DR. REDDY'S LABORATORIES LTD

2015 INVESTOR DAY

MONDAY, 18-MAY-2015
HYDERABAD, INDIA

NYSE: RDY, NSE: DRREDDY, BOM: 500124, ISIN: INE089A01023

Agenda

1	**Setting the context:** GV Prasad, CEO and Abhijit Mukherjee, COO	25 mins
2	**Generics:** Amit Biswas	25 mins
3	**Biologics:** Cartikeya Reddy	25 mins
4	**Proprietary Products:** Raghav Chari	25 mins
5	**Aurigene:** CSN Murthy	20 mins
6	**BREAK**	30 mins
7	**Q&A**	60 mins

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, Emerging markets 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, 2014, and Form 6-k for the quarters ended June 30, 2014, September 30, 2014, December 31, 2014 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.

G V PRASAD

CHIEF EXECUTIVE OFFICER

Dr. Reddy's Today …

- FY15 global revenues of $2.4Bn. Well diversified across India, US, Emerging markets & Europe.
- Steady improvement in capital efficiency & productivity over the last five years.
- Excited about profitable growth opportunities in the future. Well placed to harness these opportunities.
- R&D driven strategy [spend at ~12% to sales]. 1200+ scientists involved in process & product innovation.
- Last three years characterized by sustained focus on Portfolio management, Operations excellence, Science & Technology capabilities and superior Commercial choices across markets.
- Strong visibility of realizing full potential of our Emerging businesses of Proprietary products, Biologics and Aurigene.

Our dialogue to be focused on:-

- Which are the identified areas in which we are investing for talent, infrastructure and technologies?

- What are some of our early successes and milestones across the businesses ?

- How is our portfolio evolving to ensure superior value creation ?

Our Purpose

WE ACCELERATE ACCESS TO AFFORDABLE AND INNOVATIVE MEDICINES

Our Purpose has guided our customer value propositions leading to specific strategic choices …

PURPOSE

- We accelerate access to affordable and innovative medicines

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

These key strategic choices are core part of the priorities of each business

PURE GENERICS & APIs

Focus on first-to-market and tough-to-make products through flexible & reliable supply chain

BRANDED GENERICS

Deliver first-to-market & differentiated products in chosen therapy areas through a flexible supply chain while providing credible knowledge, innovative care and services to key stakeholders and patients

PROPRIETARY PRODUCTS

Improve patient outcomes by identifying unmet needs and addressing them through innovative products & services that are affordable and accessible in addition to providing credible knowledge to key stakeholders

BIOLOGICS

Accelerate global access to high-quality and affordable bio-similars

AURIGENE

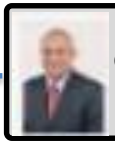
Collaborate with large Pharma and biotech partners addressing unmet needs in Oncology and Inflammation while building options for innovation based businesses in these therapeutic areas

Professional organization geared for growth

CEO
GV Prasad

Function heads of:
Strategy & Corporate development;
Operational Excellence Group; New Ventures and Innovation Studio

President & CFO
Saumen Chakraborty



President & CHR
Chandrasekhar Sripada

EVP
Proprietary Products
Raghav Chari

EVP
Generics R&D
Amit Biswas

CEO
Aurigene
CSN Murthy

President & COO
Abhijit Mukherjee

EVP
Biologics
Cartikeya Reddy

EVP
Global Quality and RA
K. Anand

SVP
Global Medical Affairs
Akhilesh D Sharma

General Counsel
Suprio Dasgupta

EVP
North America Generics
Umang Vohra

EVP
Global Manufacturing
Samiran Das

EVP
GG Emerging Markets
MV Ramana

SVP
GG India Business
Alok Sonig

SVP
PSAI Commercial
KVS Ram Rao

Head
EU Generics
Clemens Troche

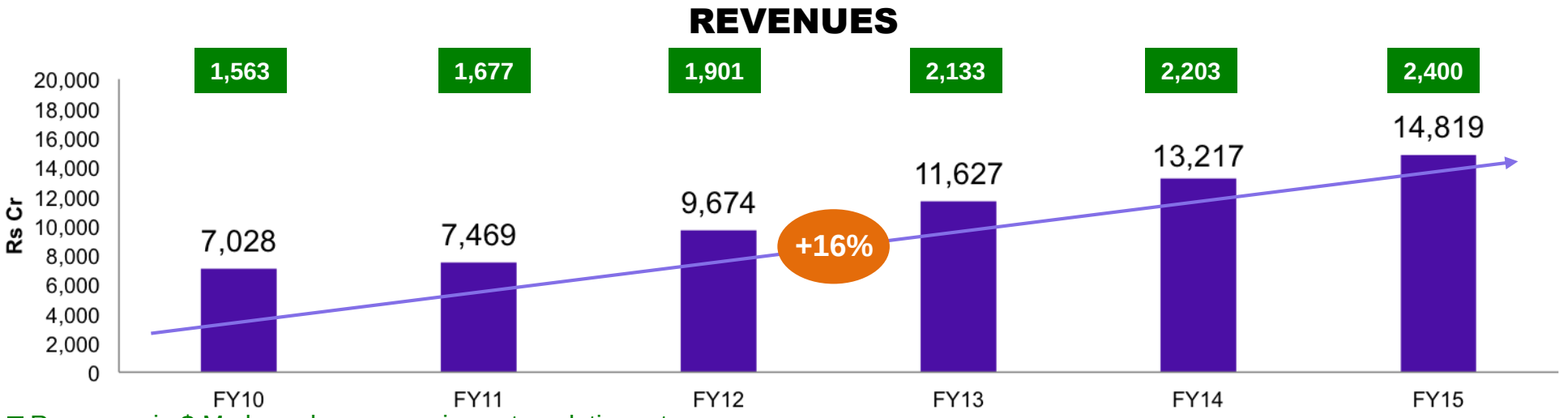
Management Council

We are known for our distinctive culture as well as strong people & governance practices

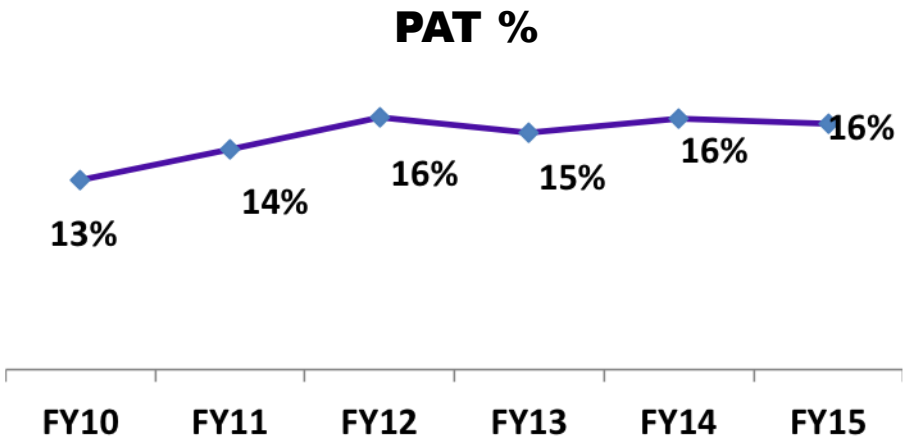
- Entrepreneurial and customer focused
- Culture of ‘respect for individual’ and ‘empowerment to professionals’
- Structured processes for leadership development and talent management
- Mechanism to anticipate future requirements and build a bench of internal talent
- Strong succession slate.

- Continue to abide by high corporate governance standards. 14 years of NYSE listing compliance.
- Recognized by ‘India's Best Managed Boards’ award.
- Best in class financial reporting system supported by strong internal controls and risk management processes.

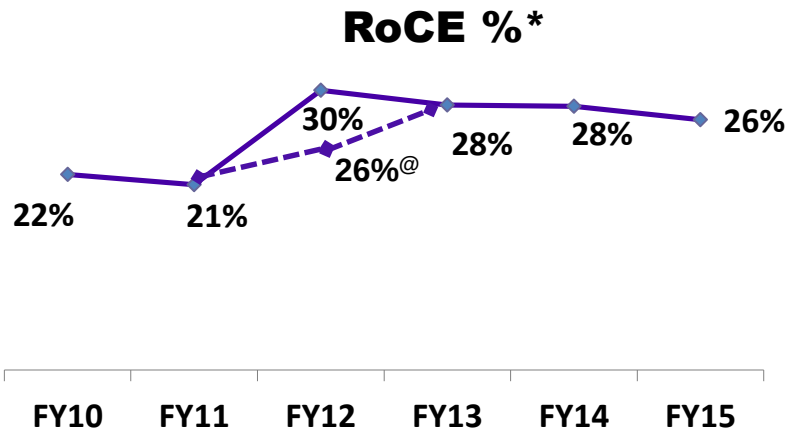
Our financial performance has been steady



■ Revenues in $ Mn based on convenience translation rate



*Computed excluding impairments



*Excludes impairment and deferred tax | @ - Adjusted for Olanzapine exclusivity revenues

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

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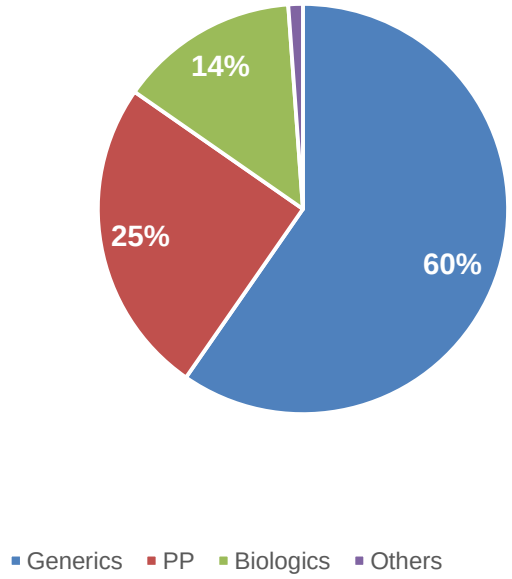
RESEARCH & DEVELOPMENT

Our investments in R&D

FY15 spend of $ 280 mn, 11.8% to sales



- Compared to FY11, reduction in CoGS and SGA as percentage to sales by 7 % → result of sustained cost management initiatives, portfolio momentum, operating leverage and currency benefit
- Deployed 5% from these savings into R&D to capture opportunities for organic growth across markets
- Current thinking largely shaped by unconstrained development subject to capability and validated business case

Over the past 5 years, we have built strong R&D capabilities across all businesses and increased the focus towards Biologics & Proprietary products development

GENERICS

Head, Amit Biswas, Ph.D

• Generics • API	**1050 ▶ 1066**

Qualification	Head-Count
Graduate	151
Post-graduate	772
PhD	143
Total	**1066**

PROPRIETARY PRODUCTS

Head, Raghav Chari, Ph.D

• Differentiated Products • NCE Research	**66 ▶ 160**

Qualification	Head-Count
Graduate	1
Post-graduate	138
PhD	21
Total	**160**

BIOLOGICS

Head, Cartikeya Reddy, Ph.D

• Biologics	**400 ▶ 540**

Qualification	Head-Count
Graduate	156
Post-graduate	324
PhD	60
Total	**540**

AURIGENE

Head, CSN Murthy

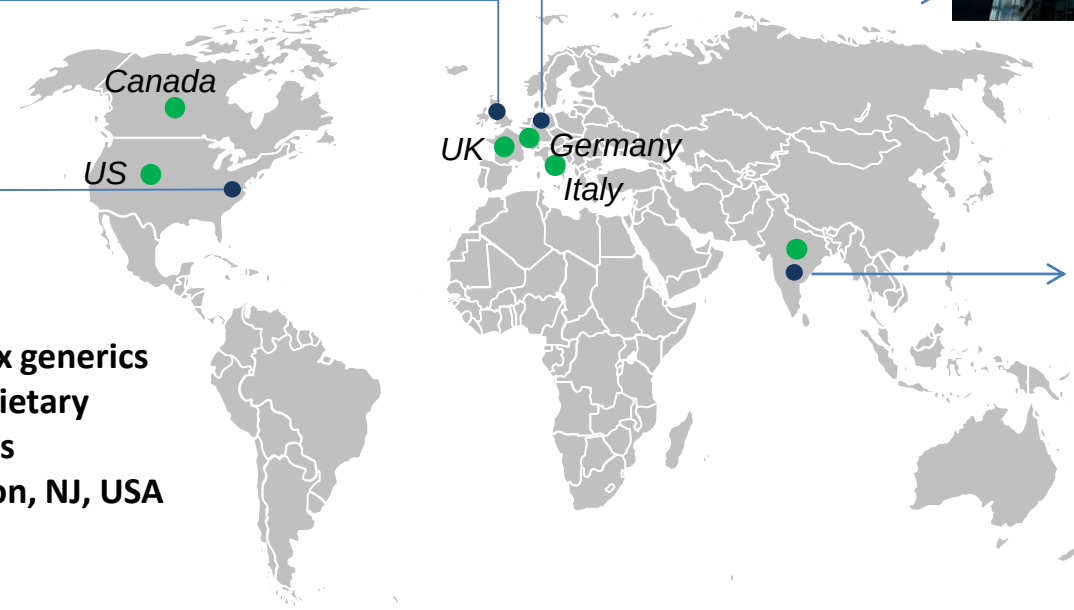
• Discovery Stage products	**410 ▶ 428**

Qualification	Head-Count
Graduate	-
Post-graduate	351
PhD	77
Total	**428**

Expanding R&D Footprint …

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

…. supported by a number of external partnerships

Global partner network

- Access to niche technologies through a wide network of strategic partners across the globe
- Dedicated co-development team to synch the efforts, project-manage the partner capabilities and ensure strong governance

2

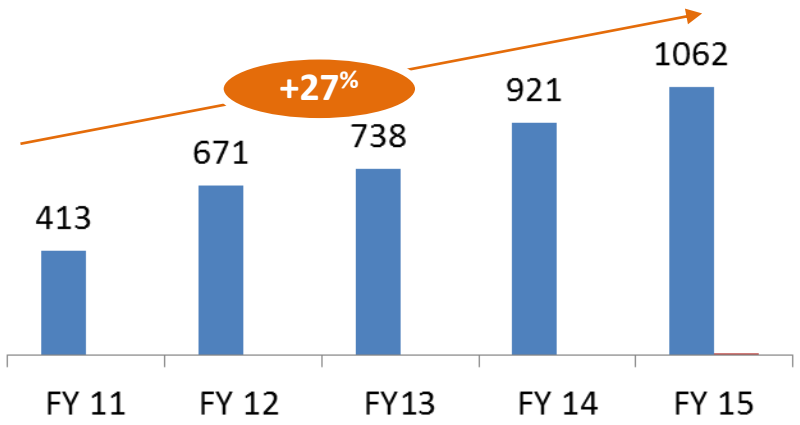
UPDATE

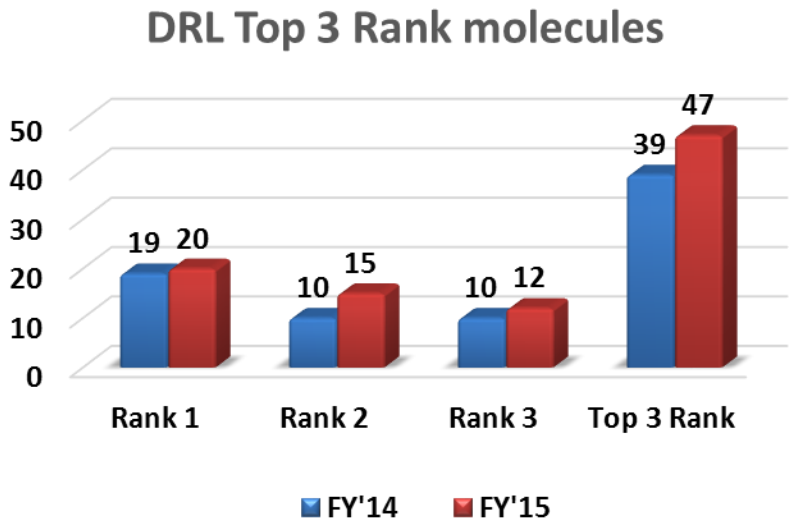
ON KEY MARKETS

ABHIJIT MUKHERJEE

CHIEF OPERATING OFFICER

North America Generics: Strong base, well poised for growth





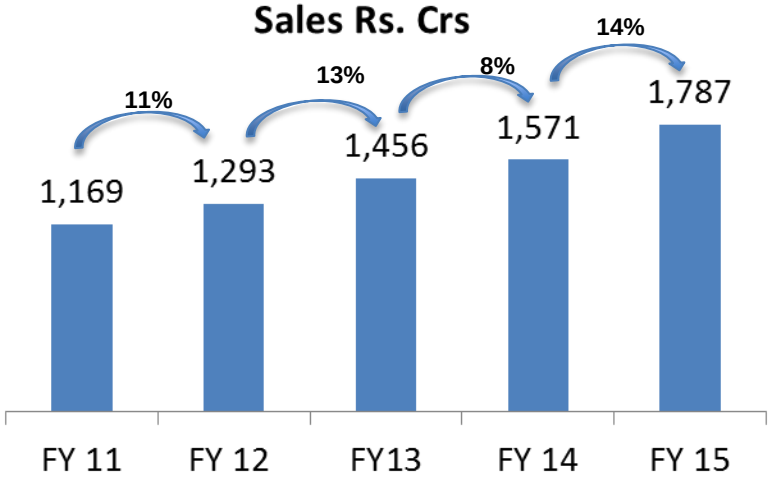
- First $500mn took 15 years; then to $ 1 billion in next 5 years.
- 9th IMS rank based on MAT data. 47 molecules in top 3 ranks.
- Balance of ‘market share gains’ with ‘optimal pricing’
- Delivery of consistently high service levels
- Scaled-up the injectable business.
- Value generated per asset steadily increasing

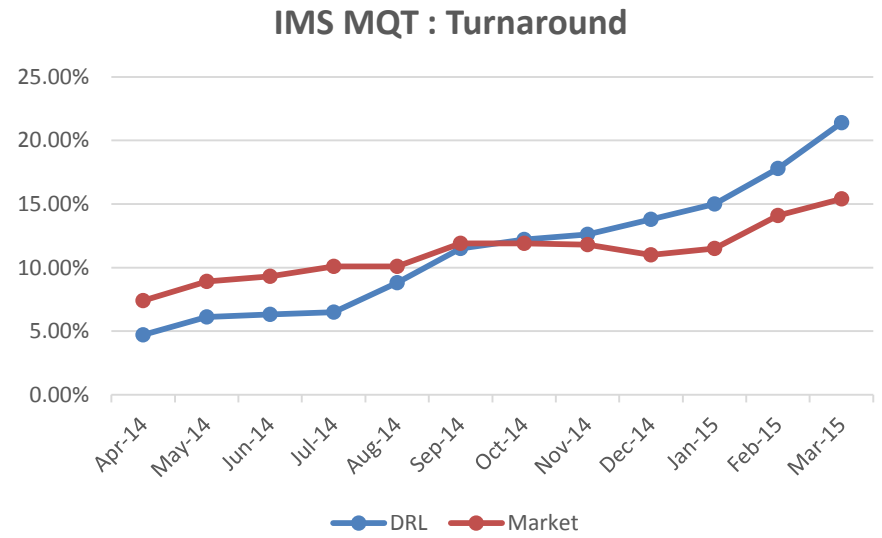
We have shown commendable commercial success from the complex generics and limited competition opportunities

PRODUCT	ORDER	# OF Gx PLAYERS	SHARE %	PATIENTS TOUCHED / YEAR
FONDAPARINUX	First to market	Two	51%	130,000+
AZACITIDINE	First to market	Two	60%	4,000+
DECITABINE	First to market	Three	83%	13,000+
LAMOTRIGINE XL	2nd Generic in market	Two	34%	17,000+
SIROLIMUS	First to market	Two	15%*	2,000+
SUMA AUTO INJ	3rd Generic in market	Three	24%	35,000+
ZIPRASIDONE	First to market	Six	43%	80,000+
VALGANCICLOVIR	2ND Generic in market	Two	59%	10,000+

* - Contracted Market Share

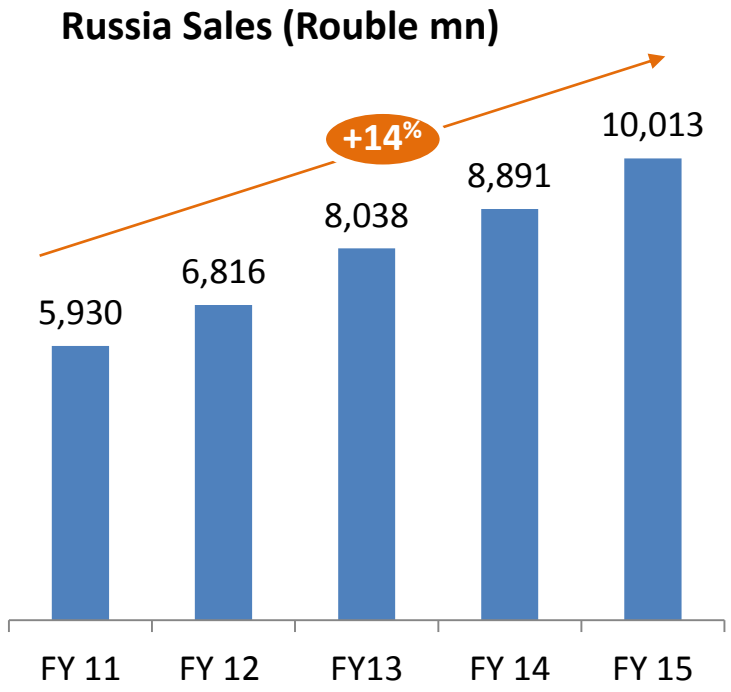
India: consistent outperformance in recent quarters





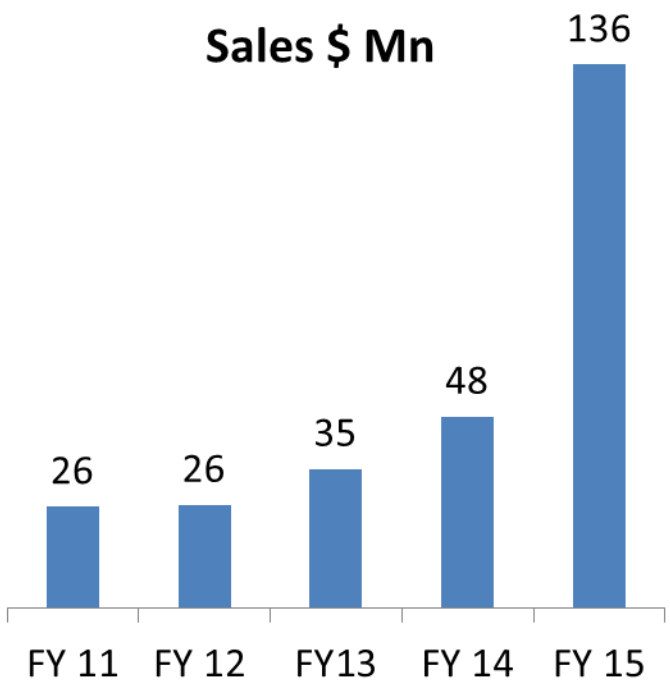
- Turnaround on the back of
  - Focused sales & marketing efforts on mega brands
  - Improving new launch productivity
  - Scale-up in institutions sales
- Deep focus on Chronic and Super-specialty therapies
- Strategic business development and M&A efforts
  - Differentiated assets in relevant therapies
  - Growth through inorganic opportunities

Russia: deep and strategic presence. Committed to deliver sustainable long-term growth.



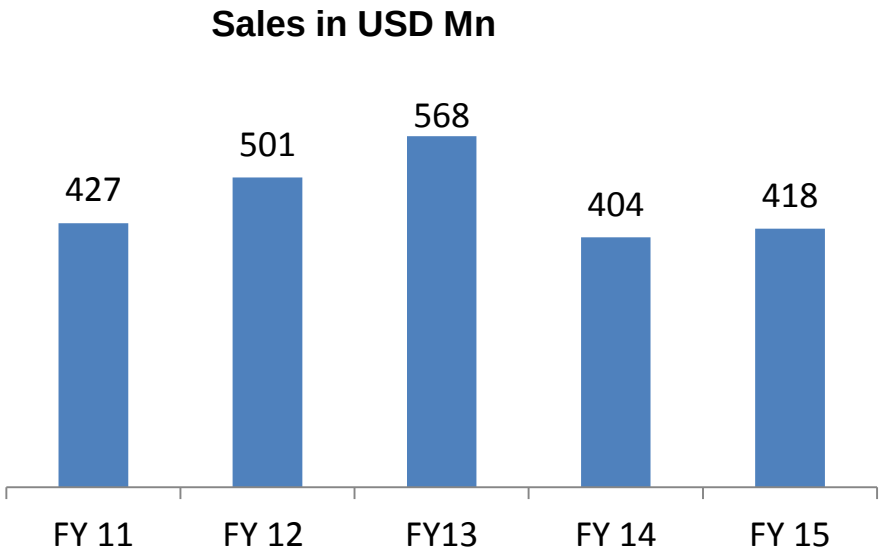
- Established strong presence in Pain Management, Gastro Intestinal and Anti-infectives therapies
- Top 5 brands occupy the No. 1 spot in their respective INNs and 12 brands in the top 3 ranks
- Increasing mix of OTC sales.
- A number of products launched through BD efforts – converted into mega brands

Venezuela: fastest growth across all companies in both units and value



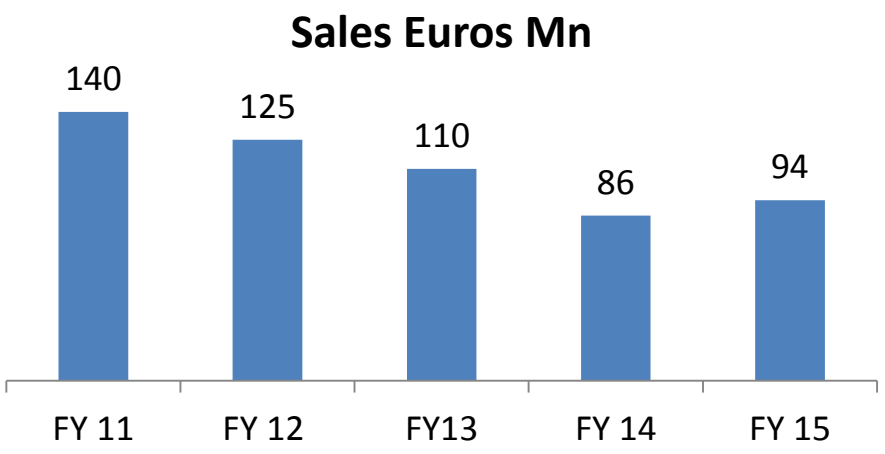
- Committed to the market to ensure availability
- Economic turmoil → an opportunity to stay invested in the market and strengthen the base for future
- Ranked 20th in value terms and 12th in unit terms, which clearly highlights our endeavor to provide affordable medicines to patients
- A balanced portfolio across therapeutic areas of Cardio-Vascular, Central Nervous system, Anti-Infectives and Oncology

PSAI: strong connect with large generics customers. Focus on maximizing internal value creation.



- 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
- Focus on partnership model for Emerging Markets
- Development and manufacturing of API provides a sustainable and distinctive competitive advantage to Global Generics business

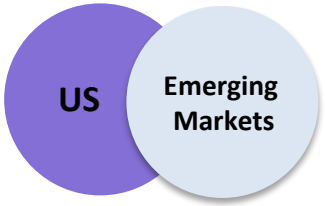
Europe Generics



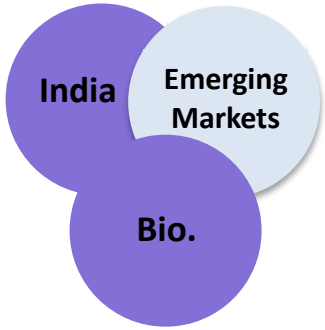
- Made a conscious shift away from large single-winner tenders
- Transitioned to a lean and cash-positive model
- Launched high-value & limited competition assets i.e. Rivastigmine patch, Pregabalin and Aripiprazole
- Future growth based on oncology and hospital platform

There is significant ongoing collaboration across businesses

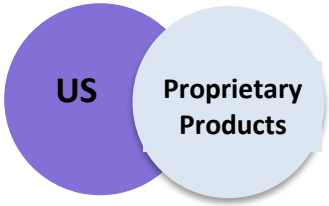
Market/ Commercial collaborations



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

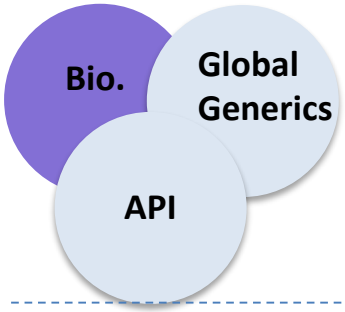


- Leverage India BD deals to Emerging markets
- Launches of biosimilars in India and EM

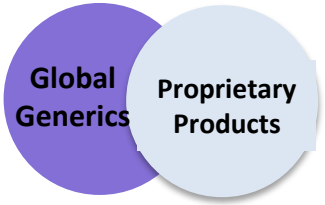


- Overlap between Complex generics and Proprietary Products Assets

R&D collaborations



- Characterization of complex molecules
- Purification technologies



- Differentiated products for India & EM

AMIT BISWAS

EXECUTIVE VICE PRESIDENT, GENERICS R&D

Key questions

1. How is Dr. Reddy's Generics R&D distinctive?
2. What are some of our major successes?
3. What outcomes can we expect from our efforts in this direction ?
4. How do we see the R&D efforts evolving in the future?

What makes Dr. Reddy's Generics R&D distinctive ?

- Robust portfolio selection
- Deep capabilities
- World class infrastructure
- Sustainable, winning partnerships

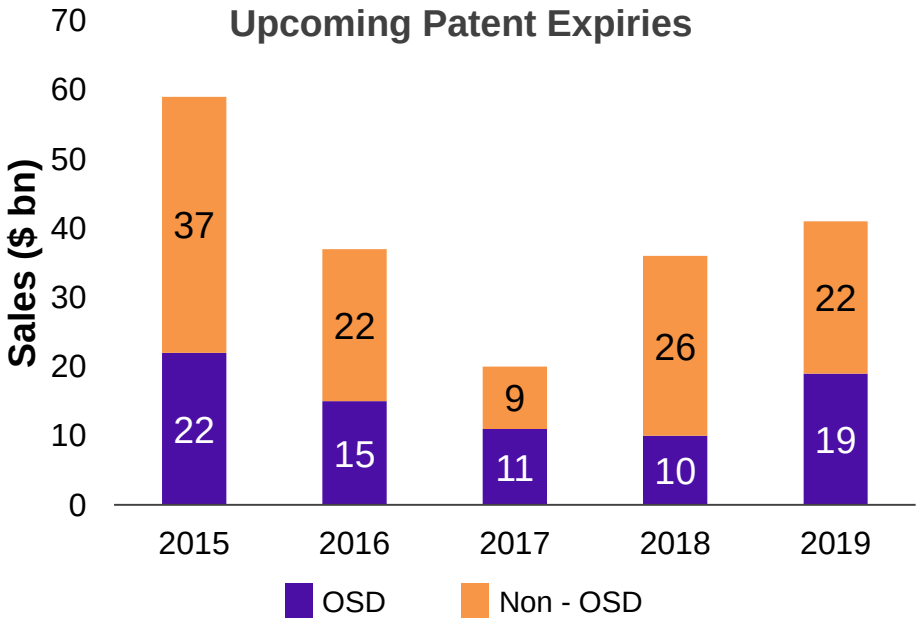
Our portfolio philosophy has evolved along multiple dimensions

	FROM…	… TO
Formulations / dosage forms	• Primarily simple oral solids based products	• Complex OSDs (extended release, multilayers), Injectables (liposomal, microspheres, RTUs) and Derma (Gels, topicals, patches).
API type	• Synthetic APIs or Simple chemistry	• Strong position in novel crystalline and amorphous forms • Semi-synthetic APIs, Chirals, Prostaglandins, Peptides, Carbohydrates and nano-particle based products.
Analytical characterization	• Requiring simple chemical equivalence and physical parameters affecting solubility and permeability	• Requiring advanced physico-chemical and biological characterization such as particle morphology, sequencing, secondary and tertiary structures
Bio-equivalence	• Comparable to innovator drugs using in-vitro bioequivalence or simple pharmacokinetic studies in healthy volunteers	• Complex pk / pd studies with ability to manage bio-variability • Added tools to build predictability from in-vitro to in-vivo
Process Engineering	• Established processes • Eg: Scale up of Oral Solids	• Advanced Particle engineering solutions and complex scale ups. • Eg: Microsphere and liposomal technologies
Marketability	• Primarily based on PIV / FTF type opportunities	• Complex products/dosage forms requiring differentiated ‘go to market’ approaches. • Multiple 505(b)(2) products

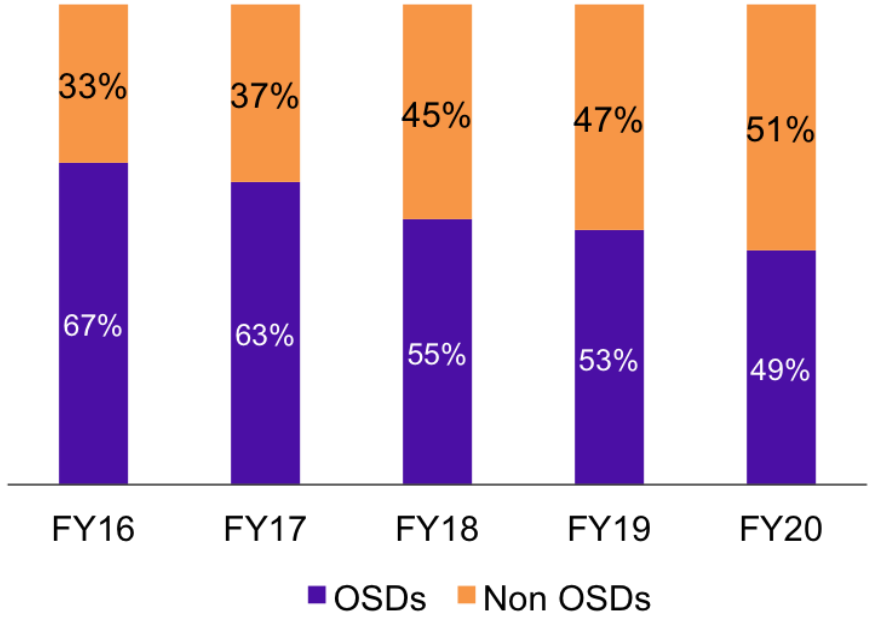
Conscious shift in the product-mix in line with opportunity canvas

Over the next 5 years, non-OSDs will contribute ~ 50% of the value*

MARKET VIEW



DR. REDDY'S POSITION

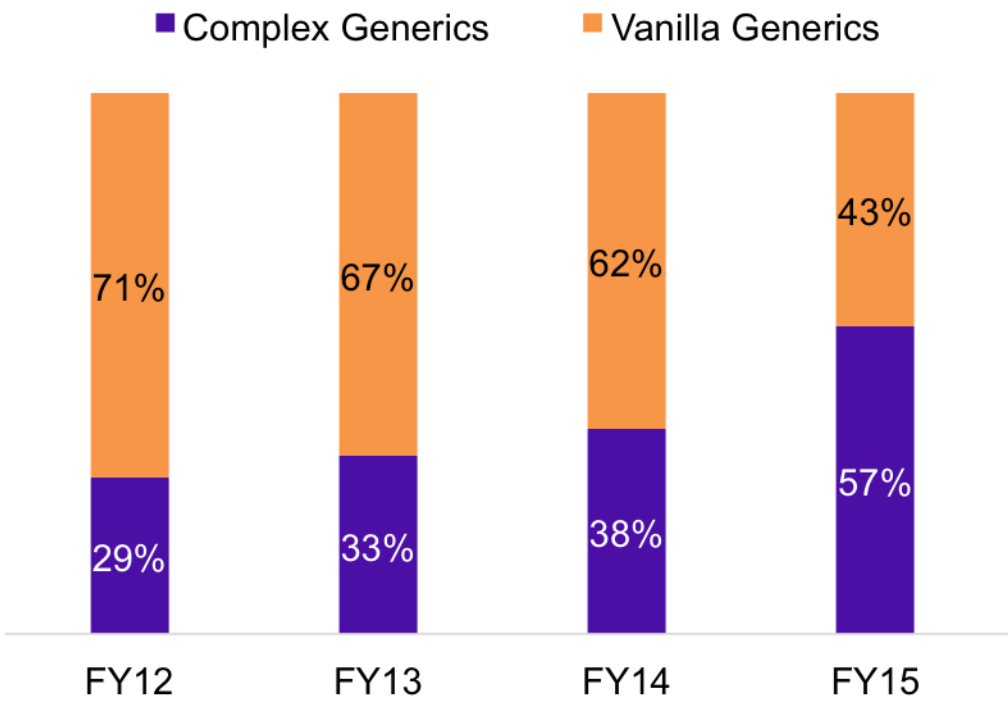


Source: IMS, Public documents

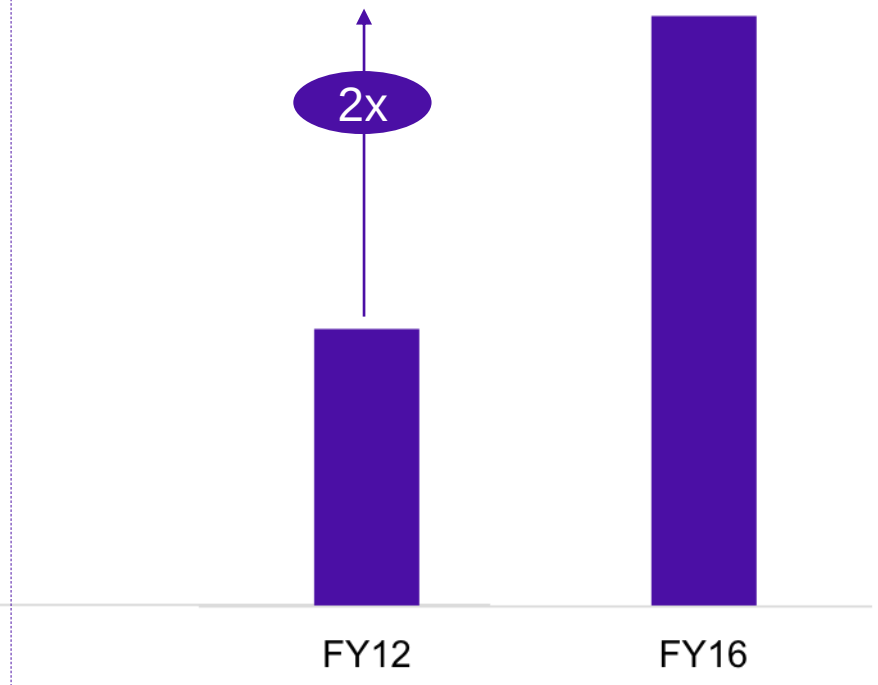
* - US filings

Our development pipeline is further expected to enhance value*

MIX OF ASSETS INCREASING IN FAVOUR OF COMPLEX PRODUCTS..



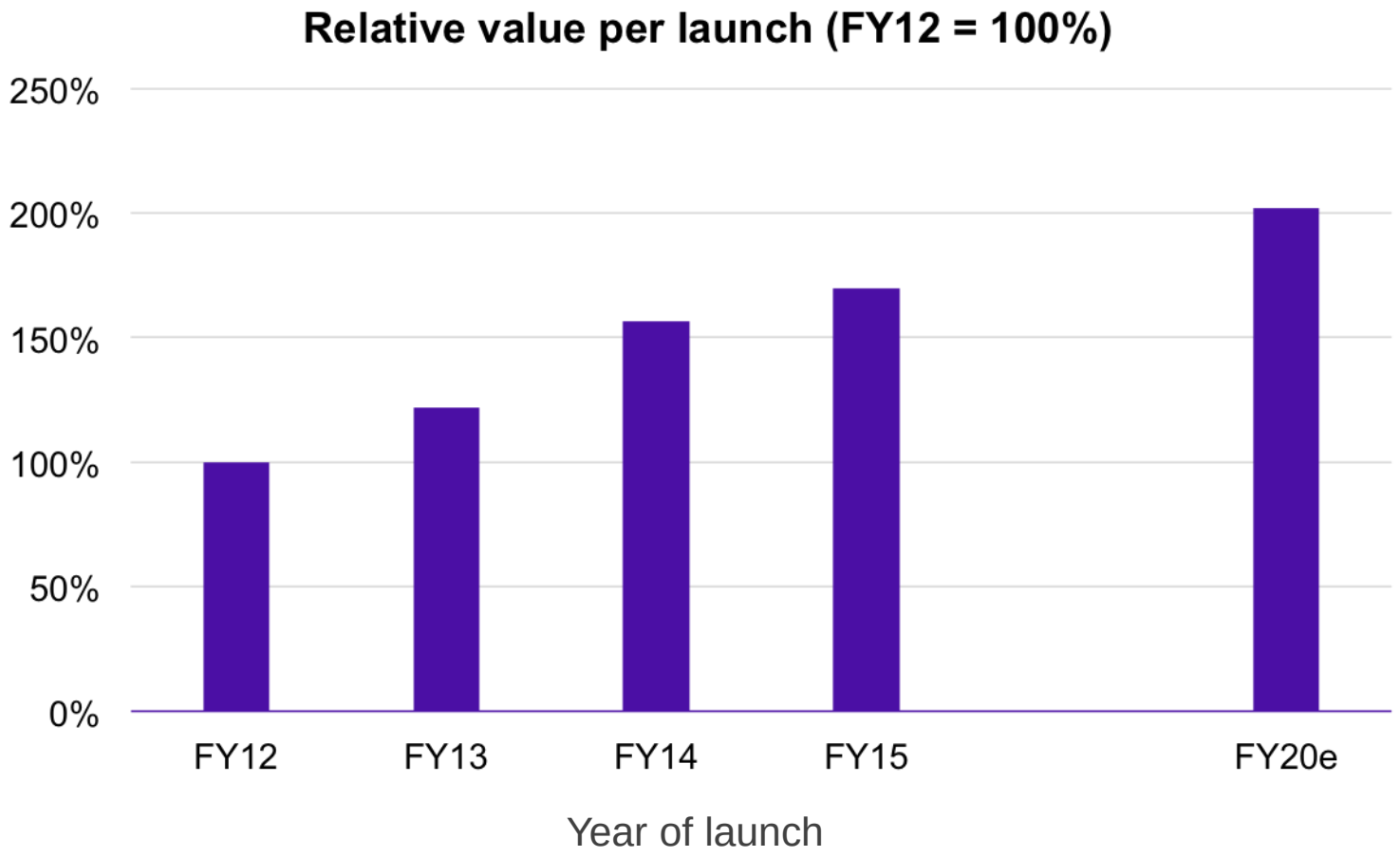
... LEADING TO SUBSTANTIALLY HIGHER EXPECTED RETURN PER ASSET



* - US filings

We are preparing for a string of high-value launches*

Average sales value of our US launches continues to increase consistently



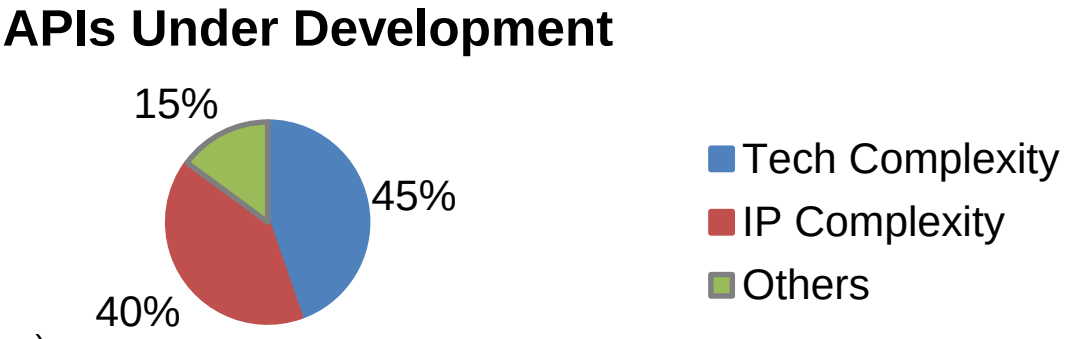
* - US filings

Secured synergies between API and Formulations

Value in multiple successful launches has been driven by leveraging our advanced in-house API R&D capabilities

Generic Name	Brand Name	Brand Sales *	# of Gx Players	Our Market Share (Mar '15)	API Capabilities leveraged
Decitabine	Dacogen	251	3	83%	Oncology API
Azacitidine	Vidaza	380	2	60%	Oncology API
Amlodipine-Atorvastatin	Caduet	340	4	18%	Novel Form API, Supply Flexibility
Fondaparinux	Arixtra	340	2	51%	Complex Pentasaccharide API
Ziprasidone	Geodon	1,340	6	43%	Polymorph Play, Obtained FTF

Our current API portfolio is well positioned to drive value in our Global Generics business



* Annual sales in the year of Launch ($mn)

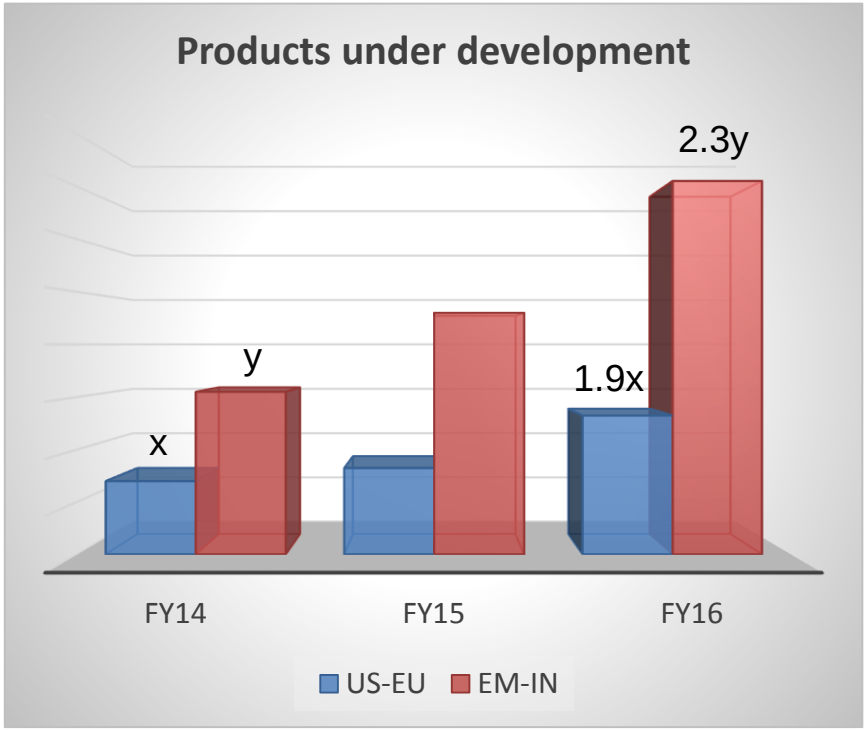
We have organized R&D around four verticals …

Generics R&D Organization

Formulations			API
OSDs	Injectables	Topicals and extended topicals	Synthetic molecules, Carbohydrates & Peptides
Princeton, US	Octoplus, Netherlands	Global partners	Chirotech, UK

- Structured to enable deep capabilities in advanced products in each dosage form
- Enables collaboration and integration with our global R&D network and partners

In addition to deepening our expertise, this has also helped us expand our development pipeline



* - Support functions include Intellectual Property, Regulatory Affairs, Development quality assurance, Biostudies

..and we are building strong capabilities

COMPLEX CLINICAL TRIALS

- Significant increase in the number of clinical-trial based assets
- Deep engagement in protocol finalization, site Selection and monitoring

COMPLEX SCALE UP / TECH TRANSFER

- Multiple scale up batches with different batch sizes for process optimization
- Smooth process transfer between formulation scientists and chemical engineering teams
  Eg: Sirolimus

ADVANCED DEVICES AND PACKAGING

- Building world class inventory of Non-Infringing devices to support future portfolio for injectable & respiratory products
- Aided by strong supply chain and manufacturing systems
- Eg: Isotretinoin, Sumatriptan Auto Injector

REGULATORY FRAMEWORK

- Improving the connect and quality of dialogue with regulators
- Taking innovative approaches on regulatory matters to stay ahead of competition
  E.g. Azacitidine

In Oral solids, we have successfully solved challenges for several complex assets

Formulation complexity

Divalproex ER

- Efficient handling of manufacturing scale-up challenges
- Secured high market share - even after being a late entrant to the market

API complexity

Fexofenadine

- High degree of API process complexity
- Fortified non-infringing positions on multiple process patents

IP complexity

Ziprasidone

- API polymorph play
- Launched as a shared exclusive product

Bio-equivalence

Omeprazole

- High bio-variable drug with challenging fed- state bio-studies
- Sustained meaningful revenues over several years

Process Engineering

Metoprolol

- Highly complex product with a 7-layer coating process

Go to Market

Isotretinoin

- REMS program working as a barrier for entry
- Use of our Promius team to promote the branded product

…. same is true in Injectables & Soft gels

Formulation complexity

- Will be filing our first drug-delivery based injectable soon.
- Overcame complex-characterization and sameness related hurdles

API complexity

Fondaparinux

- Complex pentasachharide
- A number of purification steps to reach ICH guidelines.
- Highly sensitive analytical method

Analytical complexity

Azacitidine

- Established sameness of Viscocity, Osmolity and pH with innovator drug.
- Complex in-vitro characterization to prove sameness of particle size and morphology.

Bio-equivalence

Soft gel product

- Clinical trial study in ~ 900 patients
- ~ $ 350 mn of brand sales

Devices

Sumatriptan

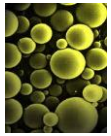
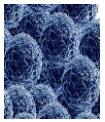
- Auto Injector Device

Go to Market

Zoledronic acid

- First wave successful launch with label carve out

Injectables: at advanced stage on multiple platform technologies

	# Current Pipeline	# Future Products	Addressable Market /Brand Sales	Key developments
Microspheres 	2	2	$ 2.5 bn	• Full Integration of Octoplus synergies with Global injectable platform completed
Liposomals 	2	1	~ $ 1.0 bn	• Two near term filings i.e. One each in FY'16 and FY'17
Particulate Systems 	2	2	~ $ 2.0 bn	• Early POC work through academic partnerships
Ready-to-Use 	4	Multiple	~ $ 3.1 bn	• Four near terms filings, working on 505b(2) approach on a large number of candidates

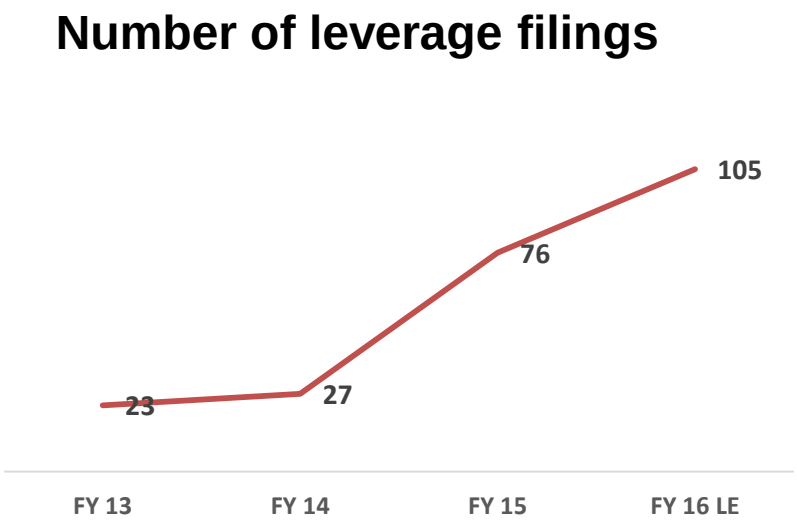
… similarly for Topicals, Soft gels and Respiratory

	# Current Pipeline	# Future Products	Addressable Market /Brand Sales	Key developments
Derma 	7	>5	~ $ 3.5 bn	• Filed Three ANDAs in FY'15
Transdermal 	3	1	~ $ 1.9 bn	• Two patches filed till date • Acquisition of Habitrol
Soft gels 	3	3	~ $ 1.0 bn	• Commercialised Isotretinoin in US both as a branded and generic product
Respiratory 	3	2	~$ 3.0 bn	• Launched Levalbuterol

Semi-synthetics: our play in the $ 10 billion space

Technologies	Use/ Infrastructure
Bio-catalysis & Chemo-catalysis	• To generate Chiral and achiral building blocks in API synthesis. • Leveraging Chirotech capabilities
Pegylation	• To generate pegylated bio-similars and pegylated APIs.
Complex, Fermentation & Recombinant technology- based products	• Dedicated Kilo lab. • Strong business rationale for Fermentation technologies.
Semi-synthetics & Peptides	• Oligonucleotide synthesis capability.

Emerging Markets & India: Leveraged Filings



- **FY'16: 100+ NA/EU leverage filings**
- **FY'15 achieved: 60 NA/EU leverage filings**
- **Majority of leverage comes from Injectable and OSD pipeline**
- **FY16 Injectable leverage filings is key to entry into new EM markets**
- **Three reasons that leverage is more viable now than 3 years back:**
  - Global development with R&D, manufacturing capability going up
  - Products going off-patent are more related to lifestyle diseases
  - Innovator maturity on patenting led to similar patent scenario across global markets

Continue to hone our capabilities in drug device combinations

2000 — Installed automatic packaging equipment in FTO2

2002 — Unit Dose Dispensers (Mintop)

2003 — Anti-Counterfeit Features (Omez, Nise, Enam)

2007 — First In House MDI and DPI Devices

2009 — Cyto safe Vial Guards

2011 — First Ophthalmic Delivery Dose Droppers

2011 — PFS with safety device

2012 — Airless pump

2014 — Disposable Auto Injector

2016 — Reusable Auto Injector

2017……. — Disposable Pen with cartridge

Future… Developing Capabilities in Injectable and Inhalation Space

- Developing deep capabilities in drug device combination products in space of Injectable (AI and Pen Systems) and pMDIs
- Cost of each device development ~ $ 3-4 mm
- Developing key strategic partnerships for devices

PFS, Autoinjectors, Reconstitution, Needle Free, Infusion Pumps, Connected Devices

DPI, MDI, Nasal, Nebulizers, Active Devices, Connected Devices

Infrastructure investment has enabled multiple complex assets

KEY CASE STUDIES

Advanced Characterization Capabilities	**Azacitidine** • Used Advanced Characterization methods to prove particle size & morphology • Proved Physico-chemical equivalence **Glatiramer**: • Filed the injectable drug for relapsing multiple sclerosis
Implementation of Process Analytical Tool	• Characterization and in-process control for extended release oral solids • In-process monitoring of chemical reactions
Advanced Topical Development Capabilities	• Advanced PK & complex CT studies for patients • Reverse Engineering capabilities

Built a thoughtful co-development agenda

OUR EXTERNAL PARTNERSHIPS ARE…

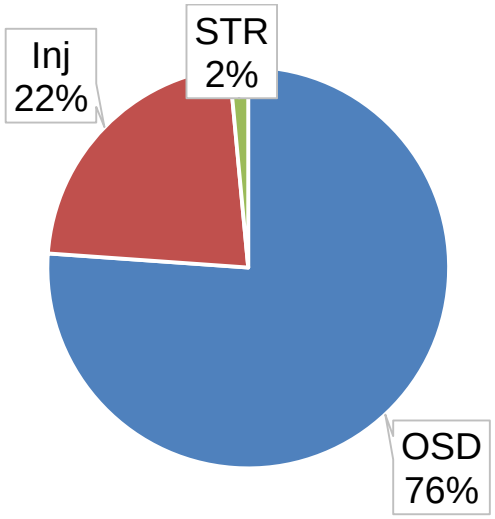
- Selectively contracted to accelerate access to new technology platforms and dosage forms, e.g.
  - Transdermal Patches
  - Inhalers
  - Controlled Substances
- Designed to leverage our complimentary capabilities
- Long-term in outlook

We are currently working with 25+ partners on 12+ dosage forms on the pipeline addressing > $10 bn of brand value

Complex products now make up about half of our filed generics portfolio

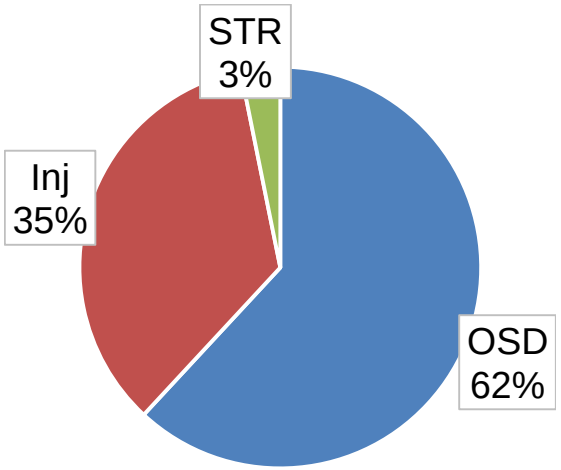
Mar 2011

76 pending ANDAs with 37% complex products



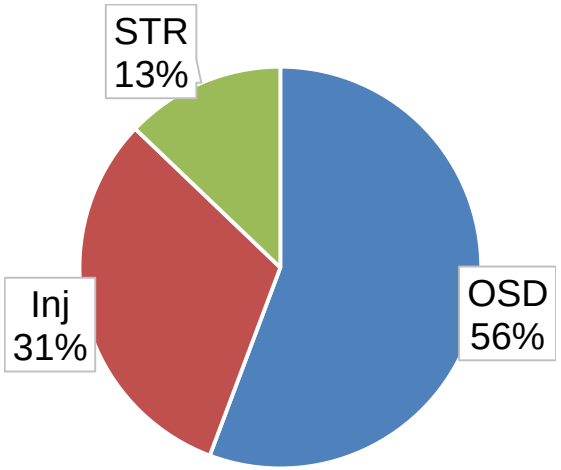
Mar 2013

65 pending ANDAs with 38% complex products



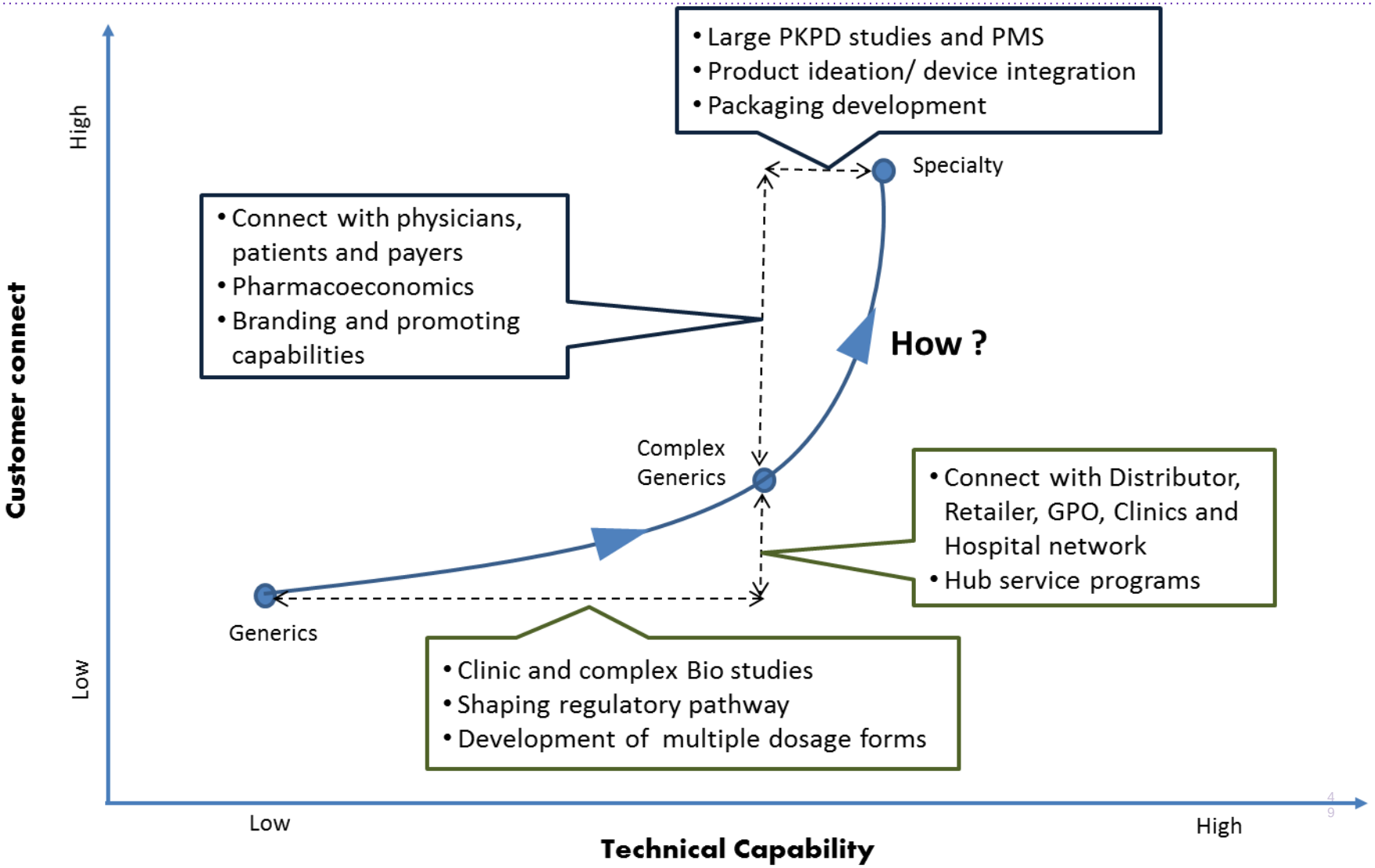
Mar 2015

68 pending ANDAs and 3 pending NDAs (505b2s) with 51% complex products



OSD: Oral Solid Drug; STR: Softgel Topical and Respiratory

Evolving journey



In Summary

- **We are committed to investing in products with high barriers of entry and thereby fueling strong organic growth in the coming years.**

- **Our deep technical capabilities, world-class infrastructure and winning external partnerships ensure a design-for-success in Generics R&D.**

- **While there will always be learnings as we move forward, the early commercial successes give us enough conviction about our roadmap and future trajectory.**

CARTIKEYA REDDY

EXECUTIVE VICE PRESIDENT, BIOLOGICS

Biologics FY16 – FY20

1. ***Maximizing value from current assets in the near to mid-term while pursuing global development***

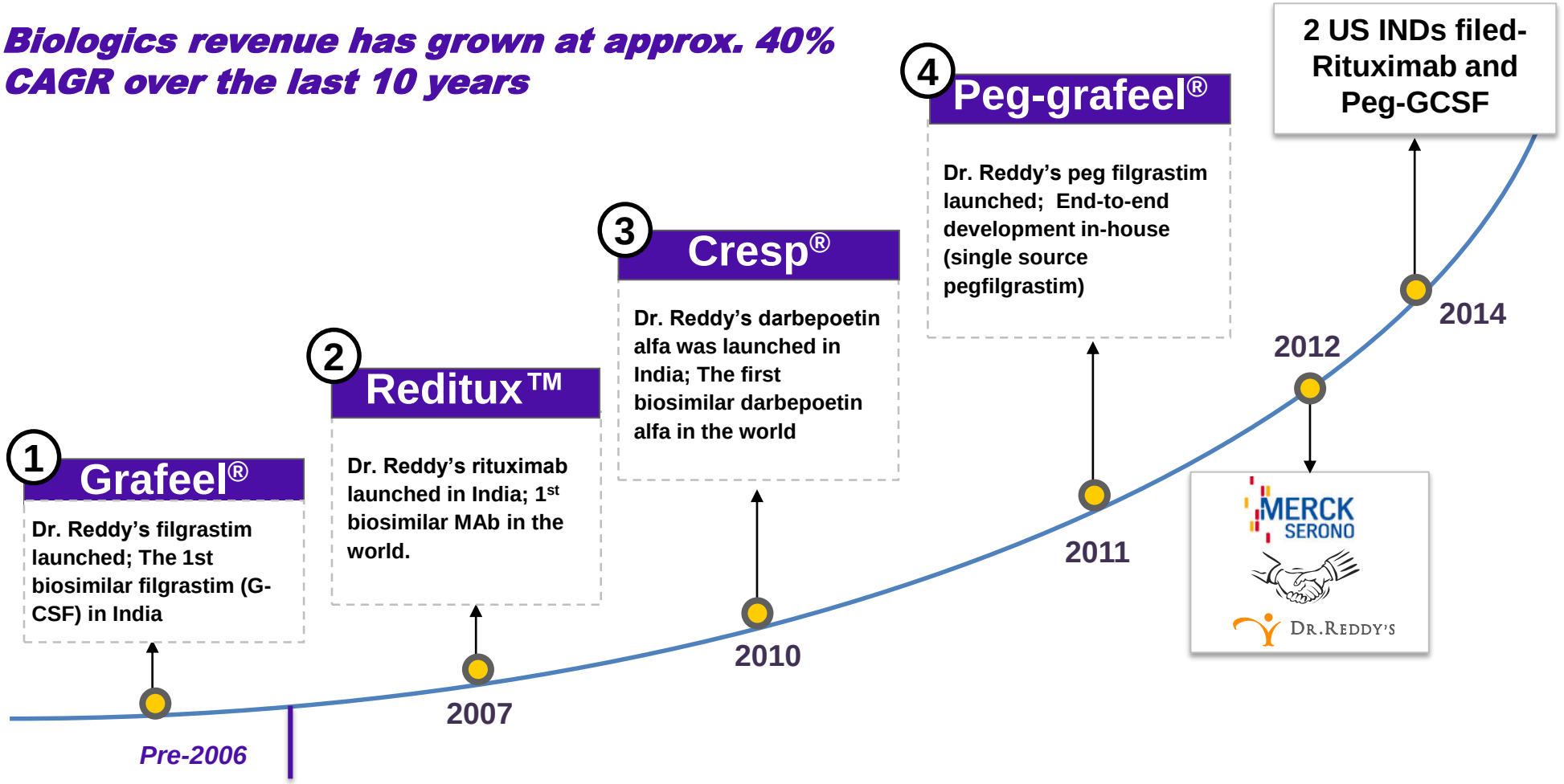
2. ***Creating substantial value in the long term from new portfolio choices while driving R&D productivity***

1

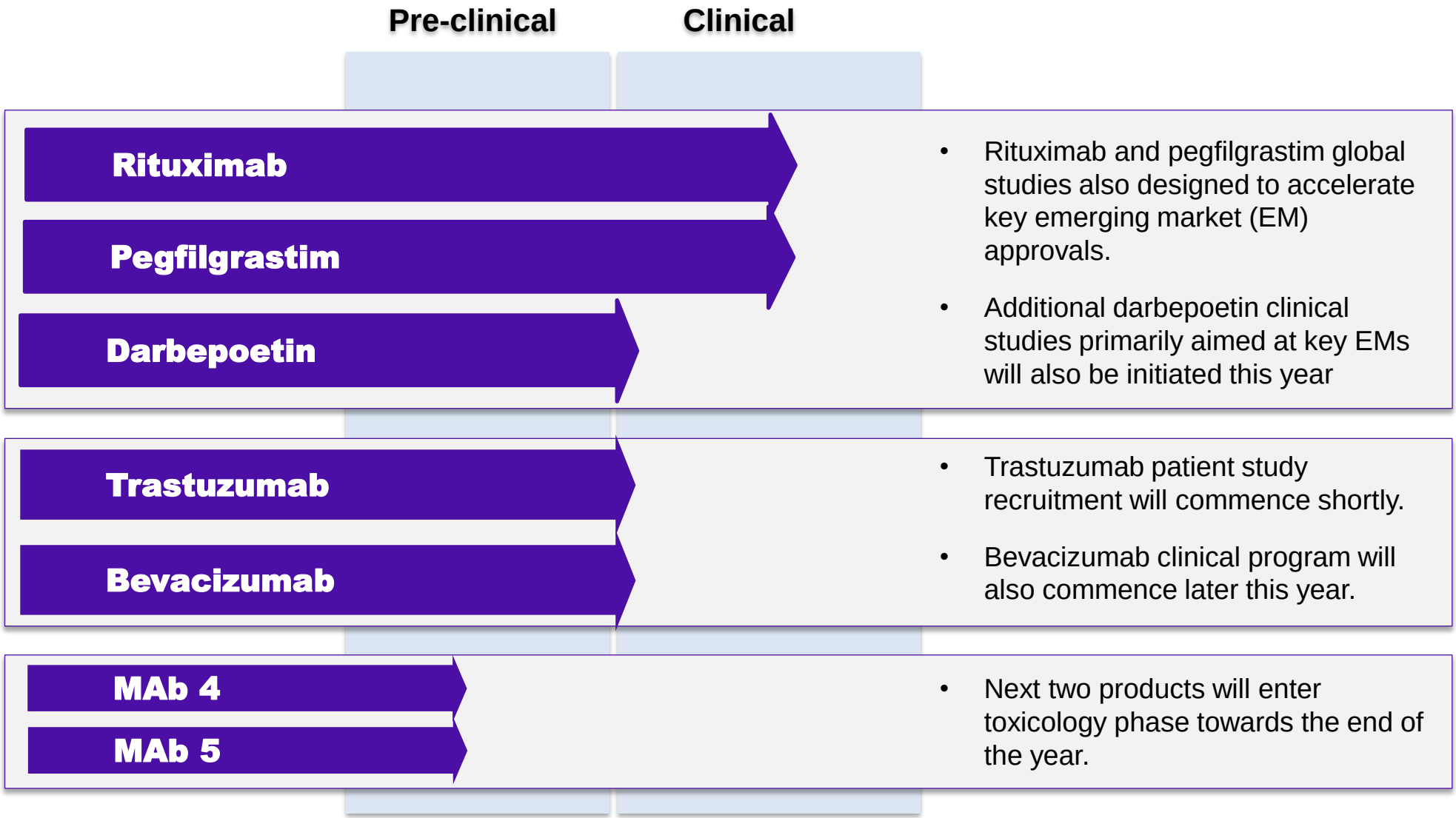
Maximizing value from current assets in the near to mid-term while pursuing global development

Biologics Today: 4 Biosimilars commercialized in Emerging Markets with 2 INDs filed with US FDA

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



Comprehensive Portfolio including two additional Oncology Antibodies entering Clinical Development

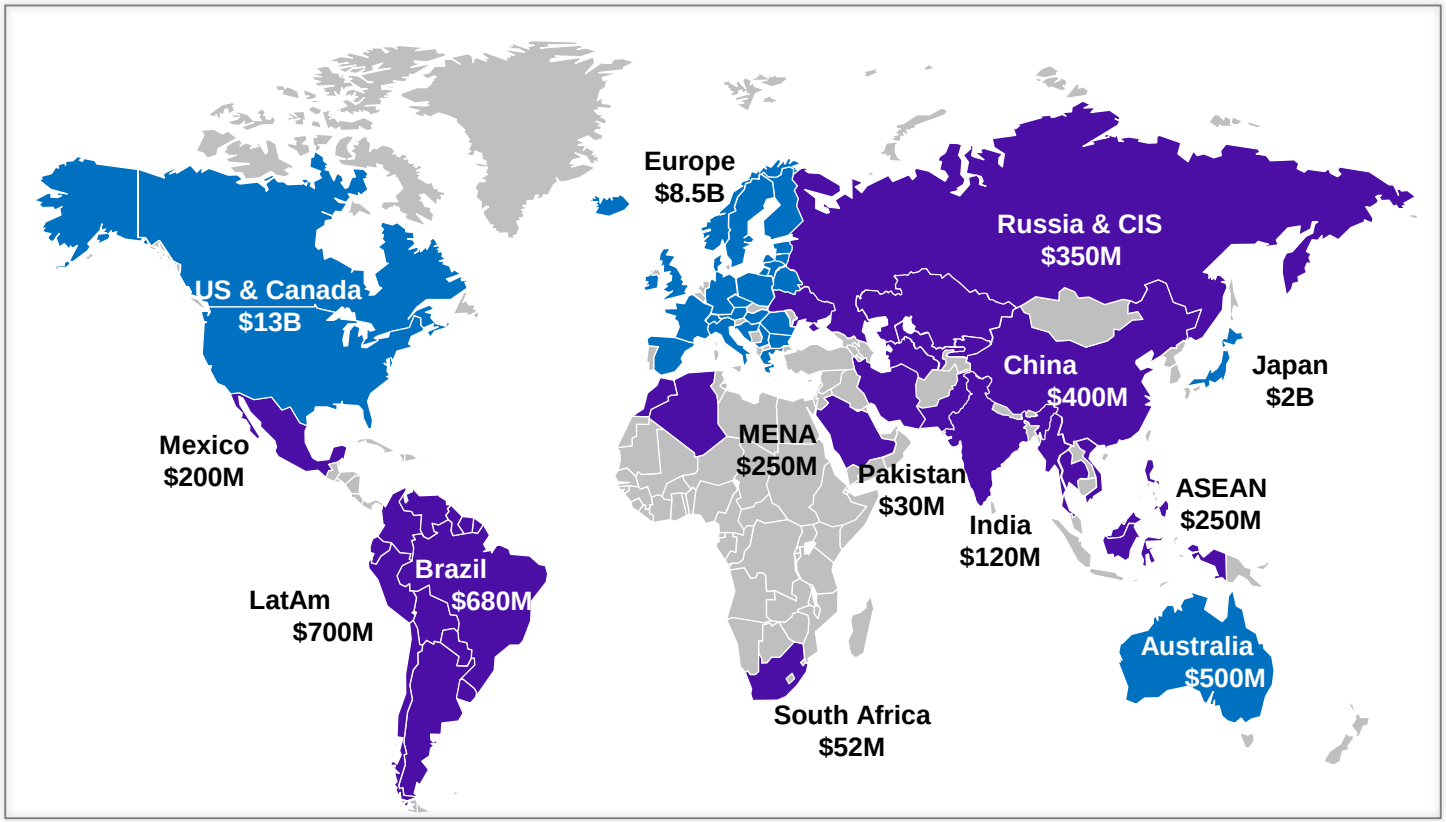


End-to-End Capabilities and Integrated Organization connecting Hyderabad, Basel and Princeton

Product Development	• State-of-the-art technology in cell line and process development • Significant advances in analytical and bio-analytical capabilities
Clinical Development	• Extensive experience with complex healthy volunteer and patient studies both for emerging and developed markets
Regulatory	• First-hand experience with all key regulatory agencies including EU and US
Manufacturing	• Consistent manufacturing and quality track record; successful audit history • Multiple successful technology transfers to partners
Commercial	• Significant presence across EMs including select strategic partnerships • Strategic partnership with Merck Serono for multiple markets

Very Significant Opportunity for our Portfolio across Emerging and Developed Markets

- *2014 Market Size of Our Current Portfolio* in EMs is approximately $3B and in DMs is approximately $25B*
- *Significant increase in volume and value expected post biosimilar launches in EMs*



** Only includes products that are currently commercialized and those in late-stage development (Rituximab, Pegfilgrastim, Darbepoetin, Trastuzumab and Bevacizumab)*

Source: Company reports, IMS, internal analysis

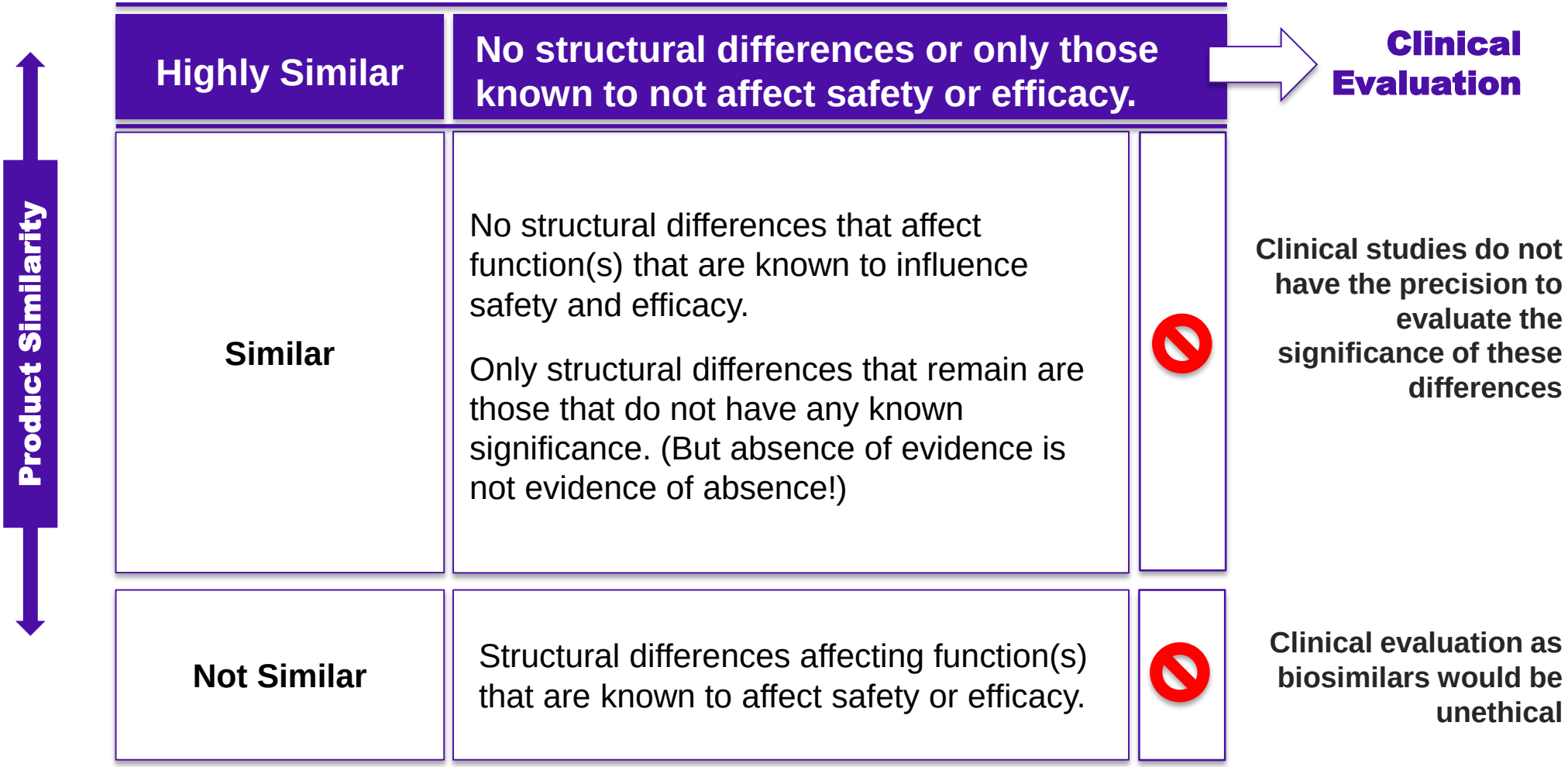
Combination of Strategic Partnerships and Direct Presence across Key Regions

Current Market Opportunity (FY2014)	
India	$120M
Russia & CIS	$350M
LatAm & Mx	$900M
MENA	$250M
ASEAN	$250M
China	$400M
Global	$25B

- In-depth understanding of commercial dynamics in all key countries
- However, regulatory dynamics are still maturing

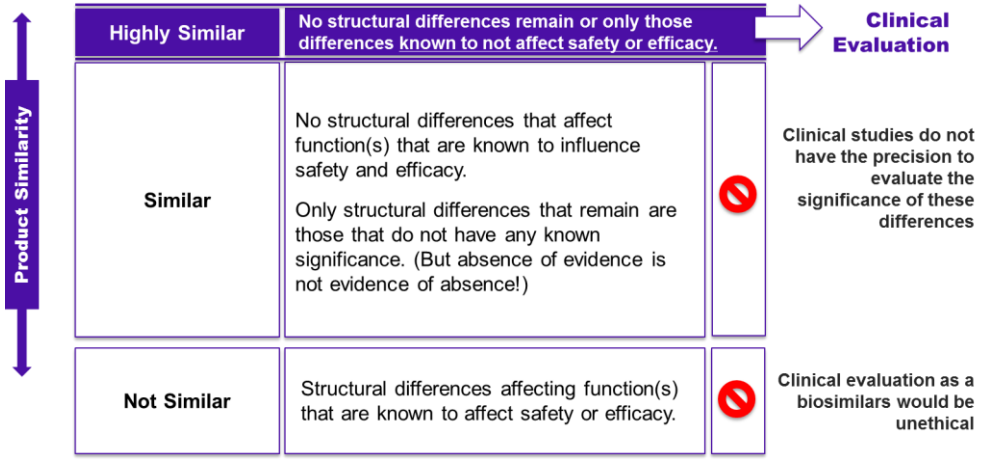
- Global partnership with Merck Serono for part of the portfolio

Regulatory Expectations in Developed Markets are Clear & Consistent (while remaining onerous!)



Development aimed at both Emerging and Developed Markets Mandates a Highly Similar Product

Each of our products today and all new products will meet these criteria.



1. This establishes a **scientifically sound regulatory basis** for a confirmatory clinical evaluation.
2. Adaptive study designs facilitate preliminary assessments while allowing for the continuance of a study towards more robust end-points.
3. Clinical studies designed with the benefit of deep product understanding can significantly reduce cost and timelines.
4. However, approval-enabling studies for developed markets are likely to remain expensive and time-consuming.

Targeting Emerging and Developed Markets: Key Aspects of our Strategy

Product Quality	One Product. One Quality.
Clinical Evaluation	Integrated clinical development programs serving both emerging and developed markets.

The level of R&D spends for developed markets coupled with commercial uncertainty means that partnering remains a key risk-sharing strategy.

FY20 View of Current Portfolio

Ⓡ Rituximab Ⓟ Pegfilgrastim Ⓓ Darbepoetin Ⓣ Trastuzumab Ⓑ Bevacizumab

India

Russia & CIS

LatAm & Mx

MENA

ASEAN

China

Filed in all Key Emerging Markets
Several Major Launches

FY16 – 17 Filings: Ⓡ Ⓟ Ⓓ

FY17 – 19 Filings: Ⓣ Ⓑ

US, EU

All Products in Development
First Wave of Launches

2

Creating substantial value in the long term from new portfolio choices while focusing on R&D productivity

Next Wave of Portfolio choices will build on our Strengths

- **10 Molecules in Evaluation, Pre-development Stage**
- **Cumulative Market Size = $37Bn**
- **2 Molecules will move into active development in FY16**

#	Molecule	2014 Sales ($B)
1	Adalimumab	12.5
2	Cetuximab	1.9
3	Infliximab	9.2
4	Ustekinumab	2.1
5	Tocilizumab	1.4
6	Denosumab	2.3
7	Aflibercept	2.8
8	Pertuzumab	1.0
9	Abatacept	1.6
10	Omalizumab	1.6

Rationale for Selection

- ✓ Therapeutic area of focus
- ✓ High Emerging Markets potential
- ✓ Patent expiry in regulated markets

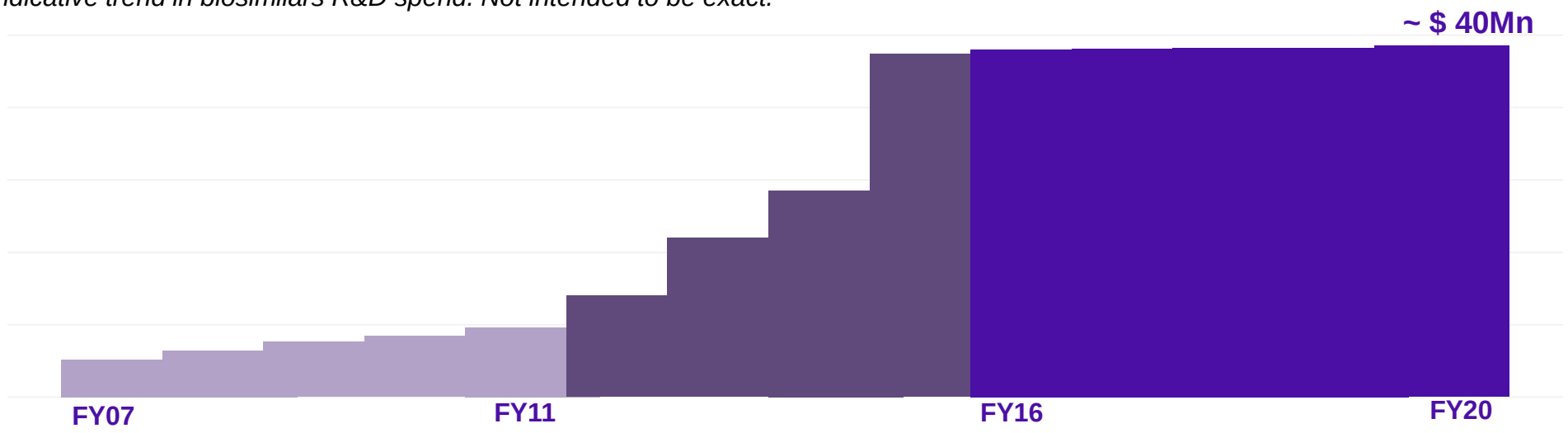
Given the rapid expansion in the originator biologics portfolios and pipelines, the ability to scale R&D productivity is critical.

R&D Productivity is Influenced by Two Major Factors

Product Development, Manufacturing	**Minimizing cycle time from development initiation to robust manufacturing processes producing highly similar molecules**
Clinical Development	**Cost-effective design and execution of complex, adaptive multi-center clinical designs**

Understanding Biosimilars R&D Productivity

Indicative trend in biosimilars R&D spend. Not intended to be exact.



FY07 – FY11

EM-focused development of 4 products

FY11 – FY15

Building a global development approach, capabilities

Bridging 4 legacy products; 2 products under IND

2 additional products entering clinical development

FY16 – FY20

Continued progress on current portfolio of 6 products

5 new products entering clinical development

5 additional products in pre-clinical stages

Biologics FY16 – FY20

1. ***Maximizing value from current assets in the near to mid-term while pursuing global development***

2. ***Creating substantial value in the long term from new portfolio choices while driving R&D productivity***

Biologics in FY20 (and FY25)

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 %

RAGHAV CHARI

EXECUTIVE VICE PRESIDENT, PROPRIETARY PRODUCTS AND HEAD, PROMIUS PHARMA

Agenda

1. About Us
2. Key Technologies
3. Portfolio and Projections
4. Summary

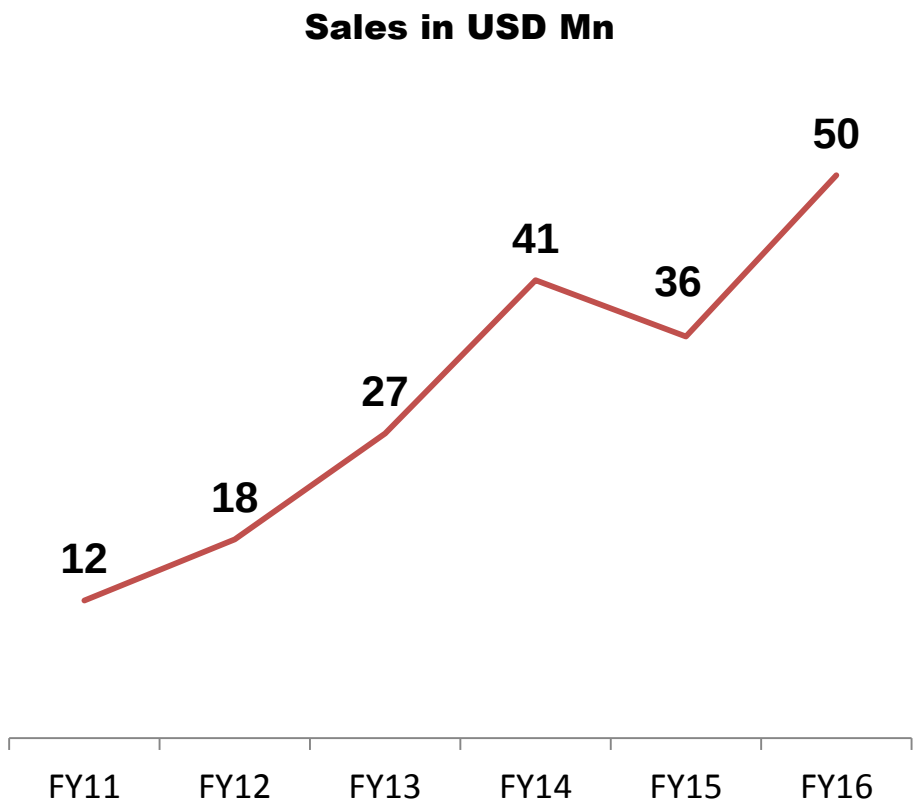
1

ABOUT US

Snapshot: Proprietary products group

- Possesses substantial product development, translational medicine, clinical development, regulatory, and commercial expertise (through our commercial arm, Promius Pharma)
- Pursuing significant unmet dermatology and CNS needs through a small provider audience
- Has assembled a robust pipeline of highly innovative products within the 505b2 regulatory framework
- Seasoned leadership team with 200+ collective years of industry experience, having collectively prosecuted 30+ NDAs over their careers
- On track with near-term catalysts and long term value creation for Dr. Reddy's

Snapshot: Promius Pharma



- 54 sales reps targeting ~8000 medical dermatologists
- Portfolio consists of 4 products focusing on steroid-responsive dermatoses and acne:
  - Cloderm [mid potent steroid]
  - Promiseb [510k cream for seborrheic dermatitis]
  - Zenatane [isotretinoin]
  - Scytera [BTC coal tar foam]
  - Trianex [Triamcinolone Acetonide]
- High profile Scientific and Commercial Advisory Boards in place

Key trends in the US market have defined the standards of innovation that we must pursue

Various insurers/payers will begin to drive healthcare institutions into “pay for performance” models (started with Medicare in 2012)

Higher out-of-pocket costs for patients will cramp utilization of drugs and also drive patients to postpone elective (and even some non-elective) procedures

Providers and insurers will begin teaming up to improve population health while trying to optimize their economics collectively

- Develop products that address a clearly defined unmet need for patients
- Ensure that clinical data on these products is available that demonstrates the value that these products offer
- Price the products fairly and in line with the value of the products

Our focus is on novel differentiated formulations …

- Address patient unmet needs utilizing previously approved active ingredients
- Pursue both product improvement opportunities and repurposed drugs
- Work primarily within the 505(b)(2) regulatory framework

…targeting the Dermatology and Neurology markets

- Both dermatology and neurology are highly promotionally responsive market segments, that respond both to targeted messaging, sampling and other conventional marketing tactics

- There are significant elements of complexity in patient management in both areas: in dermatology, in indications like acne psoriasis, and actinic keratosis, while in neurology, in most key indications (including but not limited to migraine, epilepsy and Parkinson's). The value of tailored patient support models is significant in these areas

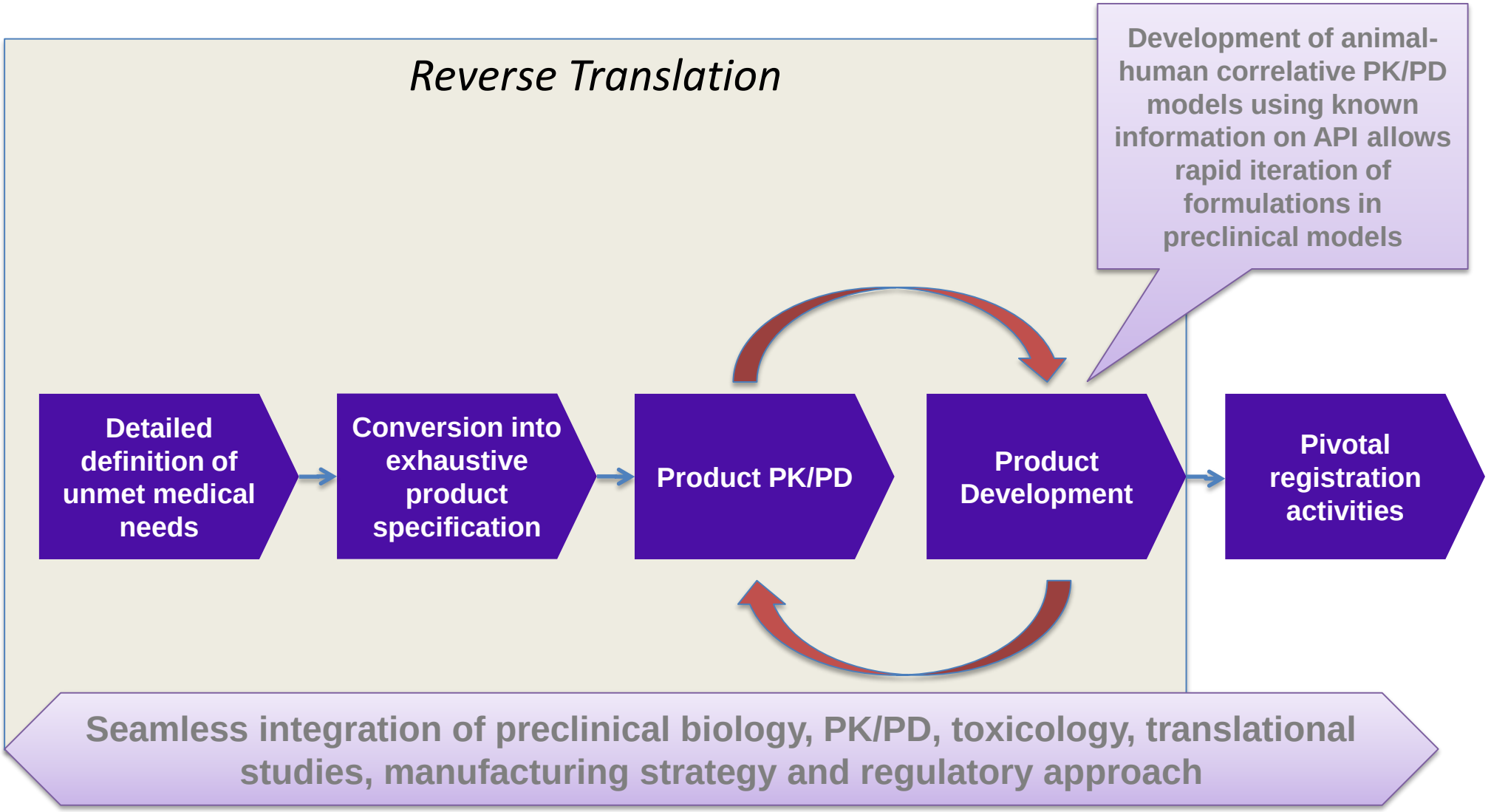
- There are unique translational paradigms at play in both segments, allowing for a highly differentiated development strategy in these indications

2

KEY TECHNOLOGIES

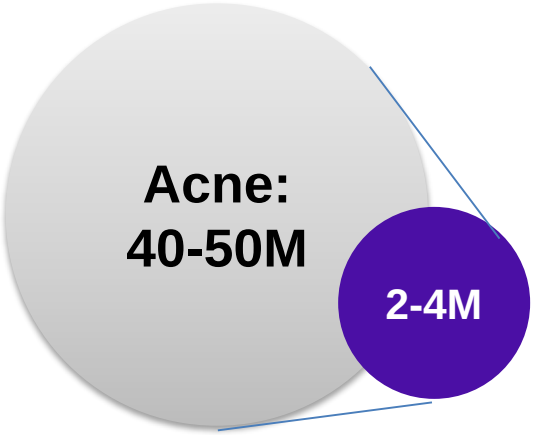
The solutions we pursue live at the interface of science & technology and the patient experience

Reverse translation: A platform-based integrated translational approach for the development of Repurposed medicines

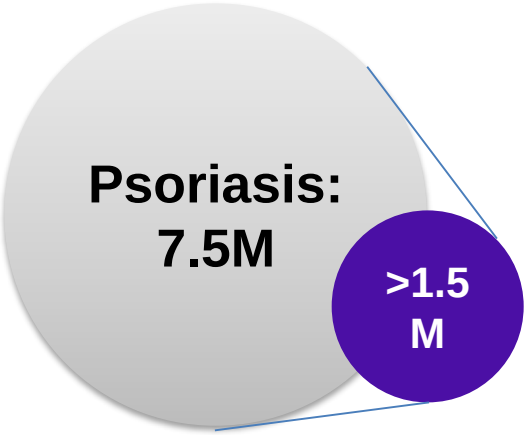


We target underserved segments within large disease areas both in Dermatology …..

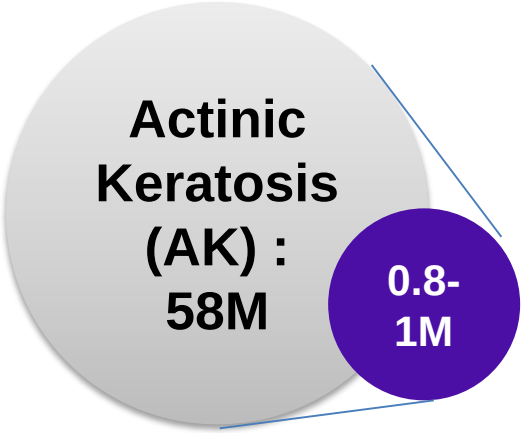
Numbers of patients



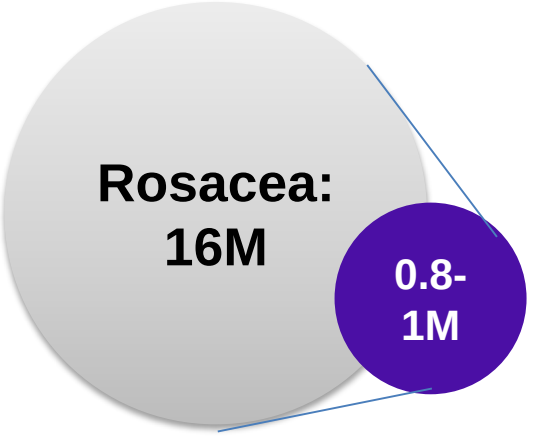
More convenient, more tolerable, safer approaches to moderate-severe acne



Topical approaches to addressing gaps in the management of acute flares



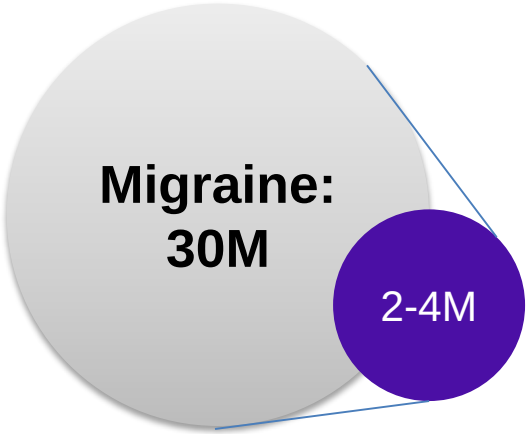
Improved efficacy, novel more convenient treatment regimen



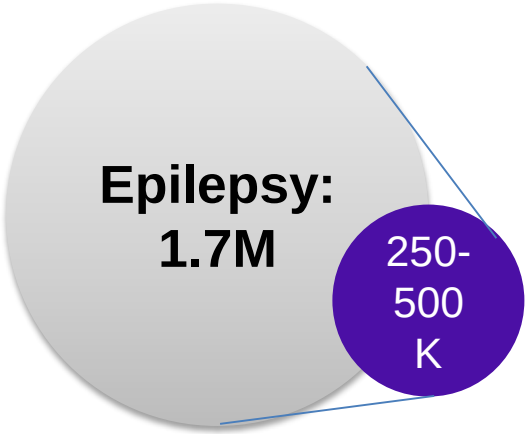
More effective approaches

…and in Neurology

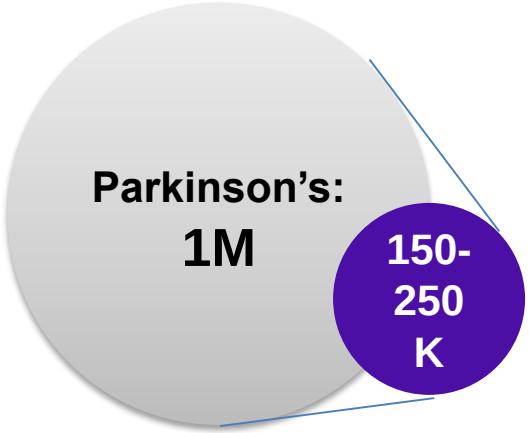
Numbers of patients



Rapid acting approaches, new approaches to recurrent headache



More tolerable, more convenient approaches to treatment



Pursuing niche unfulfilled opportunities with dopamine homeostasis

The product development efforts rely on bringing together drug delivery systems, translational medicine and commercial / clinical insights

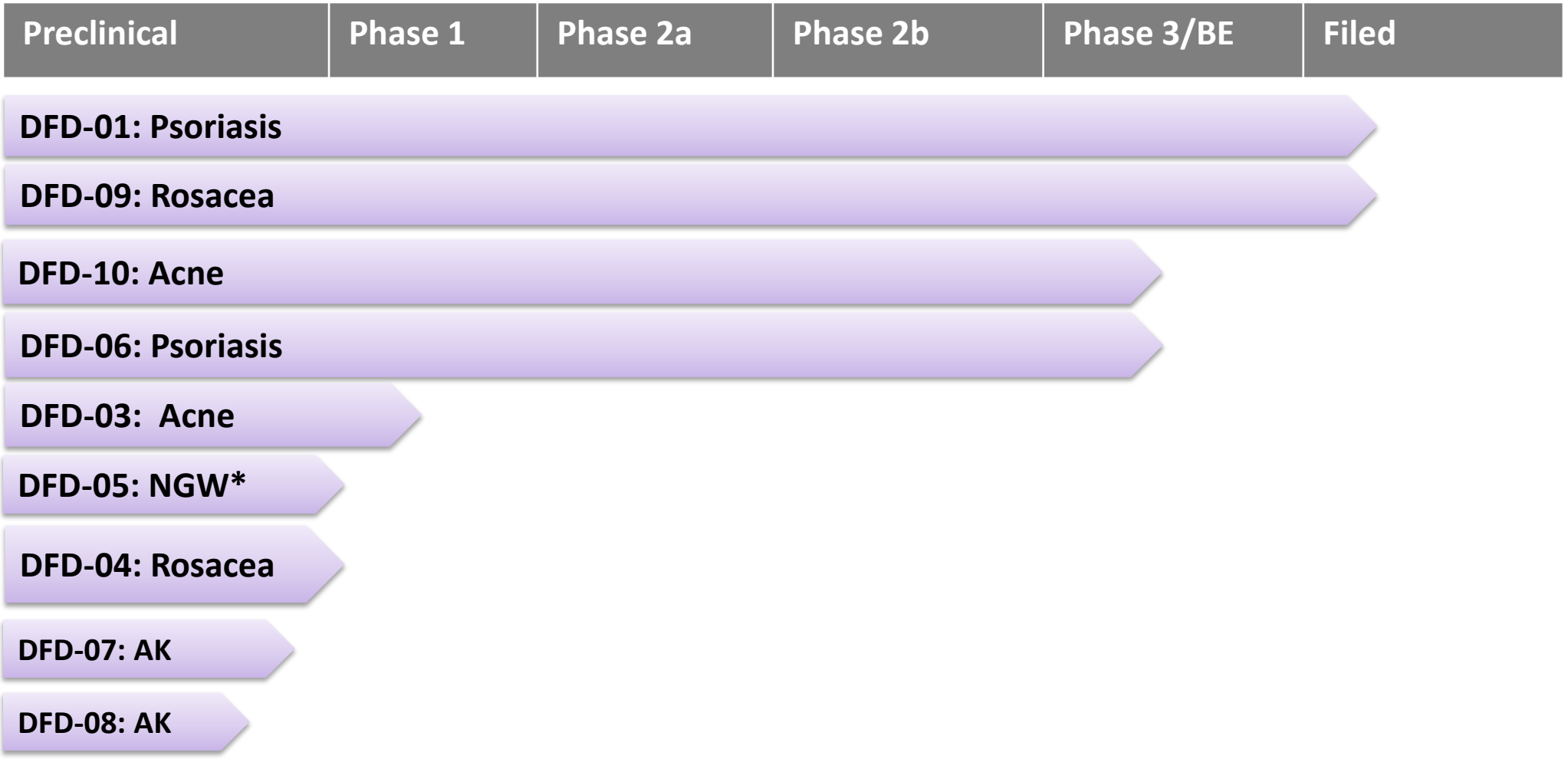
	Delivery technologies	Indications Pursued	Translational approaches utilized
Dermatology	• Topical gels/lotions/creams/sprays/foams • Injectable dosage forms (local) • Oral modified release dosage forms	• Psoriasis • Atopic dermatitis • Seborrheic dermatitis • Acne • Rosacea • Actinic Keratosis • Warts	• Animal and human systemic PK studies • In vivo disease models • Microdialysis & other approaches for local PK measurements • Imaging (scintigraphy, confocal techniques, etc) • Radiolabeling • Biomarker-based approaches
Neurology	• Rapid acting orally delivered dosage forms • Buccal/sublingual delivery • Rapid acting intranasal (= injection-like) • Injectable dosage forms	• Migraine • Epilepsy • Parkinson's disease	

3

PORTFOLIO AND PROJECTIONS

Robust pipeline of opportunities in each disease area that we are targeting: Dermatology

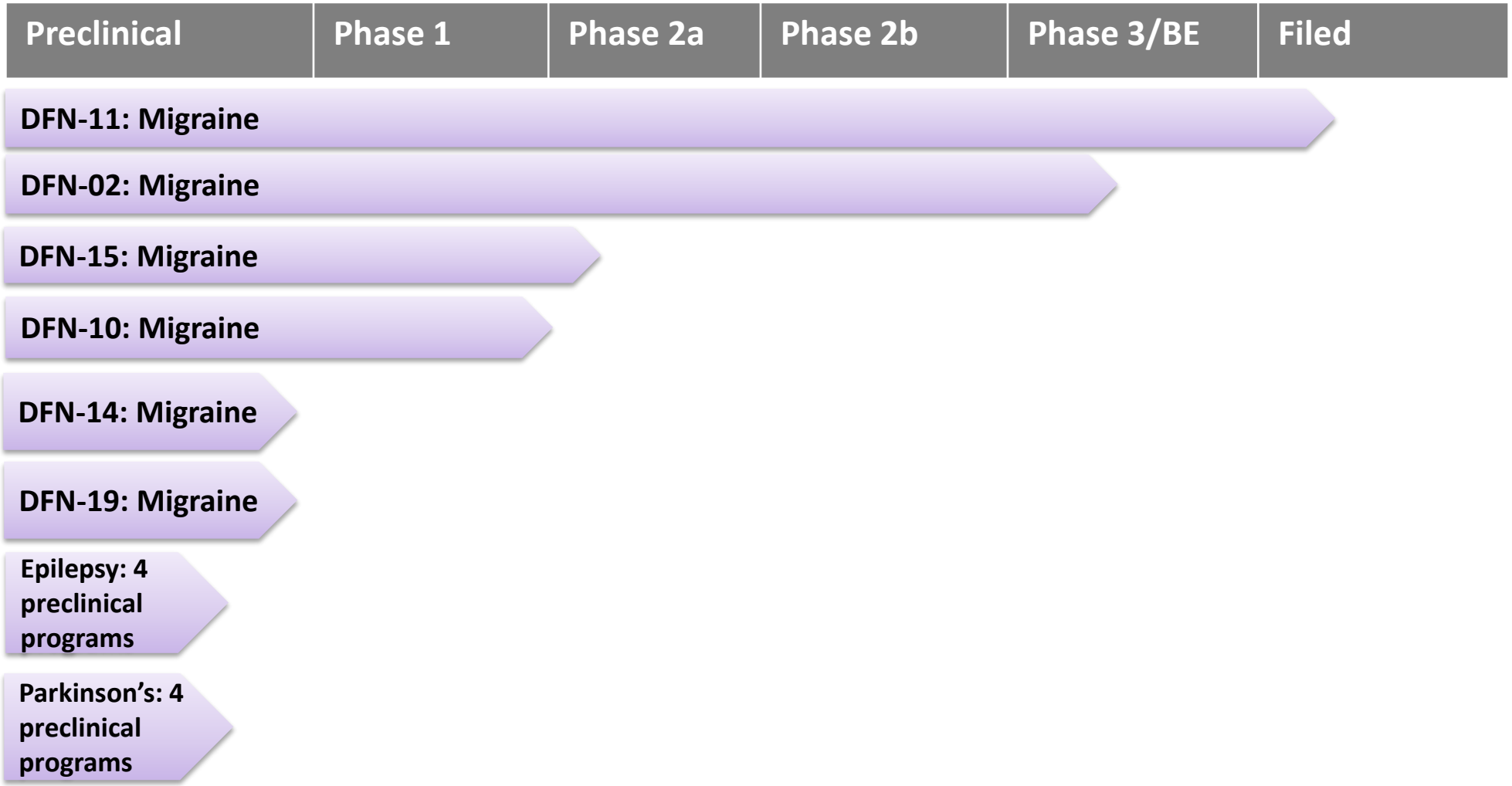
Key Programs in Dermatology Pipeline



* Non Genital Warts

Robust pipeline of opportunities in each disease area that we are targeting: Neurology

Key Programs in Neurology Pipeline



Our near-term filings are intended to solve specific problems in Psoriasis, Rosacea and Migraine ….

DFD-01

- Next generation topical steroid with efficacy equivalent to a high potent steroid
- Combines all of the key benefits of creams, lotions, foams and sprays into a superior, emollient vehicle
- Strong phase 3 data, both placebo controlled and versus high potency steroid RLD in mild/moderate psoriasis
- Suitable for a broad range of psoriasis presentations and BSA types

DFD-09

- Modified release doxycycline indicated for rosacea
- Label similar to Oracea but pursuing claims for dosage without regard to meals
- Intent to supplement NDA with additional clinical trials to drive differentiation

DFN-11

- Oral triptans have poor 2 hour efficacy pain freedom rates (~25-35%)
- Patients with rapidly escalating pain have insufficient drug levels from oral meds
- DFN-11 is a drug-device combination of an approved triptan
- DFN-11 attempts to optimize receptor occupancy in the first 15 minutes while minimizing adverse events observed in currently approved injectable triptans

Potential sales of $50-75MM per opportunity in the near term

… while in the mid term, we are pursuing opportunities that have the potential to be transformative for business

Mid-stage dermatology assets

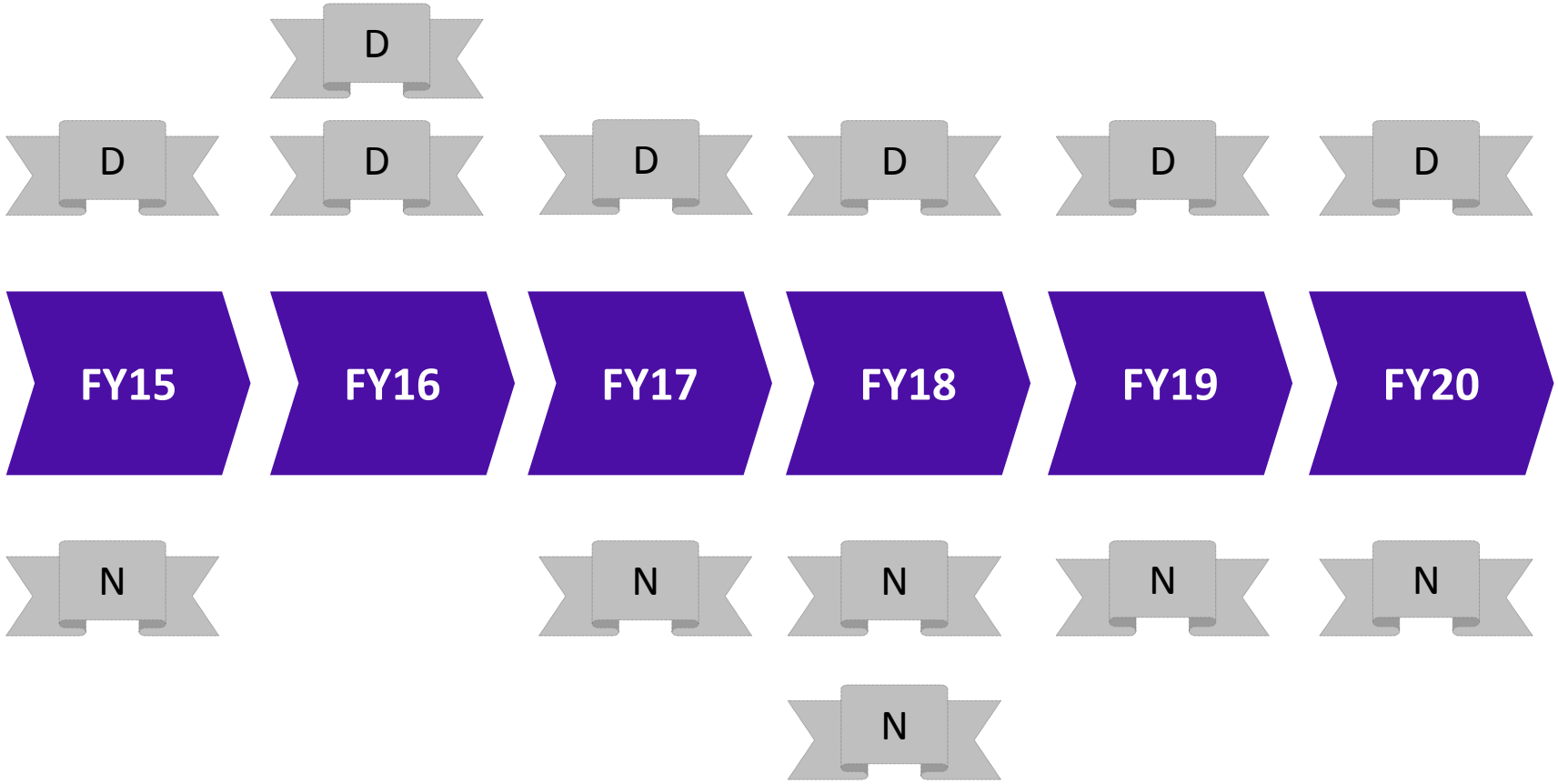
- DFD-03: zero contact time retinoid facewash
- DFD-04: novel repurposed topical API for treatment of rosacea
- DFD-05: novel combination therapy for treatment of non-genital warts
- DFD-07: novel repurposed non-cytotoxic topical API for treatment of AK

Mid stage migraine assets

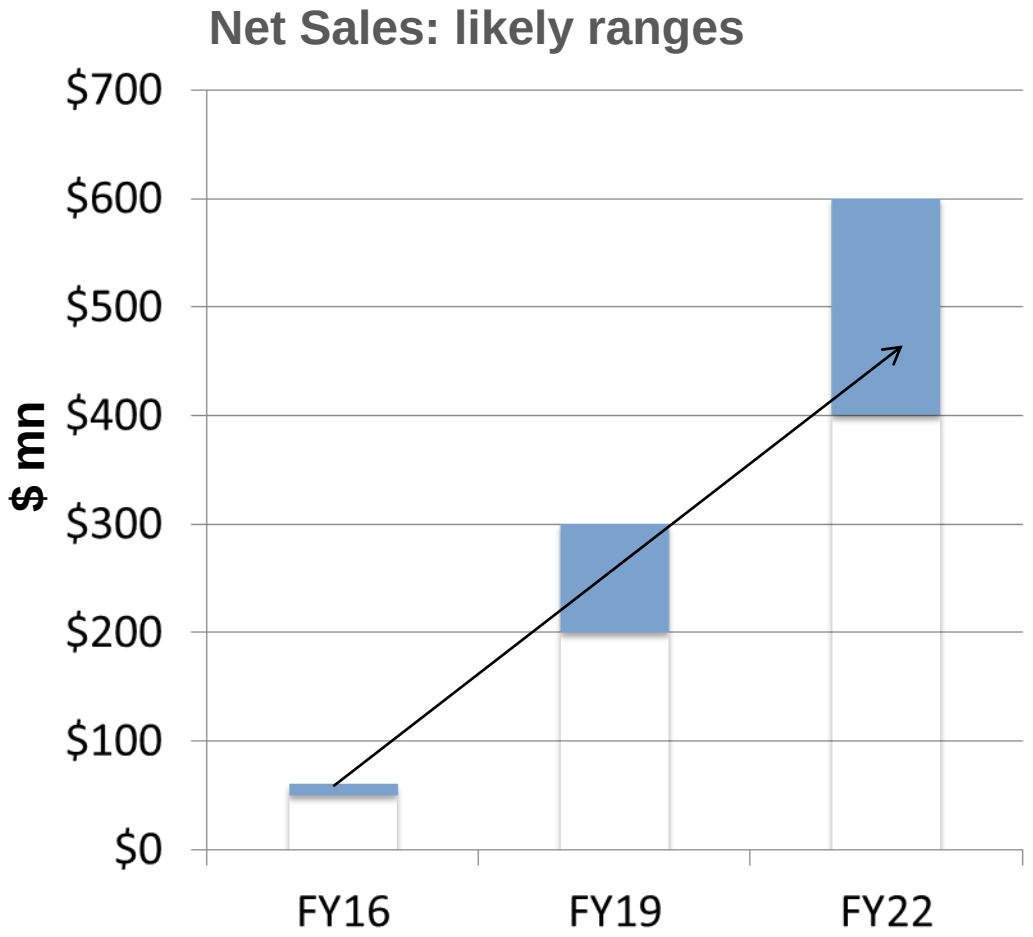
- DFN-02: intranasal triptan spray with injection kinetics (Tmax < 15 minutes)
- DFN-15: novel repurposed rapid acting non-triptan oral API for treatment of migraine (for triptan intolerant or non-responsive patients)
- DFN-14: novel device-based injectable triptan play
- DFN-19: novel DHE-based formulation (with similar efficacy to Levadex, more convenient dosage form)

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

Our intent is to deliver an average of 2 NDA filings every 12 months ….



… which can collectively yield a business footprint potentially exceeding $ 500 millions by FY-2022



- Indicative sales ranges from organic pipeline activities, risk adjusted for potential failures
- Assumes approval of NDAs within 12-18 months of filing
- EBITDA contribution at 40% level towards the end of the period

4

SUMMARY

Summary: market opportunity and commercialization philosophy [1/2]

- All of our products are geared toward disease areas whose health and cost burden on patients and the US healthcare system is substantial.

- We believe our products represent assets with clear medical benefit for a subset of patients within neurology and dermatology.

- All of our products are novel in either their clinical attributes, delivery device, or combination. While the products are deploying a variety of regulatory approaches for approval, spanning the spectrum of BE studies to full phase 3 clinical studies, our commercialization approach relies on the availability of clinical study data highlighting the differentiation of our products against currently available therapies.

- We expect our products to be categorized similar to other branded products. However, our pricing strategy will be more attractive to patients and payers across both franchises, thereby resulting in better market penetration.

Summary: market opportunity and commercialization philosophy [2/2]

- We will complement our products with a variety of new, novel patient support and engagement models that are intended to address other friction points in the system that prevent these patients from achieving the optimal care for their conditions.

- While there will be some common elements to these models that cut across all products, we will tailor the offerings based on the challenges patients in each disease area face

- For all products that we bring to market, we anticipate a multi-layered approach to ring fencing that is intended to provide 5+ years of market exclusivity on the lower end, and 10+ years of exclusivity for the most innovative products in our portfolio

CSN MURTHY

CHIEF EXECUTIVE OFFICER, AURIGENE

AGENDA

1. About US
2. Key Milestones
3. Summary

1

ABOUT US

Our objective …

To be the most respected and valued biotech company in India

By delivering a high quality pipeline of clinical candidates addressing unmet needs in Oncology and Inflammation

Aurigene is a fully integrated Discovery Biotech company

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

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

Business Model [1/3]: Choices of targets and platforms

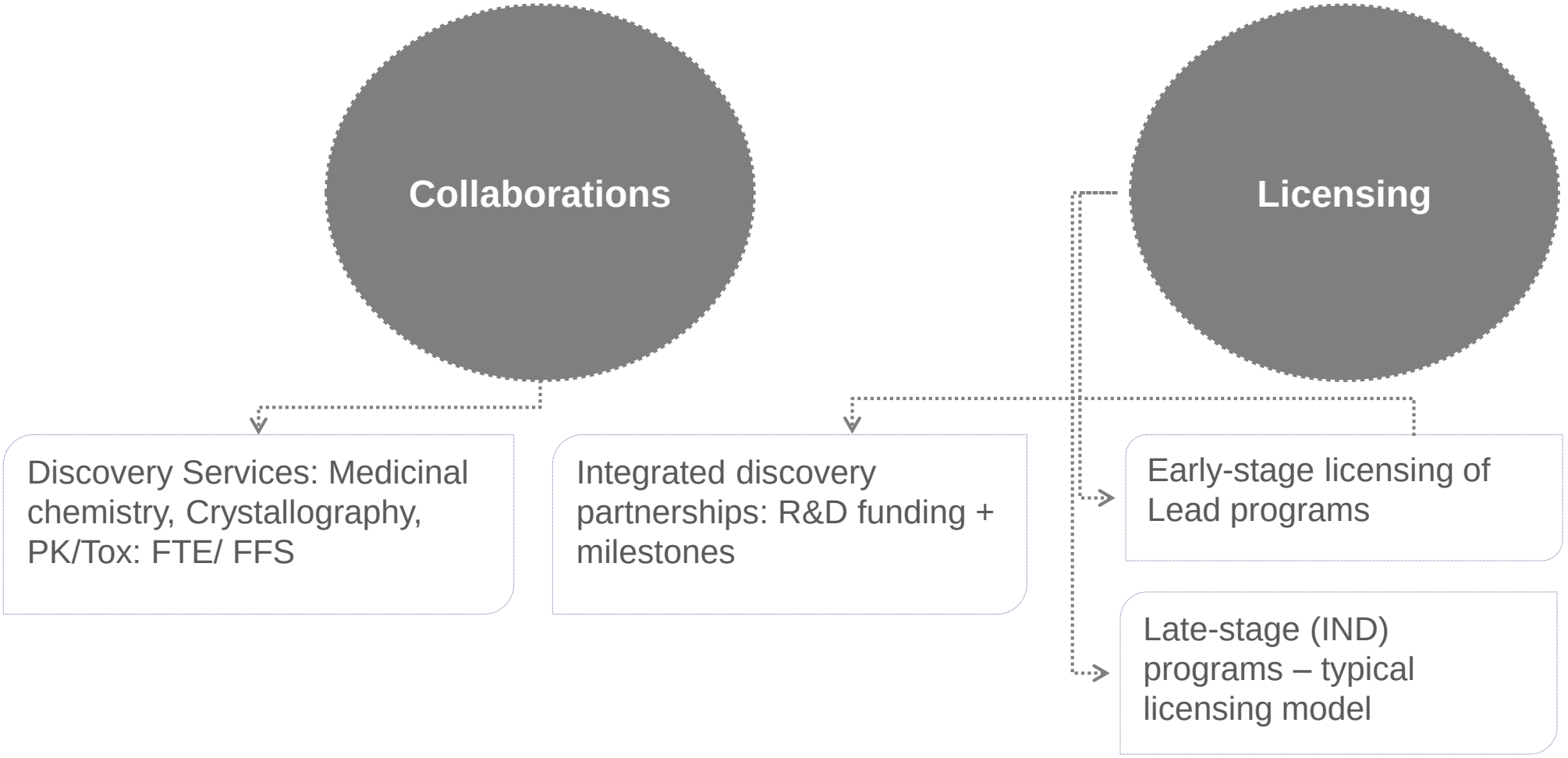
Core TAs of focus for internal pipeline development

- Immuno-Oncology
- Other oncology targets
- Anti-infectives with an immunological approach

Ensure substantial differentiation	• First-in-class peptide & small-molecule approaches for immuno-oncology targets, offering higher potential for safety & flexibility for combination treatments
Target difficult problems through unique hypotheses	• Malt1, KRas – type targets
Flexible with multiple options	• Early to late stage licensing and co-development. Also, retaining assets through Ph 3 – to be exercised based on business requirements and extant opportunities

Business Model [2/3]

Generating revenues through partnerships, creating value through licensing



Business Model [3/3]

Collaborations [key success factors]

- Ability to achieve scale. Retain key team members and develop competencies.
- Strong reputation in the global research community as a “Discovery services company”
- Networking and exposure to different areas of biology.
- Stability in operational cash flows – now, Aurigene pipeline is funded entirely through internal cash flows.

Licensing

- Provides significant value.
- Gives exposure to translational biology, regulatory & clinical practices and commercial issues

2

KEY MILESTONES

Aurigene: Key milestones [1/2]

2002

Aurigene set up

2005

1st full discovery partnership with Novo

Addition of key scientific team members

2006

First early stage licensing + discovery partnership

2007

Two Multi-year, multi-target strategic partnerships signed with Merck Serono & Orion Pharma

2009

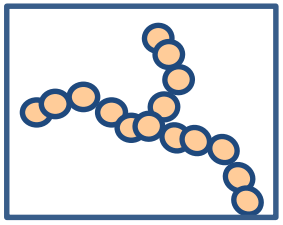
Integration of Dr. Reddy's Discovery unit

Multi-year, multi-target strategic partnership signed with Endo pharma

Aurigene: Key milestones [2/2]

2010

Full discovery & peptides partnership with US & EU large pharma



Initiation of Aurigene's internal programs – 1st program - peptide antagonist for PD-1

2012

Aurigene Program with EU large pharma enters Ph I

First biotech shared risk partnership signed

2013

Multiple partner programs enter IND/ Phase I

Two more biotech collaborations signed with H3 and Partners

2014

PD-1 licensing deal with Pierre Fabre

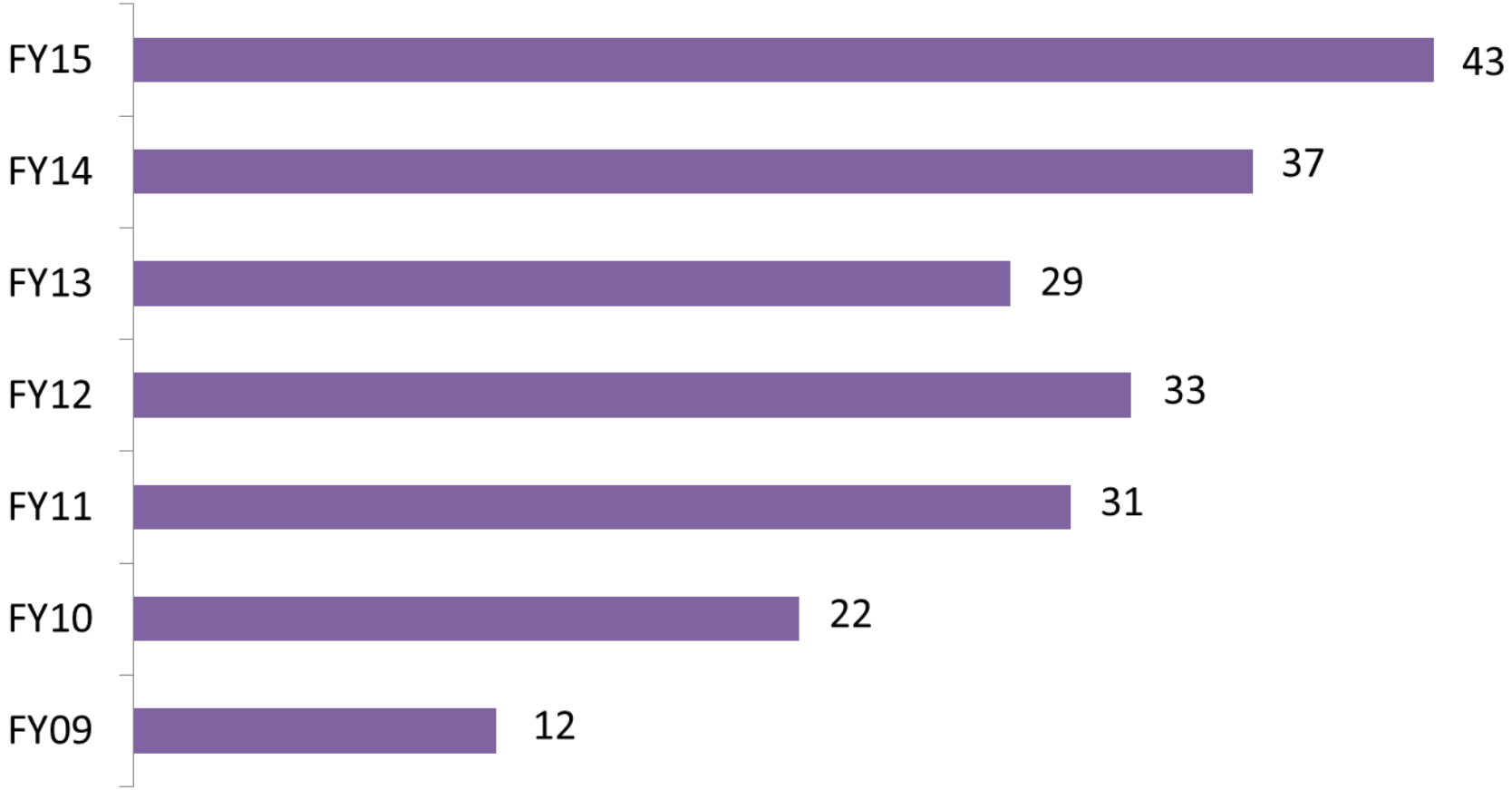
BET option-licensing deal with Orion

2015

IRAK4 and PD-1 small molecule Option licensing – strategic partnership with Curis

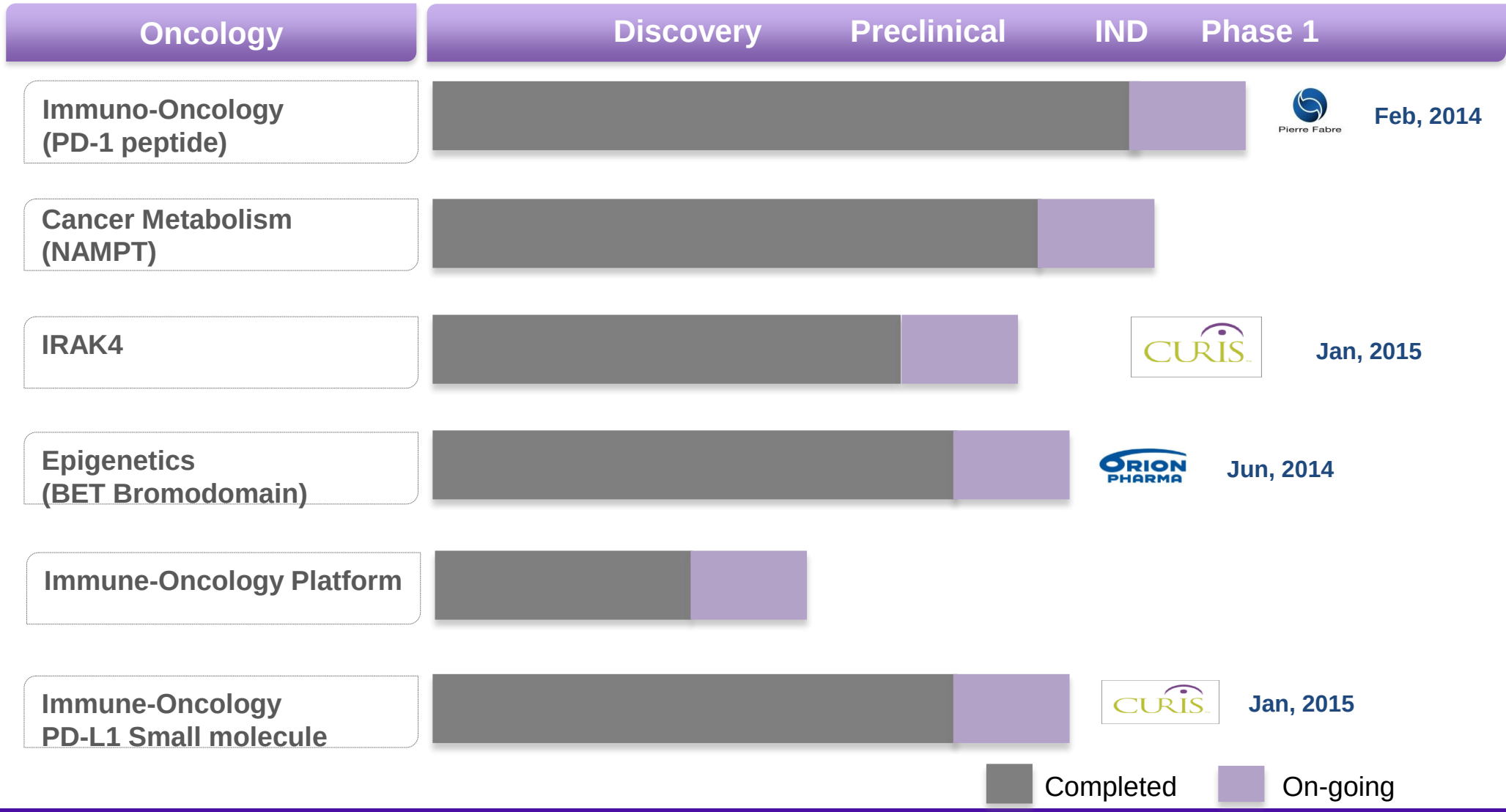
Value of up-front payments, milestones & research funding receipts

Value in USD Mn

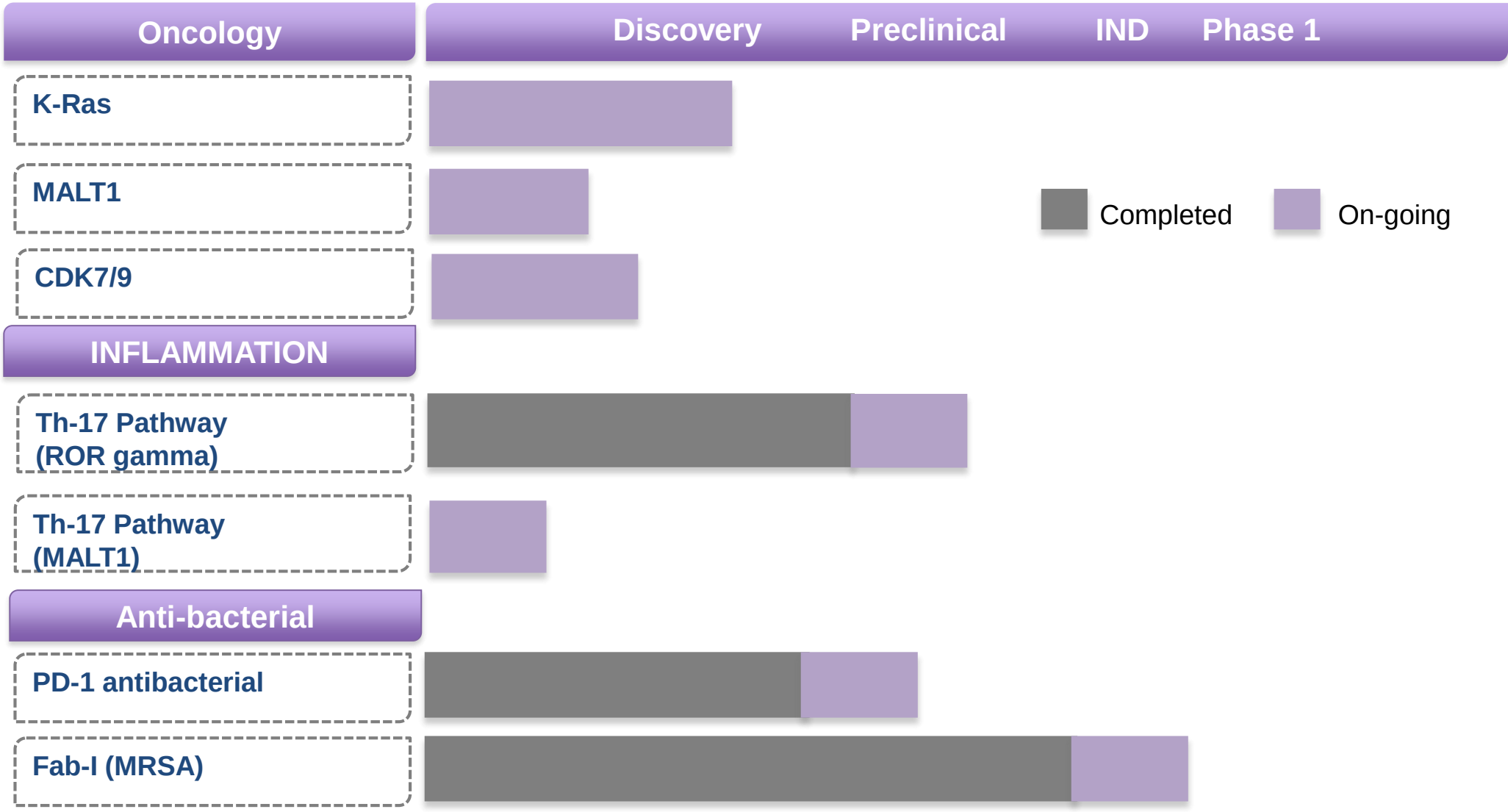


Revenue recognition under IFRS requires to apportion the up-front money received from customers over the time there is continuing Managerial involvement; hence, the revenues booked in financials will not match with above numbers.

Internal Pipeline [1/2]



Internal pipeline [2/2]



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SUMMARY OF RECENT DEALS

Summary of Immuno-oncology deals: Pierre Fabre deal terms

- **License, Development, and Commercialization Agreement**
  - Two patent series of PD-1 peptide antagonists
  - India rights retained with Aurigene

- **Deal terms include**
  - Upfront
  - Research, clinical development, regulatory and sales milestone payments
  - Royalty rate on net sales by Pierre Fabre: double digit

- **Sublicensing revenue sharing**

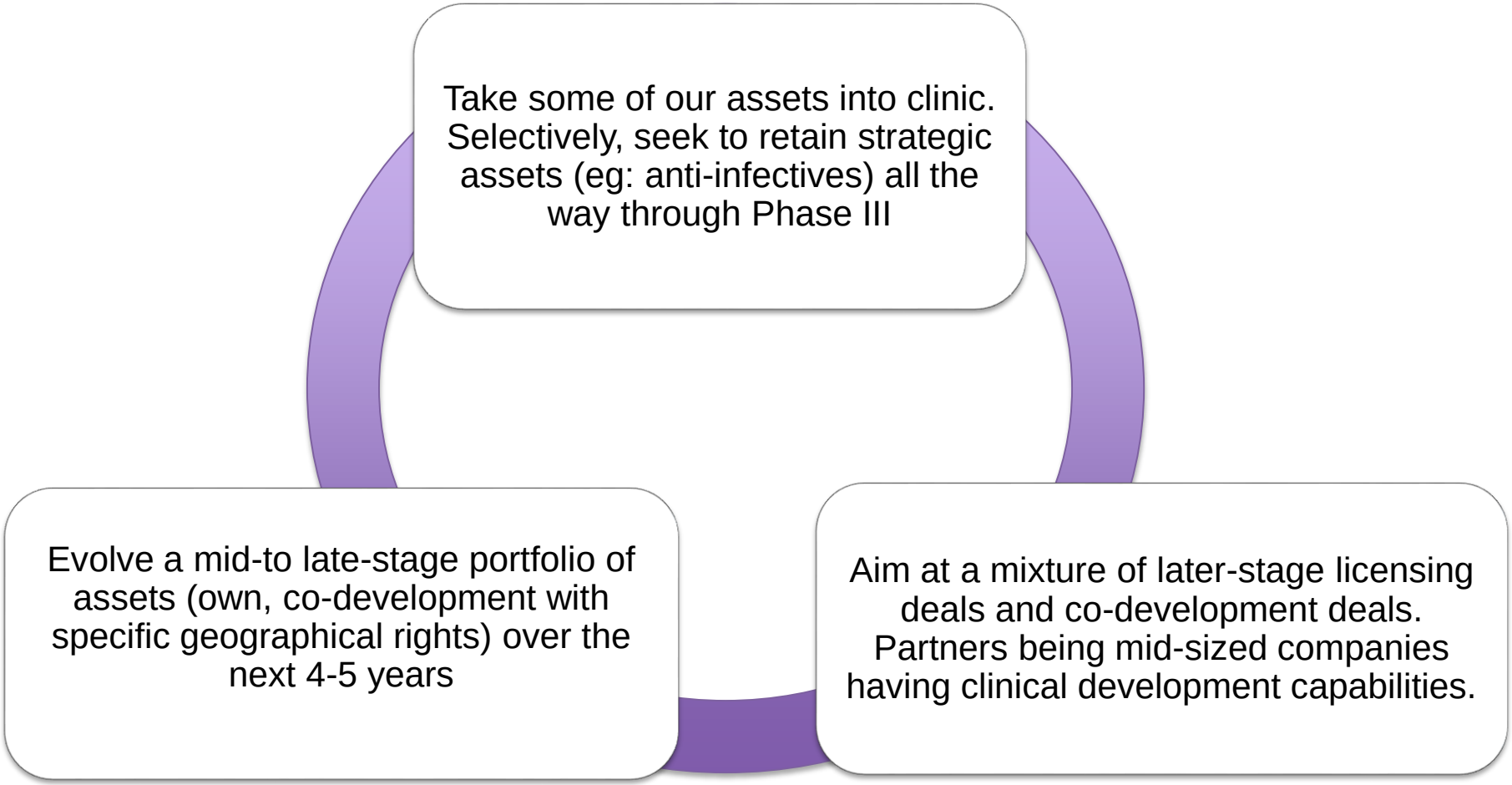
Summary of Immuno-oncology deals: Curis partnership structure [1/2]

- **Strategic partnership in oncology drug discovery, development and commercialization**
- **Aligned interests and complimentary expertise**
  - Aurigene discovery engine: research, discovery, chemistry and preclinical development expertize. State-of the art and cost effective.
  - Curis: translational medicine, regulatory, clinical development and commercialization Experienced, focused and well networked
- **Multi-year, exclusive partnership**
  - Up to 5 years of broad exclusivity in collaboration scope
  - Immuno-oncology: immune-modulating molecular targets
  - Precision oncology: selected targets that are genetically altered in human cancers
- **Option and license agreement structure**
  - Curis has option to license programs at development candidate stage
  - Royalty-bearing, world-wide exclusive license (ex. India/ Russia) to compounds in programs
- **Other important terms**
  - Territory Rights: India and Russia for Aurigene
  - DS & DP supply rights: Primary supplier rights for DS/ DP across all territories

Curis partnership structure [2/2]

- **Upfront equity grant**
  - 17.1M shares (19.9% of outstanding CURIS stock prior to the transaction)
  - Lock-up arrangement with 25% release every 6 months: 2-year total period
  - Current value of above stock-holding at $ 48 mn
- **Research, option exercise and milestone payments**
  - Initial four programs: up to $52.5M for first two, and up to $50M for next two programs
  - All programs thereafter: up to $140 million
- **Royalty rate on net sales by Curis: tiered from high single digit to 10%**
- **Sublicensing revenue sharing**
  - US/EU non-royalty and royalty payment sharing: declining percentage based on stage of development at sublicensing
  - Asia: 50% sharing of all revenues
- **Exclusivity option payments to Aurigene**
  - Annual payments after first two years of collaboration

Medium to long-term plans



THANK YOU