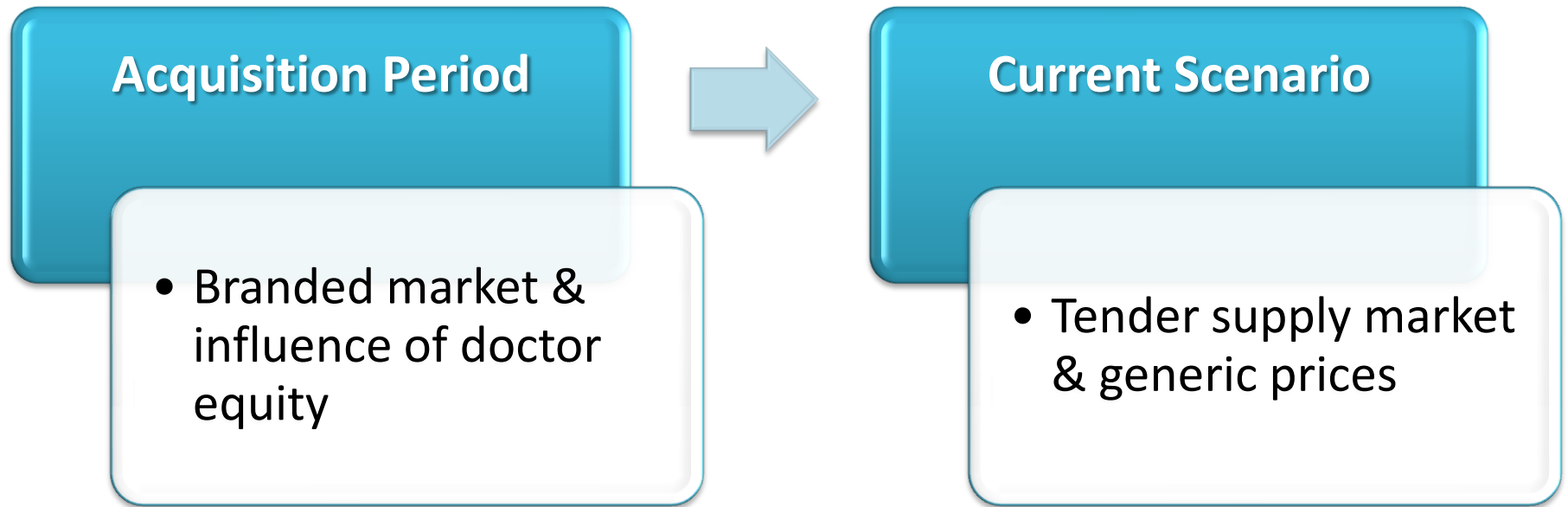
We are not required to update any such statement or information to either reflect events or circumstances that occur after the date the statement or information is made or to account for unanticipated events.

P&L → Q4 FY09

All figures in Rs. Crs. except EPS

	Q4 FY09	Q4 FY08	Gr%
Revenue	1,985	1,325	50%
Gross Profit	1,077	702	53%
% to sales	54%	53%	
SG&A	527	472	12%
% to sales	27%	36%	
R&D	114	102	11%
% to sales	6%	8%	
EBITDA	550	259	113%
% to sales	28%	20%	
Impairment	1,402	22	NA
PAT	(978)	93	-
% to sales	(49%)	7%	
EPS	(57.8)	5.5	-

Impairment



Mar 09 Carrying Value before impairment

Intangibles → €140 mn

Goodwill → €238 mn

Non cash impairment (hit to P&L)

Intangibles → €47 mn

Goodwill → €162 mn

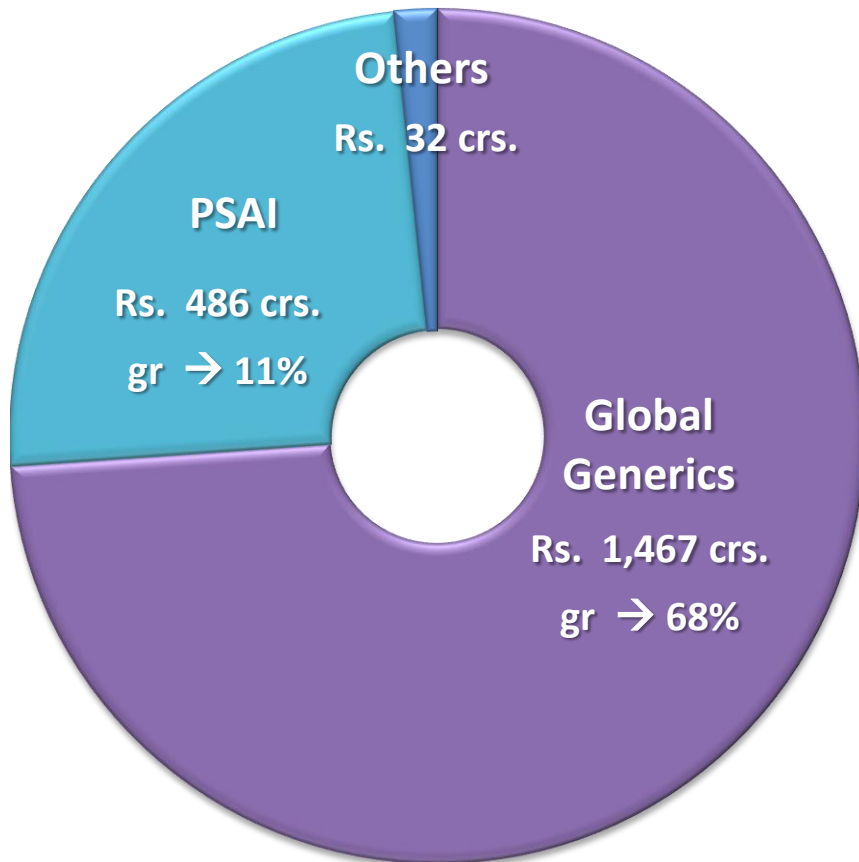
Mar 09 Carrying Value after impairment

Intangibles → €93 mn

Goodwill → €76 mn

Q4 FY09 → Key Highlights

Revenues → Rs. 1,985 crs.
gr → 50%



- Highest quarterly revenues of Rs.1,985 crs in the last 2 years
 - Growth driven by North America, Russia and sumatriptan
 - Growth excluding sumatriptan → 23%
- EBITDA at Rs. 550 crs in Q4 FY09 as compared to Rs. 259 crs in Q4 FY08 ; YoY growth of 113%

P&L → FY09

All figures in Rs. Crs. except EPS

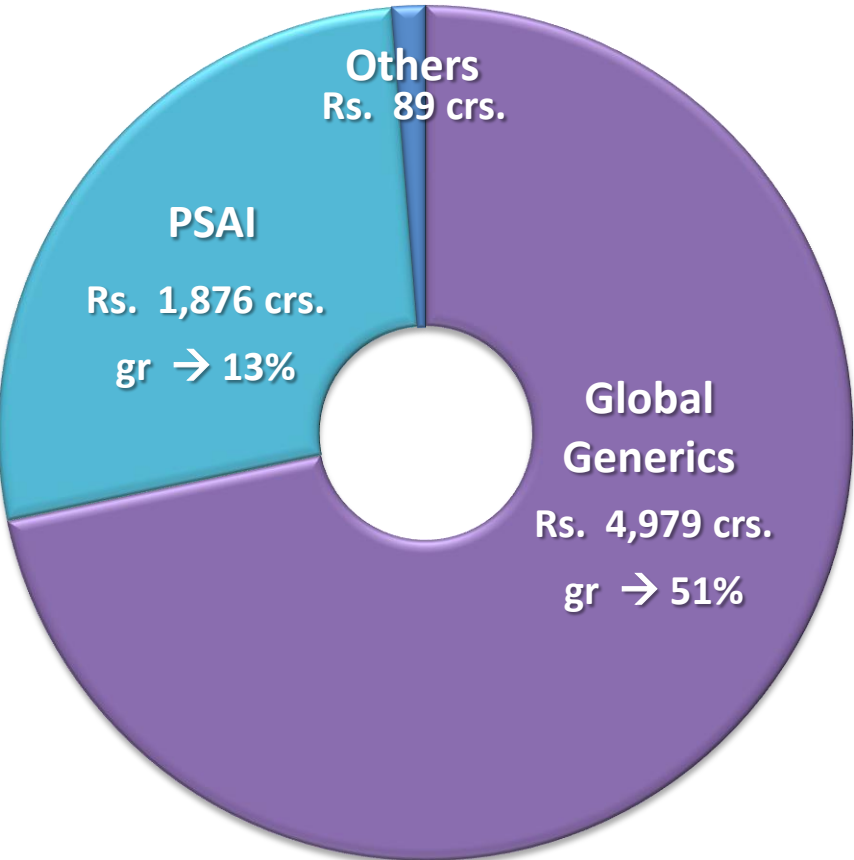
	FY09	FY08	Gr%
Revenue	6,944	5,001	39%
Gross Profit	3,650	2,541	44%
% to sales	53%	51%	
SG&A	2,102	1,684	25%
% to sales	30%	34%	
R&D	404	353	14%
% to sales	6%	7%	
EBITDA	1,451	966	50%
% to sales	21%	19%	
Impairment	1,402	310	NA
PAT	(517)	385	-
% to sales	(7%)	8%	
EPS	(30.6)	22.8	-

Key Financial Highlights – FY09

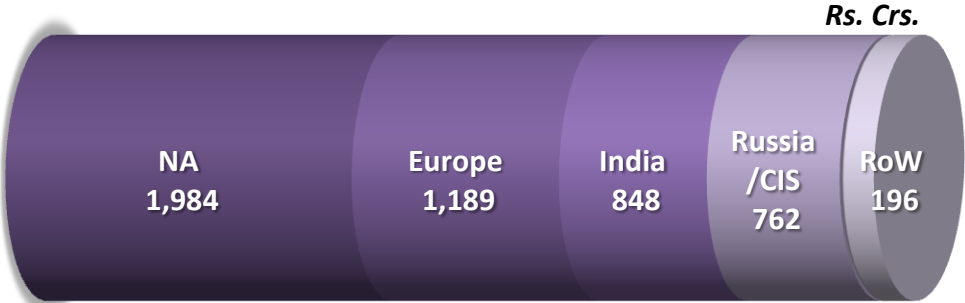
- **Overall revenue growth of 39% driven by the successful launch of sumatriptan and by the key markets of North America & Russia**
 - Revenues at Rs. 6,944 crs in FY09 as against Rs. 5,001 crs in FY08
 - Growth excluding sumatriptan → 24%
- **EBITDA at Rs. 1,451 crs in FY09 as compared to Rs. 966 crs in FY08 ; YoY growth of 50%**
- **Adjusted PAT* at Rs. 851 crs in FY09 as compared to Rs. 449 crs in FY08 ; YoY growth of 89%**

Consolidated Revenue

Rs. 6,944 crs.
gr → 39%

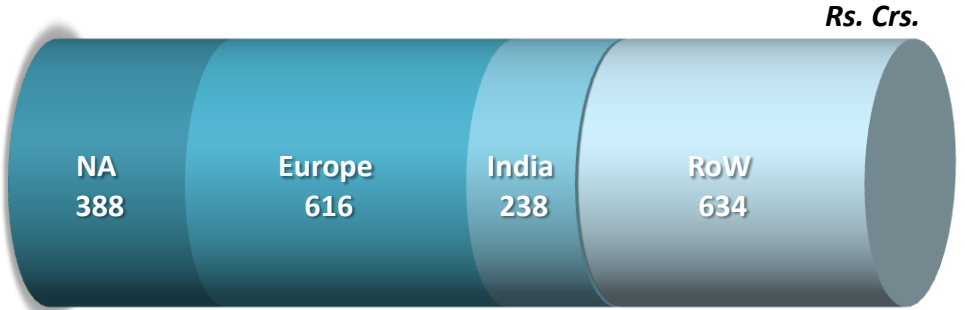


Global Generics



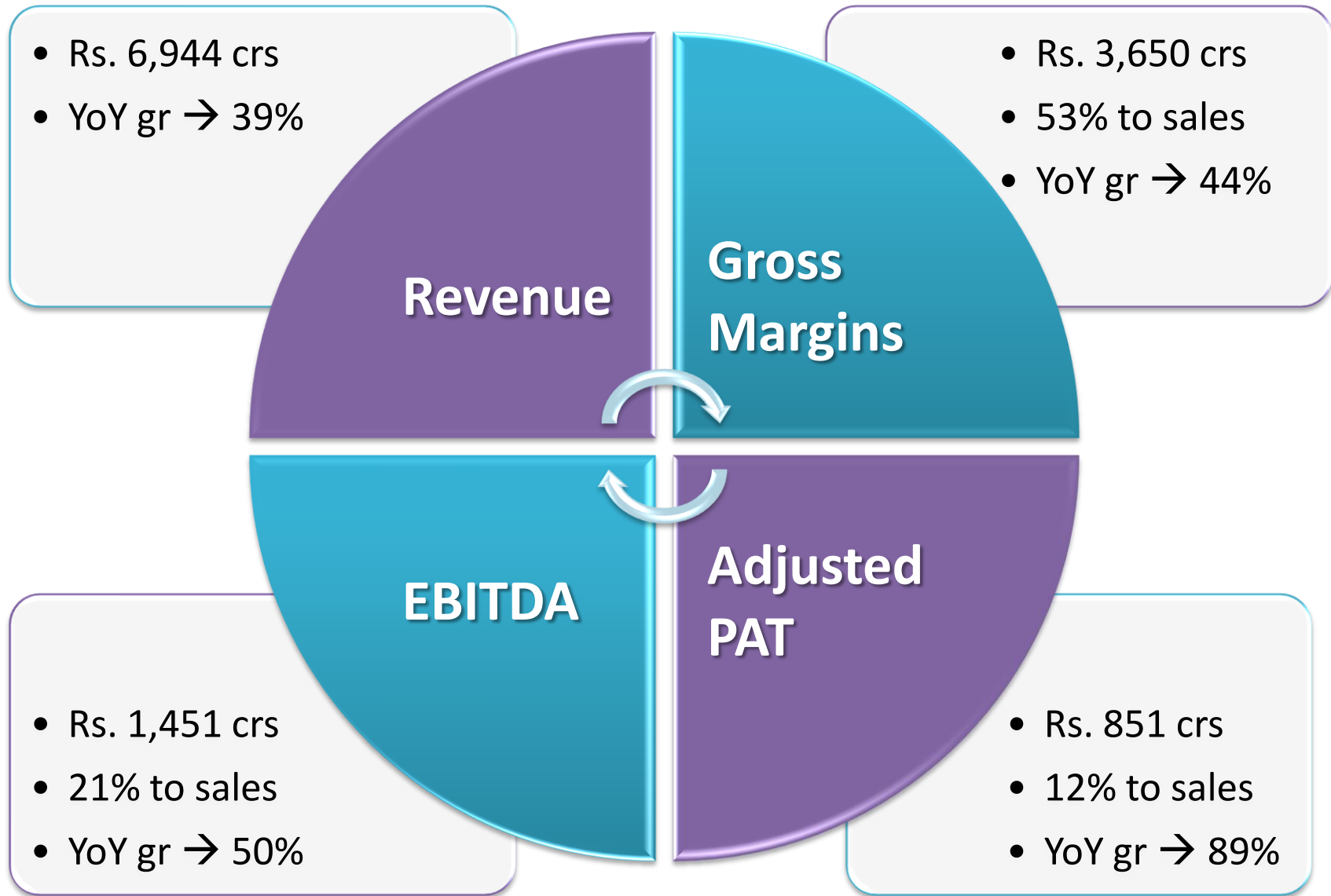
gr → 147% 16% 5% 38% 64%

PSAI



gr → 16% 9% 1% 20%

Key P&L Items → FY09



Key Business Highlights

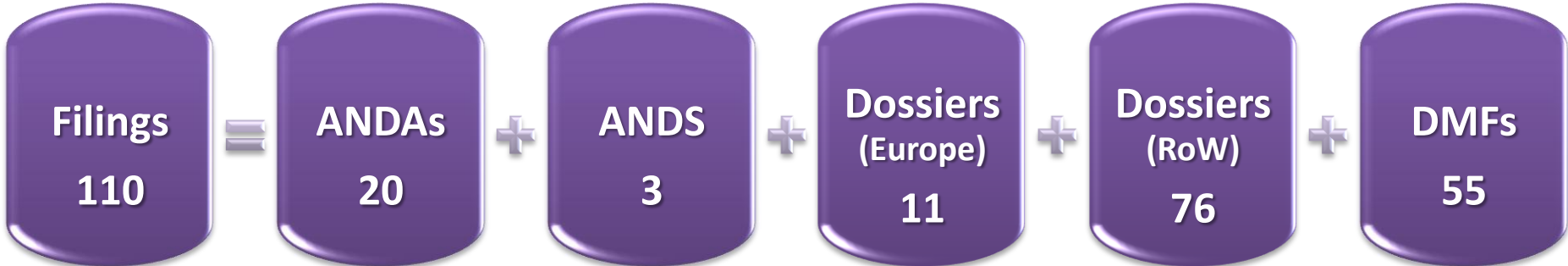
H1 FY09

- Acquisition of BASF's Shreveport facility in the US
- Acquisition of Mirfield& Cambridge facilities from Dow Pharma
- Acquisition of Jet GenericiSrl, a company engaged in the sale of generic finished dosages in Italy
- Launch of Specialty business 'PromiusPharma' in the US

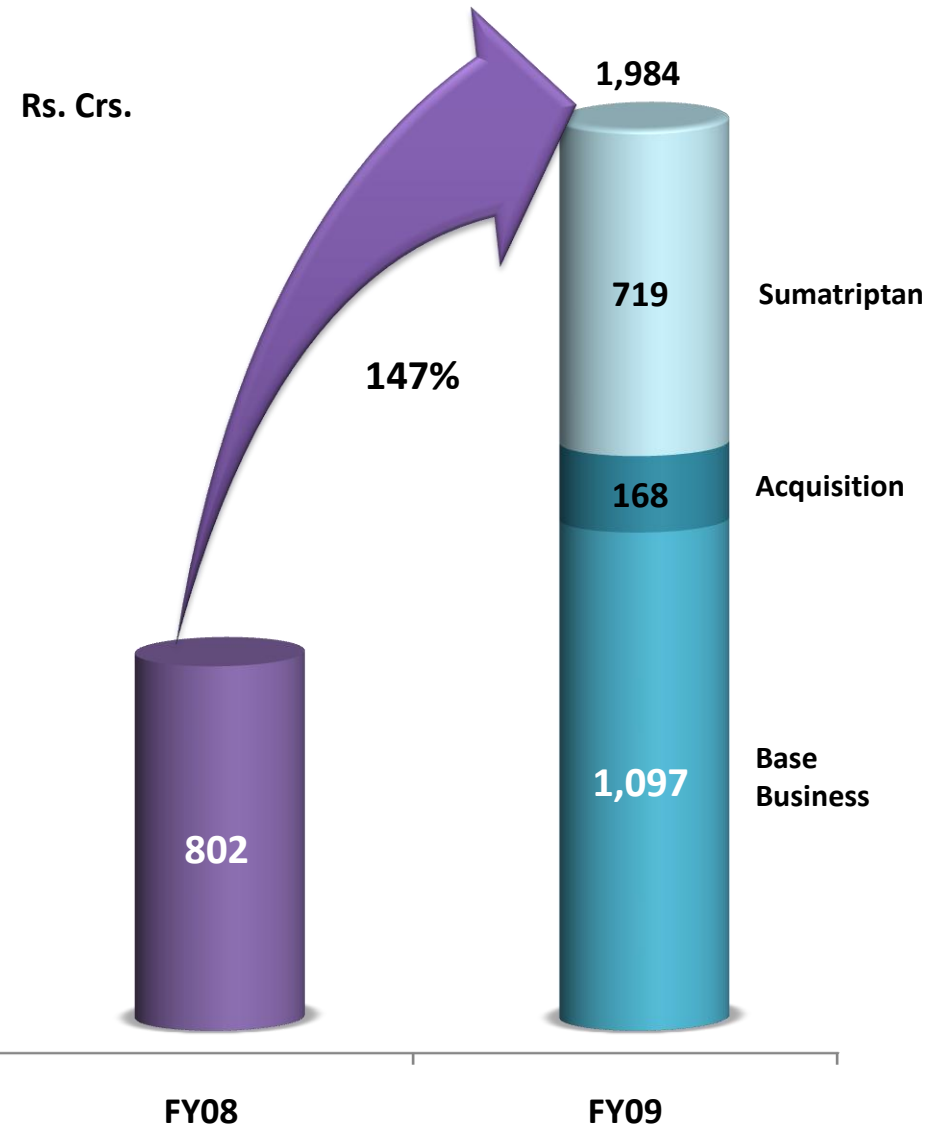
H2 FY09

- Successful AG launch of GSK's Imitrex® in late Nov 08
- Germany → AOK Tender → 8 products / 33 contracts → Top 3
- Germany → Olanzapine patent suit → Damages : € 14 mn
- Omeprazole Mg OTC → Favourable summary judgement ruling
- Fondaparinux → ANDA filed under GIVE initiative

Global Launches & Filings → FY09



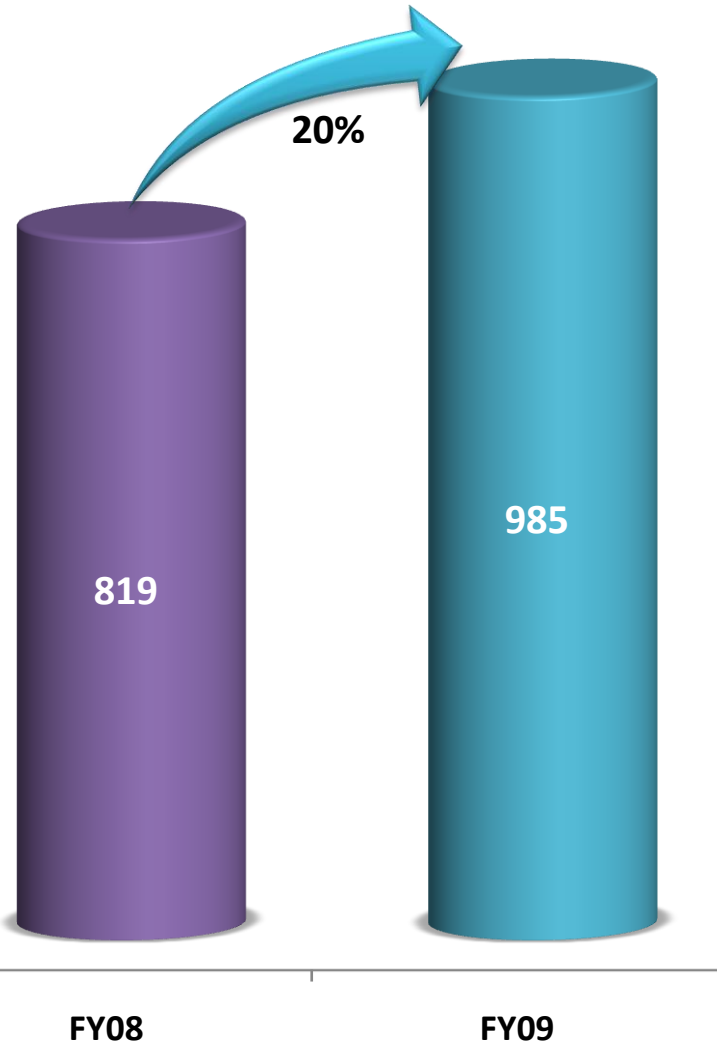
Global Generics North America



- ❑ Successful launch of the AG version of GSK's Imitrex®
 - Current market share ~ 50%
- ❑ \$ growth of 24% excluding sumatriptan → volume growth across existing products
 - Volume growth of base biz. → 25%
- ❑ 16 new product launches
- ❑ Filed 20 ANDAs ; 69 pending approval addressing innovator sales of \$46 bn
- ❑ ANDA Updates :
 - Fondaparinux → ANDA filed under 'GIVE'
 - Omeprazole Mg OTC → favourable summary judgement
 - Desloratadine → Settled (IMS \$ 50 mn)

Global Generics Germany

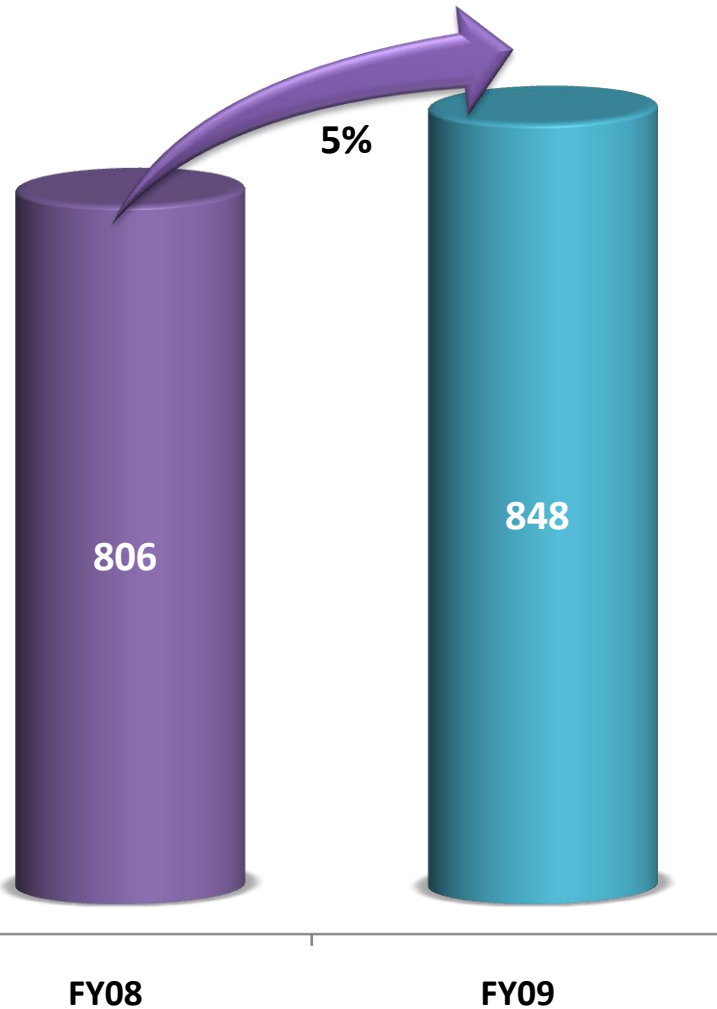
Rs. Crs.



- ❑ Volume growth in existing products offset by price declines
 - betapharm volume growth → 16.5%
 - Market volume growth → 3.2%
- ❑ AOK Tender : Among Top 3
 - 8 products/33 contracts ~ 18% of AOK volumes
- ❑ Filed 8 dossiers and launched 10 new products
- ❑ Olanzapine damages → Rs. 92 crs.
- ❑ Restructuring organisation to new market model

Global Generics India

Rs. Crs.

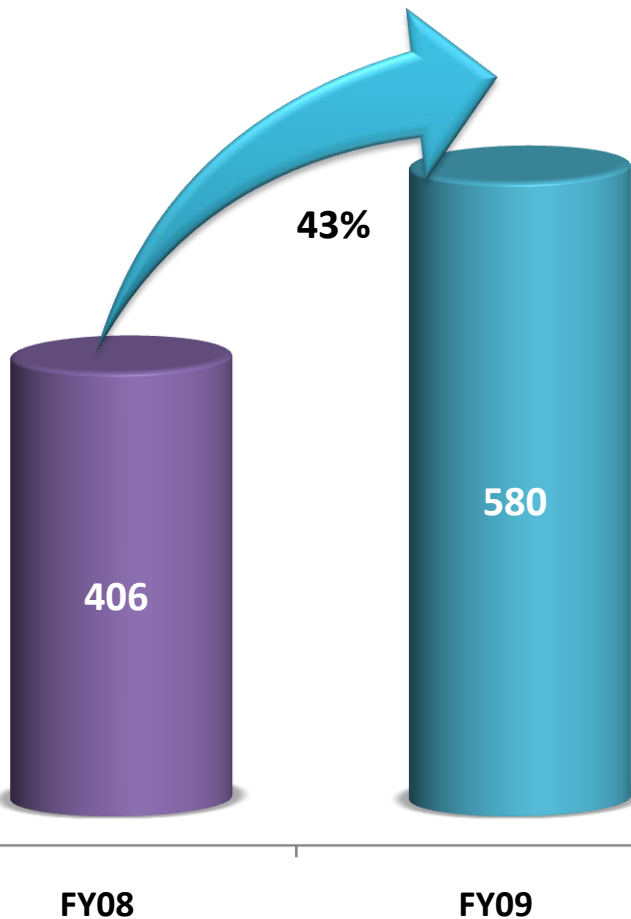


- ❑ Growth → 2.6% as against the industry growth of 10.1% ; Sub industry growth due to :
 - conscious change to a replenishment based supply model
 - low new product launches
- ❑ Action Plans :
 - To capitalize on our brand equity strength with GPs/CPs
 - To address the issue of penetration in potential areas like Rural & Northern regions
 - To address the portfolio width gap

Russia

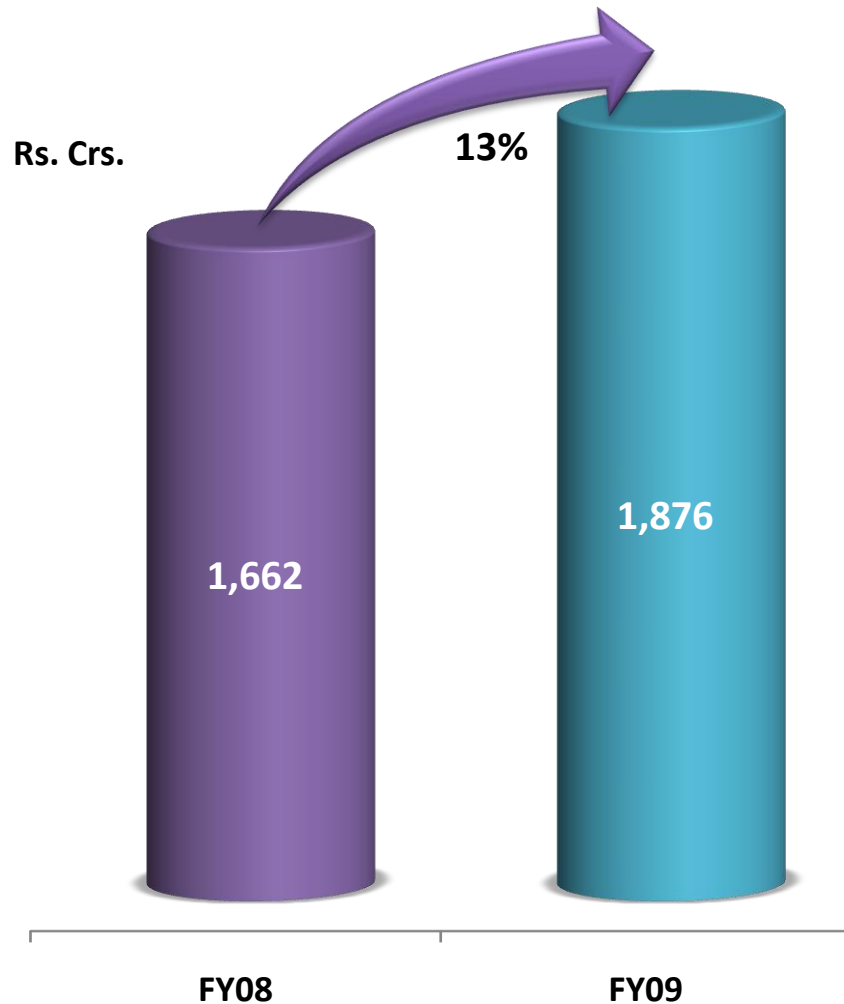
	FY04	FY05	FY06	FY07	FY08	FY09
\$ gr	19%	18%	21%	38%	22%	12%

Rs. Crs.



- ❑ Rouble growth of 35% ; growth led by key brands of Omez, Nise&Ketorol
 - Omez, Nise&Ketorol > \$25 mn each
- ❑ Fastest growing international branded generic company by volumes (Source: Pharmexpert MAT Mar 09)
 - Dr. Reddy's volume growth → 11.2%
 - Industry's volume growth → (0.2%)
- ❑ 9 brands in the Top 3 ranks
 - Omez, Nise, Keterol&Ciprolet → Rank #1
- ❑ OTC (13% of revenues) segment gaining traction
- ❑ Top 4 distributors > 80% of our revenue
 - Strong control on credit limits & credit period

Pharmaceutical Services & Active Ingredients

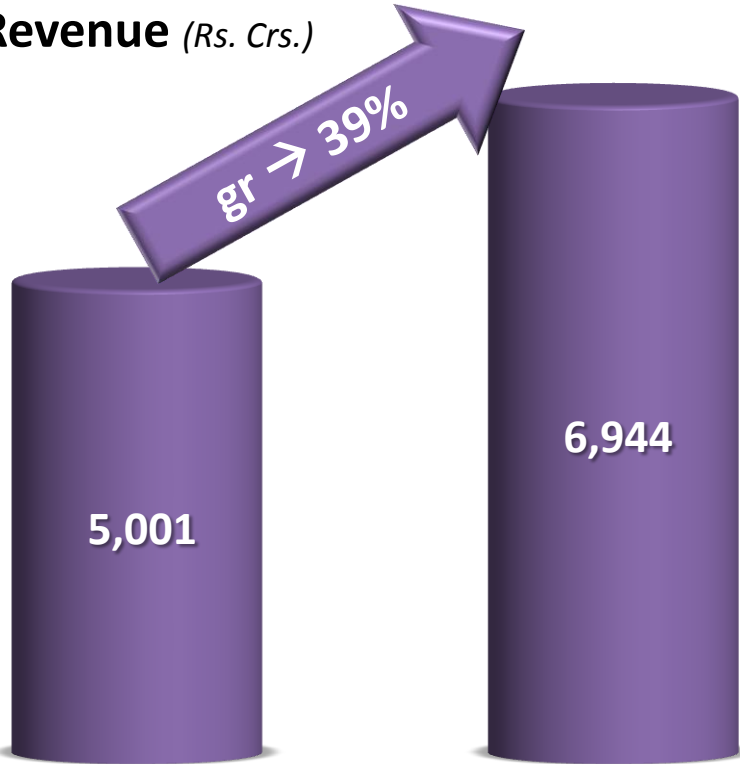


- ❑ Growth driven by regions of North America & RoW
- ❑ Top 10 customers & Top 10 products → > 50% of revenues
- ❑ Incremental increase in order book by 30% during the fourth quarter
- ❑ Building a strong pipeline
 - DMF filings for the year → US - 21 ; Europe – 19 ; Canada – 5 ; RoW – 10
 - Cumulative DMF filings → 351

FY09 Guidance Achievement

Revenue Guidance → 25% Growth

Revenue (Rs. Crs.)



FY08

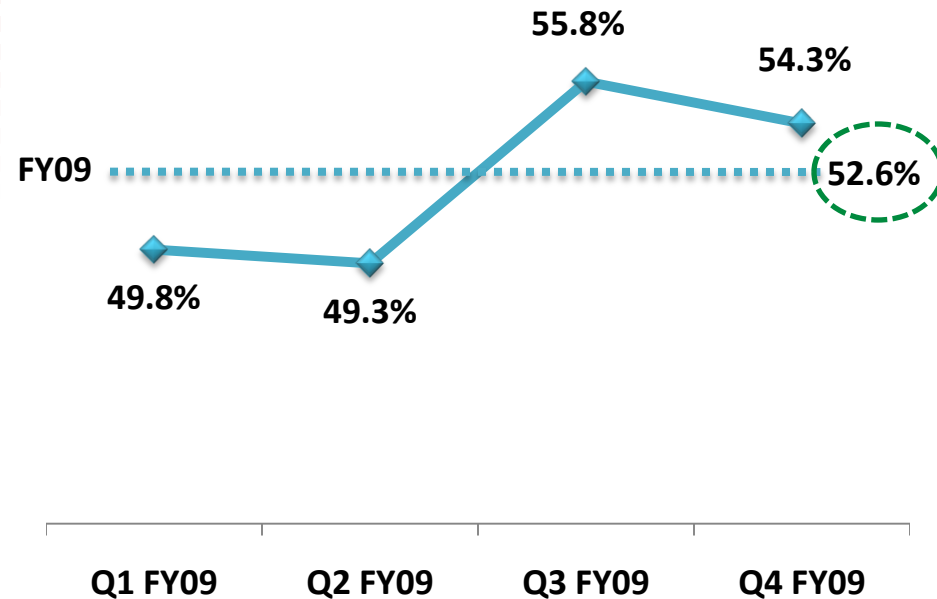
FY09

Guidance →



Gross Margin Guidance → ~ 50% levels

Gross Margin (% to sales)



Guidance →

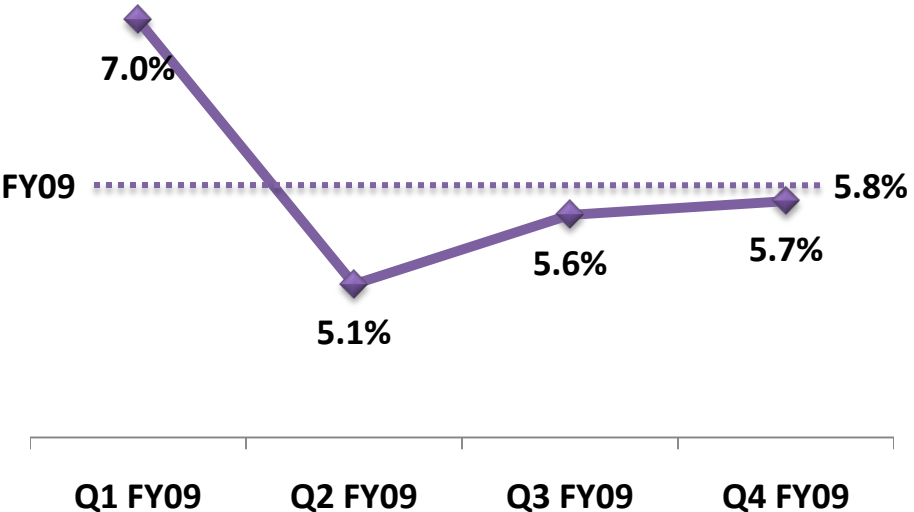


FY09 Guidance Achievement

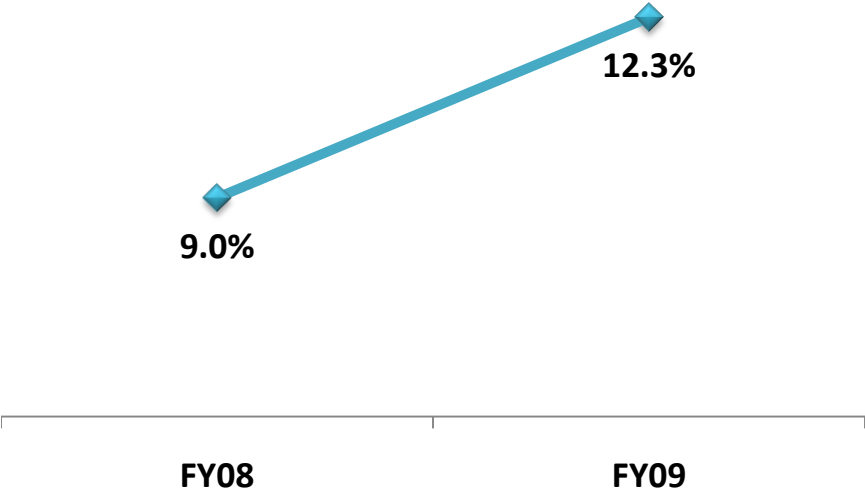
R&D Margin Guidance → 7% of sales

Guidance → Improved Profitability

R&D Margin (% to sales)



PAT* (% to sales)



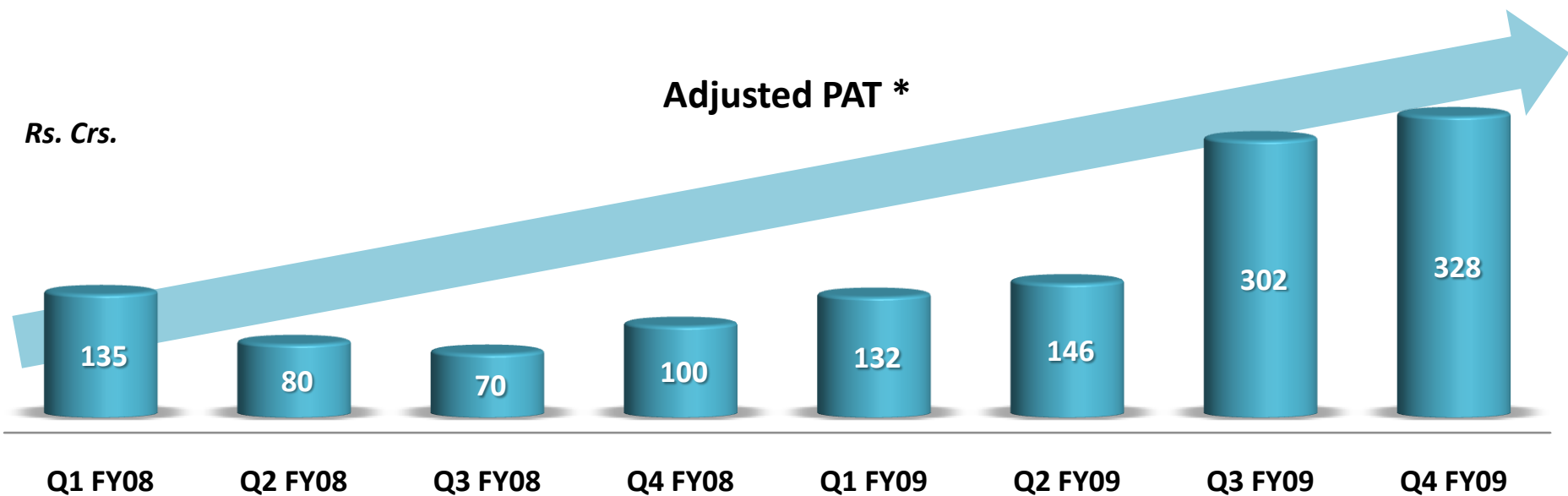
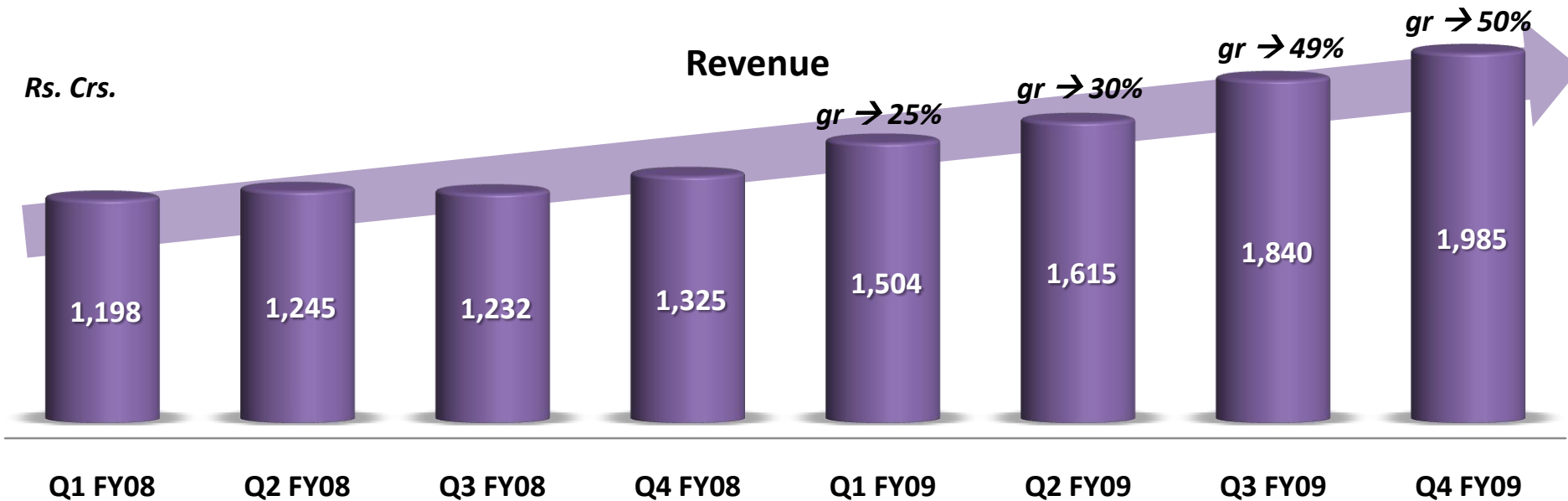
Guidance → ●

Guidance → ●

* Adjusted for one time exceptions 18

Consistent Growth Momentum

For the last eight quarters



** Adjusted for forex, one time write downs & tax benefits* 19

Baseline for future growth

- Critical size and scale in core business & in key markets –
Mitigation of Risks
- Costs aligned for baseline growth
- Visibility of upsides every year – not just one off opportunities

FY10 Guidance continues growth on high base

Revenue



Growth → 10%

(on a higher base of FY09)

RoCE



In high teens

(16% to 19%)

We expect the second half to perform better than first half.

Key Priorities → Near Future

Improving RoCE → 25%+ levels → strong control on costs

Scaling up our portfolio offering

Improving supply chain efficiencies & cash cycles

Addressing the need for higher infrastructure / capacities



DR. REDDY'S



LIFE
RESEARCH
HOPE

Q&A Session

May 18, 2009

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

Key Balance Sheet Items → Mar 09

	<i>Rs. Crs.</i>	
	Mar 09	Mar 08
Cash & Cash Equivalents	560	742
Trade & Other receivables	1,437	682
Inventories	1,323	1,113
Property, plant & equipment	2,088	1,677
Loans & borrowings (current & non current)	1,970	1,935
Trade accounts payable	599	543