

AGM keynote address - GV Prasad [Co-chairman & CEO]:

Ladies and gentlemen, a very good morning to you.

It is once again my privilege to present to you my report on the year gone by and my thoughts on the future:

Last year, I had shared with you some inspiring stories about how your company delivered on its promises of making expensive medicines affordable and solving unmet patient needs.

This year, as well, I am happy to report that we have continued on our path of accelerating access to affordable and innovative medicines, with truly motivating stories to relate. I will dwell upon some of these later, but first let me share details on our performance

FY14-15 was a year in which we were both driven by tailwinds and buffeted by crosswinds. However, our inherent resilience enabled us to keep our course and create a significantly successful year

We closed fiscal 2014-15 with a topline growth of 12% at INR 14,800 crores; an EBITDA of 3,000 crores or 10% growth and a bottom line of INR 2,200 crores clocking a 3% increase over the previous year.

Let me share a few of the key highlights from the year that played a role in driving these numbers as well as laying the foundation for continued growth:

Our US Generics and OTC business together crossed the \$1 billion revenue mark. A significant contributor to this achievement was the Health Systems team targeting hospitals. We expanded the business rapidly to cross the \$250 million .

Our OTC business in North America has been bolstered by the acquisition of the smoking cessation patch branded as Habitrol. Over the past few years, we have been building the OTC business mainly through supplying store brands to pharmacies . This niche acquisition will help us in expanding our presence in this segment through a branded OTC product.

In the year gone by, your company filed its first three New Drug Applications (NDAs) with the US FDA, a significant achievement for Dr. Reddy's. Once approved, these drugs will provide novel and efficacious options for those suffering from the chronic conditions of psoriasis, rosacea and migraine. Many of you will recall that it was our founder Dr. Anji Reddy's dream to discover new drugs and bring them to market. The filing of these New Drug Applications is a big step towards fulfilling his dream. As we continue to build our pipeline in the Dermatology and Neurology segments focused on the US market, the

successful filings provide us with an innovative platform that will ultimately prove to be a major growth driver.

Closer home, in India, we acquired a select portfolio of established brands of UCB, a Belgium based biopharmaceutical company, in the region.

The UCB portfolio will be an interesting growth driver. It has given us an entry into the anti-allergy therapy area, an attractive market growing at ~12% annually. This acquisition has also marked our entry into the neurology market and access to over 3400 neurology specialists. We hope to build these franchises into a sizeable ones along with our own pipeline of products.

The API and CPS businesses were muted in their performance, but green shoots of revival are beginning to show and I hope to have better news to share with you this time next year!

While we had many successes, there were significant challenges to overcome as well, in the form of political and financial turbulence in some of our large emerging markets. The currency devaluation in Russia, for example, had a major impact on the numbers coming out of that country and continues to affect our performance there.

In Venezuela, despite fiscal turbulences, we became the fastest growing pharmaceutical company in this market, by registering a 108% growth in volume. However, this success is tempered by difficulties in repatriating funds from the country due to exchange controls. While we stay committed to patients in this country, we are taking a cautious approach in our exposure to the country.

Overall, FY 15 was a year of many achievements for us to celebrate, notwithstanding the few challenges we encountered.

Let me now share with you my thoughts on FY 16 and what lies before us on the road ahead.

Yesterday we announced our Q1 results for FY16. With a topline growth of 7% and profit growth of 14 % YoY. we have reason to be satisfied on several counts: Our North America generic businesses, especially the injectable segment, continue to be strong. Europe is fast becoming a positive contributor on the back of a few interesting launches over the last 6 months. Our India business continues its strong performance with the added benefits of the successful integration of UCB's brands..

In spite of currency devaluations in key emerging markets affecting our performance, we continue to grow market share in these regions.

Strong fundamentals expressed in a brand new identity.

A significant event this year has been the launch of our new brand identity. We are very excited by the way our new brand brings the entire company together with a single purpose and also more accurately depicts who we are and what we stand for.

The new brand identity is the essence of the past thirty years of your company's journey. It is an expression of the strategic clarity with which we now look ahead to the next phase of our company's growth. We have evolved from molecules to medicines and we now signal our focus on health and to keep the patient at the heart of everything we do. Our logo representing empathy – to understand the patient's needs and dynamism – to act with speed and creativity-- guides our behavior everyday. The importance of Good health and the urgency to act is best reflected in our core belief: **Good Health Can't Wait.**

A brand is more than a logo and visual identity. It is the sum total of experiences – of patients, doctors, pharmacists, and, of course, you our shareholders. We are committing to bring our brand to life through our every interaction with our stakeholders.

Specifically we are making five promises –

To:

Bring expensive medicines within reach;

Address unmet patient needs;

Help patients manage diseases better;

Enable and help our partners ensure that our medicines are available where needed and

Work with our partners and help them succeed.

I believe that if we do a good job of fulfilling these promises, financial success will inevitably follow.

Moments of truth – The inspiring stories behind the numbers

Let me now tell you about some of the many manifestations of how our brand is experienced around the world.

Last year, Eastern Ukraine virtually turned into a war zone. Employees of most other companies either fled the region or went on leave. However, our Ukraine team showed that they were professionals of a different character. Led by Mikhail Voychenko, one of our Regional Managers, they found innovative ways to work around the crisis and ensure the availability of our medicines in the conflict ridden area at great personal risk. The team worked closely with the pharmacy chain to ensure that our medicines continued to be available even in areas under separatist occupation!

By taking their commitment to such an extraordinary length, the Ukraine team has gained the trust of the medical fraternity in your company as one that goes the extra mile to ensure availability.

I have already spoken about the situation in Venezuela and how volumes more than doubled there. In a country with multiple macro economic and political challenges,

patients are finding it difficult to find the medicines they need. Determining that availability was the need of the hour, ensured that our products were readily available where they were needed most. They even proactively provided our partners with regular, up-to-date information on product availability. In effect, they delivered on our promise to “enable and help our partners ensure that our medicines are available where needed” despite multiple challenges and financial risks..

Resof, our Hepatitis C product, and its financial assistance program make for another inspiring story. In order to enable more patients to benefit from Resof’s very effective cure-rates, we went the extra step and created a financial assistance program that allows them to pay in easy installments. With therapy periods ranging from six months to almost a year, this is a wonderful way to bring good health to the many chronic Hepatitis C patients, who cannot otherwise afford to be treated.

These stories are living examples of how we serve patients, by demonstrating empathy and dynamism, and staying fully committed to the core values established by our founder, Dr. Anji Reddy.

As we look to the future, our priorities for the year are threefold:

1. To increase our impact on affordability by expanding the reach of our medicines to more countries directly and through partners.
2. To accelerate the development of our proprietary products and biosimilar businesses and make them available to people around the world
3. To continue to build world class capabilities in Research, Manufacturing and Quality to ensure our patients worldwide have access to high quality, affordable medicines.

I remain confident of continued success, and my confidence is based on the commitment and passion of my talented colleagues across the world. They have worked hard at keeping our promises to our stakeholders and have relentlessly pursued excellence in everything we do. I wish to take this opportunity to thank them for their efforts.

I want to also thank you shareholders for your continued support.

This week, our country lost one of our most visionary and popular Presidents, Dr. APJ Abdul Kalam. I was privileged to have had the opportunity to listen to Dr. Kalam speak when he addressed our scientists at our Leadership Academy in Bachupally. One particular gem of Dr. Kalam from that has remained with me. He said “I have seen that medicines in our country are very important. When you form a tablet, package it and say it is from Reddy’s Labs, people take it. That is the faith people have in you. Now, it is your responsibility to make it available even for people who cant afford it. That is your challenge”

Dr, Anji Reddy believed that the pharma industry could contribute to making this happen by seizing the opportunity to innovate. As he put it, “The future belongs, not to those who merely seek opportunity, but to those who create it. Let us have the courage to do things

differently.”

I would like to assure you that we will continue our efforts to make high quality and innovative medicines accessible and affordable to all, driven by our belief that good health can't wait.

It is this philosophy that guides us as we continue on our journey to make innovative medicines accessible and affordable, driven by our belief that good health can't wait.

Thank you.