Good morning and thank you for joining us at this AGM.

After several years of robust growth, the global generics industry is facing significant challenges.

- buyer consolidation leading to concentration in buyers in the US market
- the impact of Generic Drug User Fee Act (GDUFA II) leading to faster ANDA approvals which increases competition,
- intensive competition from API manufacturers integrating into formulations

all of which have impacted your company as well.

We have also been impacted by the unresolved status of 2 of our key sites for the USA – Our Pydibhimavaram API facility in and our Duvvada injectable facility respectively.

These Challenges require a coordinated and robust response from us.

Today, I would like to talk to you about how we are facing up to these challenges and positioning your company for the future.

We have laid out three priorities for Dr. Reddy's:

- The first is to completely overhaul and strengthen our manufacturing and Quality Management System.

- The second is to create a lean and agile organization
- And the third to put us firmly back on the path of growth.

We have made significant progress on all three fronts. Let me apprise you on the progress, starting with our Quality improvement journey.

We have made significant progress in revamping our manufacturing and quality systems and processes, to create a culture of excellence across the organization. The aim was to ensure that all our plants remain compliant and produce products of the highest quality to serve patients at all times. We have modernized our plants, strengthened the management teams, deployed IT systems and built a culture of continuous improvement.

Going by the results of several audits that our facilities have undergone in the last year, I am cautiously optimistic that our efforts are bearing fruit.

In FY 18, there were 12 audits conducted by the USFDA and we received Establishment Inspect Reports for all of them. These sites had either nil observations, or observations of a nature which were promptly and successfully responded to.

As I mentioned earlier, the two units that remain are those that were impacted by the warning letter. We continue to be engaged with the U.S. FDA in providing them

responses to their observations and have indicated our readiness to be re-audited. We will diligently work with the USFDA to address their concerns holistically.

Having made progress on the quality front, we are now driving productivity and cost competitiveness through waste elimination as well as innovation.

Let me now turn to how we are building your company to be lean and agile.

We have identified several areas to create leaner and flexible structures: rationalizing the manufacturing network, improving plant operating efficiency, R&D site optimization and improved productivity, optimizing our portfolios and rationalizing excessive manpower. Going forward, we will also see the divestment of some of our sites.

I am happy to report that we are already seeing encouraging results: Our Opex in FY19 has come down as compared to the previous year. This gives us the confidence to redouble our efforts and carry forward the journey in a focused manner.

Leveraging technology

In keeping with the leaner organizational structure that we aim to build, we are also working continuously to simplify and digitize our key organizational processes

by leveraging technology. We have enhanced our plant systems with automated data acquisition technology to towards more robust data management and data integrity. In our R&D organization, we leverage Computer modeling & simulation, Electronic Note Books and other tools to improve both speed and quality of development. We are deploying IT solutions in all parts of the value chain to build competitiveness and agility in how we operate.

Let me now share with you our strategies to drive growth and talk briefly about each of them. There are three areas for driving growth that we will focus on,

- Building a strong complex generics portfolio
- Targeting institutional business in emerging markets
- Proprietary Products & Biosimilars

Complex generics will continue to be the main driver of growth for Dr. Reddy's for the next few years. We have developed deep expertise in both synthesis fo complex molecules as well as tackling complex formulations. Many of the products we are developing will be difficult to develop and manufacture and hence will limit competition leading to better margins.

We have a rich pipeline of such complex assets, which can potentially address over $40 Bn in annualized cumulative Innovator branded sales value.

- During FY 18, we filed 20 ANDAs, several of which are complex generics
- As of 31st March 2018, 110 generic filings are pending for approval with the USFDA (107 ANDAs and 3 NDAs under 505(b)(2) route). Of the 107 ANDAs, 63 are Para IVs out of which we believe 30 have 'First to File' status.
- We also filed 9 DMFs during the year, and launched some significant complex generics products in the US such as, Sevelamer, Lipo Dox and Palonosetron

I am optimistic that we will see some high value products being filed and approved in the coming few quarters which will further boost our growth.

Turning to our Emerging Markets, which offer good potential for long term sustainable growth, we have have taken steps that will create multiple opportunities:

- Building a strong institutional business across Latin America, Europe, Asia and Africa by leveraging our Oncology and Nephrology portfolio, including Biologic assets.
- Filing for more than 100 registrations in both existing and new markets.
- Strengthening our sales force and marketing capabilities in key markets
- Registering products both through in-house and BD to supplement our strengths in identified therapeutic areas.

China today holds substantive potential and we are exploring shifting our geographical emphasis with a major expansion into this region. We have identified a strong portfolio of products across Oncology, CNS, Diabetes and other therapy areas that have a potential to be First-to-market Generics and create significant value for the company over the next few years. We are in the process of augmenting our capabilities to deliver on this opportunity.

In our Proprietary Products business, our focus continues to be on building the business while carefully managing our investments and spends. We are also re-calibrating our R&D efforts to focus on a few high value innovative programs that address unmet needs in serious conditions and where there are few treatment options available.

We have laid the foundation for a strong Biosimilars business in terms of development, manufacture and registration capabilities. We have made progress in taking products to several key Emerging markets and are now finalizing our approach to take the products to US and Europe.

People

Let me now turn to our human capital.

We continue to focus our efforts on unleashing the leadership potential within the organisation. We offer our teams the opportunity to make a difference to patients

worldwide – a higher purpose. We give them space and freedom to create impact through their talent and expose them to some of the finest thinking in there fields of work.

We have also revitalized the senior management team in several areas. We have a new operations head who is supported by two new heads of manufacturing. We also have new leadership in HR, Biologics, R&D & Quality. We recently inducted Erez Israeli, a senior professional with vast experience in managing scale in the Global Generics business from one of the leading companies in the world, as our Chief Operating Officer.

We have made changes not only at the very senior levels but also at the operating unit levels and the quality management organization. Our teams are fully prepared to face the challenges ahead of us.

We will continue to develop and strengthen our organization by fostering a culture of empathy and dynamism at Dr. Reddy's. This will help us to better understand patients' unmet needs and work with agility on fulfilling them. Only then will we deliver on our purpose of accelerating access to innovative and affordable medicines.

I like to illustrate this by telling you about our focus on Cancer medicines, as one example of how we live our purpose each day.

Cancer is one of the leading causes of deaths worldwide. Its increasing incidence and high mortality rate is a growing concern globally. Further, the high cost of treatment places a huge burden on patients, their families and healthcare systems. Our efforts to address this need rest at the intersection of three organizational priorities. Firstly, it is central to our purpose. Secondly, it is an important lever of growth for the company. And thirdly, it helps us contribute meaningfully towards the global concern over the high cost of cancer care.

You will be pleased to know that we are making substantial progress on this effort – We launched Reditux in Russia and Columbia, which will potentially provide access to thousands of cancer patients in these regions. Even as I speak to you, our fifth Biosimilar has been launched in India – Hervycta - A Biosimilar Trastuzumab for the treatment of women suffering from breast cancer.

By 2021, we aim to reduce the price of over 20 cancer medicines, addressing over 15 cancer types, by more than half, bringing huge savings to healthcare systems in in 30 countries. Through this effort we hope to serve the need for affordable cancer medicines to people all over the world.

And that, as the Japanese call it, is our "Ikigai" - our reason for being.

Thank You, ladies and gentlemen, for your continued support and trust in Dr. Reddy's.