

Financial Results Q4 & FY20

May 20, 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, 2019 and quarterly financial statements filed in Form 6-K with the US SEC for the quarters ended June 30, 2019, Sep 30, 2019, Dec 31, 2019 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.

Response to Covid-19

- Taking protective measures to ensure the health and safety of our employees by following prescribed norms
- Various initiatives undertaken to ensure continuity of manufacturing operations enabling us to serve our patients
- Few products related to COVID-19 being developed
- Digital channels being used to enable work from home and reaching out to doctors, customers and vendors
- Extending support to the health care professionals and others with the PPE kits, masks, sanitizers, gloves
- Providing food assistance to the marginal sections & migrant families

Regulatory update on USFDA audits

- Received EIR for CTO-VI with a VAI status. This plant was issued a warning letter in Nov'15.
- All our plants now have either VAI or NAI status.
- Awaiting to receive EIR for our recent site inspection of CTO-SEZ.

VAI: Voluntary Action Indicated / NAI: No Action Indicated

Financial Highlights

Rs. Cr

Highest ever Sales and EBITDA in a year

	Q4 FY20	QoQ Gr%	YoY Gr%	FY20	YoY Gr%
Revenues	4,432	1%	10%	17,460	13%
EBITDA	1,001	-7%	14%	4,643	36%
PBT	714	Refer Note	22%	1,803*	-20%
PAT	764 [^]	Refer Note	76%	1,950 [^]	4%

Note: QoQ growth for PBT and PAT can not be computed as these were negative during Q3 FY20 due to intangibles impairment

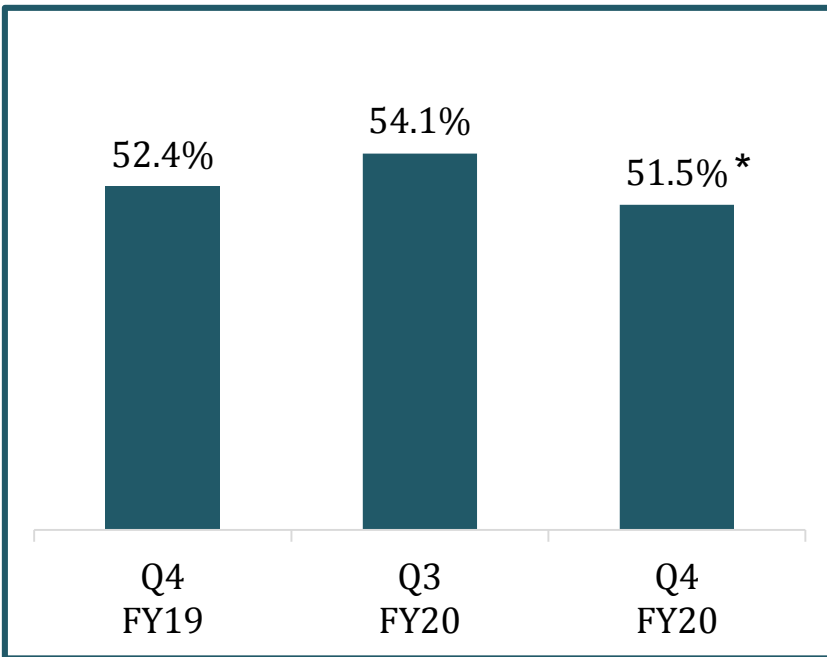
* Excluding intangibles impairment of Rs. 1,677 Cr; Adjusted PBT is Rs. 3,480 Cr (55% growth YoY)

[^] PAT for the quarter and the year are higher than PBT, majorly due to recognition of MAT credit and creation of deferred tax assets, in line with the accounting standards

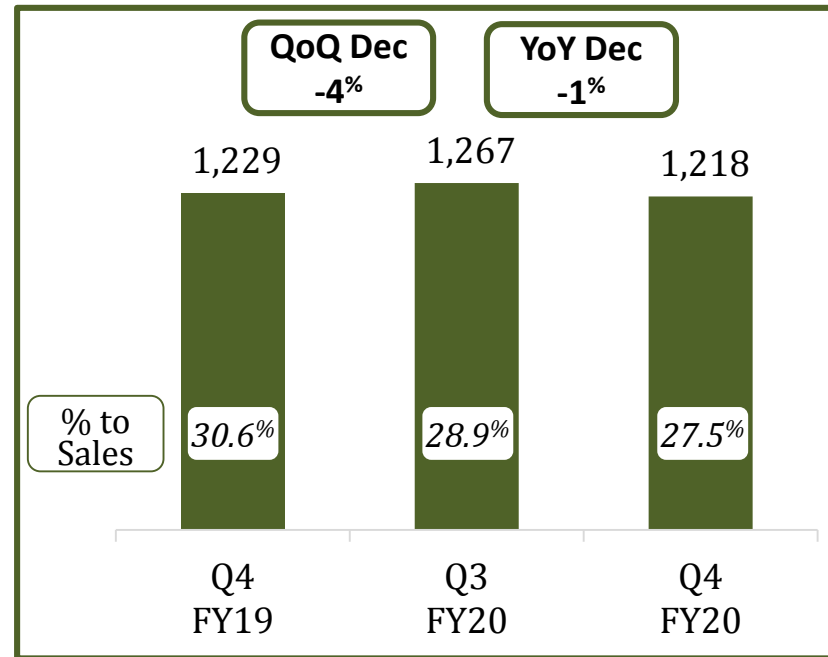
P&L Metrics - Quarterly

Rs. Cr

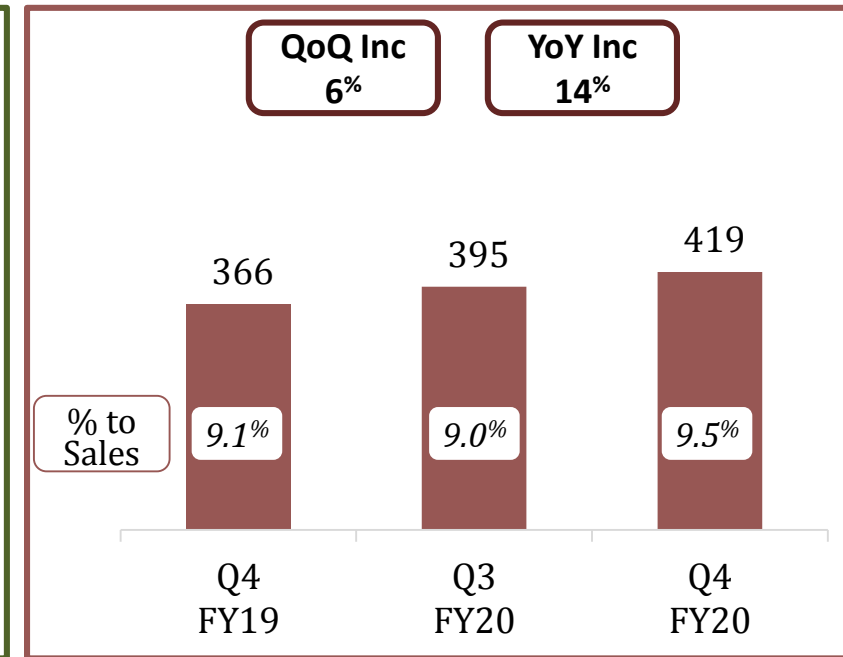
Gross margin



SG&A Expenses



R&D Expenses

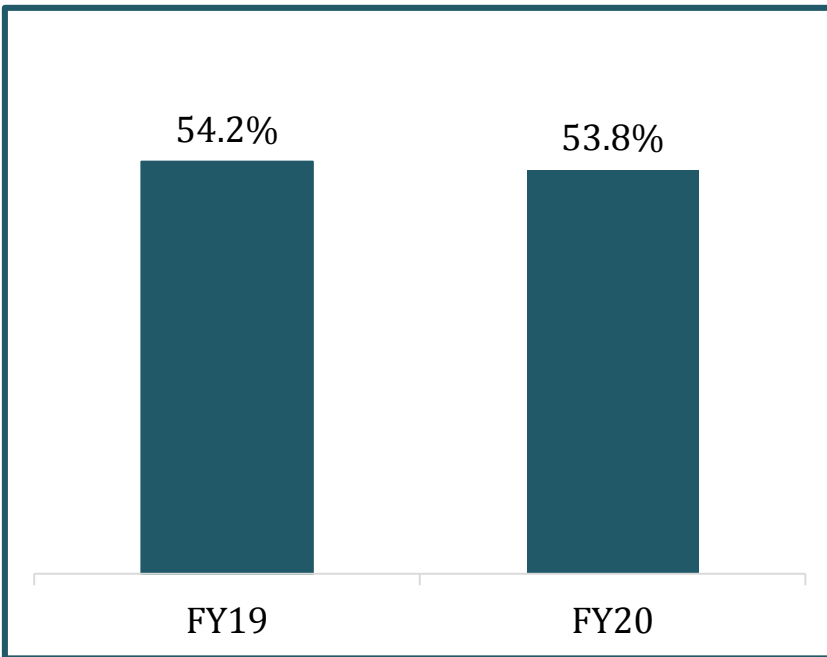


* Q4 FY20 gross margins were impacted due to changes in the business mix and higher inventory provision / write-off

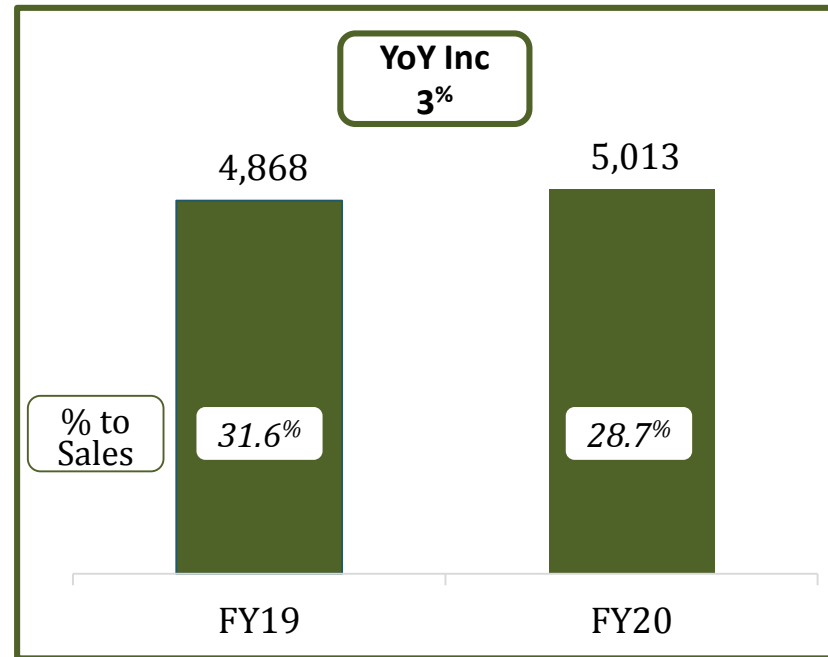
P&L Metrics - Yearly

Rs. Cr

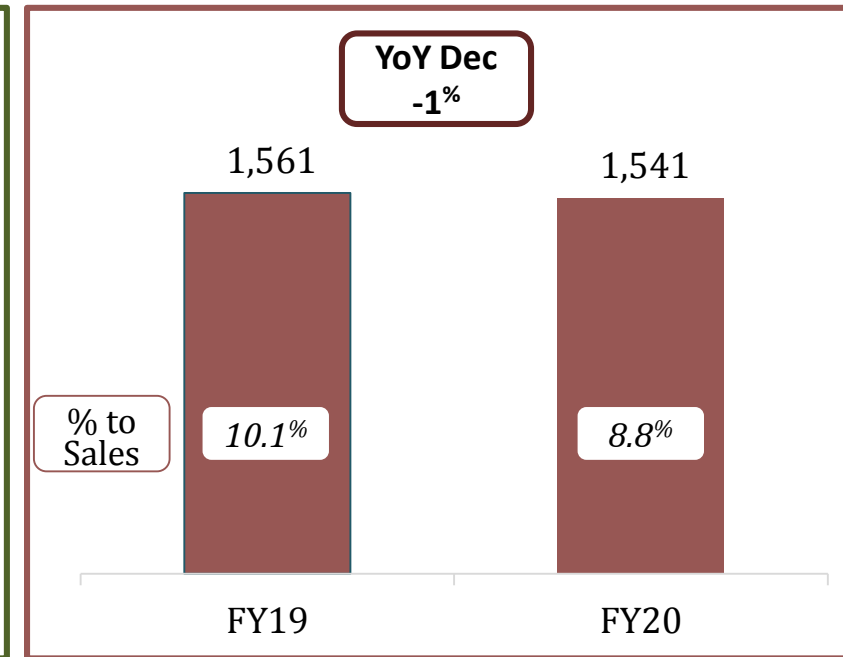
Gross margin



SG&A Expenses



R&D Expenses



North America – New launches aiding growth

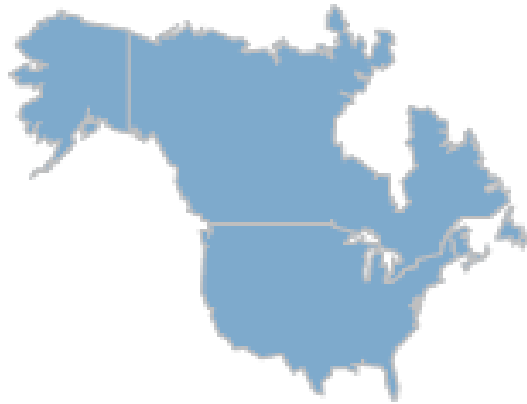
Revenues

Q4 FY20

Rs. 1,807 cr

QoQ Gr
13%

YoY Gr
21%



FY20

Rs. 6,466 cr

YoY Gr
8%

- Revenue increased on account of new launches, scale up of existing products and a favorable forex rate, which was partially offset by price erosion

New launches:

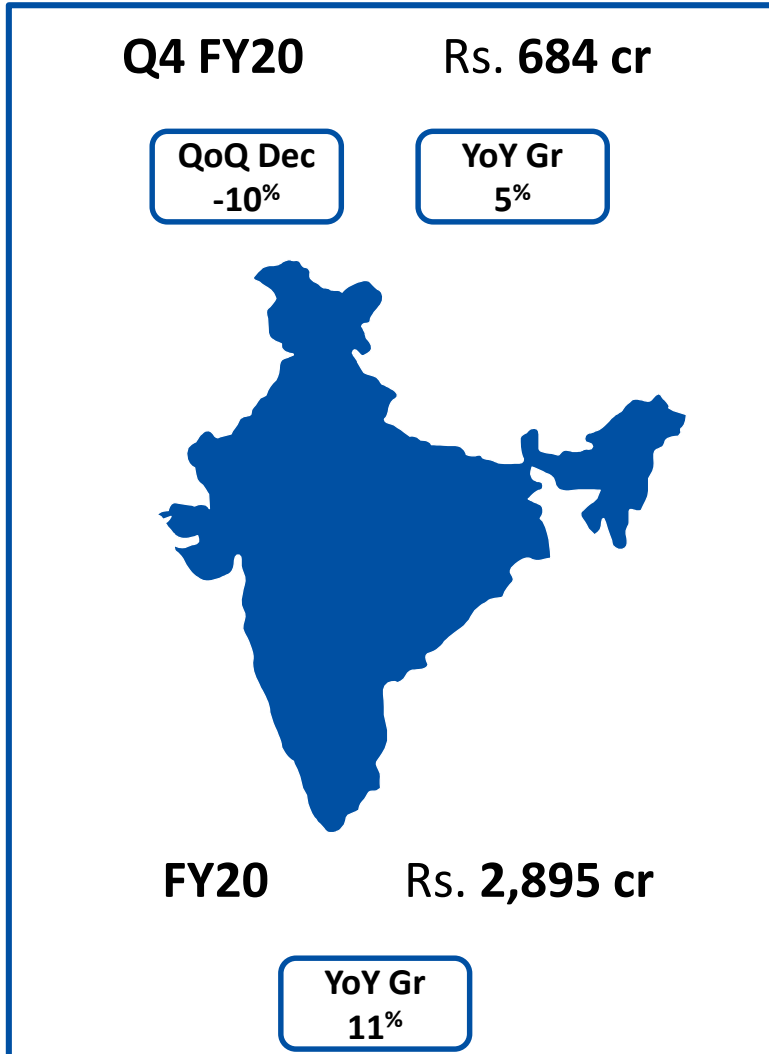
- 5 new products launched during the quarter - gVimovo, gDaraprim, Naloxone HCL Inj (with CGT exclusivity), Ziprasidone Mesylate Inj and Trientine HCL Capsules
- 27 new products launched during the year including 4 re-launches

US filing update:

	Q4 FY20	FY20
ANDAs filed	3	8
Pending for approval: 99 (97 ANDAs + 2 NDAs)		
54 Para IV filings 30 expected to have FTF status		

India – Growing better than market on MAT basis

Revenues



- YoY growth driven by improved realizations in base business, volume traction and new products; albeit growth in this quarter partially impacted due to logistics related disruptions caused by COVID-19 lockdown
- New launches:
 - 1 new product launched during the quarter
 - 21 new products launched during the year
- As per IQVIA, Dr. Reddy’s growth better than IPM on MAT basis; however, lower than IPM on MQT basis

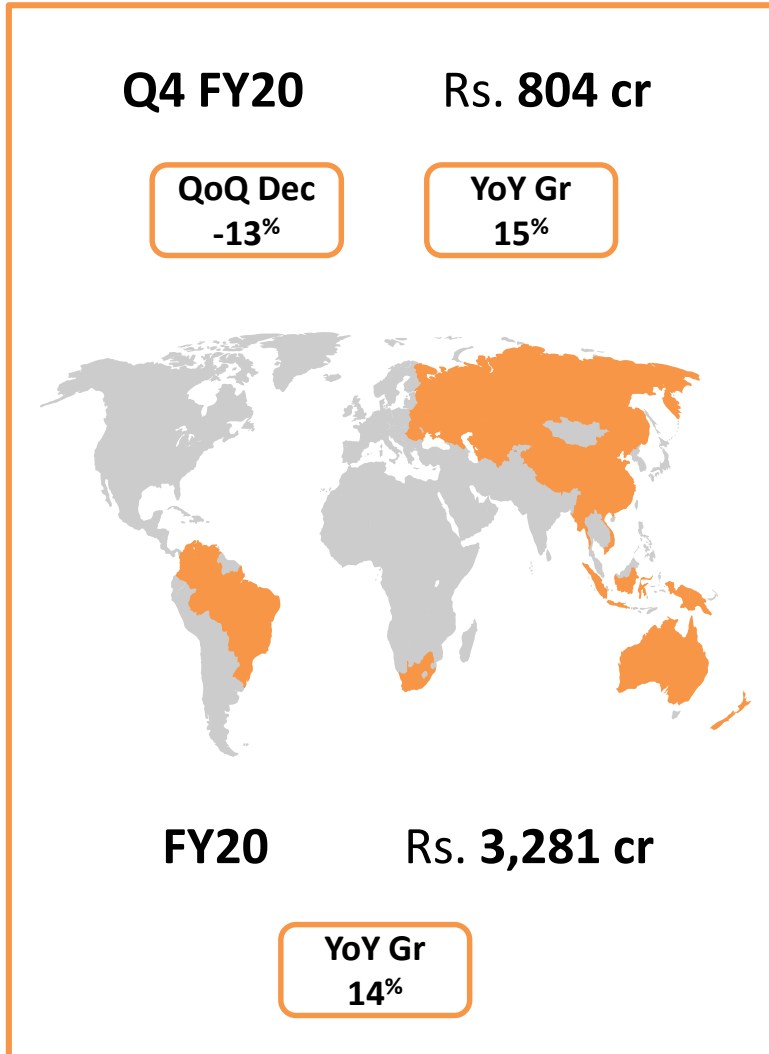
IQVIA growth rates

Mar 2020	MQT	MAT
IPM	9.6%	10.8%
Dr. Reddy’s	7.8%	11.4%

Emerging Markets - Healthy growth across markets

₹ Cr

Revenues



Region	Q4'20	QoQ Dec	YoY Gr	FY20	YoY Gr
Russia	392	-20%	8%	1,690	10%
CISR	178	-2%	51%	647	23%
RoW	235	-5%	6%	944	13%
EM	804	-13%	15%	3,281	14%

YoY (Q4 FY20 & FY20)

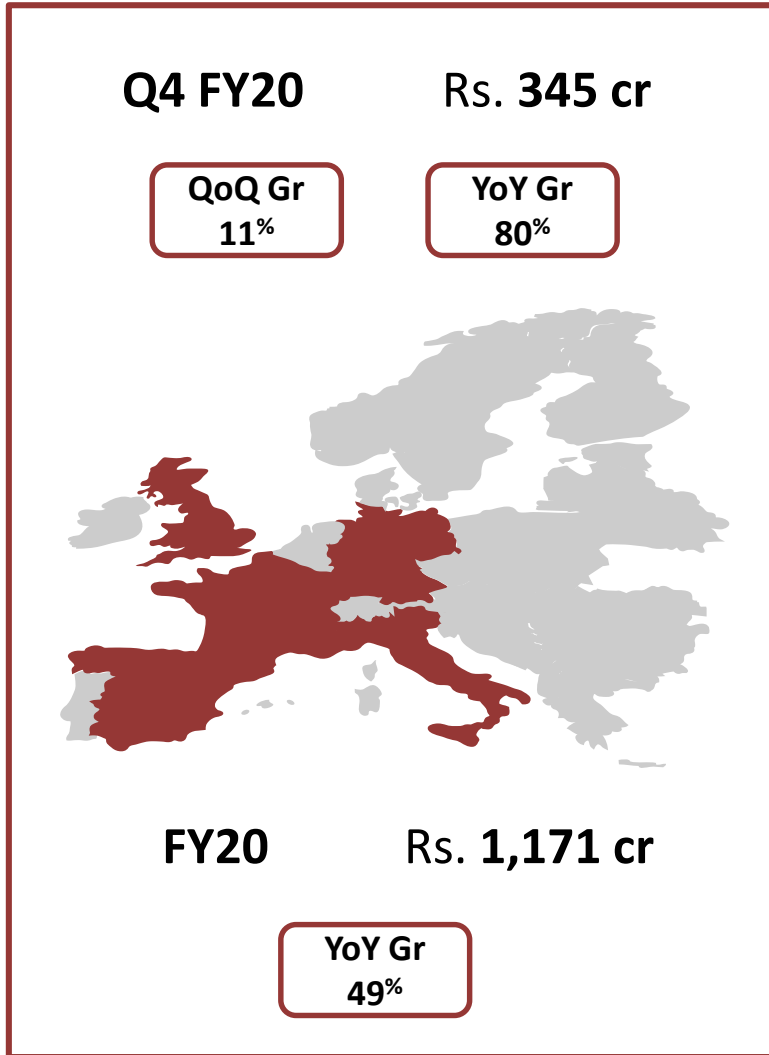
- **Russia:** Growth driven by increase in volumes and better realizations
- **CISR:** Growth driven by new products & volume traction
- **RoW:** Growth aided by new products & volume traction, partially offset by price erosions

QoQ sales decline in Russia primarily due to higher tender based sales in Q3

Europe – A year of turn-around

₹ Cr

Revenues



Region	Q4'20	QoQ Gr	YoY Gr	FY20	YoY Gr
Germany	209	14%	61%	721	30%
UK/OL	84	-5%	66%	307	58%
New Markets	52	38%	373%	142	265%
Europe	345	11%	80%	1,171	49%

Germany & UK/OL:

- Growth driven by increase in volumes & new products, partially offset by price erosion

New Markets (France, Italy, Spain):

- Growth driven by the launch of new products

PSAI – Healthy build up of new pipeline

Revenues

Q4 FY20

Rs. 720 cr

QoQ Gr
4%

YoY Gr
6%



FY20

Rs. 2,575 cr

YoY Gr
7%

Q4 FY20 & FY20

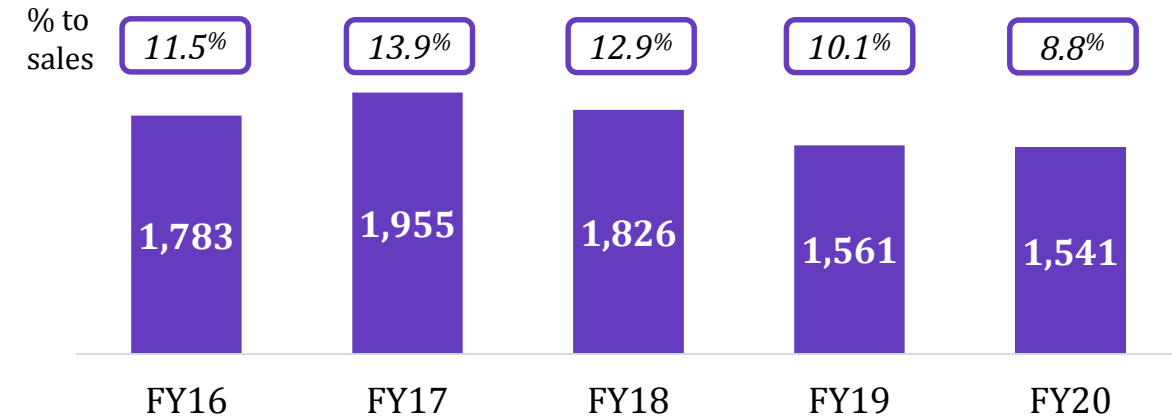
- Growth largely driven by
 - Increase in volumes in API business
 - Favourable forex movement

▪ Filings:

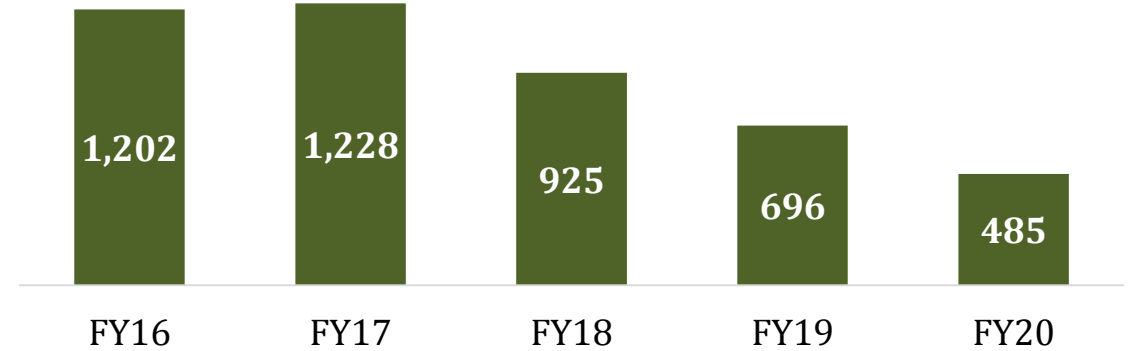
	Q4 FY20	FY20
Global DMFs filed incl. US DMFs	59	98
US DMFs	7	10

R&D, Capex & Cash flows

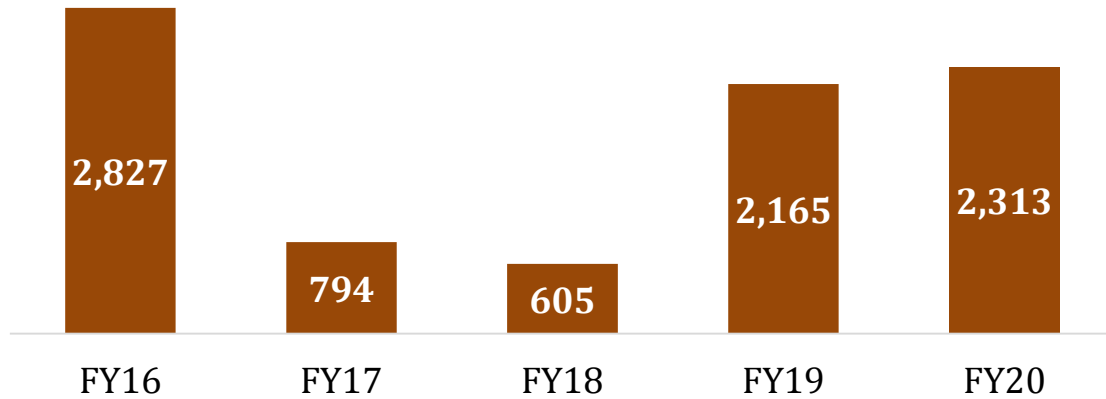
R&D expenses (Rs. Cr)



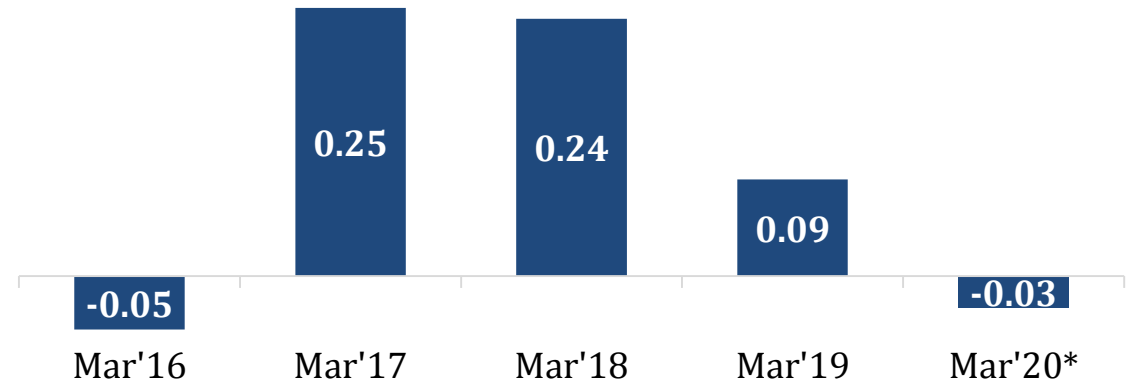
Capex (Rs. Cr)



Free cash flow (Rs. Cr)



Net Debt / Equity



* Net cash surplus of Rs. 397 Cr as on 31st, March 2020

Key Priorities



Ensure uninterrupted operations during Covid-19 times

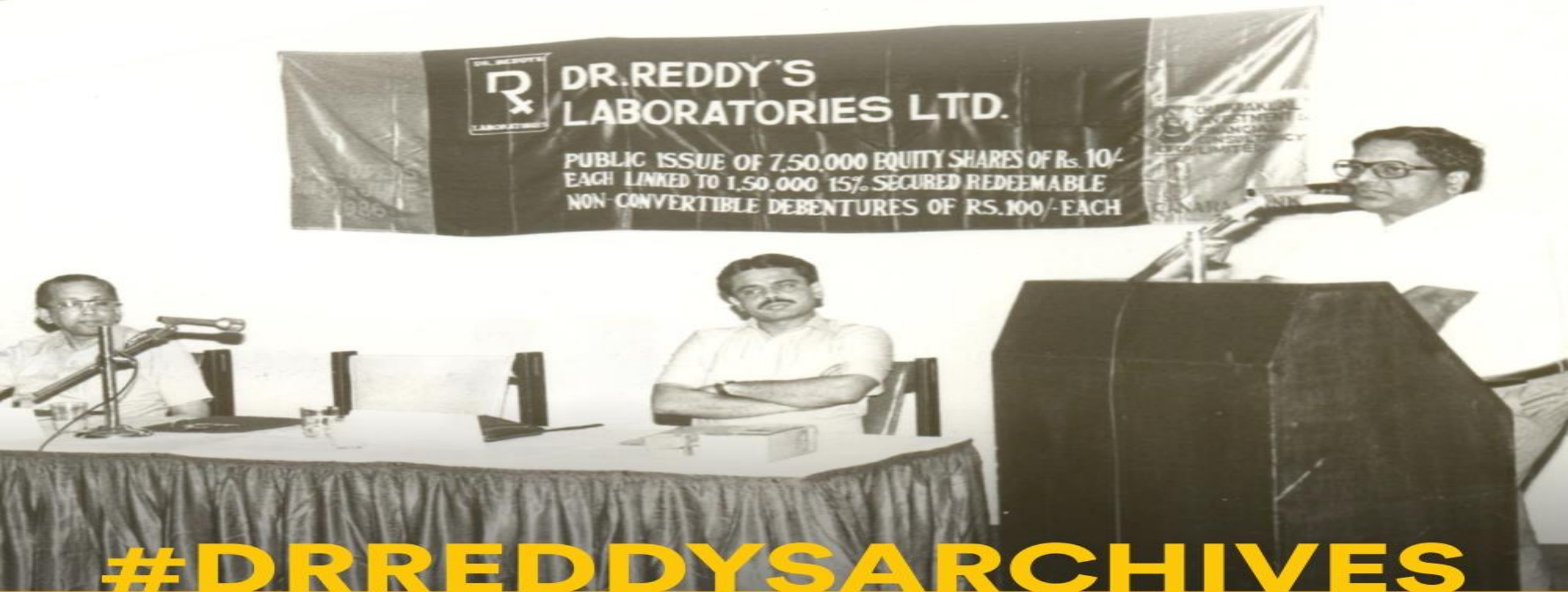
Achieve market leading growth across businesses

Build healthy pipeline of products

Continue with the productivity improvements

Drive innovation and digitalization to fuel future growth

Execution of Strategic initiatives & moves



#DRREDDYSARCHIVES MAY 24, 1986

This day 34 years ago, we embraced the world. Dr Reddy's goes public with an IPO (Initial Public Offering). The Issue opened for Non-Resident Indians on May 24th 1986 and two weeks later, for the Indian Public on 5th June 1986.



THANK YOU