Good morning and welcome to your company's 35th Annual General Meeting.

Performance

I am pleased to report that the fiscal year FY 2019 has been a year of significantly improved performance for the company with growth of 92% in profit. The EBITDA margin improved from 17% in FY18 to 22% in this fiscal year. The free cash flow also improved from Rs. 605 crores to Rs. 2,165 crores in the current year. Despite industry wide challenges your company has shown an improved performance in FY19.

We launched multiple products across our global markets, the major ones being gSuboxone, Colesevalam and Propofol in North America; Fulvestrant and Daptomycin in Europe; Hervycta and Briviact in India. Also, during FY19, we filed 20 new Abbreviated New Drug Applications (ANDAs) with the USFDA. As on 31st March 2019, your company had 110 generic filings pending approval from the USFDA — comprising 107 ANDAs and three New Drug Applications (NDAs). Of the 107 ANDAs, 60 are Para IV applications, of which we believe 34 have 'First-to-File' status.

During the year, your company decided to shift its focus on a few geographies namely China, India, Russia and doubled down on efforts to improve our market position in these markets.

Global PSAI Business

In the PSAI Business we raised our aspiration for growth. The company's pharmaceutical services and active ingredient (PSAI) business has seen a turnaround. In FY2019, revenues from PSAI grew by 10% over FY2018. The strategy of building sustainable and growing PSAI revenues involves deeper customer relationships, a strong new product portfolio and ramping up of base businesses.

Biosimilars

In the space of biosimilars, we are marketing our products in India and Emerging markets. We are also focused on developing options for the regulated markets by building a self-sustaining business model. Clinical trials to enable registering of our lead product Rituximab (Phase 3) in USA and Europe have started and are progressing well.

Proprietary Products

This year we restructured our Proprietary Products business to ensure that we accelerate our journey to profitability. We divested our commercial presence in both Dermatology and Neurology in the US as the commercial operations did not have critical mass and the investments required in the near term made it unviable to continue in the short term. Following the divestiture of our on-market Derma brands to Encore Dermatology, we recently divested our Neuro brands Zembrace and Tosymra to Upsher-Smith. The transaction value reflects the strong potential of these our brand and the innovation that our team has created , and we believe this commercial relationship will help us realize the full value of these assets. With these divestures we have only exited the front-end

of the business but have retained all our R&D spends in our teams. Our focus going forward will be to leverage our core strengths in R&D to build a self-sustaining business model that consistently delivers high-value, globally relevant, differentiated products that provide meaningful health-economic outcomes to patients and payors.

Moving Forward

Cost

Your company will continue to drive cost and productivity as an ongoing process to build competitiveness for the company and enable us to win in the generic markets.

As part of the cost optimization effort for your company, we took some meaningful steps towards optimizing fixed cost structures, divested some non-core assets and also strengthened the foundations for the long-term sustainability of the organization. We divested our antibiotic formulations manufacturing facility in Bristol, USA, and our API manufacturing business unit at Jeedimetla, Hyderabad. As I mentioned previously, we also sold the rights to distribute and market our specialty derma brands portfolio and the marketing rights of our neuro brands.

In FY 2019, these initiatives enabled us to improve profitability significantly, as reflected in our PAT growth. Initiatives are in place to drive cost and procurement efficiencies and to optimize spends and productivity in the front end as well as our research activities. We have refined our organizational

structure for clearer accountability, speed and an enabling work environment, through simplified processes.

Quality

The consistent focus on quality is critical and as we continue our journey to bring about a cultural transformation with various initiatives. As part of this mission many of our manufacturing and quality teams are involved across multiple work streams, to achieve this. We have seen improvement in terms of performance, the building of a strong culture of quality and good regulatory outcomes. We are now replicating the program across all our manufacturing sites around the world to ensure that we are a company with world-class manufacturing and quality management systems.

Digital

Digital is an important capability going forward in manufacturing, product development as well as in our interactions with our customers. We have started various initiatives to strengthen digitization as well as using new tools to improve our effectiveness on the value chain across the company.

As part of our digital transformation, we actively leveraged technology to increase sales reach, enhance our customer relationships, create new sales platforms and bring everybody onto a common digital platform.

We also go beyond the pill to find new ways to strengthen relationships with our various stakeholders. We have built digital channels to engage with API customers, doctors and patients. Some of these initiatives have started showing

very good results both from a treatment outcome as well as a compliance perspective.

On The Regulatory Front

The API plant at Miryalaguda, was given an Establishment Inspection Report (EIR) in June 2017 resolving the earlier warning letter issues, we also received an Establishment Inspection Report (EIR) for our injectable site at Duvvada and we are awaiting an the USFDA inspection of our plant CTO 6 in Srikakulam. Based on the discussions , we expect an inspection later this year a hopefully a resolution of the matter.

Industry Outlook

Majority industry players across the world are in turmoil. Companies are under significant pressure because of the pricing environment in the US. There is disruption in Emerging Markets as well as new opportunities in China. Healthcare systems around the world are facing huge cost pressures.

We believe that difficult industry situations that look like competitive threats can be opportunities for a focused and efficient player. The strongest among us will win and we certainly aim to be one of the survivors and take advantage of all these disruptions and emerge much stronger from these pressures.

We are optimistic of building scale in our core business by honing strengths and competing aggressively to improve our market position, while creating growth options in our newer businesses.

Our themes for the next year will be around…

1) Building strengths in our core businesses of API and Generics, through continued cost optimization, a strong pipeline backed by deep science and technology and commercial excellence.
2) Streamlining our Biosimilars and Proprietary products businesses to accelerate the path to profitability and become significant contributors to the profit pool of the company.
3). Continuing the transformation that we initiated in operational excellence across various functions to build world class competitiveness in the company.

We remain committed to our belief of Good Health Can't Wait and we will continue to accelerate access to affordable and innovative medicines. I wish to thank all my colleagues around the world who make this a reality through their hard work, passion and dedication.

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. I also wish to add my welcome to Allen Shikha and Leo. I'd also like to thank Anupam and Omkar for their various contributions over almost the last two decades. And finally, I'd like to thank you, ladies and gentlemen, for your support of and trust in Dr. Reddy's .