

Good morning Ladies and Gentlemen, welcome to your company's 36th Annual General Meeting. Thank you very much for joining us today.

At the outset, I would like to **thank all of you**, for your continued support in these trying times. I would also like to thank the management and employees at Dr.Reddy's for their hard work, commitment and for staying true to our purpose of providing affordable and innovative medicines to those who need them, across the globe.

I am pleased to report that your company has had a very **positive** year – despite the challenges and demands of the COVID-19 pandemic, your company closed the year with the highest ever annual sales and EBITDA in our history. This is largely due to a turnaround in our Europe generics business and continued growth in our branded markets. The faith you have reposed in us, as well as the efforts of the employees of your company have resulted in the eighth consecutive quarter of improving financial performance.

There has been progress across your company beyond revenues as well – our exercise to **control costs and efforts to streamline our operations** have come to fruition. Today, we operate a much leaner business model while ensuring that quality, compliance and processes are strengthened. All our sites now are fully compliant with the requirements of global regulatory agencies. Continuous improvement and striving to attain the highest levels of quality are now ingrained in every employee of your company.

Your company has also significantly **improved productivity and built a healthy pipeline of products**. We have settled legal disputes, and entered into synergetic deals such as Wockhardt – with the intent to enter FY21 on a strong note. Digitization has also been a key area of focus for your company this year, and with the use of automation, digital connect and advanced analytics, we seek to ensure that your company is future-ready. While Prasad will share further details on these aspects, I would like to take you through the COVID-19 crisis, its impact on pharma and the way forward for our industry.

When one speaks of COVID-19, the word that comes to mind is 'unprecedented'. In the initial stages of the pandemic, as the country braced itself for an extended lockdown, the **Indian pharmaceutical industry** rose to the challenge and ensured continuity in its operations. Your company's response was two-fold. First, we had to ensure the safety and well-being of our employees. Second, we had to ensure a continuous supply of medicines to patients in need. On both counts, I am pleased to report that the management, the leadership and the teams at Dr. Reddy's did an outstanding job.

The Centre and the State governments quickly realised the significance of the pharma industry in this time of crisis, and while their interventions and quick response ensured that we could rise to the occasion, there were several challenges we encountered in the initial stages - *our employees struggled to reach work, material movement was a major constraint, ancillary industries that fed into pharma were not operational* – the industry.... collaborated like never before, leveraging platforms such as the Indian Pharmaceutical Alliance (IPA) to work in an integrated manner with the authorities. Eventually one challenge after another was ironed out and we could reach higher operational levels.

It is with pride that I can report that **Dr.Reddy's went above and beyond to support the nation** in a time of need. We collaborated with governments and other organisations to support those in need through a range of relief efforts.

In the midst of a global crisis – your company and the Indian pharma industry proved itself to be a consistent and reliable supplier of life-saving medicines to India and the world. While the economic impact of this pandemic will indeed be felt, I recall how our founder Dr.Anji Reddy once said "*in each problem, there is an opportunity*" and true to that, I would like to view this as an **opportunity** for your company. This was an opportunity for us to learn the power of collaboration and digitization. Furthermore, due to the pandemic, the time is now ripe for the Indian pharmaceutical industry to play an even larger role in supplying drugs to the world and to cement its position as *pharmacy to the post-COVID world*.

Apart from the COVID specific relief efforts – your company has remained true to the vision of its founder – and has continued to have a positive impact on society through the various **initiatives implemented by Dr.Reddy's Foundation**.

Our flagship livelihood initiative **GROW**, that takes forward the two decades long legacy of our LABS initiative (Livelihood Advancement Business School) – has trained close to 8000 youth in FY20. In addition to this, our 29 centres for the specially-abled youth helped them acquire vital skills that enabled them to seek gainful employment... Of over 3000 specially-abled youth that benefitted from this program, 115 were visually impaired.

*Amongst hundreds of others, this program helped Kanhu Charan Maharana, the son of a small-scale farmer, who struggled to graduate and still could not find employment due to lack of guidance and information. GROW training helped him gain employment in the BFSI sector, and within months, he managed to repay the loans his father had been forced to take.*

**MITRA** (Marking Integrated Transformation for Resourceful Agriculture) is another initiative that focuses on helping small and marginal farmers in adopting new technologies and best farming practices. Farmers are essential to the growth and food security of our nation. In FY20, the MITRA program has a positive impact on over 20,000 farmers. (Agri reforms benefit)

The Community Health Intervention Program (**CHIP**) is one of our healthcare programs, run in partnership with the NICE Foundation – and this year, the coverage extended to over 2 lakh people. This program became even more relevant due to the pandemic – outreach workers visited several homes and villages to conduct awareness drives on preventive measures, social distancing and hygiene.

It is said that “to educate a child, is to turn walls into doors”..... through Dr.Reddy's Foundation, we run multiple initiatives in the field of **education**.

229 schools, located in the vicinity of our manufacturing facilities in AP and Telangana benefit from our School Improvement Program (SIP) – where we seek to augment government schools and provide the highest standards of holistic education to

students. Of the 21,000 students at these schools, I am pleased to report that close to 50% are girls. Our efforts have paid off as these SIP schools have consistently shown an increase in the year-on-year pass

percentage, which now lies at an impressive 98.5%. 40 schools exhibited a 100% pass percentage, while 95 students secured a GPA of 10/10. In this context, over 500 scholarships were granted to meritorious students to encourage and enable them to pursue higher education.

Named after our visionary founder, the Kallam Anji Reddy Vocational Junior College is another significant part of our education centric CSR initiatives – the college trains underprivileged students in two-year vocational courses. It is testimony to the high standards of education at this college that 7 students received state ranks, of which 3 stood first in their respective streams.

Once again, I would like to reiterate that your company is dedicated to uplifting society and cares deeply for the community we operate in.

I would now like to talk to you about the **industry**, and what lies ahead for us. The pharma industry as a whole, has seen an increased usage of medicines – the rate of usage has in fact been higher than the population growth. This was largely observed in the emerging markets, where growth estimates are in the range of 5-8% even today. As per recent reports, the global spending on medicines is poised to cross \$1.1 trillion by 2024. This is primarily due to increased availability and reach of medicines. Some key trends that are expected to emerge include transformation of the manufacturing process through continuous processing, drug pricing reforms, increase in supply chain security through serialization and increased scrutiny of quality. Digitization and technology such as AI are definitely going to play a larger role in the pharmaceutical industry.

The COVID-19 pandemic has infected millions across the globe and has claimed several lives. Unfortunately, this will have **economic implications**, many of which are already being felt across the world.

We anticipate that there may be a lower spend on medicines in some countries, due to the sharp economic downturn. Increased unemployment and lower income levels could potentially effect healthcare spends. As COVID treatments take precedence, treatment of other medical ailments may be delayed or deprioritized which could, in the short-term reduce demand for pharma products across the globe. Medical tourism too could be impacted due to travel restrictions.

However, there are several developments anticipated, that could **auger well for our industry**. Key stakeholders have taken cognizance of the industry's dependence on China, and India could emerge as a viable alternative to China. The government's new API policy which just got notified this week and the push to Make in India, could significantly bolster the domestic API industry and help us attain self-sufficiency as an industry. The policy is a move in the right direction but a few more additions to it can help fortify our competitive advantage.

Some forecasts indicate an increased spend on preventive healthcare and public health emergencies. In the short to medium term, this could lead to an increased demand for pharmaceutical products. Similarly, there could potentially be an increased demand for OTC products and medicines to mitigate the symptoms of COVID-19.

The **way we do business is certainly going to change** – and I assure you that your company is up to the task. We intend to strengthen our competitiveness, and will focus on increasing market share without compromising on profitability. We will seek to increase productivity through leveraging technology, automation, digitalization and optimisation.

At the start of the pandemic and the lockdown, our business continuity plan helped us tide over the crisis – and we are even better prepared now to overcome any challenges that lie in wait for us. At every decision point, the safety and well-being of our employees and the patients who count on us assume paramount importance.

Today, several meetings are **virtual** and work-from-home is now a tried and tested way of doing business. Our field staff across the country have been adequately

trained, certified and have received protective kits to ensure that they stay safe and adhere to recommended precautions as they go about their work. *Your company has already adapted to the new normal!*

It is in times like this, in the midst of a crisis, that the core values of any organization assume a place of significance. Our Founder built this organization on values that remained at the very heart of everything we do and we continue to remain true to these even today. As we work together in an integrated and collaborative manner with industry associations, governments and other key stakeholders – I assure you that your company will strive to remain true to its purpose – to ensure that we continue to provide affordable and innovative medicines to those in need.

**Thank you for your attention.**