

Financial Results Q2 FY21

Oct 28, 2020

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, 2020 and quarterly financial statements filed in Form 6-K with the US SEC for the quarters ended Sep 30, 2019, Dec 31, 2019, Jun 30, 2020 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.

Cyber Attack Update

- On 22nd October 2020, we experienced an information security incident involving a ransom-ware attack, and consequently isolated the impacted IT services.
- We promptly engaged leading outside cybersecurity experts, launched a comprehensive containment and remediation effort and investigation to address the incident.
- As of date, our investigation has not ascertained if any data breaches in the incident pertain to personally identifiable information stored in the Company's systems.
- Recovery and restoration of applications and data is underway. All critical operations are being enabled in a controlled manner.

COVID-19 Update

- Continued business operations enabled us to serve our patients across markets
- Precautionary measures such as social distancing norms, sanitization of our premises and usage of protective wears are being followed to safeguard the health and safety of our employees and business partners
- Gradual recovery in market demand seen across India, Russia and other countries
- COVID-19 treatment drugs such as Avigan (Favipiravir) and Remdesivir have been launched.
- Strengthened our development pipeline for COVID-19 treatment drugs including the vaccine candidate Sputnik V.

Financial Highlights

Rs. Cr

Highest ever quarterly Sales and healthy EBITDA margins

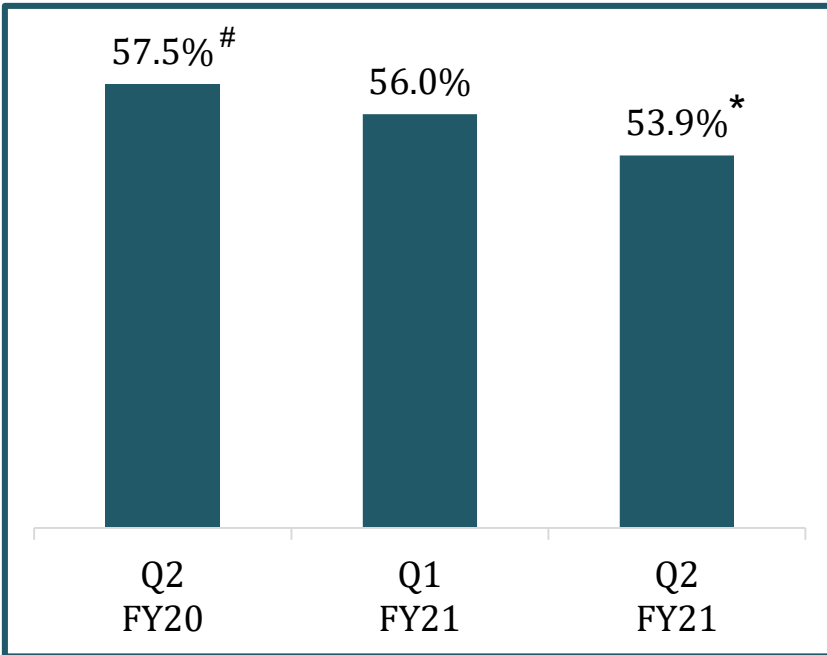
	Q2 FY21	YoY Gr%	QoQ Gr%
Revenues	4,897	2%^	11%
EBITDA	1,267	-12%	9%
PBT	862	12%	-2%
PAT	762	-30%	32%

^Adjusted for Proprietary products out-licensing income of 723 Cr in Q2 FY20, Sales growth stands at 20%

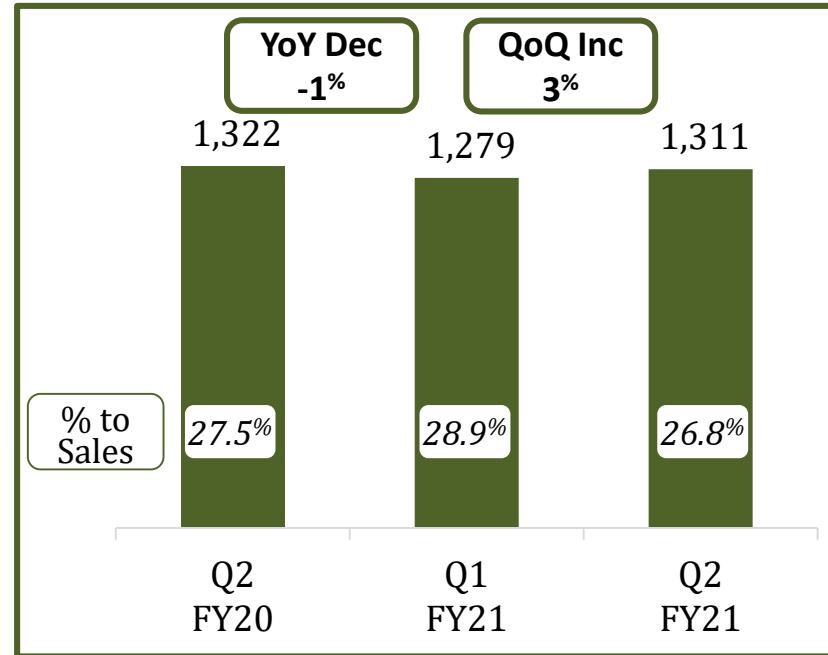
P&L Metrics - Quarterly

Rs. Cr

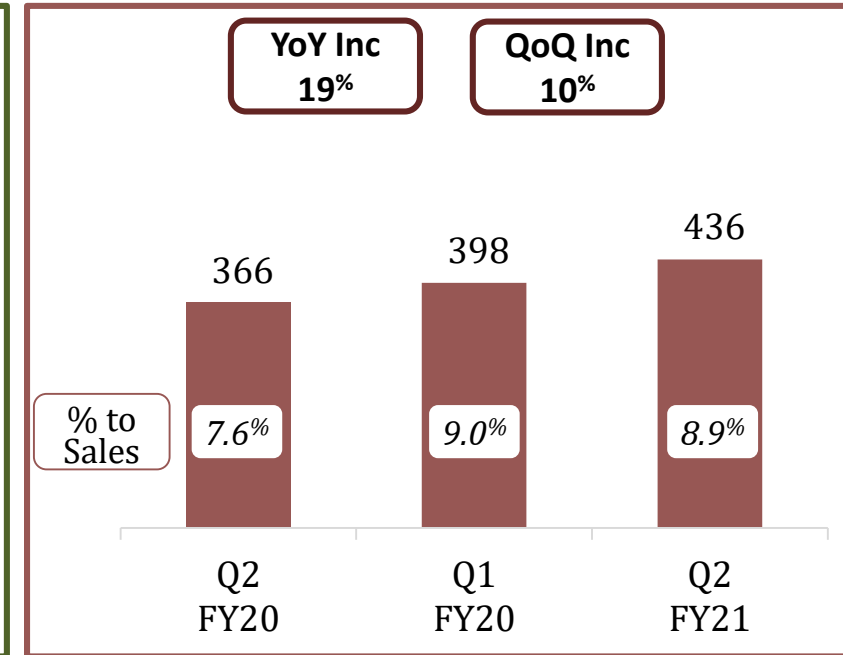
Gross margin



SG&A Expenses



R&D Expenses



[#] Higher gross margins due to Proprietary products out-licensing income of 723 Cr in Q2 FY20

^{*} Gross margins impacted due to lower export incentives, adverse forex and product mix

North America – New launch momentum continues

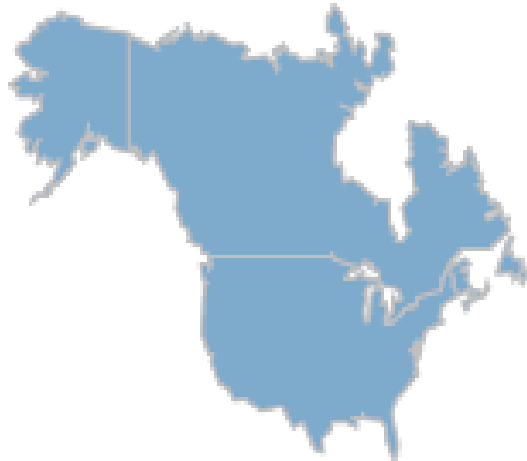
Revenues

Q2 FY21

Rs. 1,833 cr

YoY Gr
28%

QoQ Gr
6%



▪ Revenue:

- YoY – benefited from increase in base product volumes, new products and favourable forex partially offset by price erosion
- QoQ – benefited from increase in base product volumes and new products partially offset with adverse forex movements and price erosion

▪ New launches:

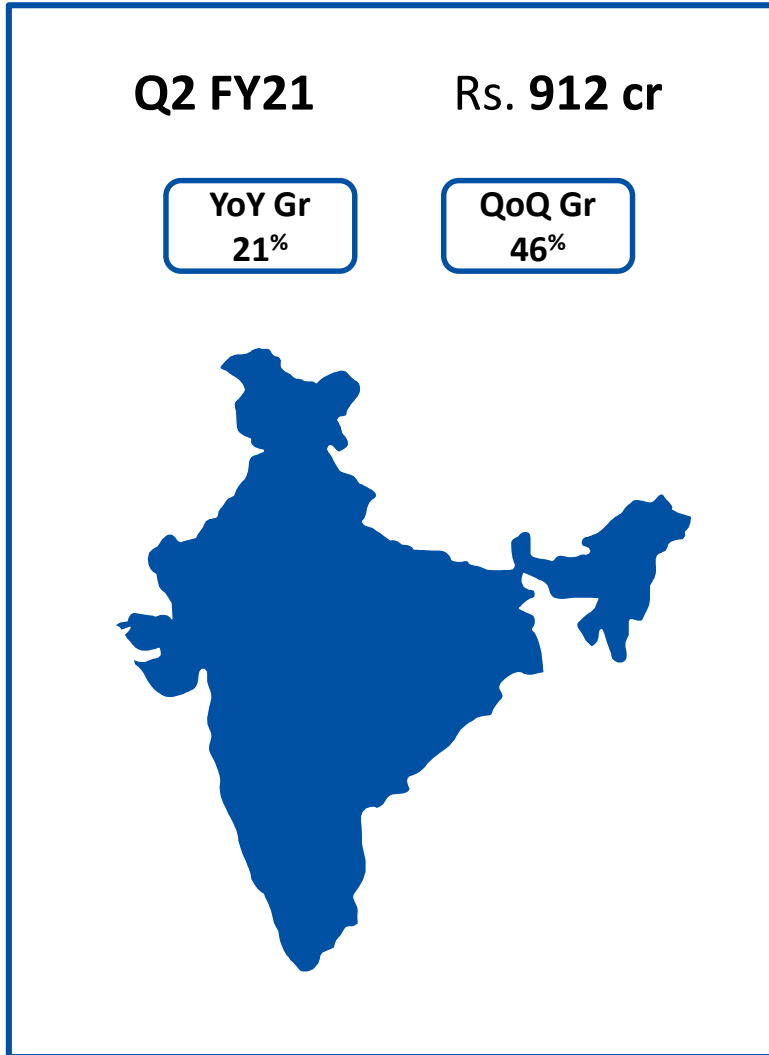
- 9 new products - Ciprofloxacin & Dexamethasone, OTC Nicotine Lozenge, Penicillamine Caps, Methylphenidate ER, Dexmedetomidine, Fulvestrant Inj, OTC Diclofenac, OTC Olopatadine and Dimethyl Fumarate

▪ US filings update:

	Q2 FY21
ANDAs filed	2
Pending for approval: 94 (92 ANDAs + 2 NDAs)	
50 Para IV filings 26 expected to have FTF status	

India – Growth contributed by sales from Wockhardt acquired portfolio

Revenues



- Revenue increase is primarily due to:
 - Full quarter sales from portfolio acquired from Wockhardt
 - New products launched during the quarter including Covid products viz. Avigan (Favipiravir) and Remdesivir
- We are at market rank of 12th position as per IQVIA on MAT basis, an improvement by two position after integration of portfolio acquired from Wockhardt

IQVIA growth rates

Sep 2020	MQT	MAT
IPM	4.0%	4.6%
Dr. Reddy's*	1.9%	-0.9%

* Including Wockhardt portfolio

Emerging Markets – Recovery seen in Russia & CISR

₹ Cr

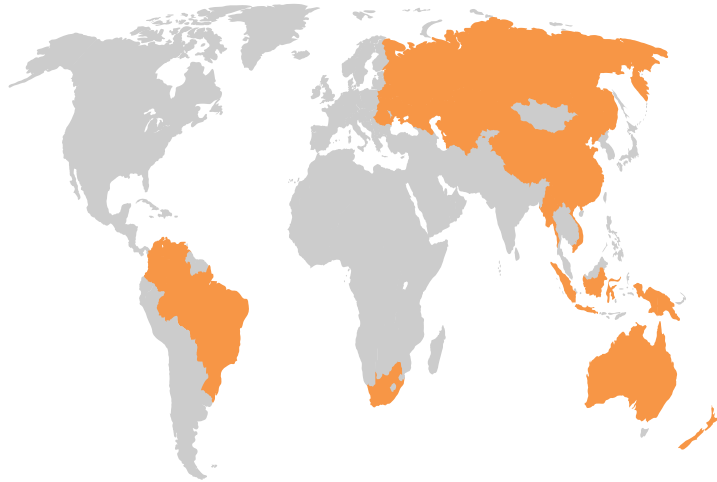
Revenues

Q2 FY21

Rs. 864 cr

YoY Gr
4%

QoQ Gr
8%



Region	Q2 FY21	YoY Gr	QoQ Gr
Russia	398	-3%	22%
CISR	199	19%	43%
RoW	267	7%	-20%
EM	864	4%	8%

Russia: Growth impacted due to weakening of Ruble. Constant curr. Gr% is at:

YoY Gr	QoQ Gr
4%	26%

CISR: Growth primarily driven by new product launches

ROW: Good growth seen in China. Sequential decline in markets such as Vietnam & Jamaica.

Europe – Significant YoY growth across markets

₹ Cr

Revenues

Q2 FY21

Rs. 375 cr

YoY Gr
36%

QoQ Gr
6%



Region	Q2 FY21	YoY Gr	QoQ Gr
Germany	231	35%	5%
UK/OL	84	24%	2%
New Markets	61	76%	17%
Europe	375	36%	6%

- YoY & QoQ growth mainly driven by the new product launches and favourable forex movement
- Forayed in Austria with Azacitidine launch

PSAI – Continued strong YoY growth

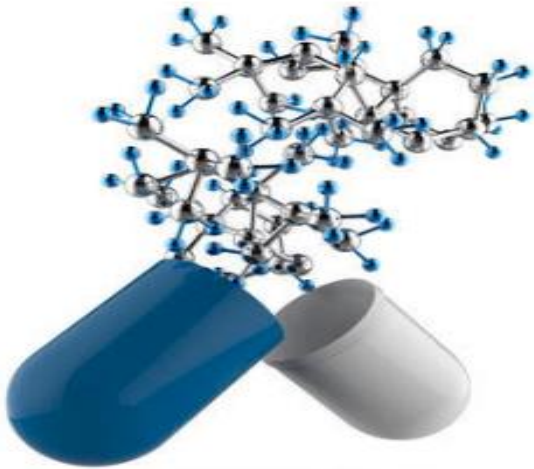
Revenues

Q2 FY21

Rs. 851 cr

YoY Gr
20%

QoQ Dc
-1%



Revenue:

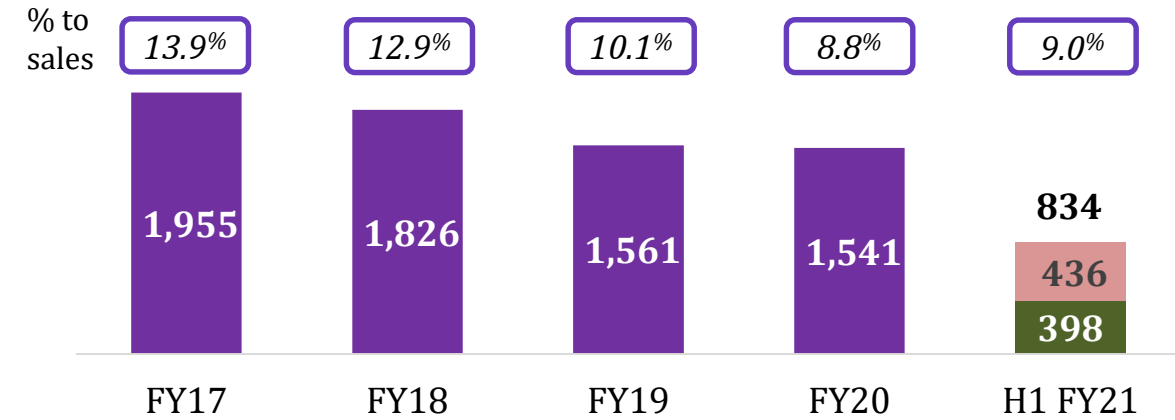
- YoY Growth largely driven by
 - Growth in services business
 - Sales from new products
 - Favourable forex movement

▪ Filings:

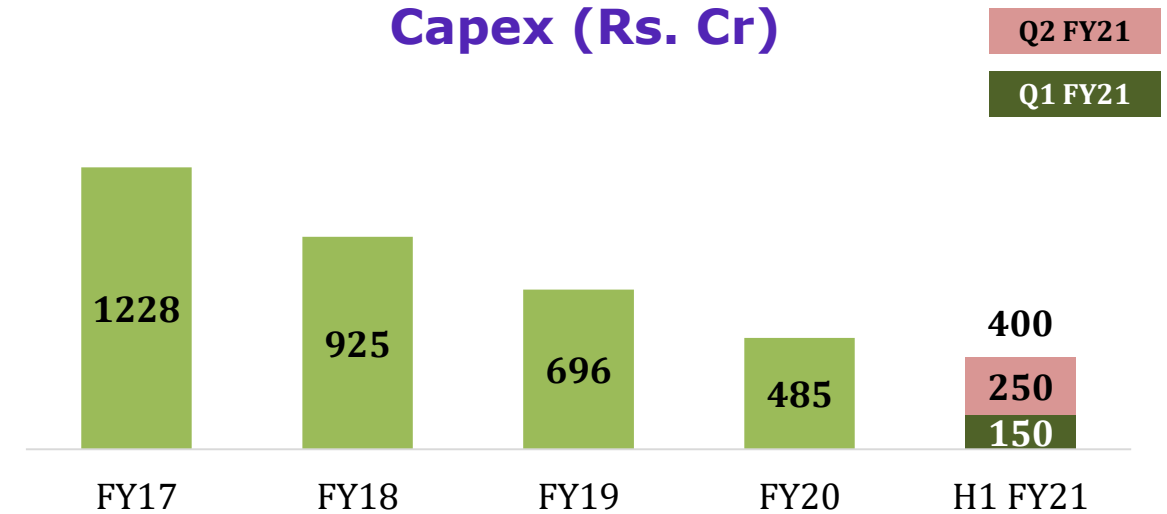
	Q2 FY21
Global DMFs filed incl. in US	39
US DMF	1

R&D, Capex & Cash flows

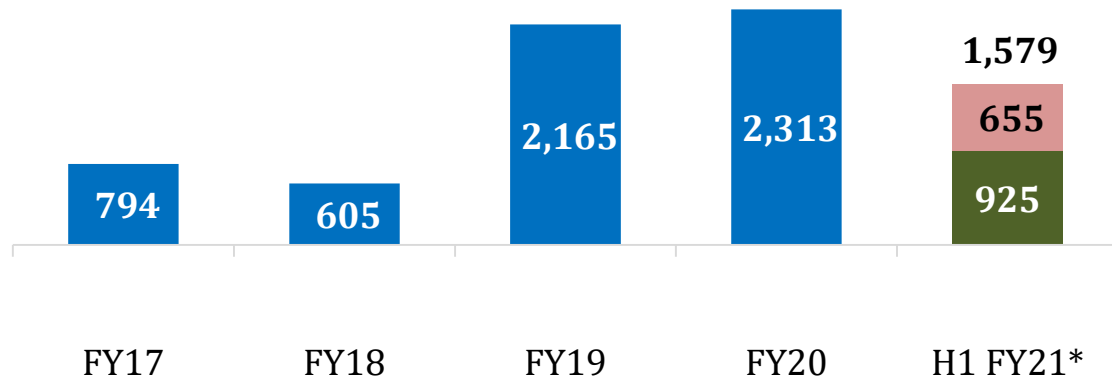
R&D expenses (Rs. Cr)



Capex (Rs. Cr)

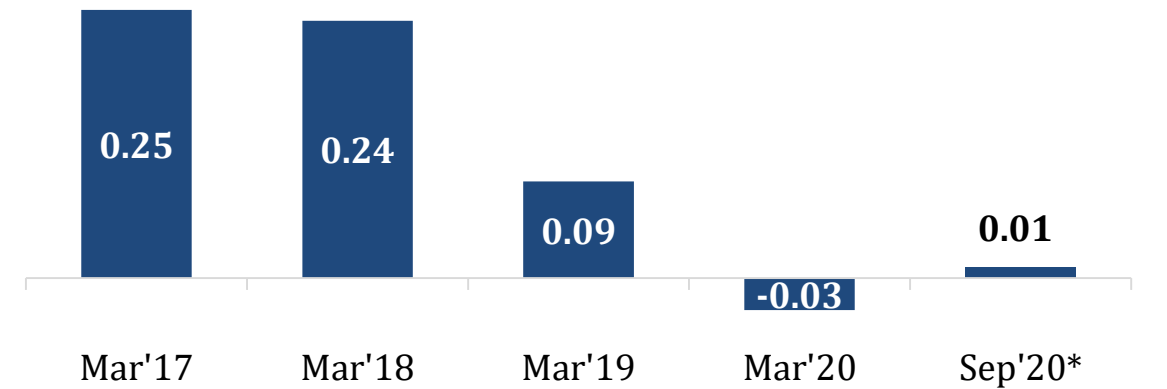


Free cash flow (Rs. Cr)



*Free Cash Flow before acquisition related payout of Rs. 1,551 cr to Wockhardt

Net Debt / Equity



* Net debt stood at Rs. 136 Cr as on September 30th, 2020

Key Priorities



**Development
& launch of
Covid-19
treatment
drugs**

**Ensure
uninterrupted
operations
during Covid-
19 times**

**Achieve
market leading
growth across
businesses**

**Build healthy
pipeline of
products**

**Continue with
the
productivity
improvements**

**Drive
innovation and
digitalization
to fuel future
growth**

**Execution of
Strategic
initiatives &
moves**



THANK YOU