

Good morning and welcome to your company's 36th Annual General Meeting.

Performance

Let me add my warm welcome to all participants to this virtual Annual General Meeting. I am pleased to report that the fiscal year FY 2020 has been a year of strong financial performance across our businesses.

Consolidated revenues for FY2020 saw a 13% growth over the previous year, on top of an 8% growth in FY2019. Consolidated net profit grew 4% and EBITDA saw a strong increase of 36%. Diluted earnings per share (EPS) was ₹ 117.40 in FY2020, versus ₹ 113.09 in FY2019.

Despite the impact of the COVID pandemic towards the end of the fiscal year, this performance represents your company's highest ever Sales & EBITDA in a fiscal year, helped by outlicensing revenues from our Proprietary Products business.

The board recommended a final dividend of Rs 25 (500%) per equity share of Rs 5 face value for the financial year 2019-20.

Apart from strong financial results across our businesses, we achieved successful closure to the USFDA warning letter affected Srikakulam plant, built up a healthy product pipeline as well as significantly improved productivity.

We registered robust performance in critical growth markets - Branded Markets & EUG - in line with our intention to achieve leadership in our chosen spaces.

The Proprietary Products(PP) Neuro deal and the Celgene settlement have helped improve our cash reserves and settle pending legal disputes. Additionally, the deal with Wockhardt to acquire select brands has placed us in a good position as we move into FY21. We divested our US commercial PP business along with the marketed

pipeline because it did not achieve critical performance measures. We will for now focus on licensing products and await the opportune juncture to build our commercial presence.

In FY2020, we filed eight new Abbreviated New Drug Applications (ANDAs) with the USFDA. As on 31 March 2020, we had 99 generic filings pending approval from the USFDA, consisting of 97 ANDAs and two New Drug Applications (NDAs). We believe that 30 of these 97 ANDAs have 'First to File' status. In APIs, we filed 98 Drug Master Files worldwide during FY2020, including 10 filings in the US.

The Challenge of the COVID-19 Pandemic

A) Fulfilling our Mission: Making Innovative medicines available to all

The COVID-19 pandemic has put the pharmaceutical industry in the spotlight like perhaps never before. Our industry – both innovators who are working on vaccines and therapeutics as well as generic firms who will and already are making these available at scale – has shouldered a truly important responsibility.

Dr Reddy's is also investing significant efforts on both innovation to find solutions and manufacturing selected drugs at scale.

- Under license from Gilead, we will be manufacturing Remdesivir to make it accessible to large populations in developing nations at affordable prices
- We have also signed a deal with Fujifilm, the originator of the antiviral medication Favipiravir which is under clinical trial in different countries around the world after early signs of efficacy against COVID-19. We will market this drug in some countries for emergency use and post the trials we will market this product globally
- We are working on developing a version of Nitazoxanide, another antiviral drug under clinical trial in India for COVID-19.
- Dr Reddy's is also working with the Institute of Nuclear Medicine & Allied Sciences, a wing of DRDO, India on clinical trials for a novel drug product 2-Deoxy Glucose.

One of our priorities in corona times has been to ensure the continued supply of essential medicines to patients

Nearly all our plants across the world were operational through the lockdowns, enabled by the efforts of our frontline warriors and the enabling teams from supply chain, quality, safety, HR and facilities who kept the engine running. We have also been able to launch several new products in all key markets during this time.

B) Ensuring the Health & Safety of our Employees

Extensive health and safety measures have been instituted to keep everyone safe including social distancing, thermal scanning and PPEs as appropriate. A combination of digital solutions such as our “Keep Safe” app and on-ground measures like zoning and disinfection work in tandem to contain the spread of the virus. We have also instituted additional insurance cover for all employees and their families in case of COVID infection and are also ensuring all affected employees get access to high quality care.

C) Relief Efforts

We have reached out to communities that had been impacted by COVID-19. Distributing meals, dry rations, PPEs and monetary support to frontline staff, migrant workers, healthcare professionals and needy families, we allocated over Rs 250 million to the relief effort. Additionally many of our colleagues have volunteered to provide relief to many people affected due to lock downs and other measures. We are proud of the passion with which our teams rose to the occasion in the true spirit of service.

A Strong Foundation for Moving Forward

The full impact of the pandemic is still not clear to us. We are already in the midst of a global economic downturn which will have a deep impact on rates of employment and on primary demand.

Our Business Continuity Plan has guided our actions to tackle the pandemic and the successive lockdowns with agility and assurance. Our focus will have to be on increasing market share without compromising profitability and we have already begun this journey with a strong showing this year.

In our view, the elements of sustainable organizations in the years ahead will be Digital, Tackling Climate change and Sustainability and Commitment to Quality :

A) Digitization

Digitization is a critical focus area for us, and during the pandemic it has delivered benefits to help people work remotely and reduce shopfloor and office presence without impacting productivity.

Key digitization projects in Manufacturing, R&D have helped achieve significant efficiencies and cost savings in FY20.

Perhaps the most immediate impact on revenue through Digitization will be in our Branded Markets; the teams have quickly converted their Physical Doctor visits and Brand Plans to Digital Calls + Brand Plans. They are deploying a Multi-Channel approach with Remote Calls Via Zoom/CRM Systems and Digital Touchpoints (Emails, WhatsApp & SMS Messaging, Webinars) to engage with Health Care Professionals.

We have always stressed that the secret to adoption for anything new is “Make it Simple to use and Remove the alternative”. While the pandemic helped remove the alternative, our teams have truly risen to the challenge and enabled both business processes and employee collaboration and connect. Digital Literacy is absolutely essential to thrive in the future.and we are driving this across the organization through a number of programs.

B) Sustainability

Sustainability is integrated in our business strategy and processes and our journey. Dr. Reddy's declared its ambitious Environment commitment in 2010 for FY 2020 and on Specific water consumption, Waste Reduction and Hazardous waste to Landfills, we have far exceeded the targets set. In addition, a number of our achievements on this front are truly inspiring

- Share of Renewable Power has moved from 0% in FY 2010 to 20% in FY 2020. We target to take this to over 50% in the next 3 years.
- We have an aggressive Carbon Neutrality plan and are the only Indian pharma company to have signed the SBTi (Science based target initiative) commitment during the COP 25 held at Paris.
- We have already achieved 72% water neutrality and target to be water positive by 2025.
- In FY 20, 98.8% of the hazardous waste generated worldwide in our plants (and 99.3% for India) was co-processed and recycled.

C) Quality

The final outcome for our Srikakulam plant makes all our sites compliant with regard to all regulatory agencies. It has been a long and difficult journey to reach this outcome especially for our Srikakulam plant.

Credit is due to all the people at the sites, central functions and support functions, who have driven the transformation of manufacturing and quality across our network.

We aim to continue our effort to build a culture of quality that permeates all aspects of our operations.

While we can mark down FY20 as a year of good progress in this journey, there is still a long way to go on this path. We are all committed to this journey.

Outlook for the year ahead

We have selected a set of markets and businesses to focus disproportionately and these are India, North America, Russia, China, Europe, Biologics and Pharmaceutical Services and API(PSAI) businesses. We are evolving our strategy for Proprietary Products and Hospital Products this year. We hope to drive growth across these markets by following a simple algorithm of three major themes: Leadership in Chosen Spaces, Operational Excellence & Continuous Improvement & Patient centric product innovation. Executing well on these three themes are key to our success.

The pandemic holds out a unique opportunity for your company to make a difference to the world – our credo of Good Health Can't Wait is all the more relevant and critical in these times.

Speed, scale and cost of manufacture will be key to face the public challenges posed by the pandemic. As clinical trials gradually bring hope, I am confident that the pharma industry will step up to the task, as we have done in the past.

“We can't become what we need to be by remaining what we are” is a line I personally live by and Corona times attest to the truth of this maxim. We are growing, learning and improving as a company and will play our part in re-shaping our industry in the years to come.

I wish to thank all my colleagues around the world who are at the frontlines of this battle.

I wish to thank our customers, partners and regulatory agencies for their support and partnership as well as our Board Members for their guidance and vision. And finally, I'd like to thank you, ladies and gentlemen, for your support of and trust in Dr. Reddy's.