

Press Presentation



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:

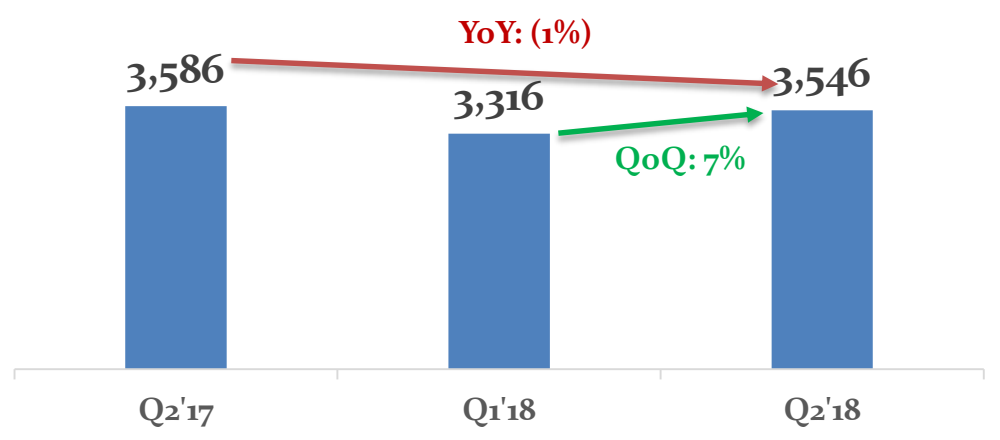
- General economic and business conditions in India and other key global markets in which we operate;
- The ability to successfully implement our strategy, our research and development efforts, growth & expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Allocations of funds by the Governments in our key global markets;
- 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 and in our key global markets.

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.

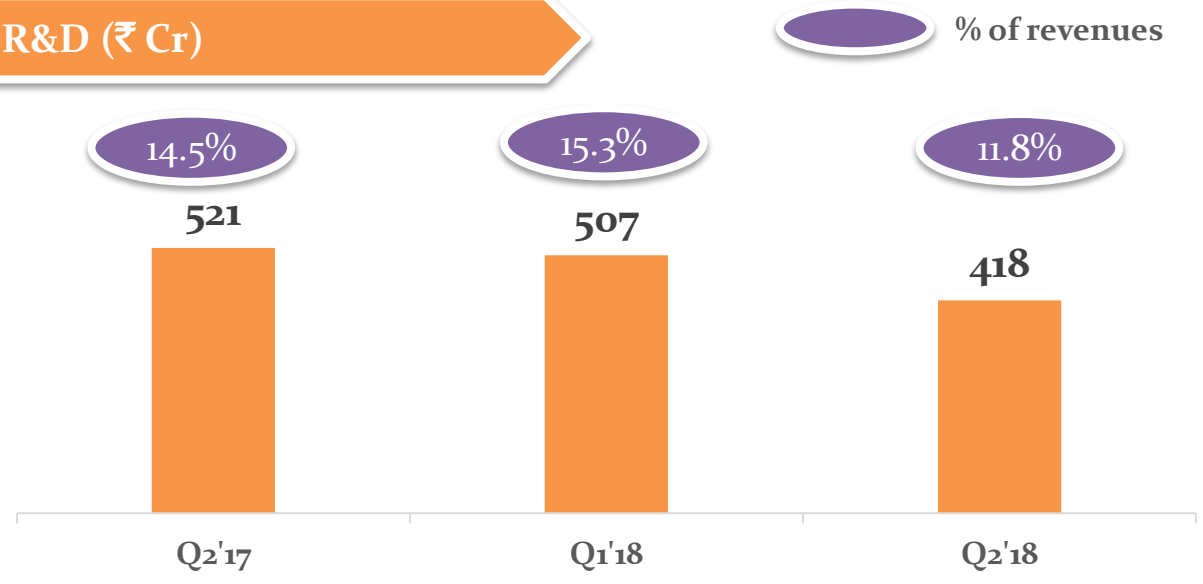
For more detailed information on the risks and uncertainties associated with the Company’s business activities, please see the company’s annual report filed in Form 20-F with the US SEC for the fiscal year ended March 31, 2017 and quarterly financial statements filed in Form 6-K with the US SEC for the quarters ended September 30, 2016, December 31, 2016 and June 30, 2017 and our other filings with US SEC. 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 FY18 : Financial highlights

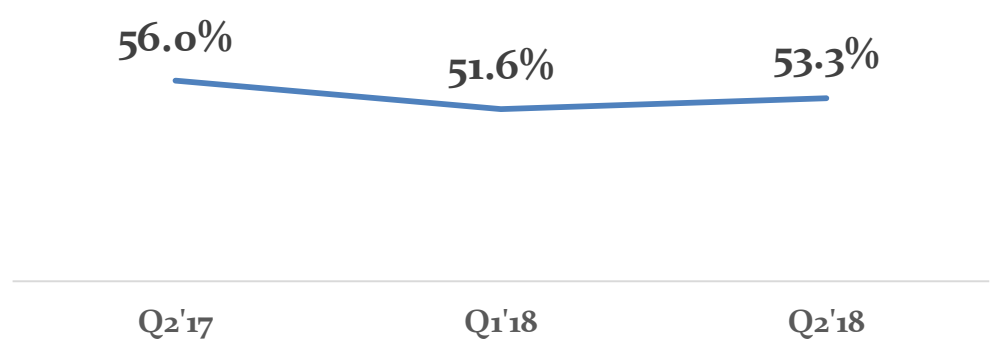
Revenues (₹ Cr)



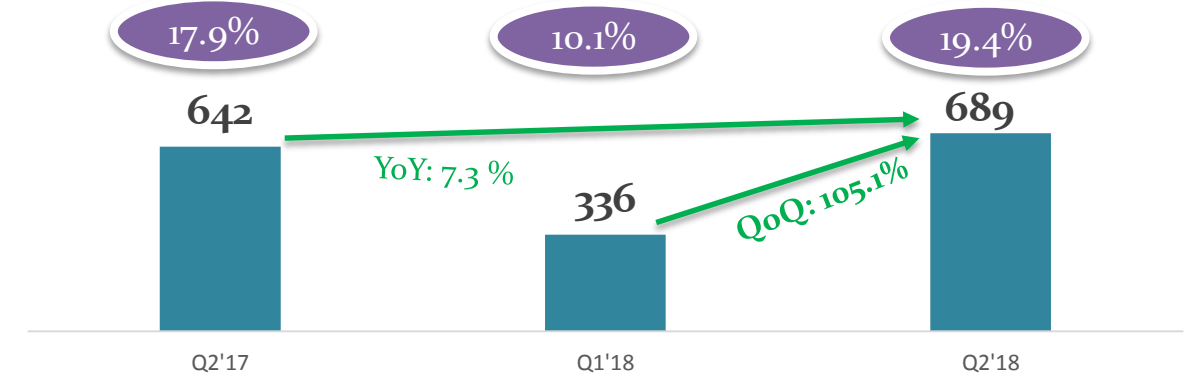
R&D (₹ Cr)



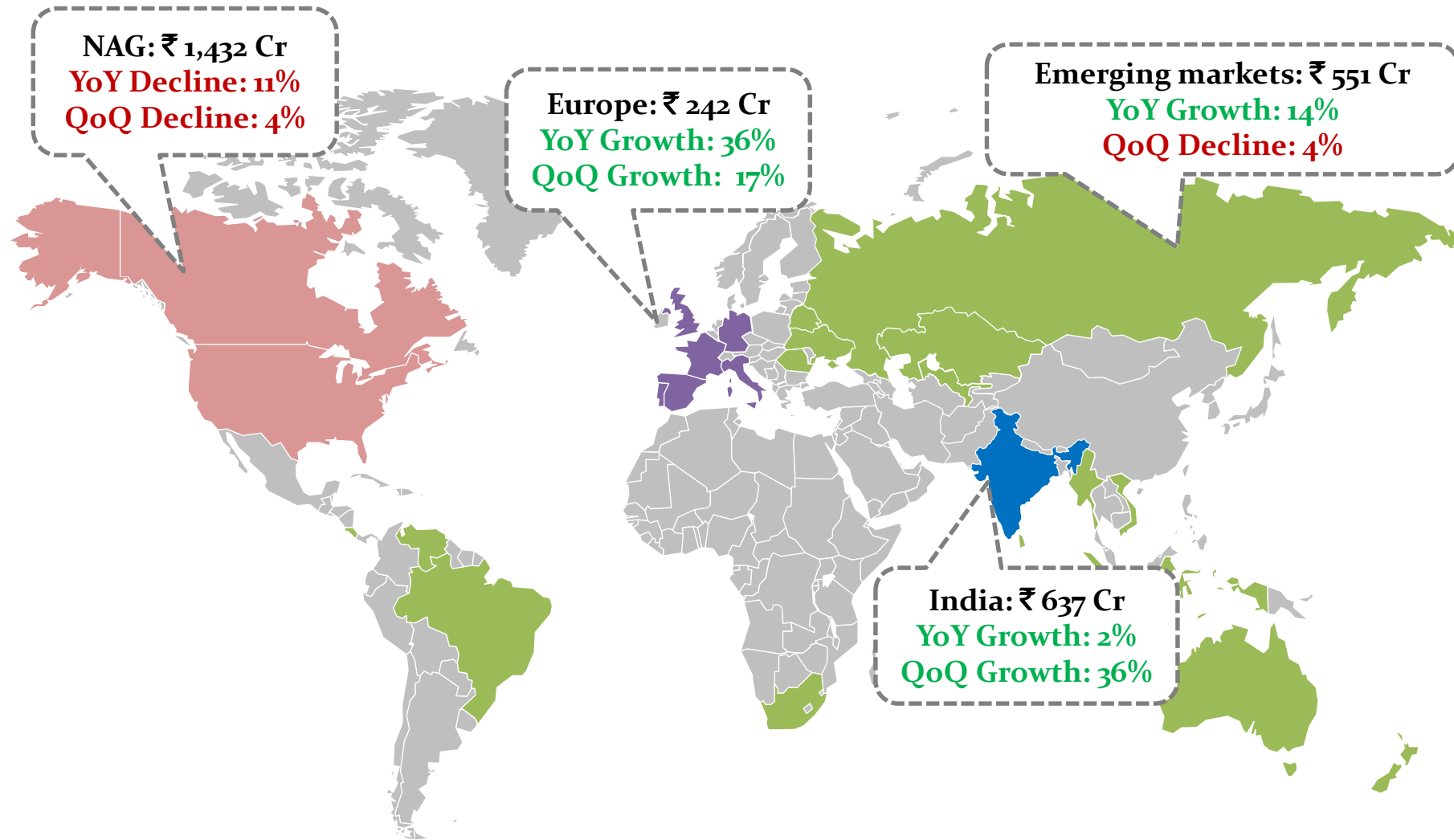
Gross profit (%)



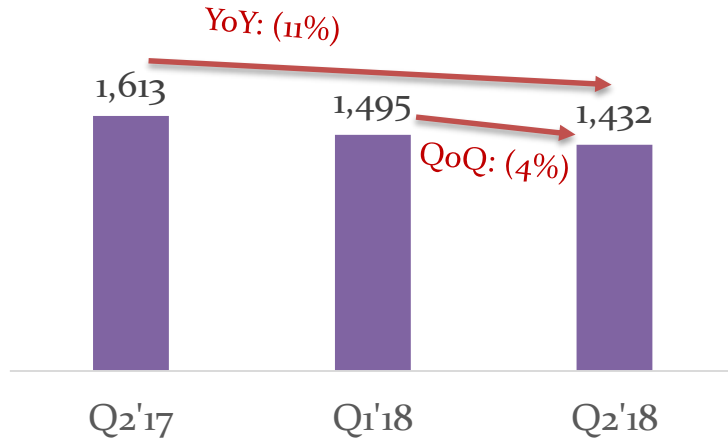
EBITDA (₹ Cr)



Global Generics: Q2 FY18 Revenues of Rs. 2,862 Cr (YoY 1% Decline, QoQ 4% growth)



Revenues (₹ Cr)

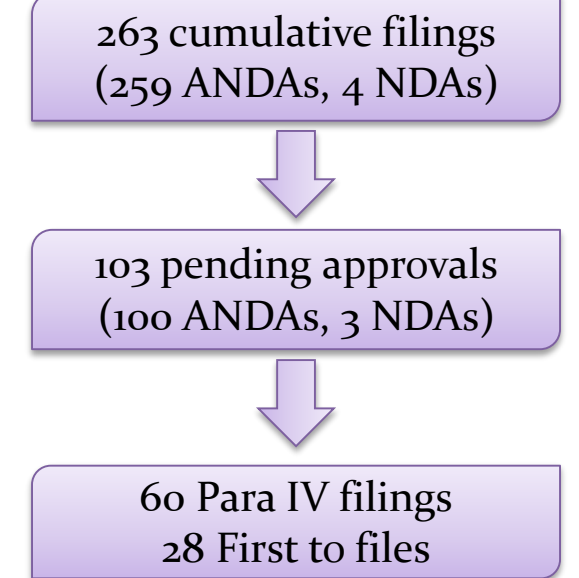


Market share

Product	May-17	Aug-17
Decitabine Injection [^]	68%	71%
Azacitidine	45%	41%
Metoprolol ER	25%	24%
Esomeprazole [^]	20%	22%
Valgancyclovir	30%	32%
Nitroglycerin SLT [^]	47%	52%
gVytorin [^]	28%	33%
Atorvastatin	14%	14%

[^]based on total market share

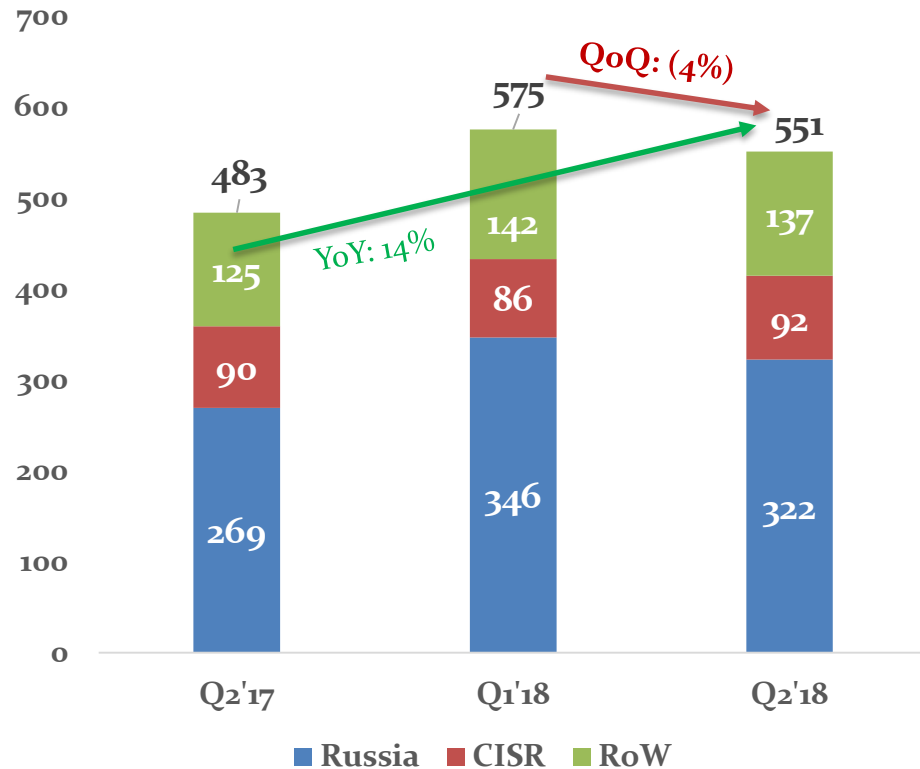
Generics filings Pipeline



- Ranked 9th amongst the Generics Rx Players in the US [IMS MAT of Aug' 2017]
- Price erosion impact led by channel consolidation continued in this quarter also
- We expect to improve our performance supported by new products and ramp up of our recent launches.
- 4 new products – Sevelamer carbonate, Cefixime OS, Bupropion XL & Metaxalone tabs were launched during the quarter

Global Generics: Emerging markets

Revenues (₹ Cr)



Russia

- In local currency terms, sales grew by 13% YoY majorly driven by higher volumes in base business and new products
- As per IMS, MAT Aug'17, Dr. Reddy's volume growth is at 1.5% vs. Russian market volume growth of 1.2%.

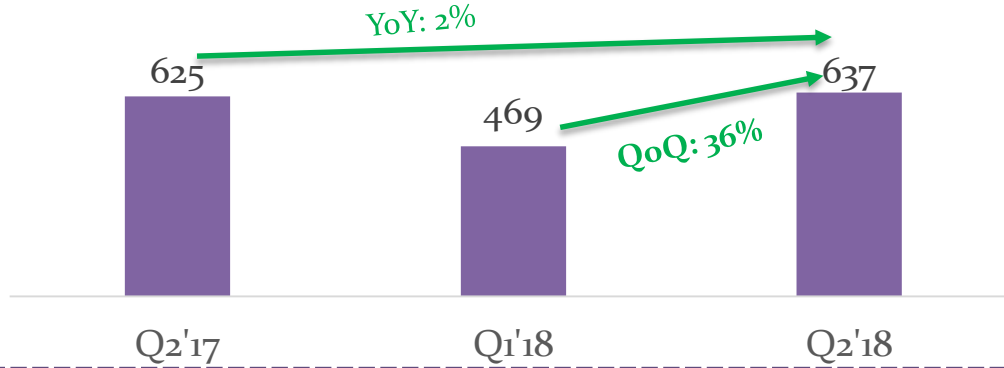
CISR

- Y-O-Y growth of 3%, majorly driven by new products launched in Ukraine

ROW

- Y-O-Y growth of 9%, majorly on account of traction gained in our new markets - Brazil, Colombia & Algeria

Revenues (₹ Cr)



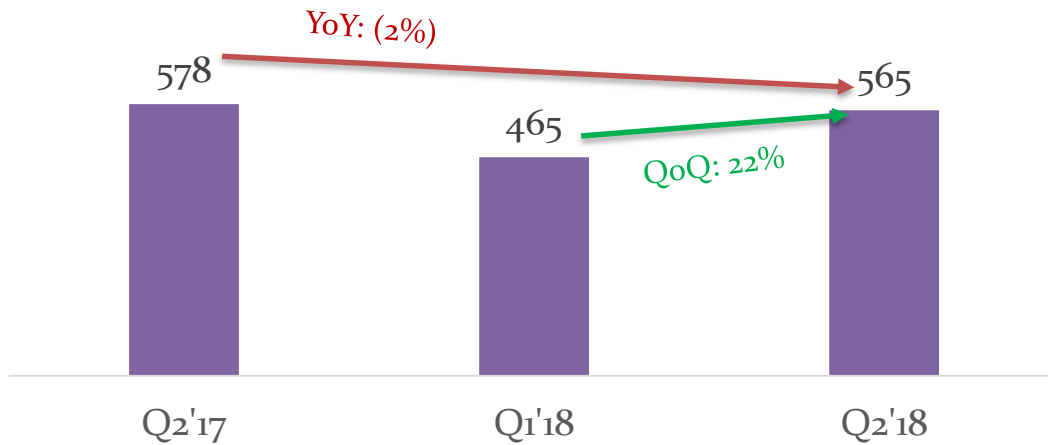
- Post the transition to the GST regime, inventory holding days has recovered partially
- Normalizing for GST transition related adjustments, Y-O-Y growth is @10%
- 8 new products launched in the period, major ones being Vozet, Pomired

Pomired
Pomalidomide 1, 2, 4 mg Capsules



Pharmaceutical services & active ingredients

Revenues (₹ Cr)



PSAI

- Y-o-Y decline is majorly attributed to lower sales in Custom Pharmaceutical business
- Sequentially growth is majorly on account of improved order flow and supply situation
- Globally, 16 DMFs filed in Q2'18; out of which 2 are in the US

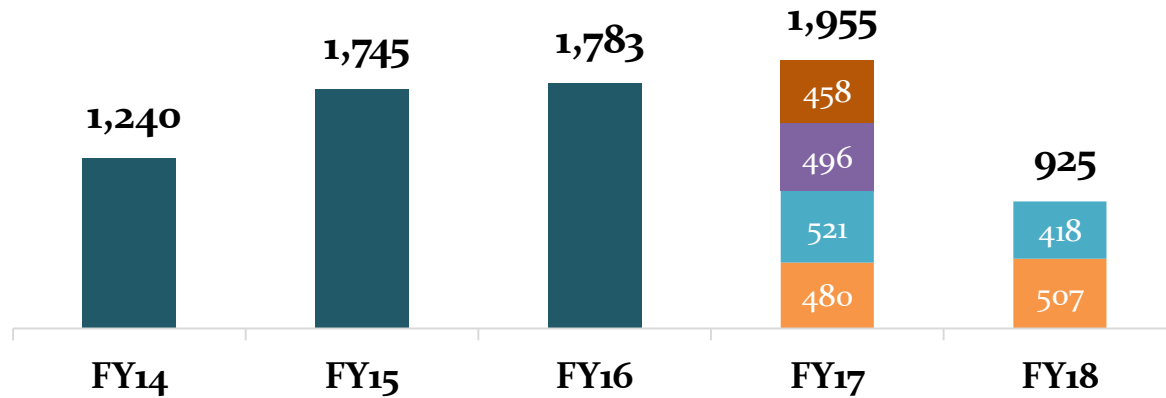
DMF filings

Region	Filings
US	203
Europe	166
Canada	73
RoW	338
Cumulative	780

Capex, R&D & free cash flows

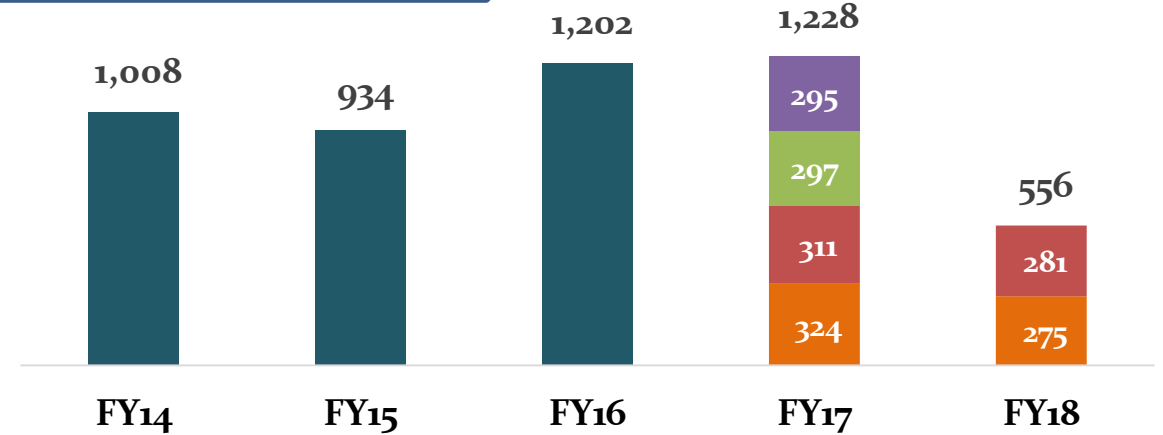
R&D (Rs. Cr)

Q1 Q2 Q3 Q4



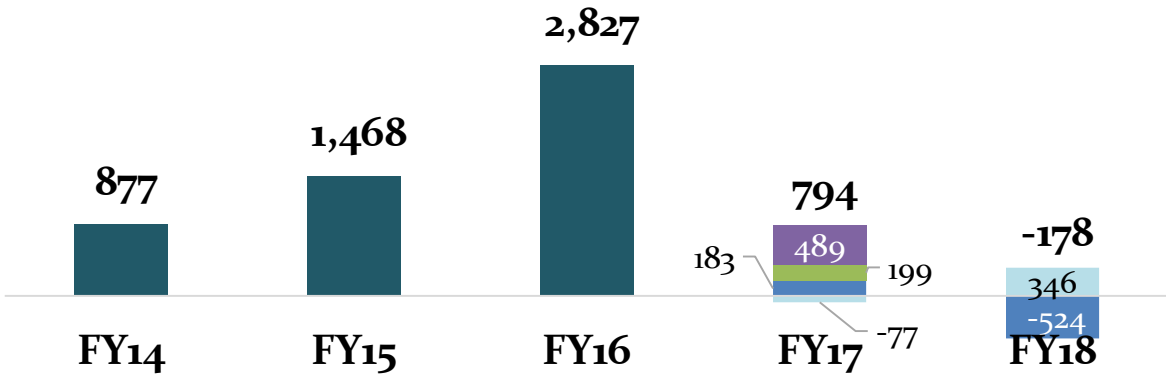
Capex (Rs. Cr)

Q1 Q2 Q3 Q4

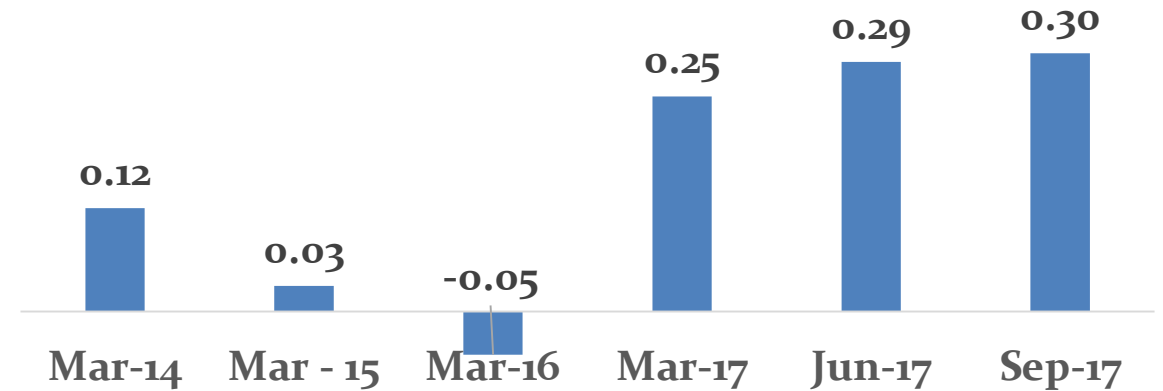


Free cash flows (Rs. Cr)

Q1 Q2 Q3 Q4



Net debt/Equity



FCF as above is before acquisition related pay-outs

Key priorities



Continue to strengthen our manufacturing and quality system and work with regulatory agencies to address the concerns raised by them



Continue to focus on building a healthy pipeline of complex products and de-risk high value launches



Scaling up the newly entered geographies in Emerging Markets, while continuing to focus on higher sales from existing markets



Continue to focus on optimizing our cost structure

Q&A SESSION



**GOOD
HEALTH
CAN'T
WAIT.**

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About Dr. Reddy's: Dr. Reddy's Laboratories Ltd. (BSE: 500124, NSE: DRREDDY, NYSE: RDY) is an integrated pharmaceutical company, committed to providing affordable and innovative medicines for healthier lives. Through its three businesses - Pharmaceutical Services & Active Ingredients, Global Generics and Proprietary Products – Dr. Reddy's offers a portfolio of products and services including APIs, custom pharmaceutical services, generics, biosimilars and differentiated formulations. Our major therapeutic areas of focus are gastro-intestinal, cardiovascular, diabetology, oncology, pain management and dermatology. Dr. Reddy's operates in markets across the globe. Our major markets include – USA, India, Russia and other CIS countries. For more information, log on to: www.drreddys.com
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