Investor Presentation

June 2018

Dr. Reddy's Laboratories Limited
Hyderabad, India
BSE: 500124 | NSE: DRREDDY | NYSE: RDY

Dr.Reddy's

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, 2017, and Form 6-K for the quarters ended June 30, 2017, September 30, 2017 and December 31, 2017 and other filings with the 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

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Our Purpose

We accelerate access to affordable and innovative medicines

Because

Good Health Can't Wait.

Our Purpose Guides Our Customer Value Proposition Leading to Specific Strategic Choices

PURPOSE

We accelerate access to affordable medicines because

Good Health Can’t Wait.

OUR PROMISES

- **Bringing expensive medicine within reach**
- **Addressing unmet patient needs**
- **Helping patients manage disease better**
- **Enabling and helping our partners ensure our medicines are available where needed**
- **Working with partners to help them succeed**

COMPANY OVERVIEW

Multidimensional business model to sustain long-term growth

	UNBRANDED (US + EU)	BRANDED (EM + INDIA)	PROPRIETARY PRODUCTS
Current	• Monetize the complex/ limited competition assets across channels and classes of trade	• Continued growth for mega brands through patient centric initiatives • Selective business integration on NCE assets	• Maximize the base business revenues through volume growth initiatives and managed care strategy
Future	• Accelerate Biosimilars filings in US and EU • Outreach model for novel dosage forms in Non-traditional channels	• Accelerate the journey to monetize Biosimilars assets across existing and new markets	• Focus on development and filing of late-stage, high-value differentiated assets

PSAI — **Leverage Industry leading chemistry skills to synthesize complex APIs enabling robust portfolio across the businesses**

Recent Business Highlights

FY18 Financial Performance

FY18 Revenues

USD 2,181 M

(YoY growth: 1%)

FY18 EBIDTA

USD 370 M

(% of Sales: 17%)

FY18 FCF

USD 93 M

FY18 PBT

USD 220 M

(YoY decline: 2%)

FY 18 R & D Expenses

USD 281M

(% of Sales: 12.9%)

Net Debt / Equity

0.24

Highlights of FY18

Filings

Good filings performance

19 ANDAs &

1 NDA filed in the USA

Observations

No critical observations in multiple regulatory inspections in **CTOs**.

FTO2 and **FTO3** cleared regulatory hurdles

Product launches

Exciting new product launches in NAG like **Sevelamer**, **Lipo Dox**, **Palonosetron Inj, OTC Levocetirizine**

Markets

India Business performance post-GST picked up pace for the rest of FY18

New markets in **EM** showed positive early performance trends

PSAI

service levels to customers started showing improvement towards end of the year

Cost Control

in the organization helped partially offset revenue challenges

Delivering affordable generic alternatives in Unbranded Markets

15 NEW PRODUCTS LAUNCHED IN NORTH AMERICA IN FISCAL 2018

First-To-Market launches of Palonosetron for Injection and OTC Levocetirizine Tablets

- Affordable alternative for complex, limited-competition products
- Multiple limited-competition launches this fiscal year (Incl. Sevelamer, Doxorubicin Hydrochloride Liposome Injection, Bivalirudin for Injection, and Ezetimibe & Simvastatin Tablets)

Other Product Launches in the U.S.

- Melphalan Hydrochloride 50mg Powder for Injection
- Clofarabine Injection for Intravenous Use
- Metaxalone Tablets
- Cefixime for Oral Suspension

Pipeline Updates

- Positive DC outcome on Suboxone litigation
- Launch preparations on track for on near-term **big-ticket** launches

Biosimilars and small molecule Oncology assets fueling global expansion

Successful launches of Oncology products in EM and EU

- Colombia, Brazil, Algeria, Spain, Italy

Reditux™ paving the way for the entry of upcoming Biosimilar assets in new markets

- Currently approved in 17 countries and available in 14

Launched five products in India through strategic collaboration with Amgen

Vectibix (panitumumab) Injection for IV Infusion

XGEVA (denosumab) injection

Kyprolis (carfilzomib) for Injec

prolia (denosumab) injection

Repatha (evolocumab) injection 140 mg/mL

Entry into more new markets in LatAm, Africa and Asia slated for H2 FY 18

Making a difference through Patient-centric Initiatives in Emerging Markets

Our first wave of patient-centric packaging has been received well

- Four India Star awards for patient-centric packaging (selected from 622 entries); now qualify for Asia star and World star awards
- Positive feedback from patients, doctors and pharmacists

Prototyping packaging innovations for patients in Russia

- Working with Geriatric Society to enhance therapy experience of geriatric patients
- Revamping packaging of OTC brands

Adherence programs

- After success in specialty care, we now have achieved scale in primary care with the CVAD adherence program in India

Push Tab feature in carton to serve as a reminder of when to have the medicine

Integrated flap that provides key information to the patient

Addressing unmet needs in Derma and Neurology

Commercial Updates

- First set of launches **Zembrace™** and **Sernivo™** ramping up well, continue to focus on accelerating the commercial business' path to profitability
- Promius Pharma recognized as an **emerging R&D driven commercial organization** in the neurology and dermatology communities

R&D Updates

- Filed the NDA for migraine candidate DFN-02
- Developing robust R&D Pipeline – **Three assets** in Phase III and **Three assets** in Phase II respectively

BD Updates

- Out-licensing of **DFD-06, a topical high potency steroid**, to Encore Dermatology
- Global License & Commercialization Agreement for Phase III Clinical Trial Candidate **(DFA 02) for Mitigation of Surgical Site Infections** with CHD Biosciences

Our Quality Journey

WE ARE COMMITTED TO
EXCELLENCE IN QUALITY
AND TO BEING THE BEST
IN THE INDUSTRY

U.S. FDA Audit Updates

Sites Previously on Warning Letter

- **CTO 5:** Three observations in audit - Received EIR
- **CTO 6:** Received EIR: compliance pending
- **FTO 7 Sterile Plant:** Received EIR: compliance pending, anticipating re-audit in H2 2018

Other Sites

- **CTO SEZ:** Concluded with zero observations
- **CTO 3:** Concluded with five observations
- **CTO 1:** Concluded with four observations
- **FTO 3 Bachupally:** Received EIR
- **Mirfield:** Concluded with three observations
- **Mexico:** Concluded with zero observations
- **CPS Technology Development Center:** Received EIR
- **FTO SEZ PU – 01 & 02:** Received EIR

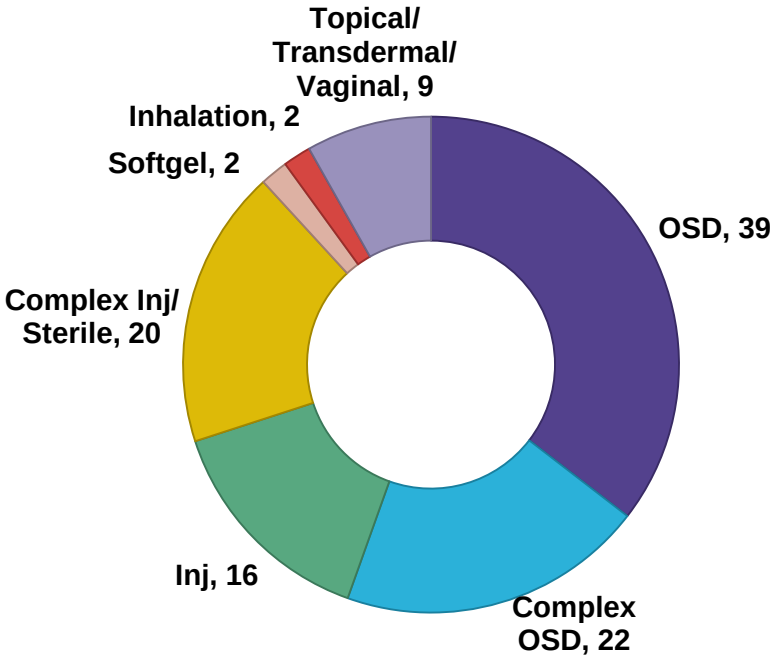
Growth Roadmap

North America Generics: Growth driven by limited competition products

	2018	2021
Portfolio	• Oral solid dosages account for almost 80% of the current revenues • Injectables accounting for 20% of the revenues	• More than 50% of revenues to come from Injectables, Topicals and other complex dosage forms • Initiate monetization of Biosimilars assets
Channel	• Retail is the predominant class of trade for the business contributing more than 60% of current revenues • Current OTC presence broadly in private Label segment	• Specialized channels like Oncology Clinics, Hospitals, OTC are expected to form 60% of the mix • OTC Brands to become relevant part of business
Customer	• Exclusive focus on trade partners across retailers, Distributors and GPOs	• Increased relevance of other stakeholders like Patients, Physicians and Payors
Plant	• More than 70% revenues reliant on internal manufacturing sites	• Diversified manufacturing network with almost 50% of revenues coming from partner manufacturing sites

Healthy Pipeline of First-to-market, Tough-to-make Products Bringing Expensive Medicine within Reach

NUMBER OF PENDING FILINGS* BY DOSAGE FORM



** Filings as of March 31, 2018; Internal estimates*

PIPELINE HIGHLIGHTS

107 pending ANDAs & 3 pending NDAs (505b2s)

- No incl. **63 para-IV** and **30 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

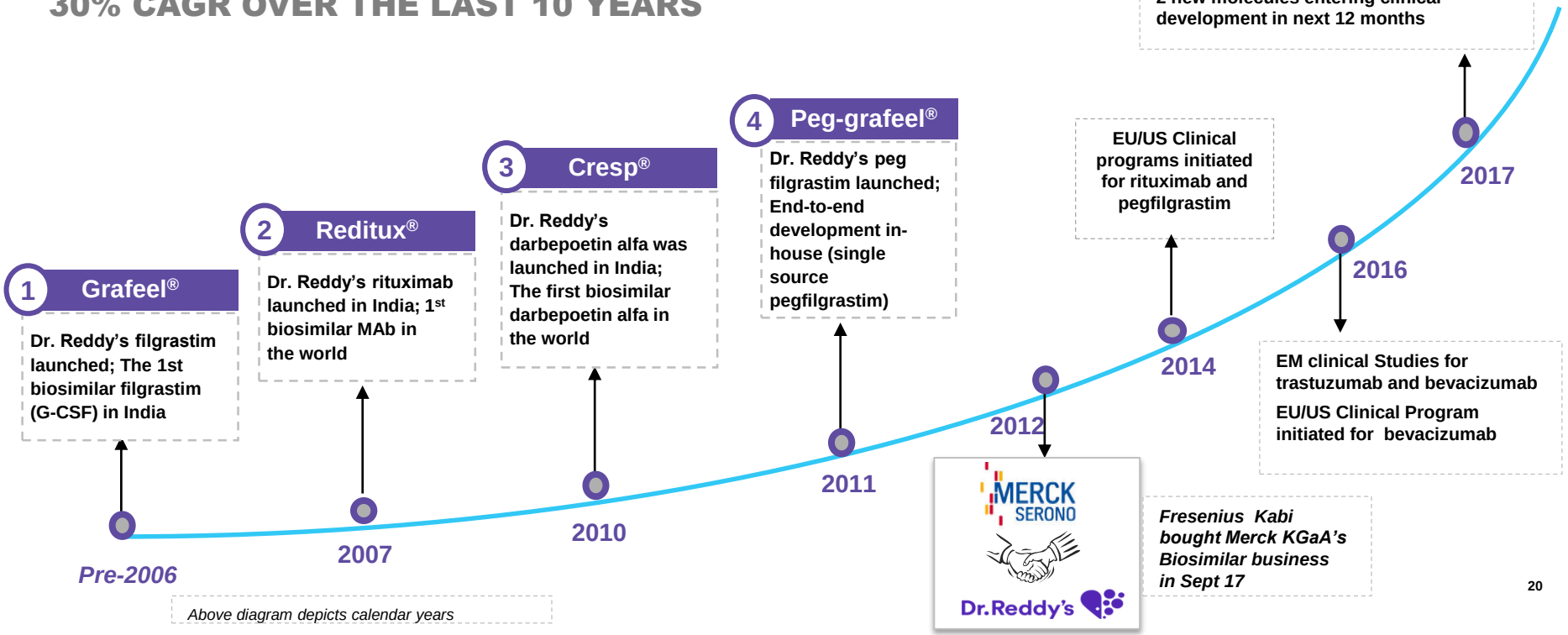
Fast-following on potential OTC switches

India & Emerging Markets : Growth driven by patient centric initiatives

	2018	2021
India	• Focus on mega brands expansion • Improvement in new launch productivity	• Portfolio augmentation and productivity improvement • Step-up in Chronic and Super-specialty therapies • Strategic business development and M&A efforts • Differentiated assets in relevant therapies • Focus on new growth avenues [a] Institution / Corporate hospitals; [b] OTC and Nutritionals
EM	• Focus on mega brands expansion / improvement in field force productivity • Launch of Biosimilar products in existing markets	• Leveraging the Complex generics / Biosimilar portfolio, across markets • Increase depth in lead geographies of Russia, Brazil & China • Expanding presence in new markets • Selective business integration for OTC / differentiated assets Augment the capacities by establishing local manufacturing capabilities

Biologics: Maximizing value of current assets in near to mid-term while pursuing global development

BIOLOGICS REVENUE HAS GROWN AT APPROX. 30% CAGR OVER THE LAST 10 YEARS



Above diagram depicts calendar years

Biologics: Creating substantial value in long term from new portfolio choices while driving R&D productivity

FY20 Product Portfolio

- 6 commercial products; > 50 filings across 14 major countries
- 5 new products in clinical development

FY20 Business Profile

- Strong and relevant play in Emerging Markets
- Developed Markets Royalties expected to Kick-in

FY25 Business Profile

- Emerging Markets Revenue: $300Mn – $400Mn
- Developed Markets Profits: > $100Mn
- EBITDA margin post R&D: > 35 %

Proprietary Products: Aspiring to build a $400 million business by FY22 through a low-risk innovation model

- Established with the goal to address unmet needs of specific patient segments in Dermatology & Neurology
- Diverse portfolio of R&D assets with a track record of regulatory success
- Licensed three clinical stage assets to augment overall long term value of the portfolio
- Strong track record of commercial success – 33% CAGR top-line growth [FY11-FY17]

Specialty Dermatology Franchise

- 3 Products approved; 1 asset commercialized and 2 licensed
- Supported by 60 Sales Reps in 6 Regions

Specialty Neurology Franchise

- Introduced the Neurology franchise through the launch of Zembrace in 2016
- Supported by 45 Sales Reps in 6 Regions

FDA Approval for Five NDAs (organic pipeline assets) › Two Launched April/May 2016

ZEMBRACE™ SymTouch™ (sumatriptan injection) 3 mg/ 0.5 mL
Sernivo™ (betamethasone dipropionate) Spray, 0.05%

Aurigene: Specialized Biotech division focused on addressing critical needs in Oncology and Auto-immune therapeutic areas

BUSINESS MODEL

- Focused on Oncology & inflammation disorders
- Complementing infrastructure for small molecule & peptide drug discovery
- Client value proposition characterized by collaboration & licensing
- Multi-year collaborations with 6 of top-10 pharmaceutical companies

OUTCOMES

- 70+ integrated discovery programs resulting in over 135 patents in the last 10 years
- Out-licensed multiple early-stage and late stage programs
- 11 INDs filed under collaboration programs; multiple assets in Phase I/II
- Pipeline of programs in Immuno-oncology, Epigenetics & Th17 pathway

OPTIMISTIC FUTURE

Key Strategic Priorities

Strengthening Manufacturing & Quality

Create culture encouraging **Transparency** and **Compliance**

Creating Leaner and Flexible cost structures

Focus on Manufacturing and R & D Network **Rationalization**, Improving Plant Operating **Efficiency**, R&D **Productivity** and Portfolio **Optimization**

Assuring Long-Term Growth across all our businesses

Focus on delivering **Top 30 products** accounting for 50% of incremental growth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Contacts

Investor relations
Saunak Savla
saunaks@drreddys.Com
(Ph: +91-40-49002135)

Media relations
Calvin Printer
calvinprinter@drreddys.Com
(Ph: +91-40-49002121)

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 gastrointestinal, cardiovascular, diabetology, oncology, pain management and dermatology. Dr. Reddy's operates in markets across the globe. Our major markets include – USA, India, Russia & CIS countries, and Europe. For more information, log on to: www.drreddys.com