

Good morning Ladies and gentlemen. Thank you for being here today. Your trust and support continue to encourage us to aspire to higher levels of growth, as we put affordable, high quality medicines in the hands of millions of patients who need them around the world.

We are keenly aware that we are operating in one of the most challenging environments the pharmaceutical industry has encountered. But I am a firm believer that it is challenges that throw up opportunities, and your company has the ability, the confidence and a strong foundation to leverage these opportunities.

While your CEO will take you through the business performance details of the fiscal gone by, I would like to apprise you of some key external and internal influences that have a bearing on our industry as well as your company.

Let me begin by dwelling a little upon the global pharmaceutical landscape, how its shape is shifting and what we can expect going forward.

One of the peculiarities of our industry is that its goals are two-fold. While increasing value is a natural objective of business, there is an over-arching social imperative that is equally important. Access and affordability must go hand in hand with business growth. One cannot exist without the other. This dichotomy brings with it its own pressures that we have had to navigate.

In recent times, these pressures have become more intensive globally. regulatory benchmarks are now higher than ever before, which creates an inevitable impact on cost. When one adds pricing controls to this scenario, achieving the right balance becomes all that more testing for companies.

The ultimate fallout of this could well be that pharma companies become more selective about the markets they enter.

Take for example, the Reference Pricing method, which is practiced in Europe and some emerging markets like South Africa. Drugs prices are fixed by committees in Pharmacy Benefit Management companies, often on subjective criteria. This may deter companies from launching their products in those markets because the pricing may not be viable in business terms.

In recent years, pricing control has become a major cause for concern in India, as well. Our Policymakers tend to look at affordable healthcare through a single lens – price controls on drugs and medical devices. I urge them to view the issue from a larger and more holistic perspective, which takes the entire healthcare system into account. Affordable healthcare is a goal that all pharmaceutical companies wish to achieve but the responsibility should not be laid on our shoulders alone.

Today, with trade barriers coming down, the most advanced global healthcare services, products and therapies are becoming available to patients in our country. However, the caveat is financial viability. When arbitrary control actions continue to squeeze prices, they may also end up driving these services and products out of the market leaving the patient as the net loser.

The point I continue to make is that over-regulation of prices is always detrimental to the patient as it restricts the industry's ability to invest in developing new drugs, and disincentives them from entering markets they perceive as unviable. Ultimately it has a negative impact on accessibility of medicines to patients.

These are some of the larger challenges that your company has been dealing with over the recent past. However, as shareholders in both our success and our setbacks, you already know that if there is one thing your company has deeply embedded in its DNA, it is 'confidence in the face of adversity'. We inherited this characteristic from our founder Dr. Anji Reddy, who's ability to see a positive side to even the most trying situations, motivated and inspired your company to always emerge stronger and better from difficult situations.

On that note, let me share what I see as the positives emerging from some of the challenges I touched upon.

Regulatory authorities from different countries are now recognizing these anomalies and are pooling their knowledge and experiences in evolving a more standardised approach across geographies. In as much as it enhances the quality of medicines, and helps develop better and more efficacious therapies, such collaboration must be welcomed. The US FDA, for example, has partnerships with its counterparts in Europe, Japan and Canada, with a view to facilitate global economies of scale in the development of biosimilars.

In India, industry bodies like the IPA are reaching out to the major regulatory authorities to facilitate a structural shift in quality standards. This kind of concerted action for the greater good of the industry bodes well for the future. It is an indication that the Indian pharma industry is maturing and has the self-confidence to compete on levels terms on the global arena.

The India pharma sector itself, despite all the current challenges, is poised for exponential growth in the next ten years and your company is gearing to ride this growth wave.

I make this statement with great confidence, on the strength of one of your company's biggest asset – our people and the leadership that guide them.

Starting with your Board of Director's, whose guidance, counselling and direction has been invaluable, as they continue to steer the company through what we termed as "The perfect

storm". I would like to thank them for their time, dedication and commitment to making Dr. Reddy's a better organisation.

Let me use this opportunity to place on record my appreciation for Hans Peter, who leaves our Board. Having served as an independent director on the company's board for 2 years, Hans left to pursue an independent business opportunity, that could have a potential conflict of interest with his directorial responsibility at Dr. Reddy's. We are grateful to him both for his inputs and his inspiring presence on the Board.

Dr. Reddy's has always prided itself as an inclusive, supportive and empowering employer. If the company is navigating stormy conditions, I have no doubt that the talent and commitment of our people has what it takes to steer it to a leadership position.

I am also happy to report that we have strengthened our position as an employer of choice for women. We have been ranked by Avatar as a Great Place to Work for women and have also been placed amongst India's leading organisations on the Bloomberg Gender-Equality Index.

I want to extend my heartfelt appreciation to every single one of my colleagues in Dr. Reddy's and members of their family, for the contribution, commitment and engagement that they bring to work every single day, that keeps millions of people around the world in good health.

Speaking of enabling health for people, as you know our efforts on this front are not for business objectives and profits alone. Through our CSR activities and the Dr. Reddy's Foundation, we enable the poor and the marginalized sections to gain not just good health but also livelihoods, and education. The seeds for this were sowed by our founder Dr. Anji Reddy, when he established the Foundation in 1996.

Our CSR team works closely with the Dr. Reddy's Foundation in implementing several initiatives, especially in communities in and round Hyderabad, Nalgonda & Srikakulam, where our manufacturing units are located.

You are already aware of our programs such as CHIP, through which we provide access to medical treatment for needy patients. The Dr. Reddy's Foundation is now launching a Healthcare Leadership Skilling initiative. This will strengthen the efficiency of the Government's Primary Health Care system by equipping its First Level Health Team Leaders with modern management methodologies and technology. It is these First Level Health Team Leaders who play a crucial role in making the Primary Health Care system work. However, they are not really trained to lead and manage teams, which impacts the efficiency of the system. We aim to address this gap and provide them the knowledge and tools they need to enhance their Managerial and Leadership skillsets.

On the education side, under our School Improvement Program, today we support as many as 129 Government schools across Telengana and Andhra Pradesh by providing infrastructure and equipment, conducting medical camps, taking special classes and providing scholarships. Around 60,000 children benefit from this program. I am proud to say that this year our SIP

Program supports 53 schools more than in FY17 under the Sarva Siksha Abhiyan – a collaboration initiative with the Government of Telangana.

Our Livelihoods initiative, originally called the Livelihood Advancement Business School or LABS, has evolved into a program that we call GROW, to better express its transformative benefits. GROW provides disadvantaged youth with skills that are in line with industry requirements as well as their individual aspirations. GROW PWD is a subset of GROW which is focused on equipping People with Disabilities with core employability skills and helping them make informed choices about their careers. GROW PwD's team also proactively invests time in advocating for an inclusive workplace by conducting seminars and workshops on diversity and inclusion.

And finally, within Dr. Reddy's itself, I would like to tell you about something that our founder Dr. Anji Reddy sowed the seeds of in our organization – the Spirit of Giving. Every year we mark the anniversary of Dr. Anji Reddy's passing by formally launching a nine-month long, campaign of giving. Now in its fourth year, we launched our giving activities through the Changemakers' Dialogue event, wherein we specially invite people who have driven positive and far reaching social change to share their experiences with us. In 2017 we chose education as our focus of giving and in 2018 the focus is on health. We were fortunate to have with us pioneering changemakers such as Milesh Hamlai, Mukteshwari Bosco & Karimul Haque, also known as Ambulance Dada, on account of his inspirational mission of ensuring sick people reach the hospital for treatment on his motorcycle ambulance.

This Spirit of Giving that permeates our global organization is what truly adds meaning to our business and, here again, I would like to express my gratitude to each and every one of our employees and their families who give of their time and efforts to foster it at Dr. Reddy's. It is this

On this note, I thought it would be appropriate to leave you with a short video that captures this abiding spirit of generosity that makes Dr. Reddy's such a great organization.

Thank you all once again.