Investor Presentation

June 2016

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

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 quarters ended June 30, 2015, September 30, 2015, December 31, 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

- Update on US FDA matter
- Executive Summary
- Company Overview
- Sustainable performance over the past 5 years
- Optimistic future
- FY17 Priorities

Update on ongoing US FDA matters

November 2015
Warning Letter
For Three Sites

December 2015
Response Submitted

January 2016
First status update

March 2016
Second status update

May 2016
Third status update

Activity	Status
Document Control	Done
Electronic data reliability	Nearly done
Infrastructure upgrades	Nearly done
QC systems corrections and simplification	WIP
Sterility assurance	Nearly done
Manufacturing procedures	WIP
Investigation rigor	WIP

Of the Warning Letter Commitments, 94% will be completed by June.

Observation categories included: documentation practices and control, laboratory testing procedures, incident investigation practices, and standard operating procedures.

Independent product quality assessments performed by Lachman Consulting Services.

No questions or comments by FDA to date

Executive Summary

Top Line Growth with Healthy Profitability

1. Differentiated APIs for key customers and internal commercialization
2. Growth in unbranded markets via complex & limited competition assets
3. Growth in branded markets via differentiated products and services
4. Investment and approvals in biologics (EMs) and Proprietary Products (US) to drive mid to long-term growth

Well-positioned for sustained profitable growth given our proven capability in complex generics with strategic investments in R&D for Proprietary Products and Biologics

Recent Highlights:

Proprietary Products

Our first set of NDAs Zembrace & Sernivo launched in the US

Closed three deals to In-license assets Xeglyze, XP23829 E 7777

Eisai

XenoPort®

Recent Highlights:

North America Generics

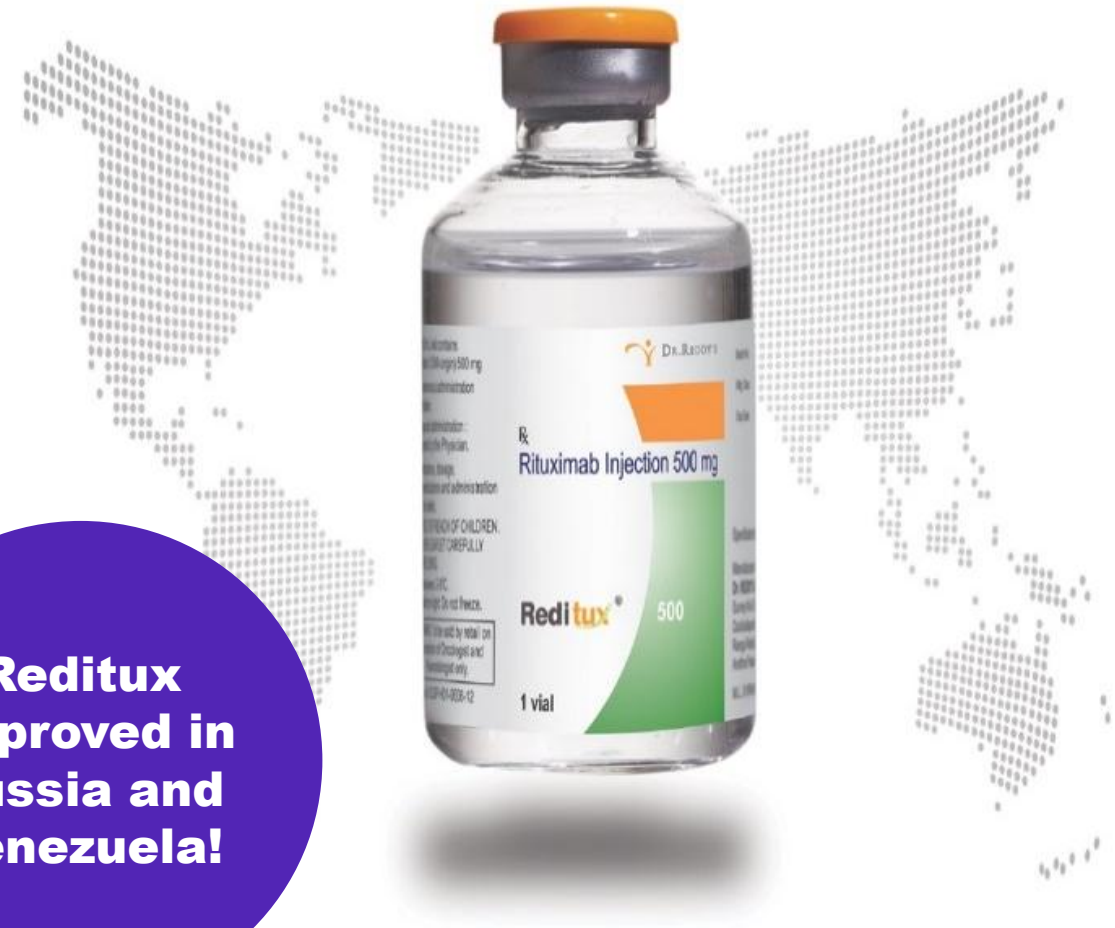
Entered definitive agreement with Teva / Allergan

- Acquired eight ANDAs (One approved and seven under review with FDA)
- Majority of the molecules being acquired are complex products and/or expected to have limited competition
- Across multiple dosage forms i.e. sublingual film, Vaginal ring, inhalation respule, topical cream and oral solids
- combined sale of the branded versions of the products in the U.S. is approximately $3.5 billion MAT April 2016 (IMS)
- Expect to launch half of them in fiscal 2018

Acquisition of 6 OTC brands with strong brand equity

Recent Highlights:

Emerging Markets



Reditux Approved in Russia and Venezuela!

Company Overview

Integrated business model

Pharmaceutical Services & Active Ingredients

Partner of Choice

FY16 Revenue mix 14%

Global Generics

Access to affordable medicines

FY16 Revenue mix 83%

Proprietary Products

Fulfilling unmet and under-met needs

FY16 Revenue mix 3%

Key strengths and capabilities

Collaboration across business units

Industry leading product development skills

- Several niche product opportunities (decitabine, azacitidine, fondaparinux) first to market in USA

Deep market presence

- Branded generic markets - India, Russia), CIS countries and Venezuela
- Generic markets – USA , UK and Germany

Early mover advantage in Biosimilars

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

Vertically integrated organization with modern infrastructure

- R&D centers in India, UK, Netherlands and US
- 20 USFDA inspected formulation & API manufacturing facilities

Formulation manufacturing infrastructure and capabilities

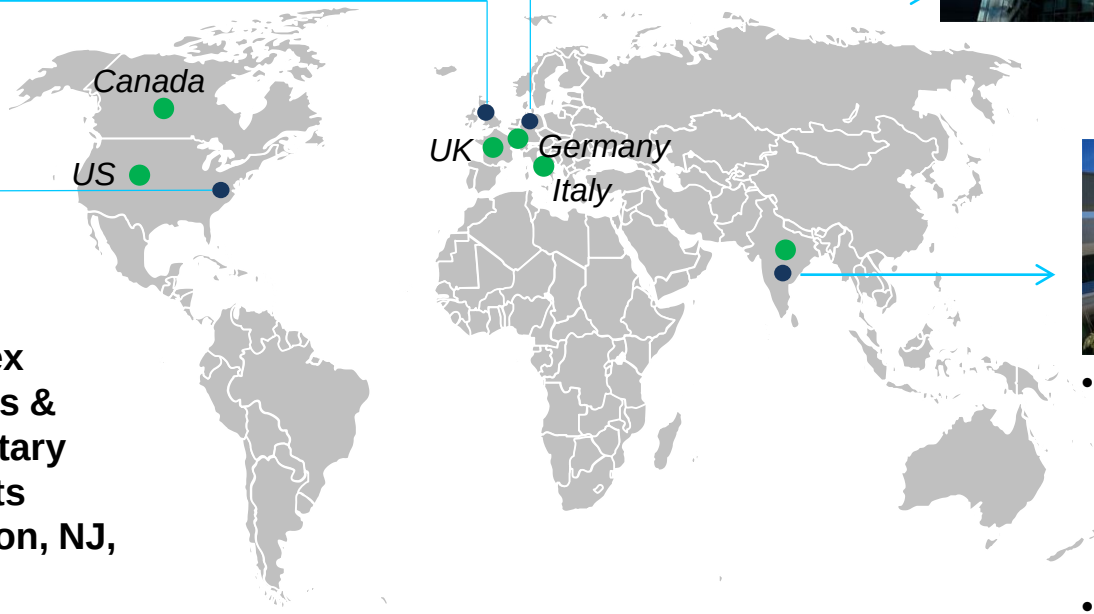
DOSAGE FORM	CAPABILITIES	DETAILS
Oral Solids (22 bn pills annual)	Tablets, Capsules, Pellets, bi-layers, Modified / Extended release, ODTs	**10 Facilities out of which** • 4 USFDA approved of which 2 are located in USA • 3 MHRA approved • 1 state of art facility is ready for USFDA approval
Injectable (110 mn units annual)	Vial / PFS including complex products	**3 Facilities out of which** • 1 oncology facility, USFDA/MHRA/ANVISA approved • 1 State of the art facility commissioned • 1 facility approved by ANVISA/Romania focused on emerging markets
Ointments (10mn units annual)	Tubes/creams/ Gel	**2 Facilities out of which** • 1 facility for emerging and domestic market and • 1 facility for US market coming on-stream

Multiple strategic alliances for manufacturing variety of dosage forms

Globalized R&D to access the 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

- **Product Development Centres, Hyderabad & Bangalore**
- **Aurigene Discovery Technologies Ltd, Bangalore**

● External partners

Sustainable performance over five years

Sustainable revenue growth over last 5 years

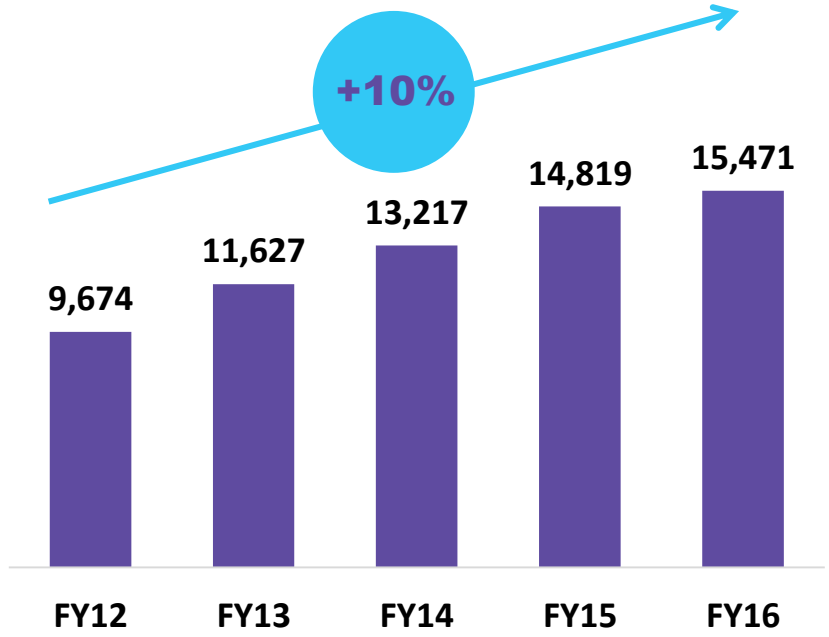
Well placed to harness profitable growth opportunities in the future

Sustained focus on -

- Portfolio management
- Operations excellence
- Science & Technology capabilities
- Superior Commercial choices across markets

Poised for growth in emerging businesses of Proprietary Products, Biologics and Aurigene

REVENUES (Rs Cr)



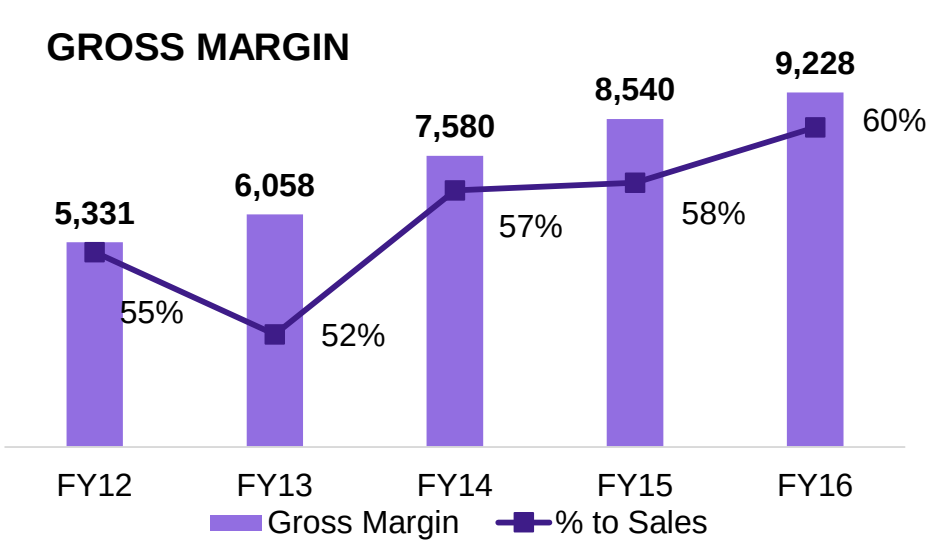
FY16 global revenues of $2.4Bn

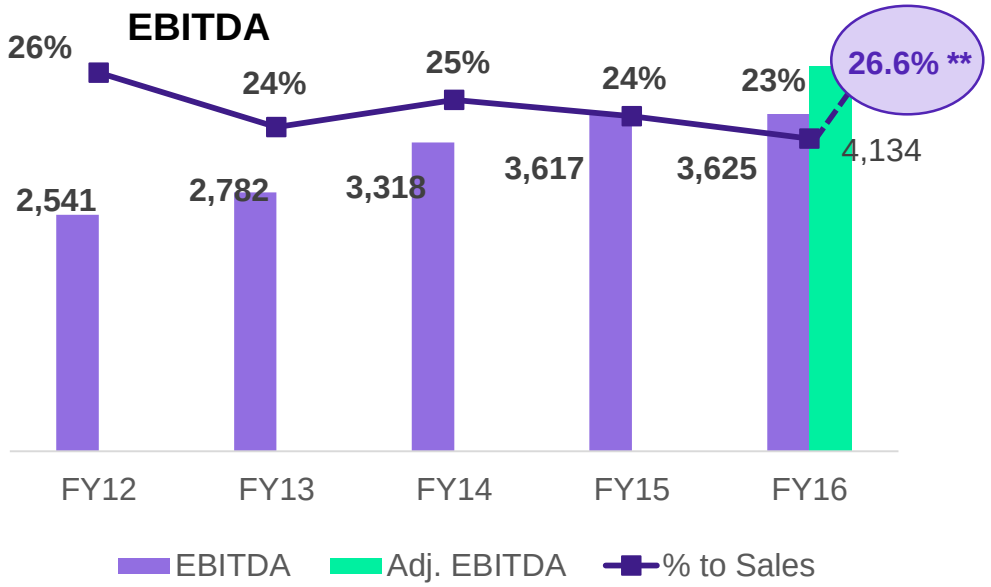
Steady improvement in capital efficiency & productivity over the last five years

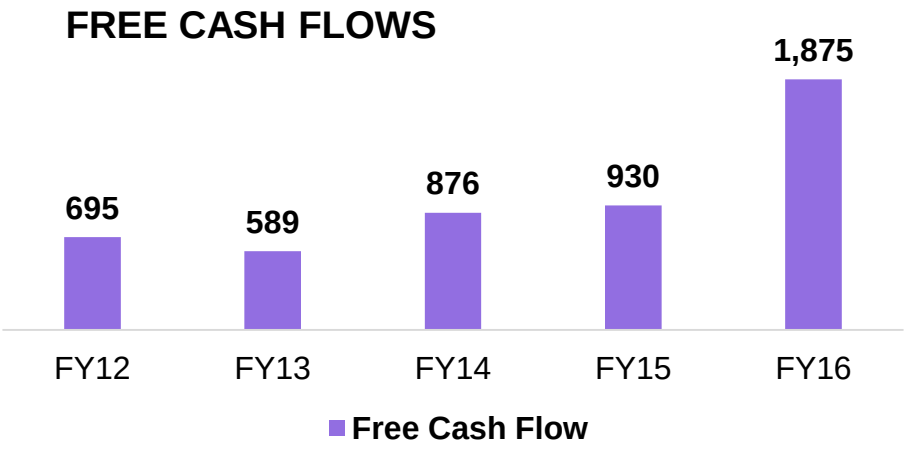
Value in USD is calculated based on the average US dollar exchange rate

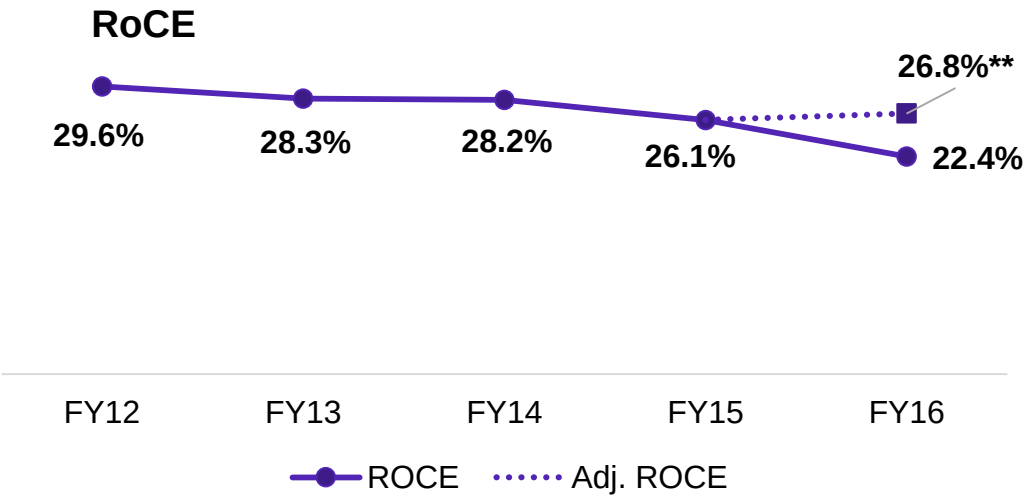
Profitable growth trends

All values in Rs Cr.









***Adjusting for the Venezuela related accrual taken in FY 16*

Our North America Generics base business grew at 15% CAGR (FY16 Gr:12%)

STRATEGIC FOCUS

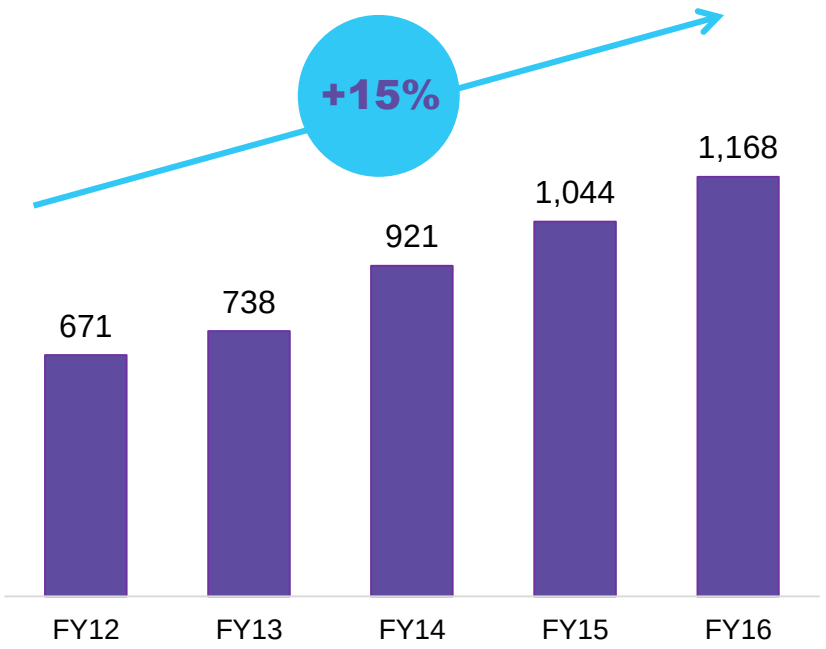
Investments in capacity and facilities

- Build capabilities for complex dosage forms
- Augment capacities for Oral Solids and Injectables

Deepening go-to-market model

- Demand generation for non-substitutable products in clinics & hospitals
- Moving towards branded OTC franchise

REVENUES (US $ Mn)



Now ranked #10th among the US generics companies

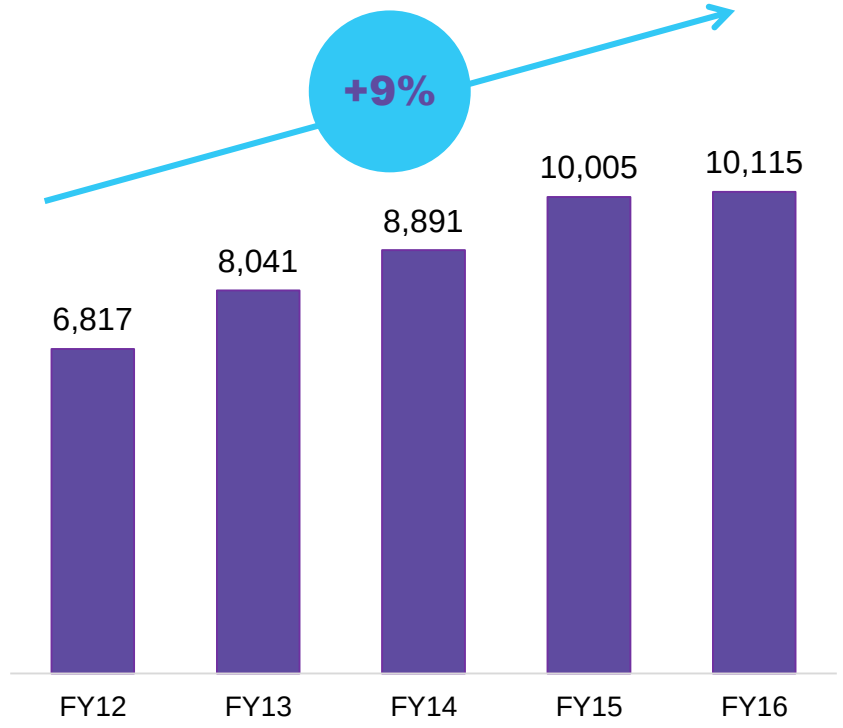
Leading private label OTC player; strong #2 after Perrigo

Russia business sustaining uncertain macro economic conditions

STRATEGIC FOCUS

- Focus on portfolio augmentation and productivity improvement
- Continue to Scale-up the OTC business
- Establish Biosimilar business with launch of Reditux

REVENUES (Rouble mn)



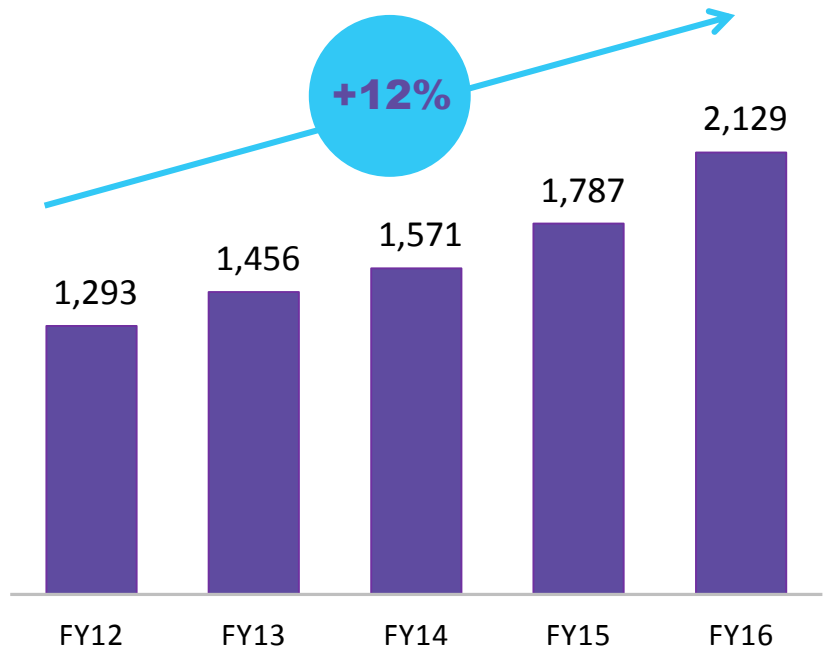
- **Established strong presence in Pain Management, G.I. & Anti-Infectives therapies**
- **Top 5 brands rank #1 in their respective segments & 12 brands in the top 3**

Our India business grew at 12% CAGR (FY16 Gr:19%)

STRATEGIC FOCUS

- Deep focus on Chronic and Super-specialty therapies
- Strategic business development and M&A efforts
- Differentiated assets in relevant therapies

REVENUES (Rs Cr)



Successful integration of the brands acquired from UCB

Improvement on the back of -

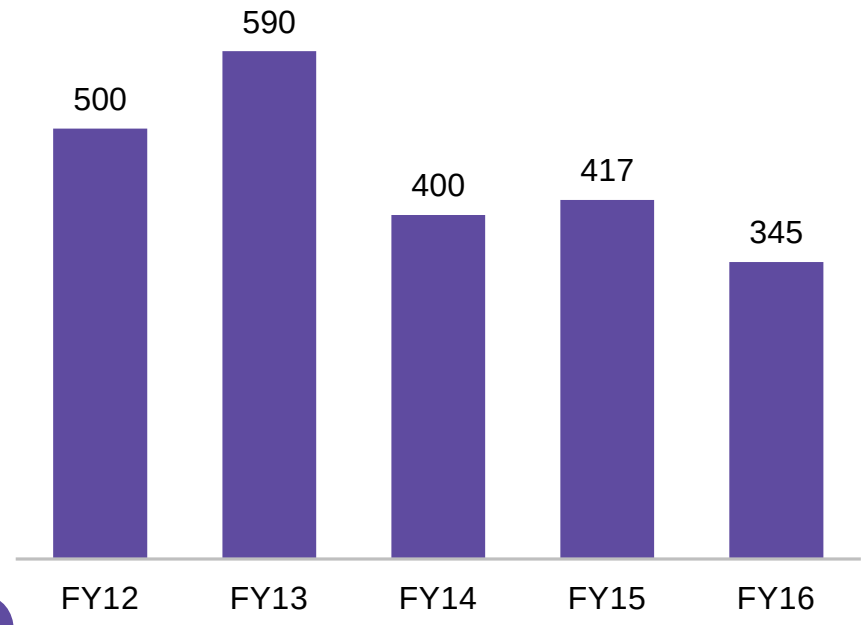
- **Focused sales & marketing efforts on mega brands**
- **Improving new launch productivity**
- **Scale-up in institutions sales**

Despite modest performance, PSAI continues to be strategic differentiator

STRATEGIC FOCUS

- Accelerate first-to-market access for our partners through non-infringing IP positions
- Invest in technology platforms to develop complex APIs
- Supply reliability to meet customer demands

REVENUES (US $ mn)



Partnerships with top Generics players:

~40% of sales from global top 5

>60% of Global Generics segment's sales from vertically integrated APIs

Optimistic future

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 that our medicines are available where needed

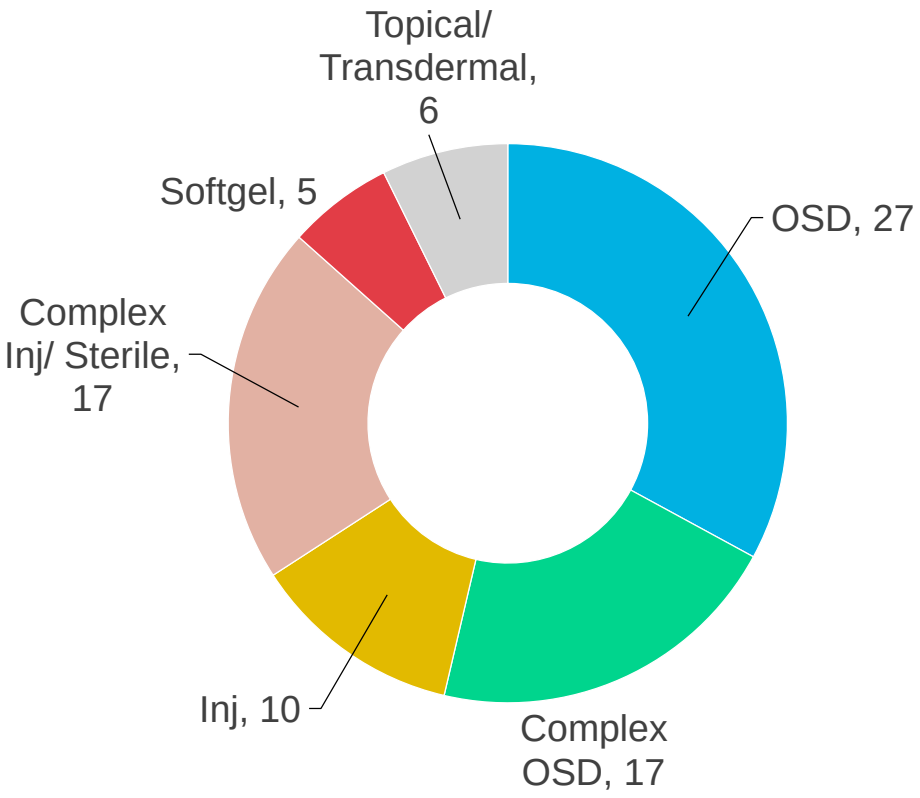
Our strategic choices

- First-to-market, tough-to-make products
- Differentiated formulations for unmet medical needs
- Value-added services for patients and customers
- Reliable & flexible supply chain

Healthy pipeline of high entry barrier products

Bringing expensive medicine within reach

Number of pending Gx filings by dosage form



Market shares of limited competition products have been stable

79 pending ANDAs & **3** pending NDAs (505b2s) of **~$45 billion** of innovator brand sales value

- incl. **52 para-IV** and **18 first to file** products

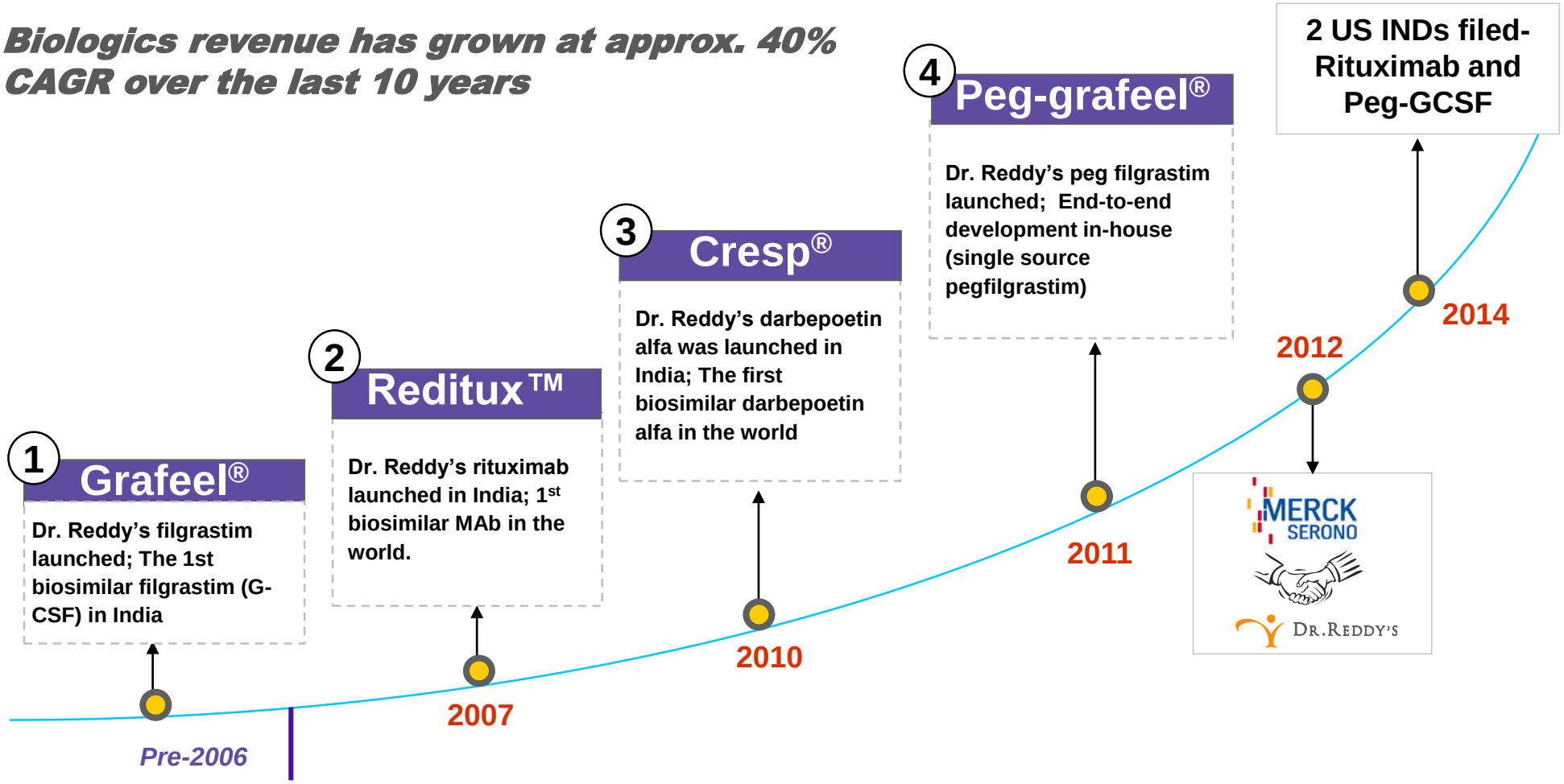
Portfolio of products based on –

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

Fast-following on potential OTC switches

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

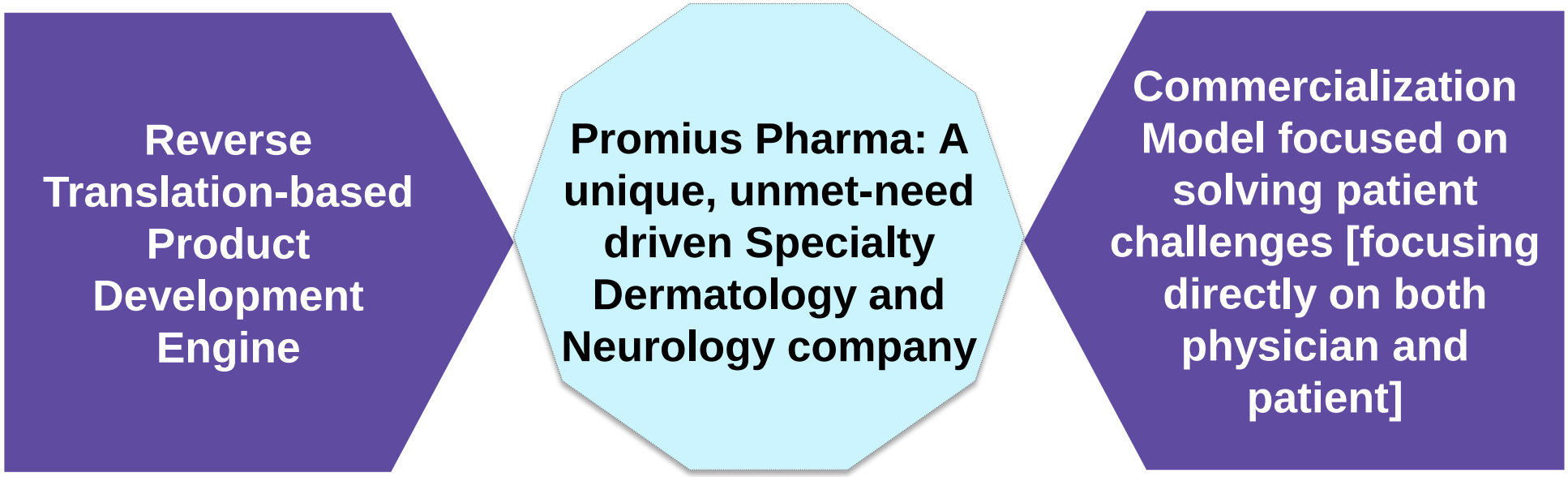
Biologics revenue has grown at approx. 40% CAGR over the last 10 years



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

Product Portfolio	• 6 existing products; > 50 filings across 14 major countries • 5 new products in clinical development • 5 new products in early development
FY20 Business Profile	• Emerging Markets Revenue: $150Mn – $ 200Mn • Developed Markets Profits/Royalties expected to Kick-in • EBITDA margin post R&D: > 25 %
FY25 Business Profile	• Emerging Markets Revenue: $300Mn – $400Mn • Developed Markets Profits: ~ $150 – 200Mn • EBITDA margin post R&D: > 35 %

Proprietary Products: Building $500 million business by FY22 business through lower-risk innovation model



Services aimed at improving patient outcomes or customer needs

- Provide innovative services around our products

PROPRIETARY PRODUCTS

- Enable doctors and pharmacists to create better outcomes

BRANDED GENERICS

- Value-added service offerings

API AND GENERICS

FY17 Priorities

FY17 Priorities

Growth

- **Track** progress on Strategic growth plan
- **Accelerate** Biologics and Proprietary Products commercialization to get to scale
- **Improve** R&D productivity and hit rate of filings

Organization

- **Continue** to build on Supply chain excellence initiatives
- **Organization Simplicity** and Design organization for success

Operations

- **Strengthen** quality management systems and processes
- **Enhance** the infrastructure for training & development of our staff on the current cGMP practices


GOOD
HEALTH
CAN'T
WAIT.

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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