



DR. REDDY'S

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Q1 FY11 Results Update

Jul 22, 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.

Consolidated Key Financial Highlights → Q1 FY11

□ **Revenues at Rs. 1,683 crs** ; *Growth excluding sumatriptan at 4%*

□ **EBITDA at Rs. 342 crs** ; *20% to sales*

□ **PAT at Rs. 210 crs** ; *12% to sales*

□ **Globally 32 new product launches & 29 product filings**

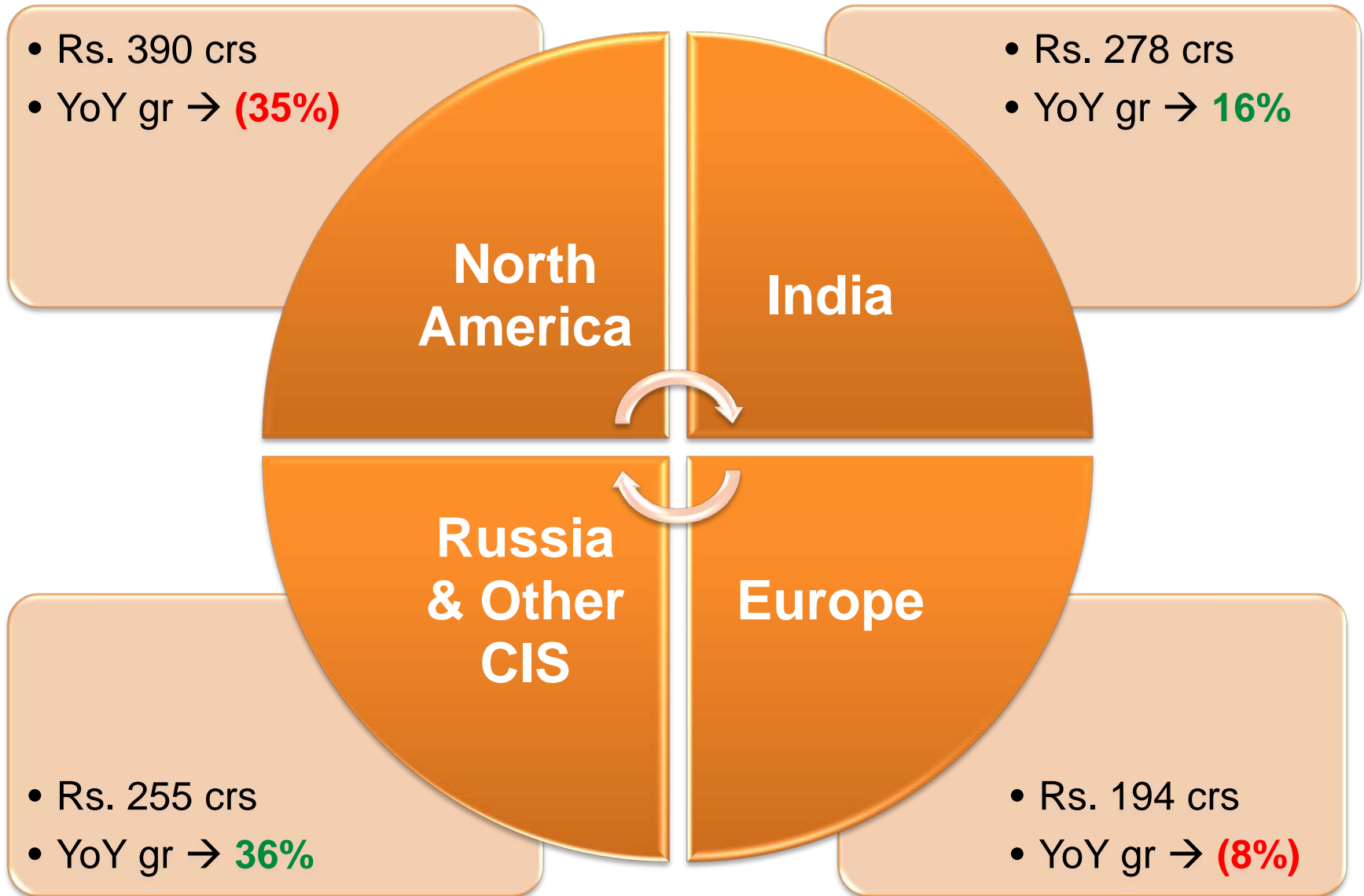
P&L → Q1 FY11

All figures in Rs. Crs. except EPS

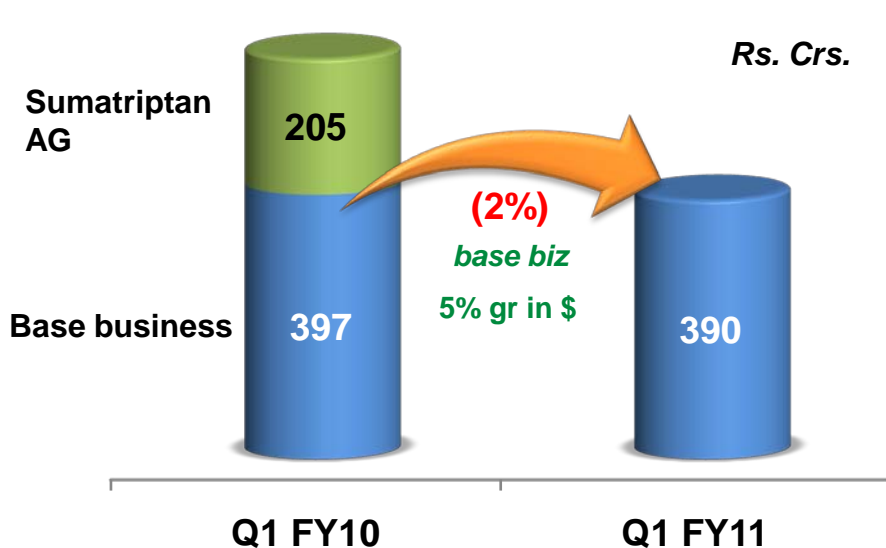
	Q1 FY11	Q1 FY10	Gr%
Revenue	1,683	1,819	(7%)
Gross Profit	891	1,017	(1%)
<i>% to sales</i>	53%	56%	
SG&A	548	593	(8%)
<i>% to sales</i>	33%	33%	
R&D	99	99	1%
<i>% to sales</i>	6%	5%	
EBITDA	342	436	(22%)
<i>% to sales</i>	20%	24%	
PAT	210	245	(14%)
<i>% to sales</i>	12%	13%	
EPS	12.3	14.4	(14%)

Segmental Analysis : Revenues

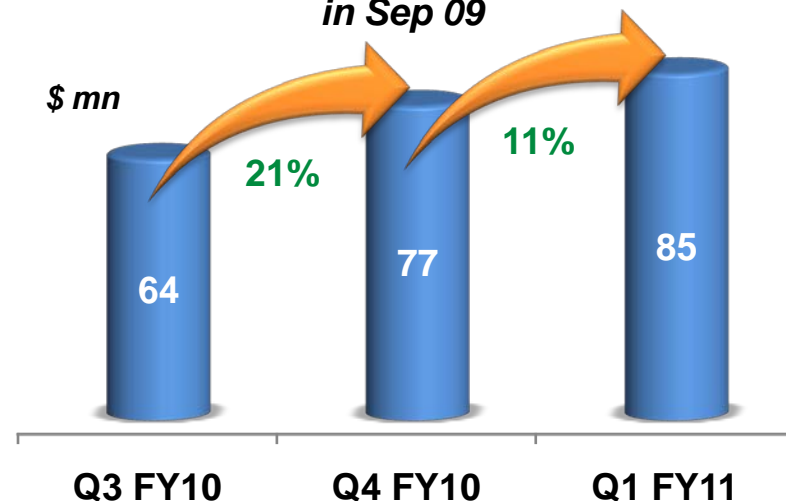
Global Generics FY10 Revenues at Rs. 1,192 crs



Global Generics : North America

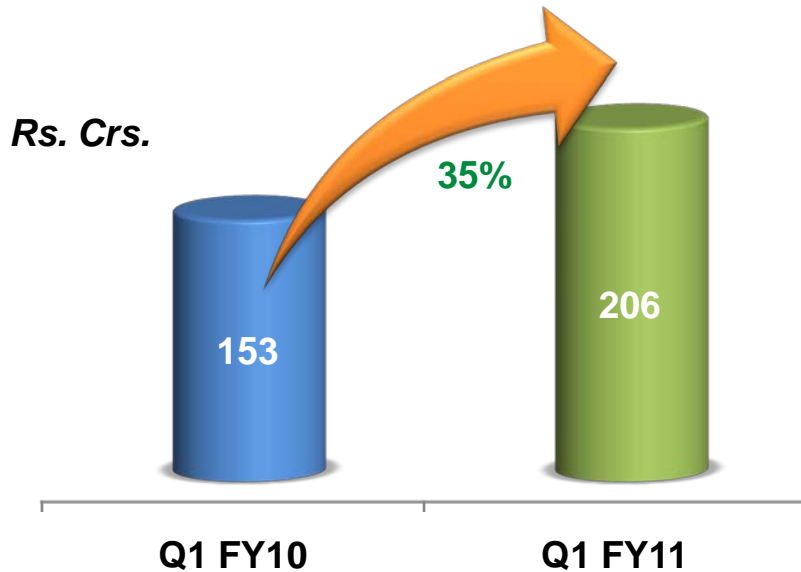


Strong recovery in Base Biz post recall issues in Sep 09



- ❑ 7 → ANDA approvals (1 tentative) ; 5 → ANDA filings ; 3 → new product launches
- ❑ Successful launches of limited competition products such as Amlodipine Benazepril & Tacrolimus
- ❑ Base business → Leverage the benefits from our vertically integrated products to target higher market shares
- ❑ **ANDA Pipeline:** Pending approvals → 71 ; Para IVs → 36 ; FTFs → 12

Global Generics : Russia

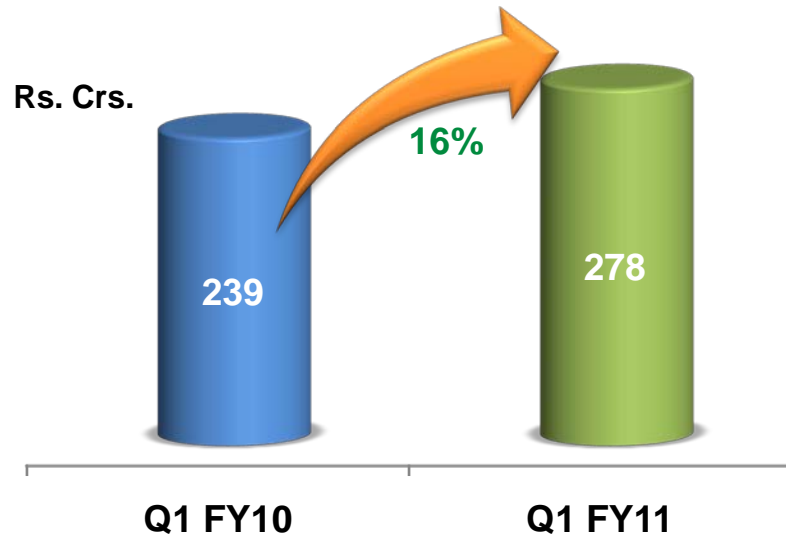


Pharmexpert (MAT Mar 10)

- ❑ Secondary Sales Growth :
 - Dr. Reddy's → 33%
 - Industry → 21%
- ❑ Dr. Reddy's Rank → 15th

- ❑ YoY growth of 44% and sequential growth of 32% in dollar terms ; Growth driven by volume increase largely in key brands of Nise, Omez, Cetrine & Ketorol
- ❑ High growth was witnessed across all companies in the industry largely due to re-stocking of inventory in the recent months by distributors
- ❑ 4 new products launched during the quarter

Global Generics : India

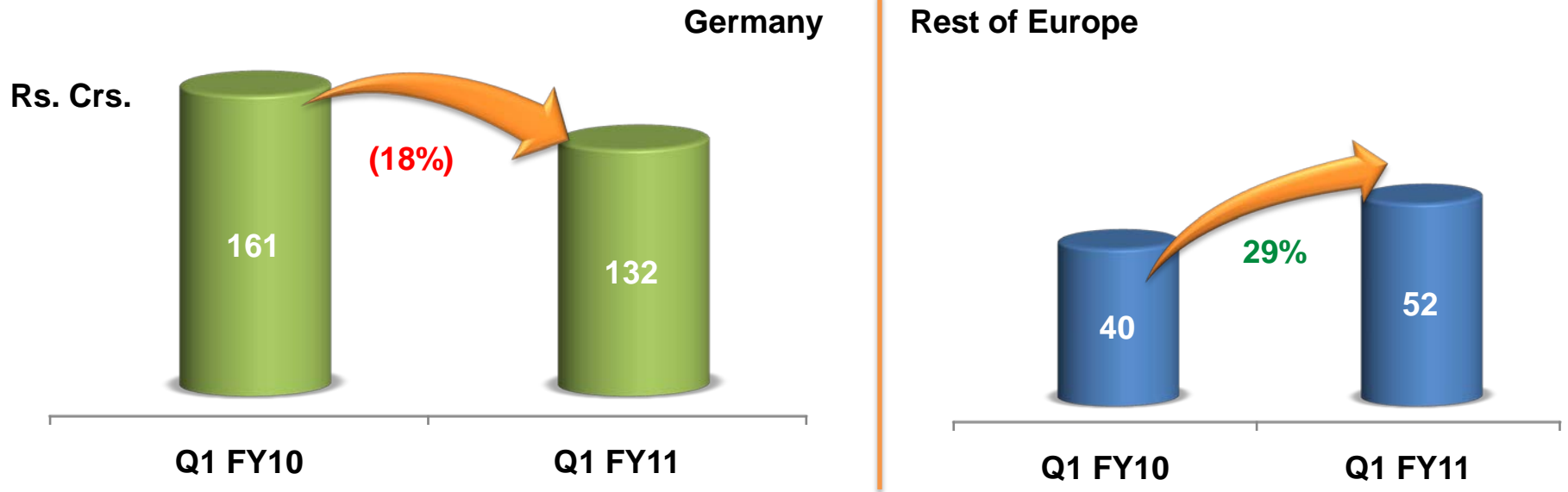


ORG IMS (MAT Jun 10)

- ❑ Secondary Sales Growth :
 - Dr. Reddy's → 22%
 - Industry → 20%
 - Top 10 → 21%
- ❑ Dr. Reddy's Rank → 14th

- ❑ Growth largely driven by new product launches and increased volumes in existing business
- ❑ New product launches → 11
- ❑ Darbepoetin (*our third biosimilar product in India*) → Received final manufacturing approval ; expect to commercialize shortly

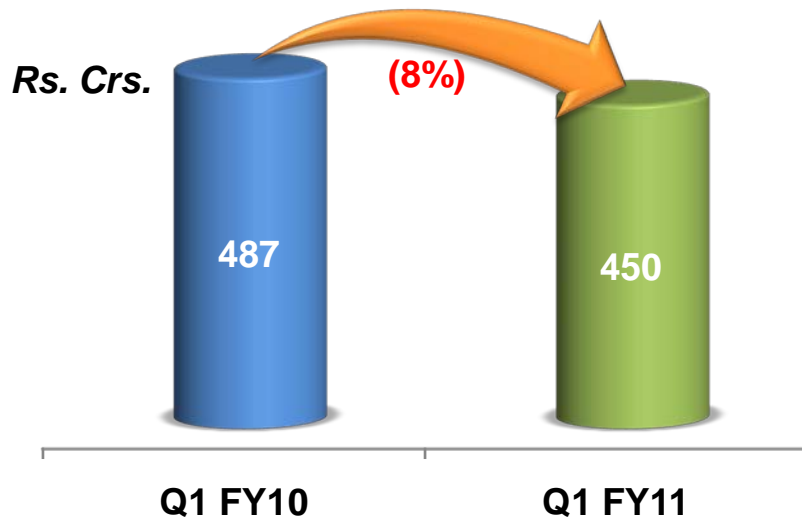
Global Generics : Europe



Germany

- ❑ Revenues of Euro 23 mn ; marginal decline of 6% in local currency terms
- ❑ Competitiveness in bidding for new tenders to be leveraged by :
 - Benefit of significant optimization of SG&A in the last one year
 - Efforts to increase vertical integration of existing products at betapharm

Pharmaceutical Services & Active Ingredients



DMFs Pipeline :

Cumulative	→ 378
US	→ 156
Europe	→ 90
Canada	→ 59
RoW	→ 73

- ❑ Revenue growth is flat in constant currency terms
- ❑ No new significant launches of API in the recent quarters and the impact of volume increases is being offset by price decreases
- ❑ 3 RoW DMF filings during the quarter

Other Updates

- ❑ District Court of New Jersey granted a preliminary injunction to Sanofi-Aventis blocking our proposed launch of the generic version of Allegra D24
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- ❑ GSK Alliance :

- Shipped products to Mexico, Brazil & Maldives in this quarter
 - Cumulatively filed > 70 dossiers in various emerging markets
 - Brazil deal → transferred dossiers and trademarks for currently marketed 9 products in Brazil to GSK for a milestone payment of \$4 mn
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- ❑ New Product activity across markets looking encouraging. Expected number of new launches in US ~ 8 to 10 for balance of the year



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Q&A Session

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Key Balance Sheet Items

	<i>Rs. Crs.</i>	
	Jun 10	Mar 10
Cash & Cash Equivalents	637	658
Trade receivables	1,277	1,196
Inventories	1,445	1,337
Property, plant & equipment	2,394	2,246
Loans & borrowings (current & non current)	1,387	1,470
Trade payables	969	932

- Capex for the quarter is at Rs. 187 crores
- Debt – Equity ratio at 0.17 in Jun 10 from 0.19 as of Mar 10