

Good morning ladies and gentlemen, welcome to your company's 35th Annual General Meeting and thank you for joining us today.

Your confidence in us inspires us every day to fulfil our core purpose... of placing affordable and innovative medicines across the world into the hands of those who need it the most.

At the very outset, I would like to express my gratitude to you all for your continued support, and to the management and team at Dr. Reddy's for their committed efforts.

I am happy to report that it has been a year of positive change for your company. After a period of uncertainty, we have swung the curve upwards and Dr. Reddy's is once again on the growth path. This is due in part to our success in diversifying our market presence and leveraging our global portfolio of products in markets outside the US to drive growth.

We have seen advancement on all fronts, not just on revenues. Cost efficiencies have improved and processes have been tightened thanks to significant investments in technology. Compliance is strengthened, as reflected in successful audit outcomes and the resolution of pending issues. Focused, strategic talent development initiatives are keeping our employees engaged, motivated and fully aligned with our vision. While Prasad will share further details in this regard – I would like to touch upon our industry and the significant impact that it is creating in India and beyond.

The pharmaceutical industry plays a pivotal role in keeping the world's population in good health and ensuring that they have a better quality of life. In India, the pharmaceutical industry has contributed significantly not only to the health security of our people, but also to the economic growth of our great country. Over the last three decades, companies such as yours have increased the availability of medicines by 50% - and thus have contributed to reducing the disease burden by 36%. The cost of treatment for life-threatening diseases such as Chronic Myeloid Leukaemia and Hepatitis C used to be prohibitive earlier thus making it unaffordable to many – today, these costs have come down to 5% of the original treatment cost, thanks to progressive measures taken by the industry.

On the economic front, the Indian pharmaceutical industry provides employment to around 2.7 million people and generates over US\$ 11 billion of trade surplus every year. The industry's own health is therefore of paramount importance and I am happy to note that it is buoyant, with a CAGR of 9%. As of FY19, our industry had revenues of USD 38 billion. Indian pharma is today the third largest in the world by volume and accounts for 20% of global pharmaceutical exports. In simple terms, one

in five medicines available globally and more than a third of the medicines bought by patients in the US are likely to have been made in India.

The future of this industry though challenging has some opportunities. Even at current rates, Indian pharma will grow to USD 80 – 90 billion by 2030. I would like to touch upon a few opportunities in the immediate future that can help fuel even greater growth for Indian pharma. “Spending on medicines” – a metric used to define the consumption of medicines in a country - is expected to grow at 9-12% over the next five years in India. If this is indeed realized, it would fuel even bigger growth for our industry, and for your company.

Yet another opportunity exists in the form of State-sponsored schemes known as Ayushman Bharat and Jan Aushadhi - two massive schemes that are in keeping with the Government's vision of universal healthcare in India. These schemes promise to exponentially expand the reach of medicines across the country – and thus it is expected that the domestic demand for generics will rise. What this means is that companies can look to support these State-sponsored schemes and look at them as incremental sources of revenue for the future. Realization of this is of course subject to pan-industry challenges such as price control and intense competition.

Beyond India, and across other countries of the globe - there are several trends and opportunities that we need to cognizant of and ride on, if we have to make your company sustainable and future proof.

One such example is the role of the CDMO, or Contract Drug Manufacturing Organization which is evolving rapidly to that of a significant business partner. Large pharma companies worldwide can start looking at outsourcing as a strategic function as they leverage CDMOs – this can help these pharma companies to focus on core areas.

Another significant development in the global pharma industry is with regard to technology. Industry 4.0 technologies hold the promise of improved product quality and assurance through big data, smart analytics and greater flexibility. For example, real-time visibility of the supply chain offers greater assurance and cost benefits. Similarly increased automation could potentially bring about higher productivity and speed to market. With technology expanding the horizons of our industry, every player, big or small, can leverage this to make a game changing difference.

Having taken you through the developments in our industry and a business update – I would now like to move on to something equally important. Our founder, Dr. Anji Reddy once said “We want to be recognised as a force for good in society. We must

take care not to negatively impact our environment but enrich it with our activities. And also have a positive impact on society through volunteerism and commitment to our cause. This is fundamental to our organization”.

True to the vision of our founder - at Dr. Reddy's, while we focus our energies on our business goals, we never lose sight of the fact that we are part of a larger eco-system, and it is our duty and responsibility to give back to this system. To us Corporate Social Responsibility is more than just a regulatory requirement and a mandatory part of the Annual Report. Our CSR spend over the last 3 years has consistently been in excess of the mandated 2%. This stems from a deeper commitment that was instilled in us from our inception by our founder Dr. Anji Reddy. Furthermore, your company is focussed on optimal and efficient utilisation of CSR funds – while our CSR spend in absolute terms has reduced over the last 3 years, the impact generated has been consistently increasing.

Our CSR activities continue to follow the vision set by Dr. Anji Reddy when he established the Dr. Reddy's Foundation. It is an organisation focused on enabling and empowering, a more active philanthropic effort than simply writing a cheque. Broadly, we work in three areas – livelihoods, healthcare and education.

For nearly two decades, a flagship initiative at the Foundation in livelihoods was called LABS which stands for Livelihood Advancement Business School. Very few agencies were thinking about a placement based skilling program for unemployed youth from marginalized sections of society – and LABS addressed this problem. By the year 2016 – LABS had positively impacted almost 3.5 lakhs of youth in India. Under the new strategy of “Better Skills & Better Jobs”, we launched a revamped version of LABS which is today known as GROW.

GROW leverages the Foundation's experience and research to match present and future market needs for skilled workers – it runs programs across India to equip underprivileged young people with the skills and knowledge required to make them employable and contribute to the economy. Our efforts have created a significant impact for youth around our area of business operations as well as the country as a whole - in FY 19, approx. 10,000 individuals underwent training at our GROW centres, and 70% of them were placed at well-reputed companies such as Flipkart and Eureka Forbes, at average salaries exceeding Rs.10,000/- per month.

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. MITRA works by creating a pool of Lead Farmers, who then share their learning with other farmers in their villages. MITRA programs achieved considerable success in the areas around Pydibhimavaram and

Miryalaguda - greatly benefitting the farmers in the regions around our manufacturing facilities. In FY 19, our pool of lead farmers helped around 20,000 fellow farmers increase their yield, reduce costs and earn additional income.

On the education front, we felt that several government schools in areas around our manufacturing facilities and beyond, were not equipped to offer the highest standards of education. 45 such schools with around 20,000 students located in Hyderabad, Bachupally, Duvvada (in vizag) and other areas surrounding our manufacturing hubs fell into this category. Hence we stepped in and launched our School Improvement Program (SIP) to focus on improving the quality of education in government schools. The program adopts a holistic approach and covers academics, co-curricular and extra-curricular activities, and health & wellness.

The impact of our involvement was clearly demonstrated in the recent SSC exams – where the overall pass percentage of our SIP schools was 98.5% as against the state average of 93.5% and get this.... 95 of our students scored a 10/10 GPA. In FY18 the Sarva Shiksha Abhiyan, Andhra Pradesh assessed this School Improvement Program and deeply appreciated our efforts. As a result – a major scale-up of SIP has occurred. We are today present in a total of 229 schools (200 in Andhra Pradesh and 29 in Telangana), positively impacting close to 1.5 lakh students.

And then... the Kallam Anji Reddy Vocational Junior College, established in 2003, is another significant part of our education-centric CSR initiatives – the college trains underprivileged students in two-year vocational courses. This college was the first in the State to introduce a course in Pharmaceutical Technology – and Dr.Reddy's team actively participated in the design and curriculum of this course to ensure that it meets the highest standards in the industry. 28 students passed out of the Pharma Tech course in 2019 and subject to interviews and evaluations, some of them will soon be placed at your company. The college also conducts courses in streams such as Computer Graphics Animation, Automobile Engineering Technicians, Accounting and Taxation etc. and is today rated as one of the top vocational colleges in the state – in testimony to the high standards of education, a student from the college, Ms. Anisa Syed, was the second year state topper this year, that too in Pharma Tech.

CHIP, or Community Health Intervention Program is a healthcare initiative that was implemented in partnership with NICE Foundation and caters to a population of approximately 2.15 lakhs in 145 villages in Srikakulam, Vizianagaram and Nalgonda. CHIP focuses on primary and preventive healthcare and building awareness on health. One of its key areas of intervention is maternity and neonatal care. Ever since CHIP began four years ago, the number of neonatal deaths has steadily come down and, I am very happy to report that there wasn't a single neonatal death in FY 19.

As you can see, your company is working actively to uplift and benefit communities around our manufacturing units through interventions in livelihood, education and health.

As you all know, this urge to give back to society is not restricted to our formal CSR activities. Giving back to society happens at a higher magnitude at Dr. Reddy's. Clear testimony to this is the annual tribute we pay to the memory of our founder – the Dr. Anji Reddy Spirit of Giving. This year long initiative, sees thousands of our employees and their families across the world engaged in volunteering activities in a range of causes – helping to improve the quality of life of those living with HIV, inculcating a scientific temper among school children, promoting ecological conservation, feeding the homeless on the streets of Hyderabad, spending quality time with the residents of old age homes and orphanages... and the list is endless. It is this spirit of selflessness, this realization that there is more to life than just professional success, and the ready willingness to go above and beyond to make the life of a fellow human better that sets Dr. Reddy's apart. I would like to express on record my deep and sincere gratitude to each of our employees and their family members who make the Dr. Anji Reddy Spirit of Giving successful, year after year

It is said that diversity is the one true thing that all of us have in common. And we must celebrate this. Your company places significant emphasis on employee diversity and inclusive growth. In testimony to our efforts, for the second time in a row – Dr.Reddy's has been featured in the 2019 Bloomberg Gender Equality Index as one of the 230 companies from 36 countries, to be recognized for their commitment to gender equality. We are the only company from India to feature in this list and among 10 companies from the Healthcare sector worldwide to be so featured.

Your company has been a pioneer in women-specific initiatives at not only the corporate level but also in our manufacturing units. We were one of the first few companies to successfully deploy women in night shifts at our API manufacturing facilities in Hyderabad. Steps taken to facilitate this include a 24x7 creche and female security guards. I am pleased to inform you that this move has become a benchmark that is being emulated by other companies in our industry. Another shining example of excellence in diversity is Team *Glowria* in our India business – this is an all-women sales team operating in the dermatology space which has achieved considerable success.

We have several other women-specific initiatives such as a Talent Development Board for Women – which is a 9 month leadership development program for high-potential mid-management women.

It delights me to report that the women employees of your company are further contributing to such initiatives and adding to the momentum. One example, is a program called Sashakt, implemented by Dr.Reddy's Foundation. This initiative seeks to offer support and mentorship to girls interested in pursuing a career in science. Several senior women scientists from your company have signed up to be mentors to young girls, keen on pursuing science.

I would like to share an anecdote to demonstrate what kind of impact initiatives such as Sashakt can have. A girl by the name of Simran, from Haryana, the daughter of a marginal farmer and the eldest of three siblings, was a consistent performer in academics – she scored a 10/10GPA in her tenth boards, 95% in her 12th board exams. She was keen on pursuing a career in science – however her family could support her no longer and they backed out. One of her teachers guided her, and now with the support of the Sashakt program and also her extended family, she studies at Delhi University in a science undergraduate program. Her mentor is Dr.Umadevi, a scientist at ISRO.

It is these Simrans of the world that someday will become the stars who make projects like Chandrayaan a success – and small initiatives such as ours can make a world of difference.

Our efforts to build a truly inclusive organization also extend to the differently-abled. We have taken steps to upgrade our infrastructure with features such as access ramps. Our business units have begun identifying roles to which differently-abled persons can be hired and we have partnered with organizations such as jobability.com to find suitable differently-abled candidates for such roles. Planned and structured efforts in this direction began 4 years ago, and today we have over 40 differently-abled employees contributing to our workforce.

Before I conclude, I would like to take this opportunity to welcome the new Board members who have joined as Independent Directors, to your company. Ms.Shikha Sharma, was the Managing Director and CEO of Axis Bank upto Dec 2018 is a renowned banker with three decades of experience in the financial sector. Also Leo Puri was MgDir of UTI Asset Management Company – he has had successful stints prior to that with McKinsey and at Warburg Pincus as the Mg Dir. Allan Oberman, has over a career of 35 years held the office of the CEO of noted companies such as

Concordia International, Sagent and Teva Americas subsidiary and has a rich pharma industry experience.

And two directors, who have served of the Board for a long time would be retiring shortly - I would like to thank Dr. Omkar Goswami and Mr. Anupam Puri for their time with us on the Board of Dr.Reddy's. They are both much respected in Dr.Reddy's and beyond and have contributed significantly to the Board and to your company. It was a privilege to have them on the Board for all these years.

The year ahead looks promising and we hope to sustain the momentum that we are carrying from FY 19. I am sure that we can count on your support to take your company to even greater heights in FY 20.

Thank you for your attention.