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 Form 20-F for the fiscal year ended March 31, 2015, and Form 6-K for the quarter ended June 30, 2015, September 30, 2015 and its other filings with the Securities and Exchange Commission. 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.
Our Purpose

We accelerate access to affordable and innovative medicines

Because

Good Health Can’t Wait.
Contents

1. Update on US FDA matter
2. Executive Summary
3. Company Overview
4. Strong performance over the past decade
5. Optimistic future
Update on the ongoing US FDA matter

- Received warning letter covering three sites – two API sites at Srikakulam and Miryalaguda and one Formulation site at Duvvada, Vizag
- Observations are largely categorized around
  - documentation practices and control,
  - laboratory testing procedures,
  - incident investigation practices as well as, and
  - standard operating procedures.
- First priority is remediation and detailed risk assessment to assure the quality standards of products in the marketplace.
- Simultaneously focus on critical upcoming launches and filings through systemic site transfer process

Continue to strengthen our quality management systems and processes and enhance the infrastructure for training and development of our staff on the current cGMP practices
Executive Summary

• During the last decade, our top line grew at 18% CAGR with healthy profitability, on the back of strong performance from US generics and branded formulations in Emerging markets.

• We are cautiously optimistic about profitable growth opportunities in the future. We are well placed to harness these opportunities, on the back of our aggressive investments in R&D and infrastructure
  – Differentiated APIs for key customers early enough to create consistent first-to-market opportunities
  – Strong growth in pure generics through tough-to make products with significant ramp up in complex Injectables and Topicals
  – Growth in branded generics markets driven by differentiated products for addressing unmet patient needs, supported by services that enhance patient outcomes
  – Reliable and flexible supply chain, capable of meeting demand surges and ensuring dependable on-the-shelf medicine availability
  – Investment in biologics and proprietary products to power growth
We have a vertically integrated business model with three distinct segments

**Pharmaceutical Services & Active Ingredients**
- Partner of Choice
- Amongst the leaders in supply of generic APIs globally
- Customers include generic manufacturers, innovator companies

**Global Generics**
- Access to affordable medicines
- Finished dosage businesses in distribution-driven as well as detailing-driven markets
- North America (54%), India (15%), Russia (12%) are key markets in this segment.
- Building a sustainable Biosimilar business

**Proprietary Products**
- Fulfilling unmet medical needs
- Focus on building sustainable and profitable proprietary products business
- Strong pipeline of differentiated formulations

**FY15 Revenue mix**
- **Pharmaceutical Services & Active Ingredients**: 18% of total
- **Global Generics**: 81% of total
- **Proprietary Products**: 1% of total
Key strengths and capabilities

Industry leading chemistry skills

Several niche product opportunities (tacrolimus, metoprolol succinate, azacitidine, divalproex sodium ER, sumatriptan auto-injector)

Deep market presence

- Branded generic markets - India, Russia (entry in 1991), CIS countries, Venezuela and others
- Generic markets – USA (1997 – first ANDA filing), UK and Germany

Early mover advantage in Biosimilars

- First to launch Biosimilar rituximab in 2007
- 4 biosimilar* products being marketed

*Similar biologic approved under abbreviated processes preceding the establishment of formal biosimilar regulatory guidelines

Vertically integrated organization with modern Infrastructure

- R&D centers in India, UK, Netherlands and US
- 10 formulation manufacturing facilities (5 USFDA inspected) with 25+ billion units in generics capacity
- 9 USFDA inspected API manufacturing facilities
- Biologics development and manufacturing in India

Collaboration across business units
Our Journey

Technical Capability

- Connect with physicians, patients and payers
- Pharmacoeconomics
- Branding and promoting capabilities

Customer connect

How?

- Connect with Distributor, Retailer, GPO, Clinics and Hospital network
- Hub service programs

GENERICS

- Clinic and complex Bio studies
- Shaping regulatory pathway
- Development of multiple dosage forms

COMPLEX GENERICS

- Large PKPD studies and PMS
- Product ideation/device integration
- Packaging development

SPECIALTY GENERICS
Strong performance over the past decade
Strong revenue growth over the last decade

Revenues
Million USD

FY05 FY06 FY07 FY08 FY09 FY10 FY11 FY12 FY13 FY14 FY15
447 546 1,510 1,250 1,365 1,563 1,677 1,901 2,133 2,203 2,378

• Authorized generic launches

+18%

All figures converted at respective periods' convenience translation rates (as reported in our Form 20-F)
Our capital efficiency and profitability steadily improved and has remained stable over the last 5 years.

PAT % to sales

- FY10: 13%
- FY11: 14%
- FY12: 16%
- FY13: 15%
- FY14: 16%
- FY15: 15%

PAT adjusted for one time non cash impairment charges primarily related to betapharm.

RoCE %

- FY10: 22%
- FY11: 21%
- FY12: 30%
- FY13: 28%
- FY14: 28%
- FY15: 26%

RoCE mentioned above is pre-tax RoCE.
In FY15, we achieved several important milestones

**US Generics** crossed **$1bn** in revenues

**US Injectables** business scaled-up to **$280mn+** in 3 years

**Superior supply chain** enabled strong market share gains in US and serviced significant scale-up in demand from **Venezuela** market.

**Improvement in global generics** margins.

**High-quality pending ANDA pipeline.** Increasing share of complex molecules.

Our new businesses of **Proprietary products & Biologics** are stepping closer to their desired milestones. PP filed 3 NDAs with the US FDA. Biologics phase-1 trials of Peg-filgrastim & Rituximab on track.

**Aurigene & Curis Inc.**: Collaboration agreement focused on immuno-oncology and selected precision oncology targets.

Continue to explore strategic Business Development and M&A as levers for growth: **Habitrol** in US and **UCB’s** select portfolio in India.
Our North America Generics base business grew at 27% CAGR (FY15 gr:15%) while building a pipeline of limited competition products.

- Dr. Reddy’s: Now ranked 9th among the leading US generics companies.
- Leading private label OTC player; strong No: 2 after Perrigo.

**Base Revenues grew at 27% CAGR**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenues Million USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
<td>413</td>
</tr>
<tr>
<td>FY12</td>
<td>570</td>
</tr>
<tr>
<td>FY13</td>
<td>738</td>
</tr>
<tr>
<td>FY14</td>
<td>921</td>
</tr>
<tr>
<td>FY15</td>
<td>1,062</td>
</tr>
</tbody>
</table>

**Market shares of limited competition products have been stable**

<table>
<thead>
<tr>
<th>Product</th>
<th>Aug’15</th>
<th>Sep’15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decitabine</td>
<td>72%</td>
<td>68%</td>
</tr>
<tr>
<td>Azacitidine</td>
<td>51%</td>
<td>50%</td>
</tr>
<tr>
<td>Divalproex ER</td>
<td>21%</td>
<td>11%</td>
</tr>
<tr>
<td>Zoledronic Acid (Reclast)</td>
<td>51%</td>
<td>50%</td>
</tr>
<tr>
<td>Valgancyclovir</td>
<td>40%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Source: IMS generic volume market share

**Increasing mix of non-retail channels of OTC & Health systems**

- OTC: 14% to 20% to 19% to 34% to 39%

Source: IMS
Healthy pipeline of high entry barrier products

While building a pipeline of limited competition products

Number of pending ANDAs by dosage form

- Complex OSD, 22
- Complex Inj/Sterile, 13
- Inj, 11
- Softgel, 4
- Topical/Transdermal, 6

Market shares of limited competition products have been stable

- 76 pending ANDAs & 3 pending NDAs (505b2s) of ~$45 billion of innovator brand sales value
  - incl. 50 para-IV and 18 first to file products

Portfolio of products based on –

- Complex Characterization / Analytical chemistry
- Novel regulatory pathway
- Large & complex clinical / Bio-studies
- High technology barrier in development & manufacturing

Fast-following on Potential OTC switches leveraging developed Rx assets
Our Russia business grew at 14% CAGR (FY15 gr:13%) While building a growing OTC business

- Established strong presence in Pain Management, Gastro Intestinal and Anti-infectives therapies
- Top 5 brands occupy the No. 1 spot in their respective INNs and 12 brands in the top 3 ranks
- Increasing mix of OTC sales.
- A number of products launched through BD efforts – converted into mega brands
Venezuela: approaching cautiously

- Committed to the market to ensure availability
- Ongoing economic uncertainty and reduced repatriations leading to constrained billing
- Economic turmoil → an opportunity to stay invested in the market and strengthen the base for future
- A balanced portfolio across therapeutic areas of Cardio-Vascular, Central Nervous system, Anti-Infectives and Oncology
Further, we are well positioned to increase access in the growing emerging markets

Pharmerging market is expected to account for majority of the absolute growth

We enjoyed 28% revenue growth during 2008-13 in our emerging markets


Note: 17 high-Growth ‘Pharmerging’ Markets: China, Brazil, Russia, India, Venezuela, Poland, Argentina, Turkey, Mexico, Vietnam, South Africa, Thailand, Indonesia, Romania, Egypt, Pakistan and Ukraine
Our India business grew at 11% CAGR (FY15 gr:14%) While improving business health

- Successful integration of the brands acquired from UCB
- Improvement on the back of
  - Focused sales & marketing efforts on mega brands
  - Improving new launch productivity
  - Scale-up in institutions sales
- Deep focus on Chronic and Super-specialty therapies
- Strategic business development and M&A efforts
  - Differentiated assets in relevant therapies
  - Growth through inorganic opportunities
Despite modest growth, Pharmaceutical Services & Active Ingredients continues to be strategic business.

- Effective partnerships with top global Generics players: ~40% of sales contributed from global top 5 players
- >60% of Global Generics segment’s sales from the vertically integrated APIs

**Our value proposition**
- Accelerate first to market access for our partners through non-infringing IP positions
- Invest in technology platforms to develop complex APIs
- Flexible to meet customer demands
Optimistic future
**Our purpose has guided our customer value proposition leading to specific strategic choices**

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Our promises</th>
<th>Our strategic choices</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>We accelerate access to affordable medicines</strong>&lt;br&gt;Because <strong>Good Health Can’t Wait.</strong></td>
<td>+ Bringing expensive medicine within reach&lt;br&gt;+ Addressing unmet patient needs&lt;br&gt;+ Helping patients manage disease better&lt;br&gt;+ Enabling and helping our partners ensure that our medicines are available where needed</td>
<td>+ First-to-market, tough-to-make products&lt;br&gt;+ Differentiated formulations for unmet medical needs&lt;br&gt;+ Value added services for patients and customers&lt;br&gt;+ Reliable &amp; flexible supply chain</td>
</tr>
</tbody>
</table>
Beyond the core API-GG integration, there is significant ongoing collaboration across business units

**Market/ commercial collaborations**

- **US Emerging Markets**
  - Complex generics leverage to Russia, CIS, Venezuela
  - Drive market expansion to Latin America
  - Expand potential in China

- **India Emerging Markets**
  - Leverage India BD deals to Emerging markets

- **US Proprietary Products**
  - Overlap between Complex generics and Proprietary Products Assets

**R&D collaborations**

- **Bio. Global Generics**
  - Characterization of complex molecules
  - Purification technologies

- **Global Generics Proprietary Products**
  - Differentiated products for India & EM
Product differentiation

Be First to market with tough-to-make products and Differentiated formulations

- IP- and technology-driven active ingredients
  (API business)

- Complex generics and biologics
  (Pure generics and Biologics)

- Differentiated formulations and novel products for unmet needs
  (Branded generics and Proprietary products)
Product differentiation

Key R&D shifts for product differentiation

- Clear technology choices
- Strengthening Manufacturing
- Globalizing R&D
- External R&D relationships
Product differentiation

We globalized R&D to get access to right talent to solve complex scientific challenges

- Complex Chemistry Centre of Excellence
  Cambridge, UK

- Complex Injectable Centre of Excellence
  Leiden, Netherlands

- Complex generics & Proprietary products
  Princeton, NJ, USA

- External partners
  Canada, US, UK, Germany, Italy

- Product Development Centres, Hyderabad & Bangalore

- Aurigene Discovery Technologies Ltd, Bangalore
Biologics

We are well positioned to participate in the Biosimilar opportunity...

Successfully commercialized products in Emerging Markets
~35% CAGR growth in Biologics revenues from India & other Emerging Markets over the past 4 years ($94 Mn. Sales)

<table>
<thead>
<tr>
<th>First biosimilar* filgrastim (G-CSF) in India</th>
<th>First approved biosimilar* monoclonal antibody</th>
<th>First biosimilar* darbepoetin alfa</th>
<th>Break-through in affordable pegfilgrastims</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>2007</td>
<td>2010</td>
<td>2011</td>
</tr>
</tbody>
</table>

*Similar biologic approved under abbreviated processes preceding the establishment of formal biosimilar regulatory guidelines

Exciting future opportunity for us
Market opportunity of around $20 Bn through a large number of biotech drugs ($75-85 Bn.) coming off-patent by 2020. Our current portfolio covers most of the top biologics coming off patent.

Emerging markets
- Growth arising from the need for access to expensive treatments
- In the near term (FY’17), almost all revenues are expected to come from Emerging Markets

Developed markets
- Growth arising from payer pressure to reduce healthcare costs
- Two assets in clinical development with three others in pre-clinical development
- Revenues to scale significantly post FY’20
Biologics

... with our strengths well complemented by Merck Serono’s

Our Key Capabilities

- Fully integrated development team skilled in end-to-end development of biosimilars
- Advanced cGMP manufacturing capabilities across drug substance manufacturing and fill-finish
- Expertise in understanding and interpreting evolving biosimilar guidelines and regulations

Key Capabilities harnessed from our partner, Merck Serono

- Significant expertise and capacity in biologics manufacturing and experience with large clinical development programs
- Strong presence in EU and large emerging markets with long standing experience and relations with specialty physicians
Proprietary Products

Building targeted Dermatology and Neurology franchises powered by lower risk innovation model

Potential sales of $100-300MM per opportunity if target label is achieved, with first filings in FY18

Key business choices & approach

- Target only specific segments of patients, with specific conditions within Dermatology and Neurology
- Pursue an innovative R&D approach with lower risk
- Develop and bring these products all the way to the patient – not through a licensing partner
- Complement products with patient-oriented solutions that can further improve outcomes for these conditions

Key milestones

- Commercial footprint for Dermatology
  - $ 40 mn in sales
  - 54 sales reps
  - Portfolio of steroid responsive dermatoses and Acne
- First set of NDA filings
- 1-2 NDA filings per year
Value added services

Services aimed at improving patient outcomes or customer needs

- Provide innovative services around our products
  (Proprietary Products)

- Enable doctors & pharmacists to create better outcomes
  (Branded generics)

- Value added service offerings.
  (API and pure generics businesses)
Back up
Q2 FY16 Performance

- $609 Million
  11% YoY gr

- $68 mn
  11.2% to sales

- $174 mn
  28.6% to sales
  31% YoY gr

- 2 ANDAs filed
- 10 DMFs filed

Revenue
EBITDA
R&D
Filings

All US dollar figures based on convenience translation rate of 1USD = Rs 65.50
### Key Balance Sheet Items

<table>
<thead>
<tr>
<th></th>
<th>Sep’15</th>
<th>June’15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents &amp; current investments</td>
<td>520</td>
<td>536</td>
</tr>
<tr>
<td>Net Operating Working Capital</td>
<td>873</td>
<td>866</td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>779</td>
<td>754</td>
</tr>
<tr>
<td>Goodwill &amp; Intangibles</td>
<td>369</td>
<td>368</td>
</tr>
<tr>
<td>Loans &amp; borrowings (current &amp; non current)</td>
<td>566</td>
<td>632</td>
</tr>
<tr>
<td>Equity &amp; Reserves</td>
<td>1,855</td>
<td>1,815</td>
</tr>
</tbody>
</table>

- Capital expenditure during Q2 FY16 → $45 mn
- Current Cash flow hedge options of ~ $300 mn [range of Rs 61 to Rs 65.4] and RUB 960 Mn [Rs 1.16]

All US dollar figures based on convenience translation rate of 1USD = Rs 65.50
About Dr. Reddy's: Dr. Reddy's Laboratories Ltd. (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 anti-infectives. Dr. Reddy's operates in markets across the globe. Our major markets include – USA, Russia & CIS, Venezuela and India. For more information, log on to: www.drreddys.com

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The company assumes no obligation to update any information contained herein.

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