

Good morning and welcome to your company's 37th Annual General Meeting.

I would like to begin by echoing Satish's sentiments on the lives we have lost to COVID this year and re-affirm our commitment to support the bereaved families. It has been another difficult year in terms of coping with the pandemic, and learning to live with its challenges. At the same time however, the pandemic has also seen unprecedented collaboration and advances to find solutions. Throughout this period, our twin priorities have been, and continue to be – to ensure the supply of critically needed medicines to patients around the world, and the health and safety of our employees. We have also done our best to bring solutions for COVID to patients through collaborations, innovation and development. I will talk on this topic later in my address.

Performance

I would like to begin with a few remarks on the performance of the company in FY'21. I am pleased to report that the 2021 fiscal was a year of significantly improved performance for your company with a growth of 57% in profit (PBT). The EBITDA margin improved by 33% over FY'20 (before impairment) and ROCE for FY21 was 23% (before impairment). Despite the numerous hardships presented by the COVID-19 pandemic, we did well, recording our highest revenue figures till date. We had 273 product launches globally, finalised some key partnerships around the world, and greatly improved productivity. The year also saw good progress on the Oncology Discovery pipeline at Aurigene, Nutraceuticals business in India and our Digital Health Solutions pilot – Svaas Wellness Limited. Over the year, we restructured our Proprietary Products business in USA and successfully integrated the Wockhardt portfolio for our India business.

Overall, it was a good year. The dividend recommended by the Board is Rs.25/- per equity share, subject to deduction of applicable tax.

The Impact of the COVID-19 Pandemic

Beyond the company's performance, at an industry level, we are aware that the COVID-19 pandemic led to many important and permanent changes. The ability to accelerate innovation in all forms was one of them, and it has led to some tangible results. The impact of supply chain agility, automation, and deeper digital capabilities is already being felt.

At a people level, as Satish also discussed in detail, the health and safety of our employees is of paramount importance to us – and we have spared no effort towards this right through the pandemic. From personal equipment and distancing measures to comprehensive multi-pronged support to employees and their families, we will continue to support members of the Dr. Reddy's family. **We have announced a series of measures in this regard. Bereaved families will continue to receive fixed salaries and medical insurance coverage for two years as well support for the education of two children up to their graduation.** In every global location we are offering our support to colleagues and their families in different ways.

Throughout the pandemic, we reached out to communities across the world that had been impacted by COVID-19. From food and rations to hospital infrastructure and medicines, we swung into action quickly and touched many hospitals and communities across India, focusing particularly on vulnerable populations.

The urgent need for COVID therapeutics drove us to push boundaries – we re-purposed drugs and entered into partnerships with leading firms across the world to bring some of the most effective drugs and solutions to India. At the same time, we instituted innovative ways to maintain and enhance effectiveness of work – from tools for remote working to virtual audits to connecting with doctors via our in-house tool. All our plants across the world were operational through the lockdowns, thanks in large part to the stupendous efforts of our frontline warriors.

Bringing COVID-19 therapeutics to patients

It is due to the collective effort our teams that we were able to bring some of the most effective COVID therapeutics to India via partnerships, including Gilead Sciences for Remdesivir (Redyx™), Fujifilm Toyama Chemical for Favipiravir (Avigan®), Merck Sharp & Dohme (MSD) for Molnupiravir, Eli Lilly for Baricitinib and DRDO for 2-DG.

When the second wave of COVID-19 hit India in April and demand began to outstrip supply, we immediately took measures to enhance access to these drugs. For instance, we ramped up production of Redyx™ from 1 lakh to 6 lakh doses per month and also cut its price by 50%. The newly approved Redyx L (liquid formulation) is also available now alongside Redyx (lyophilised). We collaborated with our long-term partners, the Defence Research and Development Organisation (DRDO), to conduct COVID trials on the oral anti-viral drug 2-DG.

We announced the commercial launch of 2DG™ in June. Last month, we announced a collaboration between five leading pharma players in India to conduct the phase III clinical trial for molnupiravir. Your company is leading the clinical trial for this group. This is a first-of-its-kind collaboration in Indian pharma and is testimony to how the pharma industry has been willing to work together to find solutions. Your company's existing range of COVID-19 therapeutics covers the full spectrum from mild to moderate and severe conditions of the disease, and a vaccine.

In view of the current situation of the pandemic, perhaps our most significant contribution is our partnership with the Russian Direct Investment Fund in September 2020 for clinical testing and distribution of 125 million people doses of the Sputnik V vaccine in India. We initiated a soft launch of Sputnik V in May on a pilot basis. In July, we scaled up our commercial roll-out to reach cities and towns all over India in partnership with major hospitals. As you know, Sputnik V requires -18 degree C storage. Our teams have done a great job of ensuring cold storage logistical arrangements at all partner sites. Supply constraints have limited our ability to make larger quantities of the Sputnik V vaccine available in India at present. However, in the coming period, as we receive more consignments, and with the commencement of its manufacturing in India, the Sputnik V vaccination effort will see far greater momentum. To be able to contribute to India's national inoculation effort is a matter of pride as well as great responsibility, and one that helps us truly live our purpose.

Outlook for the year ahead

Beyond the COVID portfolio, we have clearly defined the markets and businesses to build leadership potential in our focus areas viz., North America, Emerging Markets, India Business and Pharmaceutical Services and Active Ingredients (PSAI).

To achieve our strategic objectives, we are working on three major themes: Leadership in Chosen Spaces, Operational Excellence & Continuous Improvement, and Patient-Centric Product Innovation. FY'21 saw good progress on our three themes:

- 1) Leadership in chosen spaces** – we have seen improvement in market ranks and market share in the critical markets of North America, Europe & India. The restructuring of our Proprietary Products business and successful integration of the Wockhardt portfolio were executed to optimally allocate resources.

- 2) **Operational excellence & Continuous Improvement** – we saw a reduction in operating expense, which were lower and manpower costs, which showed an improvement of 30 bps over FY'21. Significant strides were made via our Lighthouse initiative towards operational excellence in our plants. A combination of Digital, Data and Design has yielded significant productivity improvements across Manufacturing, R&D and Sales.

- 3) **Patient-Centric Product Innovation** – the unprecedented impact and urgency of COVID-19 drove us to focus our energies in finding solutions to the pandemic. While I have already discussed details above, the re-purposing of 2-DG as a COVID therapeutic along with the DRDO and our partnership with RDIF to bring the Sputnik V vaccine to India to me are two examples of how your company is determined to explore every possible avenue to find quick and effective solutions in this hour of need. We have also seen significant progress on the Aurigene Novel Oncology pipeline.

We are exploring opportunities to expand our presence in biologics, cancer, vaccines – each of which could be a significant opportunity. Digital therapeutics is another area through which I believe we can serve patients well. Yesterday we announced the pilot-launch of 'Svaas', meaning 'breath'. Svaas is our integrated digital initiative to bring together four key touchpoints in the journey of outpatient healthcare – doctors, laboratories and diagnostics, pharmacies, and insurance – all on one mobile platform, with the aim of offering a one-stop cashless and seamless user experience across channels. At present, Svaas is in pilot phase, and for this, we have partnered with ICICI Lombard. Using the learnings and takeaways from this pilot phase, we will look to scale up and deepen our offering in health and wellness across India.

A Unique Mission

The extended fallout of the pandemic has severely impacted lives and livelihoods around the world. Never before has our purpose of accelerating access to innovative and affordable medicines to patients around the world been more relevant. And never before has our credo of "Good Health Can't Wait" been more urgent. We have carried the same sense of urgency into FY'22. Our business continuity plan guides our actions and gives us resilience to meet the challenges of the pandemic with determination and assurance. The responsibility we have taken on – to make a difference to hundreds of millions of lives around the world – is at once challenging and humbling. Once again, I wish to acknowledge and thank all my colleagues

around the world who are at the frontlines of this battle for the passion and commitment they bring to work every day amidst these difficult times. We know that the battle is not over. We will continue to do our best every day as part of the national and global effort against the pandemic, and of course to serve our patients and stakeholders.

I wish to thank all our partners, suppliers, customers, healthcare professionals and regulatory authorities for their support and partnership in the past year. My gratitude also to our Board members for their guidance and counsel. And finally, I would like to thank you, our shareholders, for your support of and trust in Dr. Reddy's. Wish you all good health and safety. Please take good care of yourselves.
