UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 1-15182

DR. REDDY'S LABORATORIES LIMITED
(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

Telangana, India
(Jurisdiction of incorporation or organization)

8-2-337, Road No. 3, Banjara Hills
Hyderabad, Telangana 500 034, India
+91-40-49002900
(Address of principal executive offices)

Parag Agarwal, *Chief Financial Officer,* +91-40-49002931, parag.agarwal@drreddys.com
8-2-337, Road No. 3, Banjara Hills, Hyderabad, Telangana 500 034, India
(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of Each Class	Trading Symbol	Name of Each Exchange on which Registered
American depositary shares, each representing one equity share	**RDY**	**New York Stock Exchange**

Equity Shares*

* **Not for trading, but only in connection with the registration of American depositary shares, pursuant to the requirements of the Securities and Exchange Commission.**

Securities registered or to be registered pursuant to Section 12(g) of the Act. None.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None.

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

166,818,266 Equity Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☑ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☑

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See the definitions of "accelerated filer", "large accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☑ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

Yes ☐ No ☑

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Currency of Presentation and Certain Defined Terms

In this annual report on Form 20-F, references to "$" or "U.S.$" or "dollars" or "U.S. dollars" are to the legal currency of the United States and references to "Rs." or "rupees" or "Indian rupees" or "INR" are to the legal currency of India, references to "MXN" are to the legal currency of Mexico, references to "ZAR" are to the legal currency of South Africa, references to "UAH" are to the legal currency of Ukraine, references to "GBP" are to the legal currency of the United Kingdom, references to "RUB" or "rouble" or "ruble" are to the legal currency of the Russian Federation, references to "EUR" or "euros" are to the legal currency of the European Union and references to "CAD" are to the legal currency of Canada. Our financial statements are prepared in accordance with International Financial Reporting Standards, or "IFRS", as issued by the International Accounting Standards Board, or "IASB". These standards include International Accounting Standards, or "IAS", and their interpretations issued by the International Financial Reporting Interpretations Committee, or "IFRIC", or its predecessor, the Standing Interpretations Committee, or "SIC". References to a particular "fiscal" year are to our fiscal year ended March 31 of such year. References to our "ADSs" are to our American Depositary Shares.

References to "U.S. FDA" are to the United States Food and Drug Administration, to "ANDS" are to Abbreviated New Drug Submissions, to "NDAs" are to New Drug Applications, and to "ANDAs" are to Abbreviated New Drug Applications. References to the "SEC" are to the U.S. Securities and Exchange Commission.

References to "U.S." or "United States" are to the United States of America, its territories and its possessions. References to "India" are to the Republic of India. References to "EU" are to the European Union. All references to "we," "us", "our", "DRL", "Dr. Reddy's" or the "Company" shall mean Dr. Reddy's Laboratories Limited and its subsidiaries. "Dr. Reddy's" is a registered trademark of Dr. Reddy's Laboratories Limited in India. Other trademarks or trade names used in this annual report on Form 20-F are trademarks registered in the name of Dr. Reddy's Laboratories Limited or are pending before the respective trademark registries, unless otherwise specified. Market share data is based on information provided by IQVIA Holdings Inc. (formerly Quintiles IMS Holdings Inc.) ("IQVIA"), a provider of market research to the pharmaceutical industry, unless otherwise stated.

Our financial statements are presented in Indian rupees and translated into U.S. dollars for the convenience of the reader. Except as otherwise stated in this report, all convenience translations from Indian rupees to U.S. dollars are at the certified foreign exchange rate of U.S.$1 = Rs.83.34, as published by Federal Reserve Board of Governors on March 29, 2024. No representation is made that the Indian rupee amounts have been, could have been or could be converted into U.S. dollars at such a rate or any other rate. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

Our main corporate website address is https://www.drreddys.com. Information contained in our website, www.drreddys.com, is not part of this Annual Report and no portion of such information is incorporated herein.

Forward-Looking Statements and Risk Factor Summary

In addition to historical information, this annual report, and the reports and documents incorporated by reference in this annual report, contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, risks relating to:

- our business and operations in general, including: our ability to develop and commercialize additional pharmaceutical products; manufacturing or quality control problems, which may damage our reputation for quality production and require costly remediation; interruptions in our supply chain; disruptions of our or third party information technology systems or breaches of our data security or other cyber-attacks; the failure to recruit or retain key personnel; significant sales to a limited number of customers in our U.S. market; our ability to successfully bid for suitable acquisition targets or licensing opportunities, or to consummate and integrate acquisitions;

- in our generics medicines business: consolidation of our customer base and commercial alliances among our customers; the increase in the number of competitors targeting generic opportunities and seeking U.S. market exclusivity for generic versions of significant products; price erosion relating to our generic products, both from competing products and increased regulation; delays in launches of new generic products; efforts of pharmaceutical companies to limit the use of generics including through legislation and regulations; the difficulty and expense of obtaining licenses to proprietary technologies; returns, allowances and chargebacks; and investigations of the calculation of wholesale prices;

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- compliance, regulatory and litigation matters, including: uncertainties regarding actual or potential legal proceedings; costs and delays resulting from the extensive governmental regulation to which we are subject; the effects of reforms in healthcare regulation and reductions in pharmaceutical pricing, reimbursement and coverage; governmental investigations into selling and marketing practices; potential liability for patent infringement; product liability claims; increased government scrutiny of our patent settlement agreements; failure to comply with complex Medicare and Medicaid reporting and payment obligations; and environmental risk;

- current challenges associated with conducting business globally, including uncertainty regarding the escalation of conflict in the middle east, and duration of military conflict between Russia and Ukraine, its magnitude and its adverse effects or economic instability, major hostilities or terrorism;

- other financial and economic risks, including: our exposure to currency fluctuations and restrictions as well as credit risks; potential impairments of our intangible assets; potential significant increases in tax liabilities; and the effect on our overall effective tax rate of the termination or expiration of governmental programs or tax benefits, or of a change in our business;

- compliance matters, including lapses by our U.S. or overseas employees, third-party distributors or marketing and distribution agents in complying with the U.S. Foreign Corrupt Practices Act and other worldwide anti-bribery laws, which could result in adverse consequences to us, including without limitation causing us to be subject to injunctions or limitations on future conduct, be required to modify our business practices and compliance programs and/or have a compliance monitor imposed on us, or suffer other criminal or civil penalties or adverse impacts, including lawsuits by private litigants or investigations and fines imposed by local authorities;

- risks of reputational damage and other adverse effects in the event of inadequate performance and management of environmental, social and governance (“ESG”) and climate change topics; and

- those discussed in the sections entitled “risk factors”, “business overview” and “operating and financial review and prospects” and elsewhere in this report.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s analysis and assumptions only as of the date hereof. In addition, readers should carefully review the other information in this annual report and in our periodic reports and other documents filed with and/or furnished to the SEC from time to time.

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ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A. ***[Reserved]***

3.B. ***Capitalization and indebtedness***

Not applicable.

3.C. ***Reasons for the offer and use of proceeds***

Not applicable.

3.D. ***Risk factors***

You should carefully consider all of the information set forth in this Form 20-F and in other documents we file with or furnish to the SEC, including the following risk factors that we face and that are faced by our industry. The risks below are not the only ones we face. Additional risks not currently known to us or that we presently deem immaterial may also affect our business operations. Our business, financial condition, results of operations and/or cash flows could be materially or adversely affected by any of these risks. This Form 20-F also contains forward-looking statements that involve risks and uncertainties. Our results could materially differ from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below and elsewhere in this report and our other SEC filings. For a summary of the risk factors included in this Item 3.D. and for further details on our forward-looking statements, see "Forward-Looking Statements and Risk Factors Summary" on page 2.

MATERIAL RISKS RELATING TO OUR COMPANY AND OUR BUSINESS

If we fail to comply with the regulatory standards of various regulatory agencies in manufacturing of quality products, it may have potential impact on our business, financials and operations.

Governmental authorities, including among others the U.S. Food and Drug Administration ("U.S. FDA") and the U.K. Medicines and Healthcare Products Regulatory Agency ("MHRA"), heavily regulate the manufacturing of our products, including manufacturing quality standards. Periodic inspections are conducted on our manufacturing sites, and if the regulatory and quality standards and systems are not found adequate, it could result in an inspection observation (on Form 483, if from the U.S. FDA), or a subsequent investigative letter which may require further corrective actions. In recent years, a number of Indian generic pharmaceutical companies have been issued Official Action Indicated ("OAI") status notices and warning letters by the U.S. FDA. A significant proportion of our manufacturing base of active pharmaceutical ingredients and formulations plants servicing the United States and other markets of our Global Generics business is based out of India. While our quality practices and quality management systems are designed and maintained in a manner to comply with the highest regulatory and quality standards, the inspections may often lead to non-conformity observations requiring corrective actions. Based on the criticality of the observations and the circumstances, the U.S. FDA may classify the inspection as Voluntary Action Indicated ("VAI") status or OAI status, may issue warning letters and/or place our products on import alert detention lists. More generally, unless and until an issue, raised in a warning letter from the U.S. FDA is resolved to the agency's satisfaction, they may withhold approvals of new products and new drug applications, issue import alert notices and/or take additional regulatory or legal action. The delay in approvals due to moving to an alternate site or alternate vendor, or the cost incurred in connection with remedial actions, can have significant adverse impacts on ongoing business, financial results and operations.

We deal with numerous third party manufacturers and, despite our oversight, any lapse in their quality practices and quality management systems could lead to similar adverse outcomes in the event of an inspection by the U.S. FDA.

In recent years China has introduced numerous reforms and proposals that attempt to address requirements for drug development and registration, including greater adoption of international technical guidelines and practices by the government. However, its unique regulatory requirements and procedures continue to pose challenges for multinational companies.

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If we fail to meet all the quality and regulatory requirements of biologic drugs and fail to successfully challenge third party patents as allowed by national patent offices, it may impact production and revenues.

A portion of our portfolio are "biologic" products. Unlike traditional "small-molecule" drugs, biologic drugs cannot be manufactured synthetically, but typically must be produced from living animal cells or micro-organisms. As a result, the production of biologic drugs that meet all quality and regulatory requirements is especially complex and is more susceptible to batch failures.

Typically, biological therapeutics face third party intellectual property rights, otherwise known as freedom to operate ("FTO") issues, more than small molecule therapeutics because of the types of patents allowed by national patent offices. Further, our ability to successfully challenge third party patent rights is dependent on the laws of the applicable countries.

The regulatory requirements are still evolving in many markets where we sell or manufacture products, including our biologic drugs, and regulatory requirements may be unclear due to lack of precedents, among other reasons, which may lead to delays in product approvals or other sanctions. In the United States, the Biologics Price Competition and Innovation Act of 2009 ("BPCIA") created a statutory pathway and abbreviated approval processes for the approval of biosimilar versions of branded biological products. While the U.S. FDA has issued guidelines, the regulatory policies in this area are still evolving. Further, while a number of legal challenges concerning the requirements of the abbreviated biosimilar pathway, patent exchange and other provisions of BPCIA have been adjudicated in U.S. courts, legal challenges concerning FTO, patent exchange and trade matters, among others, continue.

For example, in April 2024 the U.S. FDA issued a complete response letter ("CRL") in response to our biologics license application ("BLA") for a biosimilar rituximab. The CRL was in reference to the ongoing resolution of observations arising from the October 2023 inspection of our Biologics facility in Hyderabad, India, as well as certain aspects pertaining to the BLA. Although we intend to address these concerns promptly and resubmit our BLA, there is no guarantee that the U.S. FDA will ultimately approve our resubmitted BLA, and we could experience further delays relating to the development of the biosimilar product.

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Our success depends on our ability to successfully develop and commercialize new pharmaceutical products.

Our future results of operations depend, to a significant degree, upon our ability to successfully develop and commercialize additional products in our Global Generics and Pharmaceutical Services and Active Ingredients segments.

Our research and development efforts are also dependent on collaborating with third party partners and contract research organizations which have the capability to handle complex technologies and products. Lack of effective project management at our end, or any failure to manage collaboration arrangements among multiple partners, may pose significant risks to product development, to our ability to obtain requisite regulatory approvals in a timely manner, and to our ability to successfully and profitably produce and market such products.

Additionally, if we fail to adequately protect critical proprietary or confidential information or associated intellectual property rights or fail to manage third party partners and contract research organizations that our business depends on, it might have a material adverse impact on our product development execution.

From time to time we also acquire in-process research and development assets, which require significant resources and expenditures to continue to develop, both through our own efforts and through collaborations. Because of the inherent risk associated with research and development efforts in our industry, including the high cost and uncertainty of conducting clinical trials (where required), such efforts may not result in the successful introduction of new pharmaceutical products approved by the relevant regulatory bodies.

Our results of operations may suffer if these products are not timely developed, approved or successfully commercialized. Refer to Note 12 ("Property, plant and equipment"), Note 13 ("Goodwill") and Note 14 ("Other Intangible Assets") of our consolidated financial statements for details of impairment of non-current assets.

We must develop, test and manufacture generic products as well as prove that our generic products are bio-equivalent or biosimilar to their branded counterparts, either directly or in partnership with contract research organizations. The development and commercialization process, particularly with respect to complex molecules and biosimilars, is both time consuming and costly and involves a high degree of business risk.

In addition, the competitive landscape includes a high level of uncertainty as numerous companies are working on or may be evaluating similar targets, and a product considered as promising at the beginning of its development may become less attractive if a competitor addressing the same unmet need reaches the market earlier.

Our products currently under development, if and when fully developed and tested, may not perform as we expect or meet our standards of safety and efficacy. Necessary regulatory approvals may not be obtained in a timely manner, if at all, and we may not be able to successfully and profitably produce and market such products. Our approved products may not achieve expected levels of market acceptance.

If we fail to comply fully with government regulations or to maintain continuing regulatory oversight applicable to our research and development activities or if a regulatory agency delays or denies approvals for new products, it may affect realization of product revenues.

Our research and development activities are heavily regulated. If we fail to comply fully with applicable regulations, then there could be a delay in the submission or approval of potential new products for marketing approval. In addition, the submission of an application to a regulatory authority does not guarantee that approvals required to market the product will be granted. Each authority may impose its own requirements and/or delay or refuse to grant approval, even when a product has already been approved in another country. This approval process increases the cost of developing new products to us and increases the risk that we will not be able to successfully sell such new products.

Delays in the receipt of, or failure to obtain approvals for, future products, or new indications and uses, could result in delayed realization of product revenues, reduction in revenues and substantial additional costs.

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We are subject to the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws, which impose restrictions and may carry substantial penalties.

The U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to public officials or otherwise for the purpose of obtaining or retaining business. These laws may also require us to maintain accurate books and records, as well as to establish and monitor adequate controls, policies and processes to ensure business is conducted without the influence of bribery and corruption.

Ethics and compliance is core to our values and, in this pursuit, we have established a strong compliance framework program. Our policies mandate compliance with these anti-bribery laws, which if not complied, often carry substantial penalties including fines, criminal prosecution and potential debarment from public procurement contracts. Failure to comply may also result in reputational damages.

We operate in certain jurisdictions that experience governmental corruption to some degree or, are found to be low on the Transparency International Corruption Perceptions Index and, in some circumstances, anti-bribery and anti-corruption ("ABAC") laws may conflict with some local customs and practices. Business activities in many of these markets have historically been more susceptible to corruption. In many less-developed markets, we work with third party distributors and other agents for the marketing and distribution of our products. Our third party risk management ("TPRM") policy sets forth the ABAC policy standards required for all of our vendors and third party agents. In addition to requiring initial due diligence screenings and ABAC training and certification, our TPRM policy mandates that contracts with these third parties include ABAC compliance obligations. Nonetheless, any lapses in complying with ABAC laws by these third parties despite our TPRM policy may adversely impact us..

If our efforts to maintain a strong TPRM policy or adequate controls fail, we could be held responsible for the non-compliance of third party agents and distributors under applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act and other anti-bribery laws. In such an event, we may be subject to injunctions or limitations on future conduct, be required to modify our business practices and compliance programs and/or have a compliance monitor imposed on us, or suffer other criminal or civil penalties or adverse impacts, including lawsuits by private litigants or investigations and fines imposed by local authorities. Refer to Note 32 (under "Contingencies - Internal Investigation") of our consolidated financial statements for current internal investigation details.

We need to constantly review and update our compliance program to keep it current and active. If we fail to do so, our vulnerabilities may increase and our controls may be found to be inadequate.

Actions by our employees, or third-party intermediaries acting on our behalf, in violation of such laws, whether carried out in the United States or elsewhere, may expose us to liability for violations of such anti-bribery laws and accordingly may have a material adverse effect on our reputation and our business, financial condition, results of operations and/or cash flows.

Significant disruptions of information technology systems, breaches of data security or other cyber-attacks could adversely affect our business.

Our business is dependent upon increasingly complex and interdependent information technology ("IT") systems, including internet and cloud based systems, to support our business processes as well as internal and external communications. In addition, our businesses and operating models increasingly depend on outsourcing and collaboration, which requires exchanging data and information. The size and complexity and interconnectivity of our computer systems make them potentially vulnerable to breakdown, malicious intrusion, computer viruses and other cyber-attacks.

Like many companies, we may experience certain of these events given that the external cyber-attack threat continues to grow. Although we and our third party service providers have invested in measures to reduce these risks, we cannot be assured that these measures will be successful in preventing the compromise and/or disruption of our information technology systems and related data.

Any such compromise or disruption may result in the loss, theft or unauthorized disclosure of key information and/or disruption of production and business processes, such as the conduct of scientific research and clinical trials, the submission of the results of such efforts to regulatory authorities in support of requests for product approvals, the functioning of our manufacturing and supply chain processes, our compliance with legal obligations and other key business activities, any of which could materially and adversely affect our business.

We maintain cybersecurity insurance to further mitigate these risks, but there can be no assurance that a policy exclusion will not apply, or that our insurance coverage limits will be sufficient to protect us against the financial, legal, business or reputational losses that may result from an interruption or breach of our systems, or that any such insurance proceeds will be paid to us in a timely manner.

In our pursuit of operational excellence, several change management initiatives across our organization are ongoing, including but not limited to information technology automation in the areas of manufacturing, research and development, supply chain and shared services. As part of our resiliency strategy, we have an IT disaster recovery plan in place for our key applications in order to minimize impacts from any unanticipated events and breakdowns.

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We have outsourced our IT hardware and applications in order to improve IT capability and performance. Any failure by such outsourced service providers to deliver timely and quality services and to co-operate with one another could create disruption, which could materially adversely affect our business or results of operations. Further, any failure by us to effectively manage such change initiatives or implement adequate controls in automation, security or availability of information technology systems could have a material adverse effect on our business.

Increased outsourcing or use of cloud services for conducting our business requires highly secure controls to ensure adequate security of information, considering potential for sabotage as well as availability. Data integrity, confidentiality and data privacy requirements are increasingly concerning regulators, and are incorporated into legal contracts. While we have invested heavily in the protection of data and information technology to reduce these risks, there can be no assurance that our efforts or those of our third-party service providers would be sufficient to protect against data from being stolen or corrupted in the event of a security breach.

While our personnel work remotely, our dependence on secure access from remote work locations has increased and the risk of cyber incidents may be increased. If our information technology systems are unsuccessfully implemented, fail, suffer errors or interruptions, or become unavailable, that might have a materially adverse impact on our business operations and our financial position or results of operations and/or cash flows.

The Company's growing use of artificial intelligence ("AI") systems to automate processes, analyze data, and support decision-making poses inherent risks. Flaws, biases, or malfunctions in these systems could lead to operational disruptions, data loss, or erroneous decision-making, impacting the Company's business operations, financial condition, and reputation. Ethical and legal challenges may arise, including biases or discrimination in AI outcomes, non-compliance with data protection regulations, and lack of transparency. Furthermore, the deployment of AI systems could expose the Company to increased cybersecurity threats, such as data breaches and unauthorized access leading to financial losses, legal liabilities, and reputational damage. The Company also faces competitive risks if it fails to adopt AI or other machine learning technologies in a timely fashion.

We are subject to data privacy and security laws and regulations in many different jurisdictions and countries where we do business, and our or our partners' failure to comply could result in fines, administrative and criminal penalties, reputational damage, and could impact the way we operate our business.

We are subject to laws and regulations governing the collection, use, transfer and retention of personal data, including health information. As the legislative and regulatory landscape for data privacy and protection continues to evolve around the world, there has been an increasing focus on privacy and data protection issues that may affect our business. The European Union's General Data Protection Regulation ("GDPR"), which became fully effective in May 2018, implemented stringent requirements on how a company may gather, retain, use and manage personal and sensitive personal data, as well as mandatory data breach notification requirements. The GDPR grants national authorities the power to apply fines of up to EUR 20 million or 4% of the previous financial year's global turnover (whichever is greater) to the worst violations.

Additionally, the California Consumer Privacy Act ("CCPA"), as amended by California Privacy Rights Act ("CPRA") of 2020, created new individual privacy rights for California consumers and increased the privacy and security obligations on entities handling personal data of consumers or households. These laws require covered companies to provide new disclosures to California consumers, provide such consumers with new ways to opt-out of certain sales of personal information, and allow for a new cause of action for data breaches. Similarly, several other U.S. states have recently enacted privacy laws which are either currently in effect or will come into effect during calendar years 2024 through 2026.

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More recently, the Digital Personal Data Protection Act of India (the "DPDP Act") was passed in 2023, with extra-territorial scope. The DPDP Act puts several obligations on 'data fiduciaries' which process digital personal data collected in India or processed in connection with offering goods and services to individuals in India. As per the DPDP Act, penalties levied for data breaches can be up to Rs.2.5 billion. The DPDP Act has not yet come into force, pending notification of its implementation rules by the Government of India.

Other countries in which we do business have, or are developing, laws governing the collection, use and transfer of personal information that may affect our business or require us to adapt our technologies and organizational measures. Some countries, are considering legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements.

Also, increasing data localization requirements and enforcement in countries such as Russia and China, along with the European Union's stringent regulatory guidance related to cross-border transfer of personal data, further limits the ability to transfer personal data from such countries to the rest of the world.

In addition, a failure by us or our third-party vendors to comply with applicable data privacy and security laws could result in financial, legal, business, and reputational harm and may have a material adverse effect on the way we operate our business, our financial condition, results of operations and/or cash flows.

Evolving third-party relationships beyond the traditional vendor/supplier model and the increased use of digital solutions and applications, including emerging technologies such as artificial intelligence ("AI"), present new privacy and security challenges. These will require constant monitoring of new guidelines and regulations around the world, as well as a need for us to assess our capabilities in these areas.

The burdensome and often conflicting requirements under these various data protection laws require us to allocate increasingly greater resources towards ensuring compliance with them. Among other things, there is significant additional cost associated with the development, implementation and maintenance of upgrades to our information technology systems, as well as ongoing monitoring and governance efforts.

We have operations in certain countries susceptible to political and economic instability that could lead to disruption or other adverse impact on such operations.

We expect to derive an increasing portion of our sales from regions such as China, Latin America, Russia and other countries of the former Soviet Union, Central Europe, Eastern Europe and South Africa, all of which may be more susceptible to political and economic instability.

In February 2022, Russia initiated military action against Ukraine. In response, the United States and certain other countries imposed significant sanctions and trade actions against Russia. The broader economic consequences of the military conflict, geopolitical instability, the imposition of sanctions and other restrictive measures against Russia and any retaliatory actions taken by Russia in response to such measures could adversely affect the global geopolitical and economic environment. And that could in turn adversely impact our operations, cash flows and growth in Russia and other countries of the former Soviet Union. For details on the impacts of this conflict on our business, see the discussion in Section 4.B. of this report under "Our Principal Areas of Operations - Global Generics Segment - Russia and other Countries of the former Soviet Union and Romania - Impact on our Operations due to the military conflict between Russia and Ukraine."

If the relationship between Russia and the United States significantly worsens, or if Russia, the United States, or other countries impose additional economic sanctions or supply chain restrictions, or if the military conflict between Russia and Ukraine results in significant further deterioration of the local economies of Russia, Ukraine and its neighboring countries, it could adversely impact our sales or cost of doing business in the region.

In addition, the war declared by Israel on Hamas in October 2023, and the military activity in the region, is ongoing and continues to evolve as of the date of this report. This military action could escalate and involve surrounding countries in the Middle East.

We continue to monitor the effects of these military conflicts, as well as to monitor significant political, legal, regulatory and other susceptible economic developments in these regions and attempt to mitigate our exposure where possible. However, mitigation is not always possible, and our international operations could be adversely affected by political, legal, regulatory and economic developments, such as changes in capital and exchange controls; expropriation and other restrictive government actions (e.g., Ukrainian Law restricting the circulation of medicines of a marketing authorization holder affiliated directly or indirectly with entities in Russia and Belarus, as adopted by the Ukrainian Parliament in May 2022); intellectual property protection and remedy laws; trade regulations; procedures and actions affecting approval, production, pricing, distribution and marketing of, reimbursement for and access to our products; and intergovernmental disputes, including embargoes and/or military hostilities.

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Significant portions of our manufacturing operations for markets outside India in which our products are sold, and accordingly we often import a substantial number of products into such markets. We may, therefore, be denied access to our customers or suppliers or denied the ability to ship products from any of our sites as a result of closing of the borders of the countries in which we sell our products, or in which our operations are located.

This may result from economic, legislative, political or military conditions, including hostilities or acts of terror, in such countries. We currently face increased logistics costs as a result of requirements that we ship through longer marine routes or choose air shipments over sea routes.

A relatively small group of products may represent a significant portion of our net revenues, gross profit or net earnings from time to time.

In certain markets, sales of a limited number of products may represent a significant portion of our net revenues, gross profit and net earnings. If the volume or pricing of such products declines in the future, our business, financial position, results of operations and/or cashflows could be materially adversely affected.

If there is delay and/or failure in supplies of materials, services and finished goods from third parties or failure of finished goods from our key manufacturing sites, it may adversely affect our business and results of operations.

In some of our businesses, we rely on third parties for the timely supply of active pharmaceutical ingredients ("API"), specified raw materials, equipment, formulation or packaging services and maintenance services, and in some cases there could be a single source of supply.

Although, we actively manage these third party relationships to ensure continuity of supplies and services on time and to our required specifications, events beyond our control could result in the complete or partial failure of supplies and services or in supplies and services not being delivered on time.

We collaborate with several third-party contract research organizations and contract manufacturing organizations to facilitate the development and commercialization of certain drugs. However, any financial limitations or compliance challenges encountered by these external partners may lead to delays in product launches or cancellation of planned launches. In the event that we experience a shortage in our supply of raw materials, we might be unable to fulfill all of the API needs of our Global Generics segment, which could result in a loss of production capacity for this segment. Moreover, we may continue to be dependent on vendors, strategic partners and alliance partners for supplies of some of our existing products and new generic launches.

Any unanticipated capacity or supply related constraints affecting such vendors, strategic partners or alliance partners can adversely affect our business or results of operations. Our key generics manufacturing sites also may have capacity constraints and, at times, we may not be able to generate sufficient supplies of finished goods.

An escalation in the currently ongoing geopolitical and military conflicts in Ukraine and the middle east could also lead to challenges in supply fulfillment from our contract manufacturing organizations and other key suppliers of API and raw materials. That could impact our operations and delay our ability to manufacture finished dosages.

Our success depends on our ability to retain and attract qualified personnel and, if we are not able to retain them or recruit additional qualified personnel, we may be unable to successfully develop our business.

We are highly dependent on the principal members of our management and scientific staff, the loss of whose services might significantly delay or prevent the achievement of our business or scientific objectives. In India, it is not our practice to enter into employment agreements with our executive officers and key employees that are as extensive as are generally used in the United States, and each of those executive officers and key employees may terminate their employment upon notice and without cause or good reason. Currently, we are not aware of any executive officer's or key employee's departure that has had, or planned departure that is expected to have, any material impact on our operations.

Competition among pharmaceutical companies for qualified employees is intense, and the ability to retain and attract qualified individuals is critical to our success. Current or prospective employees may have changing expectations around workplace flexibility and the importance of a diverse and inclusive workplace culture, and a failure to meet these evolving expectations may result in reduced ability to attract and retain talent. There can be no assurance that we will be able to retain and attract such individuals currently or in the future on acceptable terms, or at all, and the failure to do so could have a material adverse effect on our business, financial condition, results of operations and/or cash flows. In addition, we do not maintain "key person" life insurance on any officer, employee or consultant.

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Reforms in the health care industry and the uncertainty associated with pharmaceutical pricing, reimbursement and related matters could adversely affect the marketing, pricing and demand for our products.

Our businesses are operating in an ever more challenging environment, with significant pressures on the pricing of our products and on our ability to obtain and maintain satisfactory rates of reimbursement for our products by governments, insurers and other payors.

For example, in the United States, Congress passed the Inflation Reduction Act of 2022 (the "IRA"), which makes significant changes to how drugs are covered and paid for under the Medicare program, including the creation of new rebates and financial penalties for drugs (including single-source generics) whose prices rise faster than the rate of inflation, redesign of the Medicare Part D program to require manufacturers to bear more of the liability for certain drug benefits, and government price-setting for certain Medicare Part D drugs, starting in 2026, and Medicare Part B drugs starting in 2028. The long-term implications of the IRA remain uncertain and we are continuing to evaluate this law and its impact on our business.

The U.S. Congress also continues to consider other drug pricing legislation that, if passed and signed into law, could impact companies' ability to increase prices for prescription drugs, even in case of increase in our input costs, to maintain our margins. For instance, the U.S. Department of Health and Human Services and U.S. FDA's Safe Importation Action Plan was announced in July 2019. Following this framework, the U.S. FDA enacted a rule, which became effective in November 2020, allowing for the importation of certain lower-cost prescription drugs from Canada.

Under the rule, states or certain other non-federal governmental entities may submit importation program proposals to the U.S. FDA for review and authorization of two-year programs (with the opportunity to extend for two more years). In January 2024, the U.S. FDA approved Florida's importation program proposal to import certain drugs from Canada for specific state healthcare programs. It is unclear how this program will be implemented, including which drugs will be chosen, and whether it will be subject to legal challenges in the United States or Canada. Other states have also submitted importation program proposals that are pending review by the U.S. FDA. Any such importation plans, when approved and implemented, may result in lower drug prices for products covered by those programs. Certain states have also proposed other measures that are designed to control the costs of pharmaceuticals for which they provide reimbursement.

The growth of overall healthcare costs as a percentage of gross domestic product in many countries means that governments and payors are under intense pressure to control healthcare spending even more tightly than in the past.

These pressures are particularly strong given the persistently weak economic and financial environment in many countries and the increasing demand for healthcare resulting from the aging of the global population and associated increases in non-communicable diseases. These pressures are further compounded by consolidation among distributors, retailers, private insurers, managed care organizations and other private payors, which can increase their negotiating power. In addition, these pressures are augmented by intense publicity regarding the pricing of pharmaceuticals by our competitors, as well as government investigations and legal proceedings regarding pharmaceutical pricing practices. Refer to Note 32 ("Contingencies") of our consolidated financial statements for current investigations and legal proceedings. In many countries in which we currently operate, pharmaceutical prices are increasingly subject to regulation.

Our products continue to be subject to increasing price and reimbursement pressure that can limit the revenues we earn from our products in many countries due to, among other things:

- the existence of government-imposed price controls, tender systems, mandatory discounts and rebates, pricing transparency mandates and drug importation program;
- more governments using international reference pricing to set the price of drugs based on international comparisons (Refer to "Our Principal areas of Operations - Global Generic segment" in Item 4.B. below for details);
- increased difficulty in obtaining and maintaining satisfactory drug reimbursement rates;
- increase in cost containment policies related to health expenses in the context of economic slowdown; and
- more demanding evaluation criteria applied by health technology assessment agencies when considering whether to cover new drugs at a certain price level.

We expect these efforts to continue as healthcare payors around the globe, in particular government-controlled health authorities, insurance companies and managed care organizations, step up initiatives to reduce the overall cost of healthcare.

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We operate in a highly competitive and rapidly consolidating industry which may adversely affect our revenues and profits.

Our products face intense competition from products commercialized or under development by competitors in all of our business segments based in India, the United States and other markets. Many of our competitors have greater financial resources and marketing capabilities than we do.

Our competitors may succeed in developing technologies and products that are more effective, more popular or cheaper than any we may develop or license, thus rendering our technologies and products obsolete or uncompetitive, which would harm our business and financial results. It is also possible that alternate therapies or substitutable products that we developed for the same indication would lead to cannibalization of revenues from our products.

Further, in recent years the goals established under the Generic Drug User Fee Act, and increased funding of the U.S. FDA's Office of Generic Drugs, have led to more and faster generic approvals, and consequently increased competition.

The U.S. FDA has established new steps to enhance competition, promote access and lower drug prices and is approving record-breaking numbers of generic applications. While these improvements are expected to benefit our generic product pipeline, they will also benefit competitors that seek to launch products in established generic markets where we currently offer products. The U.S. FDA's efforts to increase the pace at which generics enter the market has also resulted in a trend of many first time generic manufacturers entering the market, which is further increasing competition in the market and increasing pressure on pricing.

In recent years, there has also been an increase in the number of generic manufacturers targeting significant new generic opportunities with exclusivity under the Hatch-Waxman Act, or which are complex to develop. Many of the smaller generic manufacturers have increased their capabilities, level of sophistication and development resources in recent years.

Our generics business is also facing increasing competition from brand-name manufacturers who do not face any significant regulatory approvals or barriers to enter into the generics market. These brand name manufacturers have devised numerous strategies to do so including, for example, by selling generic versions of their products directly, by forming strategic alliances with our competitor generic pharmaceutical companies or by granting them rights to sell "authorized generics". Moreover, brand companies continually seek new ways to delay the introduction of generic products and decrease the impact of generic competition, such as by: filing new patents on drugs whose original patent protection is about to expire, developing patented controlled-release products, changing the dosage form or dosing regimen of the brand product prior to generic introduction while the generic applicant seeks to amends its ANDA dossier to match the changes in the brand product; changing product claims and product labeling; developing and marketing as over-the-counter products those branded products that are about to face generic competition; or pricing the branded product at a discount equivalent to generic pricing.

Consolidation and integration of the drug wholesalers, retail drug chains, private insurers, managed care organizations and other purchasing organizations may continue to adversely affect pharmaceutical manufacturers. Such consolidations have resulted in these groups gaining additional purchasing leverage and, consequently, increasing the product pricing pressures facing our business. There are three large Group Purchasing Organizations ("GPOs") that account for a substantial majority of generics purchases in the United States in 2023, which provides each of them with significant bargaining power. We expect this trend of increased pricing pressures to continue. Such pressures have reduced, and could continue to reduce, our revenue, margins and profitability. The emergence of large buying groups representing independent retail pharmacies, and the prevalence and influence of managed care organizations and similar institutions, creates competition among pharmaceutical companies to have their products included in the formulary of those groups and enables those groups to extract price discounts on our products.

In our generics business, to the extent that we succeed in being the first to market a generic version of a significant product, and particularly if we obtain the 180-day period of market exclusivity in the United States provided under the Hatch-Waxman Act of 1984, as amended, our sales and profit can be substantially increased in the period following the introduction of such product and prior to a competitor's introduction of the equivalent product or the launch of an authorized generic.

Impairment charges or write downs in our books could have a significant adverse effect on our results of operations and financial results.

A substantial portion of the value of our assets pertains to various intangible assets and goodwill. The proportion of the intangible assets and goodwill to our total assets could increase significantly as we pursue various growth strategies. The value of these intangible assets and goodwill could be substantially impaired upon indications of impairment, with adverse effects on our financial condition and the value of our assets.

Our results of operations may suffer if our products are not timely developed, approved or successfully commercialized. Certain of our products were impaired during the years ended March 31, 2024, 2023 and 2022. Refer to Note 12 ("Property, plant and equipment"), Note 13 ("Goodwill") and Note 14 ("Other Intangible Assets") of our consolidated financial statements for further details.

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If we fail to comply with environmental laws and regulations, or face environmental litigation, our costs may increase or our revenues may decrease.

We may incur substantial costs complying with requirements of environmental laws and regulations. In addition, we may discover currently unknown environmental problems or conditions. In all countries where we have production facilities, we are subject to significant environmental laws and regulations that govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. In the normal course of our business, we are exposed to risks relating to possible releases of hazardous substances into the environment, which could cause environmental or property damage or personal injuries, and that could require remediation of contaminated soil and groundwater, which could cause us to incur substantial remediation costs that could adversely affect our consolidated financial position, results of operations or liquidity. Refer to Note 32 ("Contingencies - Environmental matters") of our consolidated financial statements for further details on current environmental matters.

If any of our plants or the operations of such plants are shut down, it may severely hamper our ability to supply our customers and we may continue to incur costs in complying with regulations, appealing any decision to close our facilities, maintaining production at our existing facilities and continuing to pay labor and other costs, which may continue even if the facility is closed.

If we elect to sell a generic product prior to the final resolution of outstanding patent litigation, we could be subject to liabilities for damages.

At times we seek approval to market generic products before the expiration of patents for those products, based upon our belief that such patents are invalid, unenforceable, or would not be infringed by our products. As a result, we might be involved in patent litigation, the outcome of which could materially adversely affect our business. Based upon a complex analysis of a variety of legal and commercial factors, we may elect to market a generic product even though litigation is still pending. This could be before any court decision is rendered or while an appeal of a lower court decision is pending. To the extent we elect to proceed in this manner, if the final court decision is adverse to us, we could be required to cease the sale of the infringing products and face substantial liability for patent infringement. These damages may be significant as they may be measured by a royalty on our sales or by such damages as may be awarded by the court as a result of final litigation outcome. Refer to Note 32 ("Contingencies") for further details on our current product and patent related litigations.

Because of the discount pricing typically involved with generic pharmaceutical products, patented brand products generally realize a significantly higher profit margin than generic pharmaceutical products. Furthermore, there may be risks involved in entering into in-licensing arrangements for products, which are often conditioned upon the licensee's sharing in the patent-related risks.

For business reasons, we continue to examine such product opportunities (i.e., involving non-expired patents) going forward and this could result in patent litigation, the outcomes of which may have a material adverse effect on our results of operations, financial condition and/or cash flows.

We have concentrations of sales to certain customers, and consolidation among distributors and pharmaceutical companies could increase the concentration risk and also adversely impact our business prospects.

In the United States, similar to other pharmaceutical companies, we sell our products through wholesale distributors and large retail chains in addition to hospitals, pharmacies and other groups. During the year ended March 31, 2024, our ten largest customers accounted for approximately 77% of our North America Global Generics segment's revenues, and two of these customers collectively represented approximately 15% of our total company revenues. Refer to Note 5 (under "Information about major customers") of our consolidated financial statements for further details. As discussed above, industry consolidation trends have resulted in these groups gaining additional purchasing leverage and, consequently, increasing the product pricing pressures facing our business. Any further consolidation may lead to incremental pricing pressure.

Reduced or regulated ground water availability due to irregular weather patterns may cause droughts, thereby impacting business continuity.

Ground water availability may be adversely impacted by droughts due to irregular weather patterns. In case there is no alternate source of water during peak summers for reasons relating to adequate water quality or availability, it could adversely impact our operations. Further if tighter legal compliance for ground water usage and continuous monitoring of water levels are implemented, it could lead to restricted availability of water which could adversely impact our operations and create business interruptions.

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Class action lawsuits could expose us to significant liabilities, result in negative publicity, harm our reputation and have a material adverse effect on the price of our ADSs.

Shareholders of a public company sometimes bring securities class action lawsuits against the company following periods of instability in the market price of that company's securities. Refer to Note 32 ("Contingencies") of our consolidated financial statements for details on our current securities class action lawsuits. As a public company grows in size, the risk of such litigations may increase. If we were to be sued in any such class action suit, irrespective of the merits of the underlying case, it could have adverse effects on us, including among other things: (a) a diversion of management's time and attention and other resources from our business and operations, which could harm our results of operations; (b) negative publicity, which could harm our reputation and restrict our ability to raise capital in the future; (c) require us to incur significant expenses to defend the suit; and (d) if a claim against us is successful, we may be required to pay significant damages and, in certain circumstances, to indemnify our directors and officers if they are named as defendants in the class action suit. Any of the foregoing could, individually or in the aggregate, have a material adverse effect on our financial condition, results of operations, cash flows and/or the price of our ADSs.

We may be susceptible to significant product liability claims that are not covered by insurance.

Our business inherently exposes us to potential product liability claims, and the severity and timing of such claims are unpredictable. Notwithstanding pre-clinical and clinical trials conducted during the development of potential products to determine the safety and efficacy of products for use by humans following approval by regulatory authorities, unanticipated side effects may become evident only when drugs are introduced into the marketplace. Due to this fact, our customers and participants in clinical trials may bring lawsuits against us for alleged product defects. In other instances, third parties may perform analyses of published clinical trial results which raise questions regarding the safety of pharmaceutical products, and which may be publicized by the media. Even if such reports are inaccurate or misleading, in whole or in part, they may nonetheless result in claims against us for alleged product defects.

Under the current regulatory scheme in the United States, branded drug manufacturers can independently update product labeling through the "changes being effected" ("CBE") supplement process, but a generic manufacturer is only permitted to use the CBE process to update its label if the branded drug manufacturer changes its label first. This can prevent generic manufacturers from complying with state law warning requirements and, as a result, state product liability suits based on failure-to-warn and design defect claims against generics manufacturers have generally been determined to be preempted by Federal law.

However, emerging developments in various countries laws relating to the liability of generic pharmaceutical manufacturers for certain product liability claims could increase our exposure to litigation costs and damages. This potential exposure to lawsuits would also have increased the risk that, in the future, we would not be able to obtain the type and amount of insurance coverage we desire at an acceptable price The risk of exposure to lawsuits is likely to increase as we develop limited competition/complex products, such as injectable vaccines or biosimilar products, in addition to making generic versions of drugs that have been in the market for some time. In addition, the existence or even threat of a major product liability claim could also damage our reputation and affect consumers' views of our other products, thereby negatively affecting our business, financial condition, results of operations and cash flows.

The off label use of our products may result in costly investigations, fines or sanctions by regulatory bodies if we or our distributors are deemed to have engaged in the promotion of these uses.

While physicians may prescribe products for uses that are not described in the product labeling and that differ from those approved by the U.S. FDA or other similar regulatory authorities (an "off label" use), we and our distributors are permitted to market our products only for the indications for which they have been approved. The U.S. FDA and other regulatory agencies actively enforce regulations prohibiting promotion of off-label uses, and significant liability can be imposed on manufacturers found to be engaged in off-label marketing violations, including substantial civil penalties and fines, as well as criminal sanctions or exclusion from participation in government healthcare programs. If some of our products are prescribed off label, regulatory authorities such as the U.S. FDA could take enforcement actions if they conclude that we or our distributors have engaged in off label marketing.

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With an increased focus from key stakeholders on climate-related and other environmental, social and governance ("ESG") disclosures, an inadequate performance and management of ESG topics could materially affect our growth and reputation.

In recent years, in addition to financial results, companies are increasingly being judged by their ESG practices. Several global and national organizations including ESG rating agencies, research analysts, and disclosure and standards organizations evaluate our work through in-depth analyses of our sustainability efforts. These include reviews of our publicly available documents, as well as independent quantitative and qualitative assessments, often involving discussions with our management and employees. The results of these ratings are publicly and widely available. Any negative score could adversely impact our reputation and brand value, and the trust placed in us by our stakeholders. As a result, this could negatively impact our ability to attract and retain employees, the implementation of our strategic objectives, our operations and financial results, our access to capital and our share price.

Due to our role in healthcare and society at large, we are expected to move to a primarily patient-centric business model and manage social factors such as market access, equitable pricing strategies, and responsible intellectual property management.

Our business model is supported by our ESG strategy. Implementing our ESG strategy requires a strong governance framework including responsible practices and commitment on business ethics, compliance, quality, transparency, and anti-corruption. Any failure in governance, performance management, or ESG strategy execution could lead to us being unable to meet our ESG goals, and could result in the adverse effects described above.

Technology disruptions have been identified as a risk for our business. In the near future, innovation in technology is expected to impact our drug development process and the supply chain, enhancing efficiency although also requiring new skill sets. If we do not upgrade technologies and increase the productivity of our operations, achievement of our ESG goals could be adversely impacted.

The achievement of our targets on carbon neutrality and renewable energy is dependent on multiple external factors including the pace of deployment of renewable energy, intermittency and variability, storage capacity and infrastructure challenges, technical challenges, the cost of carbon offsets etc. and may impact our ability to meet our goals, or stakeholder expectations and our reputation may be harmed.

We are expected to plan mitigation measures for ESG risks due to climate change and environment degradation, adapt to the realities of climate change, and disclose any material effect it may have on our business, financial condition, results of operations and cash flows. Our customers conduct audits on a continual basis on matters related to sustainability including climate change adaption and mitigation. Inadequate management of environmental resources could lead to loss of revenue, higher operational costs, and incidents that could harm our communities and the environment, leading to financial and reputational implications. Moving to new, more sustainable solutions for resource conservation may require increased capital expenditure.

We are subject to various laws and regulations concerning, among other things: employee safety; product safety; the handling, transportation, storage, use and disposal of chemicals; and the discharge of regulated materials and pollutants into the environment. Failure to adapt to or comply with existing or new regulatory requirements, or investor or stakeholder expectations and standards, on these ESG matters could negatively impact our reputation or harm our business.

In March, 2024, the SEC issued its long-awaited final rule, *The Enhancement and Standardization of Climate Related Disclosures for Investors.* This rule will require registrants, including foreign private issuers such as the Company, to disclose extensive climate-related information in their registration statements and periodic reports, including a registrant's greenhouse gas emissions. The Company is currently assessing the impact of this rule for disclosure to investors. Annual disclosure requirements would be effective for the Company as early as the fiscal year beginning April 1, 2026. The Company is evaluating the impact of these rules on its disclosures.

As ESG continues to gain significance with governments, corporates and investors, there have been multiple shifts in the ESG regulatory and reporting landscape globally and in India, along with changing stakeholder expectations. With growing pressure to improve and expand our ESG disclosures, we need to engage with our investors frequently and keep a close eye on their ESG-related concerns. Investor sentiment is also driven by global shifts, the political climate, and international policies. An inability to manage investor sentiment or address flags may negatively impact our positioning and valuation.

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If we are unable to defend ourselves in patent challenges, we could be subject to injunctions preventing us from selling our products, or we could be subject to substantial liabilities that could adversely affect our profits and cash flows. Further, our patent settlement agreements with the innovators may face government scrutiny, exposing us to significant damages.

There has been substantial patent related litigation in the pharmaceutical industry concerning the manufacture, use and sale of various products. In the normal course of business, we are regularly subject to lawsuits and the ultimate outcome of litigation could adversely affect our results of operations, financial condition and cash flow. Regardless of regulatory approval, lawsuits are periodically commenced against us with respect to alleged patent infringements by us, such suits often being triggered by our filing of an application for governmental approval, such as an ANDA or NDA.

The expense of any such litigation and the resulting disruption to our business, whether or not we are successful, could harm our business. The uncertainties inherent in patent litigation make it difficult for us to predict the outcome of any such litigation.

California passed the Preserving Access to Affordable Drugs (AB-824), legislation that could adversely impact our ability to settle patent litigations. The law, which took effect on January 1, 2020, creates a presumption that a patent settlement has anti-competitive effects, and thus violates California's state antitrust law, if it provides for the generic pharmaceutical company to receive "anything of value" from the branded pharmaceutical company and if the generic pharmaceutical company agrees to delay the launch of a generic product for any period of time. The law specifically identifies exclusive licenses and agreements by the branded pharmaceutical company "not to launch an authorized generic version" of its branded product as things of value that would trigger the presumption. Such presumption may make it more difficult to negotiate settlement agreements which are subject to this new law.

If we are unsuccessful in defending ourselves against these suits, we could be subject to injunctions preventing us from selling our products, resulting in a decrease in revenues, or to damages, which may be substantial. An injunction or substantial damages resulting from these suits could adversely affect our consolidated financial position, results of operations or liquidity.

Further, we have been involved in various litigations involving challenges to the validity or enforceability of registered patents and therefore settling such patent litigations has been and is likely to continue to be an important part of our business.

Parties to patent litigation settlement agreements in the United States, including us, are required by law to file them with the Federal Trade Commission ("FTC") and the Antitrust Division of the Department of Justice for review. The FTC has publicly stated that, in its view, some of the brand-generic settlement agreements violate the antitrust laws and has brought actions against some brand and generic companies that have entered into such agreements. Accordingly, such settlement agreements may expose us to antitrust violation claims.

EMERGING RISKS

We analyze reports and insights issued by the World Economic Forum, audit and consulting firms, banks and insurance companies, and investigations on the internet from selected reliable sources, regarding trends for the coming years and main threats and opportunities to be anticipated by pharmaceutical industry.

Increasing use of social media and mobile communication tools could give rise to liability or breaches of data security.

We and our business associates are increasingly relying on social media and mobile communication tools as a means of communications. To the extent that we seek as a company to use these tools as a means to communicate about our products or about the diseases our products are intended to treat, there are significant uncertainties as to either the rules that apply to such communications, or as to the interpretations that health authorities will apply to the rules that exist. As a result, despite our efforts to comply with applicable rules, there is a significant risk that our use of social media and mobile communication tools for such purposes may cause us to nonetheless be found in violation of them. In addition, because of the universal availability of social media and mobile communication tools, our associates or third parties may make use of them in ways that may not be sanctioned by us, and that may give rise to liability, or that could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information (including sensitive personal information) of our employees, clinical trial patients, customers and others. Social engineering attacks, reputation threats, and the proliferation of misinformation and disinformation indeed pose significant risks to companies globally. Growing sophistication of these threats is a potential operating risk.

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Social media posts could also contain information purported to be disclosed by us that is false or otherwise damaging, which could have a material adverse effect on our reputation and the price of our equity shares and ADSs.

Maintaining transparency and promptly addressing any instances of misinformation or disinformation is crucial for preserving our reputation. We monitor online channels for potential threats to aid early detection and mitigation of reputational risks. Ultimately, staying vigilant, proactive and adaptable in addressing emerging threats is essential for us to navigate the evolving landscape of cybersecurity and to safeguard our operations, reputation and financial assets.

Counterfeit versions of our products could harm our patients and reputation.

Our industry has been increasingly challenged by the vulnerability of distribution channels to illegal counterfeiting and the presence of counterfeit products in a growing number of markets and over the internet. Third parties may illegally distribute and sell counterfeit versions of our products, which do not meet the rigorous manufacturing and testing standards that our products undergo. Counterfeit products are frequently unsafe or ineffective, and can be potentially life-threatening.

Counterfeit medicines may contain harmful substances, the wrong dose of the API or no API at all. Counterfeiters may use the same brand name and packaging as the genuine pharmaceutical company, so as to make it visually indistinguishable from the authentic version and thereby deceive distributors and consumers. Counterfeit medicines are manufactured in unsafe conditions and are not approved by regulatory authorities. They are inherently unsafe and pose a serious risk to public health.

Reports of adverse reactions to counterfeit drugs or increased levels of counterfeiting could materially affect patient confidence in the authentic product, and harm the business of companies such as ours. Additionally, it is possible that adverse events caused by unsafe counterfeit products would mistakenly be attributed to the authentic product.

Various governments have enacted laws intended to combat counterfeiting, including the U.S. Drug Quality and Security Act and the EU's Falsified Medicines Directive, as further discussed in Section 4.B. (Business Overview). In addition to complying with these laws, we have put in place internal mechanisms to monitor incidents that come to our notice and we proactively carry out regional surveys.

GENERAL RISKS THAT ARE NOT SPECIFIC TO OUR COMPANY

Current economic conditions may adversely affect our industry, financial position, results of operations and cash flows.

In recent years, the global economy has experienced volatility and an unfavorable economic environment, and these trends may continue in the future. Reduced consumer spending, reduced funding for national social security systems or shifting concentrations of payors and their preferences, may force our competitors and us to reduce prices. The growth of our business may be negatively affected by high unemployment levels and increases in co-pays, which may lead some patients to delay treatments, skip doses or use less effective treatments to reduce their costs.

We have exposure to many different industries and counterparties, including our partners under our alliance, research and promotional services agreements, suppliers of raw materials, drug wholesalers and other customers, who may be unstable or may become unstable in the current economic environment. We run the risk of delayed payments or even non-payment by our customers, which consist principally of wholesalers, distributors, pharmacies, hospitals, clinics and government agencies.

Significant changes and volatility in the consumer environment and in the competitive landscape may make it increasingly difficult for us to predict our future revenues and earnings.

In addition, there has recently been an accelerated rate of inflation (a trend which is expected to continue in the near future) that has resulted, and may continue to result, in increased costs of labor, raw materials, other supplies and commodity prices and freight and distribution costs, among others. For the pharmaceutical industry, the pricing dynamics of our products generally does not provide the opportunity to pass on such costs to customers. Inflation may also result in higher interest rates and increased costs of capital.

Risks from disruption to production, supply chain or operations as a result of events emanating from climate change, and the related impacts of laws intended to mitigate climate change, could adversely affect our business and operations and cause our revenues to decline.

Climate change has the potential to increase the frequency and severity of natural disasters and extreme weather events. We are an integrated pharmaceutical company operating in multiple geographies such as India, Mexico, the United States and the United Kingdom. Several of our operations can be exposed to different climate-related regulations. In addition, current or emerging laws or regulations intended to limit greenhouse gas emissions or water usage, such as carbon pricing, taxes on emissions, fuel and energy, or to mitigate the impacts of climate change may become more prevalent, which could increase our operating costs and the costs charged by suppliers. These events could have a material adverse effect on our business.

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We must consider the emergence and management of different types of climate-related risks affecting our business in different time horizons, both from an operational and strategic perspective. Besides addressing the physical aspects of climate change we also face external stakeholder pressure to assess and reduce the climate impact of our medicines, the construction of new projects, sites, and buildings, and any large capital expenditures.

Stringent labor laws may adversely affect our ability to have flexible human resource policies; labor union problems could negatively affect our production capacity and overall profitability.

Labor laws may restrict our ability to have human resource policies that would allow us to react swiftly to the needs of our business. As of March 31, 2024, approximately 1.7% of our employees belonged to a number of different labor unions. If we experience problems with our labor unions, that may adversely affect our production capacity and our overall results and operations.

India's Code on Social Security, 2020, which aims to consolidate, codify and revise certain existing social security laws, received Presidential assent in September 2020 and has been published in the Gazette of India. However, the related final rules have not yet been issued and the date on which this Code will come into effect has not been announced. We will assess the impact of this Code and the rules thereunder when they come into effect.

If we have difficulty in identifying candidates for or consummating acquisitions and strategic alliances, our competitiveness and our growth prospects may be harmed.

In order to enhance our business, we frequently seek to acquire or make strategic investments in complementary businesses or products, or to enter into strategic partnerships or alliances with third parties. It is possible that we may not identify suitable acquisition, strategic investment or strategic partnership candidates, or if we do identify suitable candidates, we may not complete those transactions on terms commercially acceptable to us. We compete with others to acquire companies, and we believe that this competition has intensified and may result in decreased availability or increased prices for suitable acquisition candidates. Even after we identify acquisition candidates and/or announce that we plan to acquire a company, we may ultimately fail to consummate the acquisition. For example, we may be unable to obtain necessary regulatory approvals, including the approval of antitrust regulatory bodies.

All acquisitions involve known and unknown risks that could adversely affect our future revenues and operating results. For example:

- We may fail to successfully integrate our acquisitions in accordance with our business strategy.
- The initial rationale for the acquisition may not remain viable due to a variety of factors, including unforeseen regulatory changes and market dynamics after the acquisition, and this may result in a significant delay and/or reduction in the profitability of the acquisition.
- We may not be able to retain the skilled employees and experienced management that may be necessary to operate the businesses we acquire. If we cannot retain such personnel, we may not be able to locate or hire new skilled employees and experienced management to replace them.
- We may purchase a company that has contingent liabilities that include, among others, known or unknown patent or product liability claims or environmental liability claims.
- We may purchase companies located in jurisdictions where we do not have operations and as a result we may not be able to anticipate local regulations and the impact such regulations have on our business.

If we improperly handle any of the dangerous materials used in our business and accidents result, we could face significant liabilities that would lower our profits.

We handle dangerous materials, including explosive, toxic and combustible materials. If improperly handled or subjected to the wrong conditions, these materials could cause accidents resulting in injury, property and environment damage, and business disruptions. Changes in business and operations in our plants from the introduction of new products, or increased demand for existing products, can also pose increased safety hazards. Such hazards can be addressed and mitigated through project risk assessment, employee and contractor training, proper governance systems and other safety measures, and the failure to carry these out can lead to industrial accidents.

Any of the foregoing could subject us to significant litigation or adversely impact our other litigation matters then outstanding, which could lower our profits in the event we were found liable, and could also adversely impact our reputation.

In a worst case scenario, this could also result in a government forced shutdown of our manufacturing plants, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers and would adversely affect our business and results of operations.

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Fluctuations in exchange rates and interest rate movements may adversely affect our business and results of operations.

A significant portion of our revenues are in currencies other than the Indian rupee, especially in the U.S. dollar, the Euro, the Russian rouble, and the U.K. pound sterling, while a significant portion of our costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these other currencies, our revenues measured in Indian rupees may decrease and our financial performance may be adversely impacted.

Further, we may also be exposed to credit risks in some of the emerging markets from our customers on account of adverse economic conditions.

We use derivative financial instruments to manage interest rate fluctuations and some of our net exposure to currency exchange rate fluctuations in certain key foreign currencies.

A pandemic, epidemic or outbreak of an infectious disease, such as COVID-19, and the resulting restrictive measures and economic impacts may materially and adversely impact our business and results of our operations.

The pandemic, epidemic or outbreak of an infectious disease, such as COVID-19, and responses to curtail them may have a number of risks and challenges for our business, including among others its impacts on the global supply chain, on governmental processing time for product and patent approvals, on health and safety of employees and on the economy in general. In the years ended March 31, 2024 and 2023, we did not experience significant impacts or delays from any pandemic or epidemic on our business operations. However, we had experienced certain disruptions relating to the COVID-19 pandemic during the year ended March 31, 2021, and we cannot be certain whether COVID-19 or other pandemics will adversely impact our business operations and results in future periods.

The use of tender systems and other forms of price control could reduce prices for our products or reduce our market opportunities.

A number of markets in which we operate have implemented or may implement tender systems in an effort to lower prices. Under such tender systems, manufacturers submit bids which establish prices for generic pharmaceutical products. Upon winning the tender, the winning company will receive a preferential reimbursement for a period of time. The tender system often results in companies underbidding one another by proposing low pricing in order to win the tender.

For example, this has resulted in more than 90% of generic products currently sold in German retail “pharmacies” being supplied through contracts procured in competitive bidding tenders, thereby causing significant pressure on product margins.

If we fail to maintain a supply of compliant, quality product, it may adversely affect our reputation and our business.

We may experience difficulties, delays and interruptions in the manufacturing and supply of our products for various reasons, including among other reasons:

- demand significantly in excess of forecast demand, which may lead to supply shortages (this is particularly challenging before the launch of a new product);
- supply chain disruptions, including those due to natural or man-made disasters at one of our facilities or at a critical supplier or vendor;
- delays in construction of new facilities or the expansion of existing facilities, including those intended to support future demand for our products (the complexities associated with biologics facilities, especially for drug substance, increases the probability of delay);
- the inability to supply products due to a product quality failure or regulatory agency compliance action such as license withdrawal, product recall or product seizure;
- other manufacturing or distribution problems, including changes in manufacturing production sites, limits to manufacturing capacity due to regulatory requirements, changes in the types of products produced, or physical limitations or other business interruptions that could impact continuous supply; and
- the difficulties inherent in the manufacture and sale of sterile products, including oncology products, which are technically complex to manufacture, and require sophisticated environmental controls. Because the production process for such products is so complex and sensitive, any production failures may lead to lengthy supply interruptions.

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Any failure to comply with the complex reporting and payment obligations under the Medicare and Medicaid programs or other laws regulating marketing practices may result in litigation or sanctions and adversely impact our business.

The U.S. laws and regulations regarding Medicare and/or Medicaid reimbursement and rebates and other governmental programs are complex. Some of the applicable laws may impose liability even in the absence of a specific intent to defraud. The subjective decisions and complex methodologies used in making calculations under these programs are subject to review and challenge, and it is possible that such reviews could result in material changes in the calculation outcomes.

In addition, government authorities have significant leverage to persuade pharmaceutical companies to enter into corporate integrity agreements, which can be expensive and disruptive to operations.

If any of the above queries and/or investigations were to result in a lawsuit that was determined adversely to us or in a large cash settlement, it could require us to pay significant amounts.

Changes in tax regulations of the countries we operate in may increase our tax liabilities and thus adversely affect our financial results.

Currently we are entitled to concessional tax rate under Indian tax laws for one of our subsidiaries in India. Concessional tax rates are reduced rates applicable to companies engaged in manufacturing activities which have been set-up and registered in India on or after October 1, 2019 and which commenced manufacturing or production on or before March 31, 2024. Any changes in these laws may increase our tax liability and thus affect our financial results accordingly.

India's Finance Act, 2016 amended the test of residence for foreign companies. While a non-resident company is generally taxed only on its Indian sourced income, a resident company is taxed on its global income. Under the amended rule, a company not formed under the laws of India would be considered a resident in India if its place of effective management in the previous year was in India.

The term "place of effective management" (or "PoEM") has been defined to mean a place where key management operates and commercial decisions that are necessary for the conduct of the business of an entity as a whole are in substance made.

We operate in various countries, and changes in tax rate or tax laws of countries in which we have significant operations could result in a material impact on our cash tax liabilities and tax charges, resulting in either an increase or a reduction in financial results depending upon the nature of the change. There may be changes in tax rates in a few countries due to initiatives such as the Pillar Two Inclusive Framework on the Base Erosion and Profit Shifting ("BEPS") project undertaken by the Organization for Economic Cooperation and Development ("OECD"), which seeks to establish a global minimum tax rate of 15%. Currently, numerous countries are drafting or have enacted legislation to implement Pillar Two rules with some effective dates as early as January 1, 2024. Tax and compliance costs are expected to be increased by the adoption of Pillar Two regulations in these countries. We continue to monitor pending OECD guidance and legislation enactment and implementation by individual countries.

We operate in jurisdictions that impose transfer pricing and other tax-related regulations on our intercompany arrangements, and any failure to comply could materially and adversely affect our profitability.

We are required to comply with various transfer pricing regulations in India and other countries. Failure to comply with such regulations may impact our effective tax rates and consequently affect our net margins. Additionally, we operate in numerous countries and our failure to comply with the local and municipal tax regimes may result in additional taxes, penalties and enforcement actions from such authorities.

Although our intercompany arrangements are based on accepted tax standards, tax authorities in various jurisdictions may disagree with and subsequently challenge the amount of profits taxed in such jurisdictions, which may increase our tax liabilities and could have a material adverse effect on the results of our operations and cash flows. Further, the BEPS project undertaken by the OECD contemplates changes to numerous international tax principles. Various countries have incorporated such tax principles into their domestic legislations by way of enactment. These enactments are significant in nature and require compliance on a regular basis. Although we will continue to adhere to such compliance, significant uncertainties remain as to the outcome of these efforts.

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Opposition to free trade agreements and changes in trade policies of countries in which we operate could adversely affect the pricing and demand for our products.

Opposition to free trade agreements was an important component of the campaign platform of the new U.S. administration, and there are ongoing efforts to achieve that goal. For example, the United States withdrew from the Trans-Pacific Partnership ("TPP") free trade agreement and recently announced that it will end preferential trade treatment for India, currently being extended under its Generalized System of Preferences ("GSP"). In the current scheme, there might not be any direct impact on U.S. imports of pharmaceutical products due to this withdrawal. However, any such changes in free trade agreements could, among other things, interfere with free trade in goods, impose additional customs duties or tariffs, increase the costs and difficulties of international transactions and potentially disturb the international flow of goods and, in particular, trade between the United States and other countries, and thus may have an adverse effect on our financial performance.

Any new tariffs or other changes in U.S. trade policy could trigger retaliatory actions by affected countries, potentially escalating and resulting in "trade wars". For example, in March and April 2018, the U.S. government announced new tariffs on steel and aluminum from China, as well as more than 1,300 other Chinese exports. In response, the Chinese government announced that it would enact retaliatory tariffs on more than 100 American products. Trade policy changes or internal policy changes such as these can result in increased costs for goods, which may reduce customer demand for these products if the parties having to pay those tariffs increase their prices, or in increased costs to trading partners. If these consequences are realized, they may materially and adversely affect our sales and our business.

If the world economy is affected due to acts of terrorism, wars or regional hostilities, it may adversely affect our business and results of operations.

Several areas of the world, including India, have experienced terrorist acts and retaliatory operations in recent years. Local disturbances, terrorist attacks, riots, social disruption, wars, or regional hostilities in the countries in which we or our partners and suppliers operate (including but not limited to Russia and Ukraine) could affect the economy, our operations and employees by disrupting operations and communications, making travel and the conduct of our business more difficult, and/or causing our customers to be concerned about our ability to meet their needs. If the economy of any of our key markets (including but not limited to the United States, the United Kingdom, Germany, India, China, Russia, and Ukraine) is affected by such acts, our business, results of operations and cash flows may be adversely affected as a consequence.

From time to time we enter new markets, and face risks arising out of our limited knowledge of the market and the customs, laws and regulatory systems that may apply.

From time to time, we enter new markets in which we have limited knowledge of the market and the customs, laws, regulatory, political and social systems that may apply. Our success in these new markets is dependent upon the acceptability of our product and brand, the ease of doing business in such market and various other social and economic factors that may be specific to such market. Further, limitations by the local authorities of repatriation of generated funds may pose a risk to our success in these new markets. Our sales and profit margins may be adversely affected if we fail to provide competitive options in the market or our brands fail to gain acceptability in the market.

Risks from disruption to production, supply chain or operations from natural disasters could adversely affect our business and operations.

If flooding, droughts, hurricanes, tornados, wildfires, earthquakes, volcanic eruptions or other natural disasters or extreme weather events were to directly damage, destroy or disrupt our manufacturing facilities or facilities of our suppliers, it could disrupt our operations, delay new production and shipments of existing inventory or result in costly repairs, replacements or other costs, all of which would negatively impact our business. We are an integrated pharmaceutical company with manufacturing operations in multiple geographies such as India, Mexico, the United States and the United Kingdom. Few of the regions have experienced earthquakes, floods or droughts in the past. Even if we take precautions to provide back-up support in the event of such a natural disaster, the disaster may nonetheless affect our facilities, harming production and ultimately our business. And, even if our manufacturing facilities are not directly damaged, a large natural disaster may result in disruptions in distribution channels or supply chains. The impact of such occurrences depends on the specific geographic circumstances but could be significant. Current or future insurance arrangements may not provide adequate protection for losses that may arise from such events, particularly if such events are catastrophic in nature or occur in combination.

RISKS RELATING TO INVESTMENTS IN INDIAN COMPANIES

We are an Indian company. Our headquarters are located in India, a substantial part of our operations are conducted in India, and a significant part of our infrastructure and other assets are located in India. In addition, a portion of our total revenues for the year ended March 31, 2024 continued to be derived from sales in India. As a result, the following additional risk factors apply that are not specific to our company or industry.

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We may be subjected to additional compliance and litigation risks as a result of periodic amendments in certain key Indian regulations, including The Indian Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Foreign Exchange Management Act, 1999 and other laws, regulations, as applicable to our company.

As a company that is incorporated in India, we are governed by certain key Indian rules and regulations, including the Indian Companies Act, 1956, as amended, and The Companies Act, 2013. Some of the significant changes from The Companies Act, 2013 were in the areas of board and governance processes, boardroom responsibilities, disclosures, corporate social responsibility, audit matters, initiation of class action suits by shareholders or depositors, fraud reporting and whistle-blower mechanisms.

In addition, the Securities and Exchange Board of India ("SEBI") issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") which replaced the former Listing Agreement, that must be followed by all listed Indian public companies. The Listing Regulations were intended to consolidate and streamline the provisions of the then existing listing agreements for different segments of the capital markets (e.g., equity securities, debt securities, Indian depository receipts, etc.). The Listing Regulations have thus been structured to provide ease of reference by consolidating into one single document across various types of securities listed on the stock exchanges.

Key features of the Listing Regulations include:

- A framework has been prescribed for disclosure of material events and information by listed entities to the Indian stock exchanges. Certain events mentioned in the regulations are deemed material and disclosure is mandatory. Subject companies are also required to make adequate disclosure of events or information which may have material effect. Certain events are to be disclosed based on application of the guidelines for materiality as prescribed. The Board of Directors is required to frame a policy for determination of materiality and disclose the same on the website of the company.
- Entities are required to frame policies on preservation of documents, determination of material subsidiaries, risk management, code of conduct, remuneration of directors, key managerial personnel and other employees, board diversity, materiality of related party transactions and dealing with related party transactions, criteria for evaluation of directors, and certain other matters.

However, certain provisions of the Companies Act, 2013 and the SEBI Listing Regulations provisions are subject to varying interpretations and their application in practice may evolve over time as additional guidance is provided by regulatory and governing bodies. Further, the Companies Act, 2013, the rules made thereunder and the SEBI Listing Regulations have been and are being amended from time to time.

These amendments relate to, among other things, governance, related party transactions, financial reporting, audits and auditors, disclosures and other board and shareholders related matters. All of the foregoing may collectively result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions.

RISKS RELATING TO OUR ADSS THAT ARE NOT SPECIFIC TO OUR COMPANY OR INDUSTRY

Our principal shareholders have significant influence over us and, if they take actions that are not in the best interests of our minority shareholders, the value of their investment in our ADSs may be harmed.

Our full time executive directors and members of their immediate families, in the aggregate, beneficially owned 26.65% of our issued shares as of March 31, 2024. As a result, these people, acting in concert, are likely to have the ability to exercise significant influence over most matters requiring approval by our shareholders, including the election and removal of directors and significant corporate transactions. This significant influence by these directors and their family members could delay, defer or prevent a change in control, impede a merger, consolidation, takeover or other business combination involving us, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. As a result, the value of the equity shares and/or ADSs of our minority shareholders may be adversely affected or our minority shareholders might be deprived of a potential opportunity to sell their equity shares and/or ADSs at a premium.

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Fluctuations in our quarterly revenues, operating results and cash flows may adversely affect the trading price of our shares and ADSs.

Our quarterly revenues, operating results and cash flows have fluctuated significantly in the past and may fluctuate substantially from quarter to quarter in the future. Such fluctuations result from a variety of factors, including but not limited to changes in demand for our products, timing of regulatory approvals and of launches of new products by us and our competitors (particularly where we obtain the 180-day period of market exclusivity in the United States provided under the Hatch-Waxman Act of 1984), timing of our retailers' promotional programs and successful development and commercialization of limited competition and complex products. Such fluctuations may result in volatility in the price of our equity shares and our ADSs. In such an event, the trading price of our shares and ADSs may be adversely affected.

Negative media coverage and public scrutiny may adversely affect the prices of our equity shares and ADSs.

Media coverage, including social media coverage such as blogs, of us has increased dramatically over the past several years. Any negative media coverage, regardless of the accuracy of such reporting, may have an adverse impact on our reputation and investor confidence, resulting in a decline in the share price of our equity shares and our ADSs.

Indian law imposes certain restrictions that limit a holder's ability to transfer the equity shares obtained upon conversion of ADSs and repatriate the proceeds of such transfer, which may cause our ADSs to trade at a premium or discount to the market price of our equity shares.

Under certain circumstances, the Reserve Bank of India must approve the sale of equity shares underlying ADSs by a non-resident of India to a resident of India. The Reserve Bank of India has given general permission to effect sales of existing shares or convertible debentures of an Indian company by a resident to a non-resident, subject to certain conditions, including the price at which the shares must be sold. Additionally, except under certain limited circumstances, if an investor seeks to convert the Indian rupee proceeds from sale of equity shares in India into foreign currency and then repatriate that foreign currency from India, he or she will have to obtain an additional approval from the Reserve Bank of India for each such transaction. Required approval from the Reserve Bank of India or any other government agency may not be obtained on terms favorable to a non-resident investor or at all.

Investors who exchange our ADSs for our underlying equity shares may be subject to the provisions of the Companies Act, 2013 and to the disclosure obligations that may be necessary pursuant to the deposit agreement with our applicable depositary. The Companies Act, 2013 requires that, where the registered owner of shares does not hold the beneficial interest in such shares, both the registered owner and the beneficial owner of such equity shares are required to disclose to the company the nature of their interest, particulars of the registered owner and certain other details.

There are limits and conditions to the deposit of shares into the ADS facility.

Indian legal restrictions may limit the supply of our ADSs. The only way to add to the supply of our ADSs will be through a primary issuance because the depositary is not permitted to accept deposits of our outstanding shares and issue ADSs representing those shares. However, an investor in our ADSs who surrenders an ADS and withdraws our shares will be permitted to redeposit those shares in the depositary facility in exchange for our ADSs. In addition, an investor who has purchased our shares in the Indian market will be able to deposit them in the ADS program, but only in a number that does not exceed the number of underlying shares that have been withdrawn from and not re-deposited into the depositary facility. Moreover, there are restrictions on foreign institutional ownership of our equity shares as opposed to our ADSs.

The global pandemic, geo-political conflicts, persistently weak global economic and financial environment in many other countries, particularly emerging market countries, and increasing political and social instability could have a material adverse effect on our business and the price and liquidity of our shares and our ADSs.

It is uncertain how long the effects of global pandemic, geo-political conflicts, persistently weak global economic and financial environment, and increasing political and social instability in many other countries, particularly emerging market countries will last, or whether economic and financial trends will worsen or improve. These effects could have a material adverse effect on our business and the price and liquidity of our shares and our ADSs.

If U.S. investors in our ADSs are unable to exercise preemptive rights available to our non-U.S. shareholders due to the registration requirements of U.S. securities laws, the investment of such U.S. investors in our ADSs may be diluted.

A company incorporated in India must offer its holders of shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any shares, unless these rights have been waived by at least 75% of its shareholders present and voting at a shareholders' general meeting.

U.S. investors in our ADSs may be unable to exercise preemptive rights for the shares underlying our ADSs unless a registration statement under the Securities Act of 1933 is effective with respect to the rights or an exemption from the registration requirements of the Securities Act is available. Our decision to file a registration statement will depend on the costs and potential liabilities associated with a registration statement as well as the perceived benefits of enabling U.S. investors in our ADSs to exercise their preemptive rights and any other factors we consider appropriate at the time. We might choose not to file a registration statement under these circumstances. If we issue any of these securities in the future, such securities may be issued to the depositary, which may sell them in the securities markets in India for the benefit of the investors in our ADSs.

There can be no assurances as to the value, if any, the depositary would receive upon the sale of these securities. To the extent that U.S. investors in our ADSs are unable to exercise preemptive rights, their proportional interests in us would be reduced.

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Our equity shares and our ADSs may be subject to market price volatility, and the market price of our equity shares and ADSs may decline disproportionately in response to adverse developments that are unrelated to our operating performance.

Market prices for the securities of Indian pharmaceutical companies, including our own, have historically been highly volatile, and the market has from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies.

Factors such as the following can have an adverse effect on the market price of our ADSs and equity shares:

- general market conditions,
- speculative trading in our shares and ADSs, and
- developments relating to our peer companies in the pharmaceutical industry.

Investors who hold our ADSs may not be able to sell their ADSs at or above the price at which they purchased such ADSs. The price of our ADSs fluctuate from time to time, and we cannot predict the price of our ADSs at any given time. The risk factors described herein could also cause the price of our ADSs to fluctuate materially.

These broad market and industry factors may materially harm the market price of our ADSs, regardless of our operating performance. In addition, the price of our ADSs may be affected by the valuations and recommendations of the analysts who cover us, and if our results do not meet the analysts' forecasts and expectations, the price of our ADSs could decline as a result of analysts lowering their valuations and recommendations or otherwise.

There may be less company information available in Indian securities markets than securities markets in developed countries.

We are incorporated in India, and there are certain differences in the rights and protections of shareholders under the laws of India as compared to the laws of the United States and other developed economies.

For example, there is a difference between the level of regulation and monitoring of the Indian securities markets over the activities of investors, brokers and other participants, as compared to the level of regulation and monitoring of markets in such other countries. The Securities and Exchange Board of India is responsible for improving disclosure and other regulatory standards for the Indian securities markets. The Securities and Exchange Board of India has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in developed countries, which could affect the market for our equity shares and ADSs.

Indian stock exchange closures, broker defaults, settlement delays, and Indian Government regulations on stock market operations could affect the market price and liquidity of our equity shares.

The Indian securities markets are smaller than the securities markets in the United States and Europe and have experienced volatility from time to time. The regulation and monitoring of the Indian securities market and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the United States and some European countries. Indian stock exchanges have at times experienced problems, including temporary exchange closures, broker defaults and settlement delays and if similar problems were to recur, they could affect the market price and liquidity of the securities of Indian companies, including our shares. Furthermore, any change in Indian Government regulations of stock markets could affect the market price and liquidity of our equity shares and ADSs.

Sale of our equity shares may adversely affect the prices of our equity shares and ADSs.

The Government of India's Depository Receipts Scheme, 2014, permits liberalized rules for sponsored and unsponsored secondary market issue of depository receipts, subject to the existing sectorial cap on foreign investment. Under the regulations implemented, an Indian company's equity shares can be freely issued to a depository for the purpose of issuing depository receipts through any mode permissible for the issue of such securities to other investors. This enables us to more readily issue shares to the depositary for our ADSs and conduct U.S. securities issuances of our ADSs, which may impact the share price and available float in Indian stock exchanges as well as the price and availability of our ADSs on the NYSE. Refer to Item 10.D. "Exchange controls – ADS guidelines" for further details.

Further, the SEBI introduced a detailed framework for issuance of Depository Receipts ("DRs") by a company incorporated and listed on a recognized stock exchange in India pursuant to its circular dated October 10, 2019. The framework inter alia sets out eligibility requirements, permissible jurisdictions, international exchanges, and permissible holder of DRs, as well as certain other obligations to be complied with by issuers of DRs, the Indian depository, the foreign depository and the domestic custodian. Further, pursuant to its circular dated November 28, 2019 and December 18, 2020, the SEBI gave notice of the permissible jurisdictions for listing of DRs and amended the scope and process for permissible holders of DRs, respectively.

The price of our ADSs and the U.S. dollar value of any dividends we declare may be negatively affected by fluctuations in the U.S. dollar to Indian rupee exchange rate.

Our ADSs trade on the NYSE in U.S. Dollars. Since the equity shares underlying the ADSs are listed in India on the BSE and the NSE and trade in Indian Rupees, the value of our ADSs may be affected by exchange rate fluctuations between the U.S. dollar and the Indian Rupee. In addition, dividends declared, if any, are denominated in Indian Rupees, and therefore the value of the dividends received by the holders of ADSs in U.S. Dollars will be affected by exchange rate fluctuations.

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ITEM 4. INFORMATION ON THE COMPANY

4.A. ***History and development of the Company***

Dr. Reddy's Laboratories Limited was incorporated in India under the Companies Act, 1956, by its promoter and our former Chairman, the late Dr. K. Anji Reddy, as a Private Limited Company on February 24, 1984. We were converted to a Public Limited Company on December 6, 1985 and listed on the BSE Limited (formerly known as the Bombay Stock Exchange Limited), the National Stock Exchange of India Limited and certain other Indian stock exchanges in August 1986, and on the New York Stock Exchange on April 11, 2001. We also listed on the NSE IFSC Limited, a stock exchange in the International Financial Services Centre in Gujarat, India, on December 9, 2020. We are registered with the Registrar of Companies, Hyderabad, Telangana, India as Company Identification No. L85195TG1984PLC004507. Our registered office is situated at 8-2-337, Road No. 3, Banjara Hills, Hyderabad, Telangana 500 034, India and the telephone number of our registered office is +91-40-49002900. The name and address of our registered agent in the United States is Dr. Reddy's Laboratories, Inc., 107 College Road East, Princeton, New Jersey 08540. Our main corporate website address is https://www.drreddys.com.

The SEC maintains an Internet website (at www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. This annual report on Form 20-F and other information filed by us with or furnished by us to the SEC can be accessed via such website. Certain (but not all) of such materials are also available on our website, at www.drreddys.com, as soon as reasonably practicable after having been electronically filed with or furnished to the SEC. Information contained in our website, www.drreddys.com, is not part of this annual report on Form 20-F and no portion of such information is incorporated herein or any other materials filed with or furnished to the SEC.

Key business developments:

Agreement with Coya Therapeutics, Inc. ("Coya")

In December 2023, we entered into an agreement with Coya for the development and commercialization of COYA 302, an investigational combination therapy for the treatment of Amyotrophic Lateral Sclerosis ("ALS") under which Coya has granted us an exclusive license to commercialize COYA 302, a proprietary co-pack kit containing combination of low dose IL-2 and CTLA-4 Ig (abatacept) in the United States, Canada, the European Union and the United Kingdom. Coya will have responsibility for the clinical development and for seeking regulatory approval.

We paid an upfront consideration of Rs.622 million (U.S.$7.5 million) to Coya. Further milestones are payable upon achievement of certain development and regulatory milestones aggregating to Rs.2,118 million (U.S.$ 25.4 million).

Investment in O2 Renewable Energy IX Private Ltd

In July 2023, we entered into a Security Subscription and Shareholders' Agreement with TEQ Green Power XI Private Limited. Pursuant to this agreement, we have invested in O2 Renewable Energy IX Private Ltd, with ownership held 26% by us and 74% by TEQ Green Power XI Private Limited and its affiliates, which will supply renewable energy to us for our consumption. This investment will enable us to access to renewable power through solar and wind power plants through inter-state transmission systems under a captive structure.

Acquisition of MenoLabs® product portfolio from Amyris, Inc. ("Amyris")

In January 2024, we acquired from Amyris the MenoLabs® products portfolio from, a leading women's health and dietary supplement branded portfolio, for aggregate consideration of Rs.228 million (U.S.$3 million). This includes seven branded products designed to provide health support and to address symptoms of perimenopause and menopause. The acquisition also includes the MenoLife® health tracker app, which supports the product line and provides community, education, and information to consumers regarding menopause.

Distribution agreement with Sanofi Healthcare India Private Limited ("SHIPL")

In March 2024, we entered into exclusive distribution agreement with SHIPL to promote and distribute SHIPL's vaccine brands, including well-established pediatric and adult vaccines, in India. The partnership gives us a strong portfolio and major presence in the vaccine segment, taking us to the second position among vaccine sellers in India. SHIPL will continue to own and manufacture these brands and shall supply them to us.

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Principal capital expenditures

During the years ended March 31, 2024, 2023 and 2022, we invested Rs.26,350 million, Rs.18,784 million and Rs.15,733 million (net of sales of capital assets), respectively, in capital expenditures for manufacturing, research and development facilities and other assets.

We believe that these investments will create the capacity to support our strategic growth agenda. As of March 31, 2024, we also had contractual commitments of Rs.18,177 million for capital expenditures. We currently intend to finance our additional capital expansion plans entirely through our internal operating cash flows and other investments.

4.B. *Business overview*

Established in 1984, we are an integrated global pharmaceutical company committed to accelerating access to affordable and innovative medicines. Our reportable operating segments are as follows:

- Global Generics;
- Pharmaceutical Services and Active Ingredients ("PSAI"); and
- Others.

Global Generics. This segment consists of our business of manufacturing and marketing prescription and over-the-counter finished pharmaceutical products ready for consumption by the patient, marketed under a brand name (branded formulations) or as generic finished dosages with therapeutic equivalence to branded formulations (generics). This segment includes the operations of our biologics business.

Pharmaceutical Services and Active Ingredients. This segment primarily consists of our business of manufacturing and marketing active pharmaceutical ingredients and intermediates, also known as "API", which are the principal ingredients for finished pharmaceutical products. Active pharmaceutical ingredients and intermediates become finished pharmaceutical products when the dosages are fixed in a form ready for human consumption such as a tablet, capsule or liquid using additional inactive ingredients. We also serve our customers with incremental value added products including semi-finished and finished formulations, which are included in this segment. This segment also includes our pharmaceutical services business, which provides contract research services and manufactures and sells active pharmaceutical ingredients in accordance with the specific customer requirements.

Others. This segment consists of our other business operations which includes our wholly-owned subsidiaries, Aurigene Oncology Limited ("AOL") (formerly Aurigene Discovery Technologies Limited) and SVAAS Wellness Limited ("SVAAS"), and our Proprietary Products business. AOL is a specialized biotechnology company engaged in discovery and early clinical development of novel, best-in-class therapies in the fields of oncology and inflammation. AOL works with established pharmaceutical and biotechnology companies through customized models of drug-discovery collaborations. SVAAS is in the business of providing digital healthcare and information technology enabled business support services. Our Proprietary Products business focuses on the research, development and commercialization of differentiated formulations and is expected to earn revenues arising out of monetization of such assets and subsequent royalties, if any.

Our key markets include the United States, India, Russia and other countries of the former Soviet Union, and Europe.

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OUR STRATEGY

Our strategy is guided by our core purpose of accelerating access to affordable and innovative medicines, because "Good Health Can't Wait". Spiraling health care costs across the world have put many medicines out of the reach of millions of people. As a global generic pharmaceutical company, we believe that our responsibility to patients worldwide is to offer affordable alternatives to expensive medicines and to help patients better manage their health.

We deliver on our purpose through a set of promises we make to our customers and partners:

- to bring expensive medicines within reach;
- to address unmet patient needs;
- to help patients manage disease better;
- to work with partners to help them succeed; and
- to enable and help our partners ensure that our products are always available where needed.

We have made our commitment to sustainability by embedding it in our purpose. The below sustainability goals form the core of our organization:

- being committed to environmental stewardship;
- making our products accessible and affordable for patients;
- contributing to a fairer and more socially inclusive world; and
- enhancing trust with our stakeholders.

We are adopting sustainable practices in our direct operations that maximize resource efficiency, implementing sustainable technologies, and developing adaptive strategies that help reduce our greenhouse gas emissions and transition to renewable energy. Refer to our Sustainability disclosures available in our website for more detailed information regarding our environmental goals and activities. Nothing on our website or any section thereof shall be deemed incorporated by reference into this Annual Report or any other filing with the U.S. Securities and Exchange Commission.

To maximize our impact and reach more patients, our growth strategy is built on three pillars:

- market leadership in our chosen spaces;
- operational excellence and continuous improvement to drive productivity; and
- patient focused innovation.

Through our business operations, we:

- Develop, formulate, manufacture, and sell a portfolio of high-quality generic versions of expensive innovator medicines products at an affordable price to address the unmet needs of the patients.
- Create strong value brands leveraging our field force in the branded generics business.
- Provide a portfolio of complex, differentiated, high quality and affordable active pharmaceutical ingredients for our customers backed by strong chemistry and synthesis skills.
- Offer a strong value proposition through cost leadership, backward integration, best in class customer service, and a strong compliance track record for our customers.
- Create differentiated, relevant, and clinically proven products in a wide range of food, supplements, and beverage categories to improve the patients' health outcomes and improve their quality of life
- Continue to build innovative, differentiated digital-first models for a wider range of products to address the unmet needs of the patient and enhanced customer engagement.

Strengths in science and technology

Our strengths in science and technology range from synthetic organic chemistry, formulation development and biologics development to small molecule based drug discovery. Furthermore, our wholly owned subsidiary, AOL, is a specialized biotechnology company engaged in discovery and early clinical development of novel, best in class therapies to treat cancer and inflammatory diseases. Such expertise enables us to deliver first-to-market, difficult-to-make products with an industry leading intellectual property and technology leveraged product portfolio.

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Our Product and Service Offerings

Global Generics: Through our branded and unbranded drug products, we aim to offer affordable alternatives to highly-priced innovator brands, both directly and through key partnerships.

- *Branded Generics*: We seek to have a portfolio that is strongly focused on delivering first-to-market, differentiated products to doctors and patients. Many of our brands hold significant market shares in the molecule and therapy areas where they are present. We have also entered into strategic partnerships with third parties to sell our products in markets where we have not established our own sales and distribution operations.

- *Unbranded Generics*: We aim to ensure that our development capabilities remain strong and enable us to deliver products that are first to market, tough-to-make and technologically challenging.

- *Biologics*: Our biologics business seeks to accelerate access to biosimilar products globally through process development and relevant clinical research. We were the first company to launch a biosimilar version of rituximab in 2007, and have launched multiple biosimilar products in India and other key markets.

Our vertical integration and process innovation helps to ensure that quality products are always available to patients.

Pharmaceutical Services and Active Ingredients ("PSAI"): Our PSAI segment is comprised of our API business and our pharmaceutical services business. Through our API and pharmaceutical services businesses, we aim to offer technologically advanced product lines and niche product services through partnerships internally and externally.

- Our product offerings in our API business are positioned to offer intellectual property and technology-advanced products to enable launches ahead of others at competitive prices.
- Through our pharmaceutical services business, we aim to offer niche product service capabilities, technology platforms, and competitive cost structures to innovator and biotechnology companies.

Others: Our Others segment consists of various other business operations including our wholly-owned subsidiaries, AOL and SVAAS and our Proprietary Products business. AOL is a specialized biotechnology company engaged in discovery and early clinical development of novel, best in class therapies to treat cancer and inflammatory diseases. SVAAS is in the business of providing digital healthcare and information technology enabled business support services. Our Proprietary Products business focuses on the research, development, and commercialization of differentiated formulations. These pipeline products are commercialized through partnerships to maximize value.

Beyond the above current businesses, we have made progress on our innovation businesses to meaningfully improve the lives of patients by addressing unmet/unarticulated patient needs across the illness-to-wellness spectrum beyond generics, and to enable access to affordable and innovative solutions. This is being done via partnerships and collaboration. This is in line with our goal to reach 1.5 billion plus patients by 2030. Externally, we see trends with multiple whitespaces in healthcare access, equity and quality that can be meaningful opportunities (e.g., condition management, care platforms, clinically proven nutrition products, digital therapeutics solutions). These initiatives follow a structured approach to build innovative patient-centric healthcare solutions for opportunities existing in these white-spaces and in the process create and capture value for the organization. The five principles we have used to structure our innovation process are that our choices for the innovation portfolio:

- Are anchored in our purpose and in alignment with our strategy;
- Are opportunities in areas where there is an unserved or underserved or unarticulated need for the patients;
- Are leveraging or there is a path to leverage our current endowments;
- Are areas where we believe we have or can build an advantage that will earn us the right-to-win; and
- Are a meaningful opportunity for our company.

Once the new area is identified and vetted through the respective market country teams on its potential size in the market vs. the expected investments, we take the next steps to develop the opportunity. In some cases we are scaling up our existing business and in others we are venturing into new spaces. These businesses are in different life cycle stages and include digital platforms, direct to consumer channels and nutraceuticals, among others.

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Operating priorities

Execution excellence provides the framework to create sustainable customer value across all our activities. We have been investing in the following to achieve this:

- Safety: The concept of safety has been imbued in the operating culture throughout our organization. Specific initiatives are being carried out to increase safety awareness, to achieve a safe working environment, to avoid accidents and injuries, and to minimize the loss of manufacturing time.
- Quality: We are fully dedicated to quality and have robust quality processes and systems in place at our developmental and manufacturing facilities to ensure that every product is safe and of high quality. In addition, we have integrated "Quality by Design" to build quality into all processes and use quality tools to minimize process risks.
- Operational Excellence: We apply a continuous improvement framework to the critical operations and processes in our value chain. With an operating and management review rhythm, we review and refine the business processes across the organization to measure and improve their performance.
- Leadership Development: We are focused on developing leaders, as well as enhancing leadership behavior, across our organization through focused efforts and structured leadership development programs.

OUR PRINCIPAL AREAS OF OPERATIONS

The following table shows our revenues and the percentage of total revenues of our business segments for the years ended March 31, 2024, 2023 and 2022, respectively:

	For the year ended March 31,											
Segment	**2024**				**2023**				**2022**			
	(Rs. in millions, U.S.$ in millions)											
Global Generics	U.S.$	2,945	Rs.	245,453	88%	Rs.	213,768	87%	Rs.	179,170	84%
PSAI		358		29,801	11%		29,069	12%		30,740	14%
Others		47		3,910	1%		3,042	1%		4,481	2%
Total Revenue	**U.S.$**	**3,350**	**Rs.**	**279,164**	100%	**Rs.**	**245,879**	100%	**Rs.**	**214,391**	**100%**

Revenues by country and by therapeutic area for the years ended March 31, 2024, 2023 and 2022 are discussed in Note 5 to our consolidated financial statements.

Global Generics Segment

Revenues from our Global Generics segment were Rs.245,453 million for the year ended March 31, 2024, an increase of 15% as compared to Rs.213,768 million for the year ended March 31, 2023. The revenue increase was in three of the four business geographies of this segment: North America (the United States and Canada), Europe, and "Emerging Markets" (which is comprised of Russia, other countries of the former Soviet Union, Romania and certain other countries from our "Rest of the World" markets, including Brazil, South Africa, China and Australia). Such increase was partially offset by a decline in our revenues from India.

The production processes for finished dosages of generics are similar, to a certain extent, regardless of whether the finished dosages are to be marketed to highly regulated or less regulated markets. In many cases, the processes share common and interchangeable facilities and employee bases, and use similar raw materials. However, differences remain between highly regulated and less regulated markets in terms of manufacturing, packaging and labeling requirements and the intensity of regulatory oversight, as well as the complexity of patent regimes.

While the degree of regulation in certain markets may impact product development, we are observing increasing convergence of development needs throughout both highly regulated and less regulated markets. As a result, when we begin the development of a product, we may not necessarily target it at a particular market, but will instead target the product towards a cluster of markets that will include both highly regulated and less regulated markets.

Today, we are one of the leading generic pharmaceutical companies in the world. With the integration of all the markets where we are selling generic pharmaceuticals into our Global Generics segment, our front-end business strategies in various markets and our support services in India are increasingly being developed with a view to leverage our global infrastructure.

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The following is a discussion of the key markets in our Global Generics segment.

India

During the year ended March 31, 2024, India accounted for 19% of our total Global Generics segment sales. In India, our key therapeutic categories include gastro-intestinal, cardiovascular and anti-diabetic, dermatology, oncology, respiratory, stomatology, urology, nephrology and pain management.

As of March 31, 2024, we had a total of 391 branded products in India. Our top ten branded products together accounted for 25% of our revenues in India in the year ended March 31, 2024. According to IQVIA, a provider of market research to the pharmaceutical industry, in its moving annual total report for the twelve-month period ended March 31, 2024, our secondary sales in India grew by 7.3%. In comparison, the Indian pharmaceutical market experienced growth of 7.6% during such period. Strategic Marketing Solutions and Research Center Private Limited ("SMSRC"), a prescription market research firm, in its report measuring pharmaceutical prescriptions in India for the twelve-month period ended February 2024, ranked us 9th in terms of the number of prescriptions generated in India during such period.

Sales, marketing and distribution network

We generate demand for our products through our 8,613 sales representatives (which include representatives engaged by us on a contract basis through a service provider) and front line managers, who frequently visit doctors to detail our related product portfolio. They also visit various pharmacies to ensure that our brands are adequately stocked.

We sell our products primarily through clearing and forwarding agents to approximately 5,900 wholesalers who decide which brands to buy based on demand. The wholesalers pay for our products within an agreed credit period and in turn sell these products to retailers. Our clearing and forwarding agents are responsible for transporting our products to the wholesalers. We pay our clearing and forwarding agents on a commission basis. We have insurance policies that cover our products during shipment and storage at clearing and forwarding locations.

Competition

We compete with different companies in the Indian formulations market, depending upon therapeutic and product categories and, within each category, upon dosage strengths and drug delivery. On the basis of sales, we were the 11th largest pharmaceutical company in India, with a market share of 2.89%, according to IQVIA in its moving annual total report for the twelve-month period ended March 31, 2024.

Our competitors in the Indian market include Cipla Limited, GlaxoSmithKline Pharmaceuticals Limited, Zydus Lifesciences Limited, Sun Pharmaceutical Industries Limited, Alkem Limited, Abbott India Limited, Lupin Limited, Aristo Pharma Limited, Intas Pharmaceuticals Limited, Glenmark Pharmaceuticals Limited, Mankind Pharma Limited, Torrent Pharmaceuticals Limited, Macleods Pharma and Emcure Pharmaceuticals Limited.

Government regulations

From time to time, any change in regulatory requirements in the key geographies in which we operate might require us, along with the rest of the industry, to make necessary corresponding changes in our approach. , compliance with India's Uniform Code for Pharmaceutical Marketing Practices ("UCPMP") was changed from voluntary to mandatory in March 2024.

Our code of conduct in all areas of work, including ethical marketing practices, our transparent guidelines for interaction with healthcare professionals, and our culture of adherence to all applicable laws help us in being compliant and adapt to any changes in the future.

Pharmaceutical industry associations such as the Organization of Pharmaceutical Producers of India ("OPPI") have made presentations to the government on the difficulties of implementation of the UCPMP as it stands today. As a company, we continue to work with industry associations such as the Indian Pharmaceutical Alliance ("IPA ") and the Federation of Indian Chambers of Commerce and Industry ("FICCI") on such matters of policy. The manufacturing and marketing of drugs, drug products and cosmetics in India is governed by many statutes, regulations and guidelines, including but not limited to the following:

- The Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945;
- The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954;
- The Narcotic Drugs and Psychotropic Substances Act, 1985;
- The Drugs (Price Control) Order, 1995 and 2013, read in conjunction with the Essential Commodities Act, 1955; and
- The National Pharmaceuticals Pricing Policy, 2012.
- Uniform Code for Pharmaceutical Marketing Practices, 2024.

These statutes, regulations and guidelines govern the manufacturing, testing, packaging, labeling, storing, record-keeping, safety, approval, pricing, advertising, promotion, sale and distribution of pharmaceutical products.

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An approval is required from the Ministry of Health before a generic equivalent of an existing or referenced brand drug can be marketed. When processing a generics application, the Ministry of Health usually waives the requirement of conducting complete clinical studies, although it generally requires bio-availability and/or bio-equivalence studies. “Bio-availability” indicates the rate and extent of absorption and levels of concentration of a drug product in the blood stream needed to produce a therapeutic effect. “Bio-equivalence” compares the bioavailability of one drug product with another, and when established, indicates that the rate of absorption and levels of concentration of the active drug substance in the body are equivalent for the generic drug with the previously approved drug. A generic application may be submitted for a drug on the basis that it is the equivalent of a previously approved drug. Before approving our generic products, the Ministry of Health also requires that our procedures and operations conform to current Good Manufacturing Practice (“cGMP”) regulations, relating to good manufacturing practices as defined by various countries. We must follow the cGMP regulations at all times during the manufacture of our products. We continue to spend significant time, money and effort in the areas of production and quality testing to help ensure full compliance with cGMP regulations. The timing of final Ministry of Health approval of a generic application depends on various factors, including patent expiration dates, sufficiency of data and regulatory approvals.

Pursuant to the amendments in May 2005 to Schedule Y of the Drugs and Cosmetics Act, 1940, manufacturers of finished dosages are required to submit additional technical data to the Drugs Controller General of India in order to obtain a no-objection certificate for conducting clinical trials as well as to manufacture new drugs for marketing.

On March 22, 2005, the Government of India passed the Patents (Amendment) Bill, 2005 (the “2005 Amendment”), introducing a product patent regime for food, chemicals and pharmaceuticals in India. The 2005 Amendment specifically provides that new medicines (patentability of which is not specifically excluded) for which a patent has been applied for in India on or after January 1, 1995 and for which a patent is granted cannot be manufactured or sold in India by anyone other than the patent holder and its assignees and licensees. This has resulted in a reduction of new product introductions in India for all Indian pharmaceutical companies engaged in the development and marketing of generic finished dosages and APIs. Processes for the manufacture of APIs and formulations were patentable in India even prior to the 2005 Amendment, so no additional impact results from patenting of such processes.

Under the present drug policy of the Government of India, certain drugs have been specified under the Drugs (Prices Control) Order, 2013 (the “DPCO”) as subject to price control. The Government of India established the National Pharmaceutical Pricing Authority, 2012 (“NPPA”), to control pharmaceutical prices. Under the DPCO, the NPPA has the authority to fix the maximum selling price for specified products.

During the year ended March 31, 2013, the Department of Pharmaceuticals under the Ministry of Chemicals and Fertilizers of the Government of India proposed the National Pharmaceuticals Pricing Policy, 2012, a revised National Pharmaceutical Pricing Policy to apply price controls to 348 drugs listed in National List of Essential Medicines. Some of our formulation products were subject to these price controls. The National List of Essential Medicines, as revised in 2016, now contains 376 drugs.

On March 12, 2016, the Department of Health and Family Welfare under the Ministry of Health and Family Welfare of the Government of India banned 344 fixed dose combination drugs (i.e., two or more active drugs combined in a fixed ratio into a single dosage). A number of pharmaceutical companies, including us, filed a writ petition before the Delhi High Court challenging the ban. The Delhi High Court initially granted an interim stay on the ban notification and on December 1, 2016, it overturned the government imposed ban on the 344 fixed dosage combinations. Subsequently, the Government of India filed an appeal of the decision in the Supreme Court of India. In December 2017, the Supreme Court of India referred the issue to the government’s expert body, the Drugs Technical Advisory Board (“DTAB”), for a fresh review of safety, efficacy and therapeutic justification of the drugs before recommending action. DTAB subsequently completed its review and, in September 2018, the Government of India banned 328 fixed dose combination drugs. The impact of this ban was negligible on our revenues.

On February 27, 2019, the NPPA invoked special powers granted under paragraph 19 of the DPCO, and released an Office Memorandum through which it brought 42 non-scheduled anti-cancer medications under price control by capping their trade margin (the difference between the price at which the manufacturers sell the medicines to distributors and the price paid by the end user) at 30%. This Office Memorandum had no material financial impact on our revenues.

In November 2022, the Government of India issued the Drug (Prices Control) Amendment Order 2013. Pursuant to its terms, the NPPA issued revised ceiling prices which reduced the maximum retail prices for various formulations listed in the DPCO.

From time to time (most recently on March 31, 2024), the NPPA has announced an upward revision in the maximum prices of various drugs, as a result of positive inflation as measured by India’s Wholesale Price Index.

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Such ongoing price control changes, product bans and other changes can disrupt the Indian branded pharmaceutical market and negatively impact the revenues and profitability of our Indian business and our company.

Russia and other Countries of the former Soviet Union and Romania

Russia

Russia accounted for 9% of our Global Generics segment's revenues in the year ended March 31, 2024. IQVIA ranked us 15th in sales in Russia, with a market share of 1.7% for the twelve months ended March 31, 2024.

According to IQVIA, as per its moving annual total report for the twelve months ended March 31, 2024, our retail sales value increase was 15.2% and our sales volume increased by 4.8% for such period, as compared to the Russian pharmaceutical market value growth of 15.3% for such period. The Russian pharmaceutical market's volume also grew by 2.2% for such period. We were the top ranked Indian pharmaceutical company in Russia for such period.

Our top five brands, Nise, Omez, Femibion®, Ibuclin and Nasivin accounted for 54% of our retail sales in Russia for the 12 months ended March 31, 2024. Nise (pain management product, including systemic and topical form), Omez (an anti-ulcerant product), Femibion® (vitamins for pregnant women), Ibuclin (for cold and flu) and Nasivin (for cold and flu) were ranked as the 35th, 60th, 138th, 93rd and 116th best-selling formulation brands, respectively, in the Russian market by IQVIA in its retail segment report for the moving twelve months ended March 31, 2024. (Note that Nasivin and Femibion® are distributed and promoted by us under a licensing agreement and the brand is owned by the licensor). Our strategy in Russia is to focus on the gastro-intestinal, pain management, cough and cold, allergy and oncology therapeutic areas. Our focus is on building leading brands in these therapeutic areas in prescription, over-the-counter and hospital sales.

Our Global Generics segment's revenues measured in Indian rupees, in Russia increased by 5% during the year ended March 31, 2024 as compared to the year ended March 31, 2023. In Russian rouble absolute currency terms (i.e., Russian roubles without taking into account the effect of currency exchange rates), such revenues increased by 16% for the year ended March 31, 2024 as compared to the year ended March 31, 2023. This revenue increase was supported both by volume (7%) and price (9%) growth. All promoted brands (excluding certain products with production delay issues) showed double-digit growth. Such growth was driven in part by external factors, such as a more severe allergy season as well as stock shortages by certain of our competitors in the allergy and pain therapeutic areas.

Impact on our operations due to the military conflict between Russia and Ukraine

We have sizable presence in the Russian market, with revenues accounting for 9% of our Global Generics segment's revenues during the year ended March 31, 2024. We operate in Russia through our subsidiary Dr. Reddy's Laboratories LLC, Russia with an employee headcount of 879.

Since the beginning of the military conflict between Russia and Ukraine, we are continuously monitoring emerging risks in the areas of safety of employees, supply chain disruption, repatriation of funds and information technology, including cyber security related risks.

Impact on Supply Chain: We primarily source our products from India and from other European countries. Due to the ongoing geopolitical situation, our supply chain has been impacted, both in terms of increased cost to import due to higher freight costs and increase in the lead time required by our suppliers to deliver the products. However, we have been able to service our customers with timely supply of products without any significant shortages or disruptions.

Impact on information technology including cyber security risks: As part of our resiliency strategy, we have an information technology disaster recovery plan in place for our key applications in order to minimize impacts from any unanticipated events and breakdowns. We have implemented continuous threat monitoring and risk prevention for all critical and non-critical areas.

Other Countries of the former Soviet Union and Romania

We operate in other countries of the former Soviet Union, including Ukraine, Kazakhstan, Belarus, Uzbekistan and Romania. For the year ended March 31, 2024, revenues from these countries accounted for 3.5% of our total Global Generics segment's revenues. Due to the military conflict between Russia and Ukraine, there has been an imposition of martial law in Ukraine. Our business in Ukraine has been marginally impacted and currently the operations are being continued with flexible schedules. All employees have been relocated to safer locations and continue to fulfill their responsibilities in hybrid format depending on local safety consideration. We continue to ensure availability of our products in these markets. Management continues to monitor the current evolving situation and respond accordingly.

Sales, marketing and distribution network

Our marketing and promotion efforts in our Russia market is driven by a team of 533 medical representatives and 66 managers to detail our products to doctors in 77 cities in Russia. Our commercial team consists of 17 key account managers and is focused on establishing a network of relationships with key pharmacy chains. Our Russia hospital division has 31 hospital specialists focused on expanding our presence in hospitals.

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In Russia, we generally extend credit only to customers after they have established a satisfactory history of payment with us. The credit terms offered to these customers are based on turnover, payment record and the number of the customers' branches or pharmacies, and are reviewed on a periodic basis. We review the credit terms offered to our key customers on a periodic basis and modify them to take into account the macro-economic scenario in Russia.

Competition

Our principal competitors in the Russian market include Berlin-Chemie/Menarini Pharma, GmbH, KRKA Pharma Limited, Teva Pharmaceutical Industries Limited, Lek-Sandoz Pharmaceuticals (an affiliate of Novartis Pharma A.G.) and Zao Ranbaxy (an affiliate of Sun Pharmaceutical Industries Limited).

Government regulations

Healthcare system development in Russia

In order to promote local industry, in the year 2011 the Russian government approved the Strategy of Pharmaceutical Industry Development in the Russian Federation for the period up to the year 2020 (or the "Pharma 2020 plan"), which aimed to develop the research, development and manufacturing of pharmaceutical products by Russia's domestic pharmaceutical industry.

The goal of the Pharma 2020 plan was to reduce Russia's reliance on imported pharmaceutical products and increase Russia's self-sufficiency in that regard. According to this program, 90% of drugs from the list of "Essential and Vital Drugs" (also known as the "ZhNVLS") should be produced by local pharmaceutical companies. By the end of the year 2018, this target was almost achieved (84.2% vs planned 90%).

In the year 2018, the Russian government announced a new planned "Pharma-2030" program for the further development of Russian pharmaceutical production. This program was adopted by the Russian government on December 29, 2021 as amendments to the Strategy State Program "The Development of the Pharmaceutical and Medical Industry" approved by the Order of the Government of the Russian Federation No 2544. The main goal of this amended program is to increase the volume of production of Russian domestic medicines and medical devices in monetary terms by two times by 2030 as compared to 2021. The main expected results of this Strategy State Program by the end of 2030 are expected to be: an increase in the volume of production of medicines and medical devices to 1,472 billion rubles; the growth in the volume of exports of medicines and medical devices to 311 billion rubles; and an increase of up to 90% of the share of strategically important medicines, the production of which is carried out according to the full production cycle on the territory of the Russian Federation.

The Russian government approved the State Program for Healthcare System Development on December 26, 2017. The objectives of this program are increasing life expectancy at birth, reducing mortality of the working-age population, reducing mortality from circulatory diseases and tumors (including malignant ones) and raising medical care quality satisfaction.

The Government of the Russian Federation has approved a Strategy for the development of immunoprophylaxis for the next 15 years. The document was developed on behalf of the President of Russia and defines an action plan until 2035. The strategy focuses on the immunoprophylaxis of a number of infections, such as diphtheria, measles, rubella, viral hepatitis B, and seasonal flu. The strategy's activities are divided into six main areas:

- Optimizing the national calendar of preventive vaccinations and vaccinations according to epidemiological indicators. It will include the most complete list of infections, the incidence of which is controlled by the vaccine.
- To stimulate scientific development and preclinical research in the field of creating immunobiological drugs.
- The localization of the full cycle of vaccine production in domestic organizations.
- To ensure safe conditions for immunization and pharmacovigilance of its results.
- The improvement of the state policy in the field of immunoprophylaxis of infectious diseases.
- To increase public awareness of the benefits of vaccination.

Reference pricing regime

During the year ended March 31, 2010, the Russian government announced a reference pricing regime, pursuant to which a price freeze on certain drugs categorized as "essential", based on a list of "Essential and Vital Drugs" (also known as the "ZhNVLS"). This was implemented effective as of April 2010.

For the past several years, the Russian Ministry of Industry and Trade has enacted and renewed short-term government regulations under which local manufacturers (i.e., in Russia, Belarus and Kazakhstan) get a 15% price preference over non-local manufacturers in procurement tenders by the state.

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A draft of "Rules for State registration and re-registration of the maximum ex-works manufacturer prices of medicines included in EDL" was published by the Russian Ministry of Health in 2017 and subsequently has undergone several changes. Federal Law No. 134-FZ dated June 6, 2019 establishes, and obligates the holder of a registration certificate for a reference drug to re-register, the maximum selling prices for drugs included in the list of vital and essential drugs. It also provides for an automatic re-registration of maximum selling prices for generics and biosimilar based on step-down coefficient.

State Regulation of Prices for Vital and Essential Medicines

Russia's Federal Laws No. 34-FZ dated March 8, 2015 and No. 134-FZ dated June 06, 2019 amended the Federal Law 61-FZ "On Circulation of Medicines". The amendments created rules for the registration, manufacture and quality control of medicines, including rules for the calculation, registration and re-registration of the maximum retail prices of vital and essential medicines established by the ZhNVLS (the "EDL").

Calculation of the maximum sale price for medicines included in the EDL list is determined by the Government of the Russian Federation taking into account a variety of economic and/or social criteria. The updated EDL lists for 2020, approved by the Decree of the Government No. 2406-p dated October 12, 2019, became effective from January 1, 2020. These lists include the list of drugs and medical supplies from the 14 Nosologies program list (which covers expensive treatments for patients with certain severe chronic diseases), as well as the minimum range of medicines required for medical aid.

Restrictions on access of foreign drugs

In 2015, the Russian Government enacted the Priority Action Plan for sustainable economic and social stability development and regulation No. 98-r. This plan and regulation affects medicines included in the EDL, and some of their key terms that have impacted the pharmaceutical industry are (i) supporting import substitution; (ii) optimizing budget costs and reducing inefficient expenses; and (iii) restrictions on access of foreign drugs to state procurement tenders, if two or more locally manufactured drugs participate in the relevant tender.

Interactions between healthcare professionals and medical product companies

Federal Law No. 323-FZ, titled "On the Foundations of Healthcare for Russian Citizens" imposes stringent restrictions on interactions between (i) healthcare professionals, pharmacists, healthcare management organizations, opinion leaders (both governmental and from the private sector) and certain other parties (collectively referred to as "healthcare decision makers") and (ii) companies that produce or distribute drugs or medical equipment (collectively referred to as "medical product companies") and any representatives or intermediaries acting on their behalf (collectively referred to as "medical product representatives").

Some of the key provisions of this law are prohibitions on:

- one-on-one meetings and communications between healthcare professionals and medical product representatives, except for participation in clinical trials, pharmacovigilance, group educational events and certain other limited exceptions approved by Russia's Healthcare Organization Administration;
- the acceptance by a healthcare professional of compensation, gifts or entertainment paid by medical product representatives;
- the agreement by a healthcare professional to prescribe or recommend a drug product or medical equipment; and
- the engagement by a healthcare decision maker in a "conflict of interest" transaction with a medical product representative, unless approved by regulators pursuant to certain specified procedures.

The Federal Law 61-FZ "On Circulation of Medicines" includes regulations restricting interactions between pharmaceutical companies' representatives and medical professionals in connection with events sponsored by pharmaceutical companies. Under these regulations, in the event that pharmaceutical companies wish to sponsor certain scientific, medical education or similar events, they are required to make certain disclosures on their websites and to Russia's Federal Healthcare Service (Roszdravnadzor) regarding the date, place and time of the event and the plans, programs and agendas for discussion.

Liability for non-compliance with such restrictions extends to both the healthcare professional and the pharmaceutical companies' representative. Except for requiring the disclosure of information on conflicts of interest, no specific liability has currently been prescribed for pharmaceutical companies.

On November 24, 2021, the Ministry of Health of the Government of Russia adopted an order No. 1094n that binds physicians to prescribe medicinal products by International Nonproprietary Name (i.e., active substance) or by combination list (which combines different International Nonproprietary Names in one treatment group).

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Russia is a member of a common market for medicines within the Eurasian Economic Union

The Eurasian Economic Union ("EEU") was established in January 2015 with the aim of creating a shared economic space for its members. EEU rules for the circulation of medicines have been in effect since 2017. In 2018, the information base of the pharmaceutical market of the Union was created. In 2019, the EEU began re-registering medicines under the EEU rules, which allow manufacturers in EEU countries to re-register medicines under common procedures and reduce costs.

More than three dozen medicines and medical devices have already been registered under the EEU's rules, and more than 200 applications for registration are in process. Work is being actively carried out to inspect pharmaceutical production facilities for compliance with the rules of good manufacturing practice ("GMP") of the EEU, and about 20 certificates have already been issued. This year the first part of the first volume of the Union Pharmacopoeia is releasing.

In 2020-2022, the Eurasian Economic Commission ("EEC") updated or plans to update a number of documents of the Union on good practices in the field of circulation of medicines (GMP, Good Pharmacovigilance Practice ("GVP"), and Good Clinical Practice ("GCP"), rules for registration of medicines, and requirements for inspection of pharmaceutical production. It is also continuing to develop new recommendations on certain aspects of treatment, such as clinical research, biostatistics, and peculiarities of production of certain types of drugs.

The Union Pharmacopoeia was established by Decision of College of the Eurasian Economic Commission № 100 dated August 11, 2020. According to relevant decision The Union Pharmacopoeia came into effect on March 1, 2021. Registration dossiers must be for compliance with its requirements by January 1, 2026. Decision of the Board of the Eurasian Economic Commission of August 11, 2020 No. 100 amended the Union Pharmacopoeia by including therein 144 new general pharmacopoeia articles, and also providing for amendments to a number of existing general pharmacopoeia articles. These changes came into force on April 1, 2023.

The decision of the Council of the Eurasian Economic Commission № 128 dated December 23, 2020 was made to extend for six months (until July 1, 2021) the opportunity for pharmaceutical manufacturers to choose the registration of new drugs according to the national procedure in four union states (the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan and the Kyrgyz Republic).

From July 1, 2021 (and in the Russian Federation - from January 1, 2021), new medicinal products (that is, medicinal products that are not valid registration certificates of the Member States of the Union) can be registered only in accordance with the Rules for the registration and examination of medicinal products for medical application approved by the Decision of the EEC Council No. 78 dated November 3, 2016.

Union market participants should take into account that all registration certificates issued under the "national" rules of the member states are valid until their expiration, but no later than December 31, 2025.

With regard to inspection, one of the recent innovations in this area can be considered the decree of the Government of the Russian Federation dated September 5, 2020 No. 1361 "On Amending the Rules for the Organization and Conduct of Inspection of Medicinal Products Manufacturers for Compliance with the Requirements of Good Manufacturing Practice, as well as the issuance on the compliance of the manufacturer of medicinal products with the specified requirements". Previously, foreign drug manufacturers could confirm the fact that the discovered remarks were eliminated only during the next inspection. Now, in the event of inconsistencies, foreign companies will be able to submit a corrective action plan even before the inspection report is generated.

Mutual recognition of national GMP certificates of the EEU members was adopted. Decision of the EEC Council No. 66 of September 4, 2020 establishes for the period from 2021 to 2025, mutual recognition of, firstly, national GMP certificates of the states of the Eurasian Economic Union, secondly, GMP certificates of the Union when making changes to the registration dossier and renewing national registration certificates for medicines produced in the EEU, and thirdly, during the national registration of the Union's GMP certificates for medicines produced in third countries. These changes will make it possible to exclude the resumption of repeated inspections of drug manufacturers by the authorized bodies of the EEU states from January 1, 2021.

An important innovation is the granting of the Russian Ministry of Industry and Trade the status of an authorized organization for organizing and/or conducting pharmaceutical inspections of the production of medicines for medical use for compliance with the requirements of the GMP rules of the EEU, including jointly with the pharmaceutical inspectorates of another state which is a member of the EEU (see the Resolution of the Government of the Russian Federation of September 15, 2020 No. 1446).

A distinctive feature of 2020 is the transition to remote inspection. As of September 18, 2020, 184 such remote inspections were held by the Federal State Institution «State Institute of Drugs and Good Practices» (also known as "FSI «SID & GP»"), a subordinate agency of the Russian Ministry of Industry and Trade.

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On January 30, 2024, Federal Law No. 1-FZ was adopted, amending Law No. 61-FZ "On the Circulation of Medicines". The changes are aimed at consolidating the Russian legislation with uniform requirements for the circulation of medicines within the EEU, as well as improving existing regulation. This new law includes changes in the data exclusivity regime that (i) protects data from preclinical and clinical research for six years after the registration of the reference drug, and (ii) prohibits filing an application for registration of a generic within four years, or of a biosimilar within three years, after the registration of the reference drug.

Monitoring System of Movement of Medicines and Food Supplements from the Producer to the Final Consumer

In 2019, the Ministry of Health in Russia proposed a full serialization system to track and trace the passage of pharmaceuticals through the entire supply chain, from the manufacturers to the end users, known as Markirovka or "MDLP". The proposed federal repository and tracking system would provide the manufacturers, supply chain and end users of pharmaceuticals many functionalities. Listed below are some of the functions that would be available in addition to the usual authentication and track and trace services:

- the system would provide price controls on products designated as vital and essential medicines;
- consumers would be able to compare the price of the drug to its official price limit, find which pharmacies do have the drug available, and get the product information;
- manufacturers would be able to get real time data on the logistics and storage of their products in the market;
- pharmacists could get information related to the price, and monitor expiration dates;
- health care institutions would be able to track registration and prices; and
- federal agencies would have capability to monitor all medicinal products on the market to facilitate price controls as well as report on and analyze the industry.

The provisions on manufacturers' obligations to label the package with the identification marks, to submit the data to the monitoring system as well as the terms governing liability for non-compliance will become effective starting July 1, 2020. (As per Art. 2, Federal Law No. 462-FZ dated December 27, 2019).

Under Resolution of the Government of the Russian Federation of April 29, 2021 No. 673, until February 28, 2023, an experiment on labeling serialization of food supplements took place in Russia. The mandatory labeling of certain food supplements started on October 1, 2023.

The implementation of serialization caused great difficulties for all participants in the pharmaceutical supply chain and has affected the availability of drugs. The notification regime of the MDLP, which began at the end of October 2020 and was fixed in November resolution No. 1779, helped resolve these problems. Now the participants in the turnover do not have to wait for acceptance from suppliers and can independently enter medicines and promote them further along the chain. For pharmacies and medical organizations, the regime remains simplified indefinitely. For the rest of the participants of the turnover, the regime was valid until July 1, 2021.

Antimonopoly compliance in Russia

On March 1, 2020, the Russian President signed the bill setting forth the legal framework for the internal systems of antimonopoly compliance (the "Compliance Amendments"). The Compliance Amendments came into force on March 12, 2020.

The Compliance Amendments set forth the optional right of Russian companies to introduce an internal system of antimonopoly compliance which is designed to assess and prevent violations of Russian antimonopoly laws and promote internal controls for the same (the "Compliance System"). If a Compliance System is adopted by a company and properly functions, this can serve as a mitigating factor, and potentially reduce liability, in the event of an antimonopoly law violation.

A Russian company is entitled to file the Compliance System with the Russian Federal Antimonopoly Service (the "FAS") for prior approval. This mechanism allows minimizing risks of violation of the antimonopoly law and imposition of the respective administrative fines if the Compliance System is approved by the FAS and the company follows it in practice.

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E-Commerce for Medical Products

In light of the volatile situation with COVID-19, on April 3, 2020 the President of Russia signed Decree No. 187 dated March 17, 2020 "On Retail Trade of Medicines for Medical Use" under which online retail sales of over-the-counter medicinal products (except illegal drugs, psychedelic medicines and medicines containing over 25% of ethyl alcohol) in the Russian Federation is now permitted. In the case of prescription medicines, online retail sales are now permitted in cases of urgent medical need and emergency or where there is an "occurrence of a threat of transmission of a disease constituting a danger to the public." The online retail sales of medicines can be undertaken by any person (including medicine manufacturers and retail traders) that trades through a licensed pharmacy and has obtained the requisite government agency permission. The law does not set forth any procedures for e-commerce authorization issuance and medical product delivery. The permits are granted by the Federal Service for Surveillance in Healthcare, also known as the Roszdravnadzor.

Russia's Federal Laws No. 405-FZ dated October 20, 2022 amended the Federal Law 61-FZ "On Circulation of Medicines". The amendments created rules on procedure for the retail sale of medicines, dispensed by prescription, by remote means in certain cases.

Personal data protection

Russia's Federal Laws No. 589-FZ, "On Amendments to the Code of the Russian Federation on Administrative Offenses" became effective on December 12, 2023, providing for administrative liability for the illegal placement of biometric personal data, as well as an increase in existing fines for non-compliance with requirements for the processing of personal data. The maximum fine for processing personal data without the consent of the subject has increased for legal entities from 150 thousand to 700 thousand rubles.

During calendar years 2022 and 2023, Russian government control over the processing of personal data has become stricter. More attention is paid to the transfer of personal data abroad, and mandatory localization of databases in Russia is required.

North America (the United States and Canada)

During the year ended March 31, 2024, North America (the United States and Canada) accounted for 53% of our total Global Generics segment sales. In the United States, we sell generic drugs that are the chemical and therapeutic equivalents of reference branded drugs, typically sold under their generic chemical names at prices below those of their brand drug equivalents. Generic drugs are finished pharmaceutical products ready for consumption by the patient. These drugs are required to meet the U.S. FDA or Health Canada, as applicable, standards that are similar to those applicable to their brand-name equivalents and must receive regulatory approval prior to their sale.

Generic drugs may be manufactured and marketed only if relevant patents on their brand name equivalents and any additional government-mandated market exclusivity periods have expired, been challenged and invalidated, or otherwise validly circumvented. Generic pharmaceutical companies sometimes conduct "at-risk launches", in which the product is launched prior to resolution of a patent challenge.

Generic pharmaceutical sales increased significantly in the last decade, primarily due to an increased awareness and acceptance among consumers, physicians and pharmacists that generic drugs are the equivalent of brand name drugs, and have resulted in substantial cost savings to U.S. healthcare and further due to support by governments through passage of legislation permitting generic drug alternatives.

However, the generic pharmaceutical business has been negatively impacted by consolidation among wholesalers and retailers and the formation of group purchasing organizations ("GPOs"), which has led to increased pricing pressures in the market. In addition, accelerated approval from the U.S. FDA under the timelines of the Generic Drug User Fee Act, as amended, has led to more competition and resulted in a decline in the growth of the generic companies in North America. We intend to continue building our presence in the region by leveraging our product development capabilities and alliance management, manufacturing capacities inspected by various international regulatory agencies and access to our own APIs, which offer significant supply chain efficiencies.

Through coordinated efforts of our teams in the United States and India, we constantly seek to expand our pipeline of generic products. During the year ended March 31, 2024, we made 17 new ANDA filings with the U.S. FDA. As of March 31, 2024 our cumulative filings were 325 ANDA filings. As of March 31, 2024, we had 86 filings pending approval with the U.S. FDA (81 ANDAs and five NDAs under the 505(b)(2) route, including 18 tentative approvals). Of the 86 filings which are pending approval, 50 are Paragraph IV filings (see "U.S. REGULATORY ENVIRONMENT" below), and we believe that we are the first to file with respect to 24 of these filings.

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We have three ongoing Investigational New Drugs ("IND") applications for our proposed biosimilars. Our partner Fresenius Kabi has successfully received approvals both from the U.S. FDA and the European Medicines Agency ("EMA") for pegylated granulocyte colony stimulating factor ("Peg-GCSF") and the respective IND has been closed. For rituximab, all clinical trials have been successfully completed and we have filed with the U.S. FDA and EMA in April 2023. For abatacept our clinical studies are ongoing. We also have pre-INDs opened for four other early stage molecules.

Our Canada business generated revenues of Rs.2,385 million during the year ended March 31, 2024. This business includes revenues from certain profit sharing arrangements with distributors who market certain of our generic products. As of March 31, 2024 we have filed a cumulative total of six New Drug Submission ("NDS"), one Drug Identification Number ("DIN-A") Application, 63 Abbreviated New Drug Submissions ("ANDS") and one Class III Natural Health Product (NHP) in Canada, out of which 49 were approved, six were withdrawn and 16 are pending approval.

Sales, Marketing and Distribution Network

Dr. Reddy's Laboratories, Inc., our wholly-owned subsidiary headquartered in Princeton, New Jersey, United States, is primarily engaged in the marketing of our generic products in the United States. In early 2003, we commenced sales of generic products under our own label. We have our own sales and marketing team to market these generic products. Our key account representatives for generic products call on procurement buyers for chain drug stores, drug wholesalers and distributors, mass merchandisers, GPOs for hospitals, specialty distributors and pharmacy buying groups.

The majority of revenue from our North America Generics business is derived from sales of various products (both oral solids and OTC products) to retail chains, wholesalers and private labels, as well as sales of oral solids to other categories of customers. This portion of the business represents nearly three quarters of this segment's gross revenues for this region. The product portfolio includes a wide range of therapeutic areas.

Our over-the-counter ("OTC") division primarily markets and distributes store brand OTC products, but expanded into the branded OTC segment in May 2016, developing a new channel for our growth. This division has successfully launched over 22 products. OTC products include store brand generic equivalents of products that approved to be sold Over-the-counter in the U.S. market. Many of the products may also originally have had prescription drug status and are switched to OTC drug status by the innovator upon U.S. FDA approval (sometimes called "Rx-to-OTC switch" products). Our OTC division services a broad range of customers, including drug retailers, mass merchandisers, food chains, drug wholesalers, distributors, GPOs, and more recently, e-commerce or online retailers as well. Over last few years, we have substantially expanded our portfolio offering. We launched three new products in the market during the year ended March 31, 2024, which included OTC guaifenesin dextromethorphan, loratadine orally disintegrating tablet and OTC pramoxine.

During the year ended March 31, 2024, we continued to build out our presence in the self-care and wellness space by focusing on building out our consumer health brands as part of our innovative initiatives. This included ramping our e-commerce only brand Healthcareaisle with included growing our share and launching of multiple new products on the Amazon marketplace. We also started renovating our existing brands of Doan's® and Habitrol® and re-launch the maternity wellness brand Premama®, that was acquired from Luna Pharmaceuticals, Inc. back in Jan 2023. Additionally, we further augmented our Women Health portfolio with the acquisition of the MenoLabs® business from Amyris in its Chapter 11 bankruptcy sales process. MenoLabs® is a leading women's health and dietary supplement branded portfolio which includes seven branded products designed to provide health support and address symptoms of perimenopause and menopause.

A portion of our revenues are derived from the sale of injectable products in the therapeutic areas of oncology and critical care. We have also expanded our presence from drug wholesalers to specialty distributors, integrated distribution networks, clinics, and hospitals to market these products. We also supply products for private label customers for injectable prescription products.

Competition

Revenues and gross profit derived from the sales of generic pharmaceutical products are affected by certain regulatory and competitive factors. As patents and regulatory exclusivity for brand name products expire, the first manufacturer to receive regulatory approval for generic equivalents of such products is generally able to achieve significant market penetration. As competing manufacturers receive regulatory approvals on similar products, market share, revenues and gross profit typically decline, in some cases significantly. Accordingly, the level of market share, revenues and gross profit attributable to a particular generic product is normally dependent upon the number of competitors and the timing of that product's regulatory approval and launch, in relation to competing approvals and launches. Consequently, we must continue to develop and introduce new products in a timely and cost-effective manner to maintain our revenues and gross margins.

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In addition, the other competitive factors critical to this business include price, product quality, consistent and reliable product supplies, customer service and reputation. Our major competitors in the United States include Teva, Viatris Inc., Sandoz (a division of Novartis Pharma A.G.), Endo International plc (including its subsidiaries Endo Pharmaceuticals Inc. and Par Pharmaceutical Inc.), Sun Pharmaceuticals Limited, Lupin Limited, Aurobindo Pharma Limited, Fresenius Kabi, Sagent Pharmaceuticals, Amneal Pharmaceuticals, Inc., Zydus Pharmaceuticals (USA) Inc., and Hikma Pharmaceuticals plc.

Consolidation of customer purchasing power through acquisitions, alliances and joint ventures impacts pricing. New manufacturers continue to enter the generic market in the United States, which may further lower our pricing power and adversely affect our revenues in that market.

Brand name manufacturers have devised numerous strategies to delay competition by introducing lower-cost generic versions of their products. One of these strategies is to change the dosage form or dosing regimen of the brand product prior to generic introduction, which may reduce the demand for the original dosage form as sought by a generic ANDA dossier applicant or create regulatory delays, sometimes significant, while the generic applicant, to the extent possible, amends its ANDA dossier to match the changes in the brand product. In many of these instances, the changes to the brand product may be protected by patent or exclusivities, further delaying generic introduction. Another strategy is the launch by the innovator or its licensee of an "authorized generic" during the 180-day generic exclusivity period, resulting in two generic products competing in the market rather than just the product that obtained the generic exclusivity. This may result in reduced revenues for the generic company which has been awarded the generic exclusivity period.

The U.S. market for OTC pharmaceutical products is highly competitive. Competition is based on a variety of factors, including price, quality, product mix, customer service, marketing support, and the reliability and flexibility of the supply chain for products. Our competition in store brand and innovator branded products in the United States consists of several publicly traded and privately owned companies, including large brand-name pharmaceutical companies.

The competition is highly fragmented in terms of both geographic market coverage and product categories, such that a competitor generally does not compete across all product lines. In the store brand market, we compete directly with companies, such as Perrigo, Apotex, Aurobindo, Sun Pharma and Granules that sell store brand OTC products. In the branded market, we compete directly with companies, such as Bayer and GSK, which sell branded OTC products.

The competitive landscape and market dynamics of the OTC market are rapidly evolving. Large brand-name pharmaceutical companies have begun to pursue Rx-to-OTC switches more aggressively in new categories, which could present opportunities for us and other companies that sell store brand products. At the same time, pricing pressures continue to increase with the entry of new competitors in the market. On key select molecules, the expectation is that competition in this area will continue to grow as newer categories experience Rx-to-OTC switches.

Government regulations

U.S. REGULATORY ENVIRONMENT

All pharmaceutical manufacturers that sell products in the United States are subject to extensive regulation by the U.S. federal government, principally pursuant to the Federal Food, Drug and Cosmetic Act, the Hatch-Waxman Act, the Generic Drug Enforcement Act and other federal government statutes and regulations. These regulations govern or influence the testing, manufacturing, packaging, labeling, storing, record keeping, safety, approval, advertising, promotion, sale and distribution of products.

Our facilities and products are periodically inspected by the U.S. FDA, which has extensive enforcement powers over the activities of pharmaceutical manufacturers with respect to finished dosage forms and the active pharmaceutical ingredients for such products. Non-compliance with applicable requirements can result in fines, criminal penalties, civil injunction against shipment of products, recall and seizure of products, total or partial suspension of the production, sale or import of products, refusal of the U.S. government to enter into supply contracts or to approve new drug applications and/or criminal prosecution. The U.S. FDA also has the authority to deny or revoke approvals of drug active pharmaceutical ingredients and dosage forms and the power to halt the operations of non-complying manufacturers. Any failure to comply with applicable U.S. FDA policies and regulations could have a material adverse effect on the operations in our generics business.

U.S. FDA approval of an ANDA is required before a generic equivalent of an existing or referenced brand drug can be marketed. The ANDA approval process is abbreviated because the U.S. FDA waives the requirement of conducting complete clinical studies, although it generally requires bio-availability and/or bio-equivalence studies for comparison to the reference product. An ANDA may be submitted for a drug on the basis that it is the equivalent of a previously approved drug or, in the case of a new dosage form, is suitable for use for the indications specified.

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An ANDA applicant in the United States is required to review the patents of the innovator listed in the U.S. FDA publication entitled Approved Drug Products with Therapeutic Equivalence Evaluations, commonly known as the "Orange Book," and make an appropriate certification. There are several different types of certifications that can be made. A Paragraph IV filing is made when the ANDA applicant believes its product or its manufacture, use or sales thereof does not infringe on the innovator's patents listed in the Orange Book or where the applicant believes that such patents are not valid or enforceable. The first generic company to file a Paragraph IV filing may be eligible to receive a 180-day marketing exclusivity period starting from either the first commercial marketing of the drug by any of the first applicants or a decision of a court holding the patent that is the subject of the paragraph IV certification to be invalid or not infringed. Along with filing a Paragraph IV certification, an ANDA applicant must also notify the patent holder of the submission of the Paragraph IV certification and the factual and legal bases why the applicant believes the patent is invalid, unenforceable, or not infringed. If the patent holder files an infringement suit against the generic applicant within 45 days of the ANDA notification, the U.S. FDA approval to market the generic drug is automatically postponed for 30 months, unless, before that time, the patent expires or is judged to be invalid or not infringed. This 30-month postponement allows the patent holder time to assert its patent rights in court before a generic competitor is permitted to enter.

A Paragraph III filing is made when the ANDA applicant does not intend to market its generic product until the patent expiration.

A Paragraph II filing is made where the patent has already expired. A Paragraph I filing is made when there are no patents listed in the Orange Book. Another type of submission called a Section viii statement is made where a patent claims a method of use, and the ANDA applicant's proposed label does not include that method of use. When an innovator has listed more than one patent in the Orange Book, the ANDA applicant must file separate certifications as to each patent.

Before approving a product, the U.S. FDA also requires that our procedures and operations conform to cGMP regulations, relating to good manufacturing practices as defined in the U.S. Code of Federal Regulations. We must follow cGMP regulations at all times during the manufacture of our products. We continue to spend significant time, money and effort in the areas of production and quality to help ensure full compliance with cGMP regulations.

The timing of final U.S. FDA approval of an ANDA depends on a variety of factors, including whether the applicant challenges any listed patents for the drug and whether the brand-name manufacturer is entitled to one or more statutory exclusivity periods, during which the U.S. FDA may be prohibited from accepting applications for, or approving, generic products. In certain circumstances, a regulatory exclusivity period can extend beyond the life of a patent, and thus block ANDAs from being approved on the patent expiration date.

The "pediatric exclusivity" program under The Best Pharmaceuticals for Children Act provides a six-month period of extended exclusivity, applicable to certain listed patents and to other regulatory exclusivities for all formulations of an active ingredient, if the sponsor performs and submits pediatric studies requested by the U.S. FDA within specified timeframes. An effect of this program has been to delay the launch of numerous generic products by an additional six months.

The Orphan Drug Act of 1983 incentivizes drug development in the rare disease space by providing a 7-year regulatory exclusivity period to incentivize sponsors to develop "orphan drugs" for rare diseases. Orphan drugs treat "rare diseases or conditions" and once a drug is designated by the U.S. FDA as an orphan drug and approved, the statutory exclusivity provision bars the U.S. FDA from approving the "same drug for the same disease or condition" for seven years from the date of the orphan drug's approval. This exclusivity can sometimes be used to block generic applicants from reaching the market until the expiration of the exclusivity.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Medicare Act of 2003") modified certain provisions of the Hatch-Waxman Act. In particular, significant changes were made to provisions governing 180-day exclusivity and forfeiture thereof where the first Paragraph IV certification was submitted on or after December 8, 2003.

Under the revised provisions, 180-day exclusivity is potentially available to each ANDA applicant submitting a Paragraph IV certification for the same drug with regard to any patent on the first day that any ANDA applicant submits a Paragraph IV certification for the same drug. The180-day exclusivity period begins on the date of first commercial marketing of the drug by any of the first applicants or a decision of a court holding the patent that is the subject of the paragraph IV certification to be invalid or not infringed.

However, a first applicant may forfeit its exclusivity in a variety of ways, including, but not limited to (a) failure to obtain tentative approval within 30 months after the application is filed or (b) failure to market its drug by the later of two dates calculated as follows: (x) 75 days after approval or 30 months after submission of the ANDA, whichever comes first, or (y) 75 days after each patent for which the first applicant is qualified for 180-day exclusivity is either (1) the subject of a final court decision holding that the patent is invalid, not infringed, or unenforceable or (2) withdrawn from listing with the U.S. FDA (court decisions qualify if either the first applicant or any applicant with a tentative approval is a party; a final court decision is a decision by a court of appeals or a decision by a district court that is not appealed). The foregoing is an abbreviated summary of certain provisions of the Medicare Act of 2003, and accordingly such act should be consulted for a complete understanding of both the provisions described above and other important provisions related to 180-day exclusivity and forfeiture thereof.

From time to time, the U.S. Congress considers and enacts legislation amending the Hatch-Waxman Act, including with respect to 180-day exclusivity. If further changes to the law are enacted, it might affect our ability to qualify for or otherwise benefit from the statutory 180-day exclusivity period.

The federal Controlled Substances Act (the "CSA") and its implementing regulations establish a closed system of controlled substance distribution for legitimate handlers. The CSA imposes registration, security, recordkeeping and reporting, storage, manufacturing, distribution, importation and other requirements upon legitimate handlers under the oversight of the U.S. Drug Enforcement Administration (the "DEA"). The DEA categorizes controlled substances into one of five schedules — Schedule I, II/IIN, III/IIIN, IV, V and also has List 1 and II Regulated Chemicals — with varying qualifications for listing in each schedule. Facilities that manufacture, distribute, import or export any controlled substance must register annually with the DEA. The DEA inspects manufacturing facilities to review security, record keeping and reporting and handling prior to issuing a controlled substance registration.

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Failure to maintain compliance with applicable requirements, particularly as manifested in the loss or diversion of controlled substances, can result in enforcement action, such as civil penalties, refusal to renew necessary registrations, or the initiation of proceedings to revoke those registrations. In certain circumstances, violations could lead to criminal prosecution.

On October 23, 2019, the DEA launched the Suspicious Orders Report System ("SORS") Online, a centralized database required by the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act (the "SUPPORT Act"). The SUPPORT Act requires that all DEA registrants that distribute controlled substances report suspicious orders to the DEA. Therefore, the SORS Online system should only be used by DEA registrants that distribute controlled substances to other DEA registrants. On November 2, 2020, the DEA released a proposed rule to clarify the procedures for identifying, reporting, and refusing to distribute certain orders of controlled substances received under suspicious circumstances.

Food and Drug Administration Safety and Innovation Act, Generic Drug User Fee Act, Biosimilar User Fee Act and Food and Drug Administration Reauthorization Act

In 2012, the United States enacted the Food and Drug Administration Safety and Innovation Act ("FDASIA"), a landmark legislation intended to enhance the safety and security of the U.S. drug supply chain by imposing stricter oversight and by holding all drug manufacturers supplying products to the United States to the same U.S. FDA inspection standards. Specifically, prior to the passage of FDASIA, U.S. law required U.S. based manufacturers to be inspected by the U.S. FDA every two years but remained silent with respect to foreign manufacturers, causing some foreign manufacturers to go as many as nine years without a routine U.S. FDA cGMP inspection, according to the Government Accountability Office. FDASIA requires foreign manufacturers to have cGMP inspections at least every two years, or more frequently for manufacturers with high risk profiles.

FDASIA also includes the Generic Drug User Fee Act ("GDUFA") and Biosimilar User Fee Act ("BsUFA"), programs to provide the U.S. FDA with additional funds through user fees imposed on generic and biosimilar products. Under GDUFA, total fees are derived primarily from facility fees paid by finished dosage form manufacturers and active pharmaceutical ingredient facilities listed or referenced in a pending or approved generic drug application. A significant portion is also derived from application fees, including generic drug application fees, prior approval supplement fees and drug master file fees.

The FDA Reauthorization Act of 2017 ("FDARA") and the GDUFA Amendments ("GDUFA II"), signed into law on August 18, 2017, extended the user fee program for a period of another five years through September, 2022. Under the provisions of these acts, an additional generic drug applicant program fee will be established, which will be based on the number of ANDAs the applicant holds and the prior approval supplement fees will be eliminated. Of the total GDUFA user fee revenue, 35% will be generated from this ANDA-based fee. Further, the GDUFA II commitment letter describes a consolidated review goals scheme for all cohorts of ANDAs, prior approval supplements and amendments. This includes shorter review goals for generic drug submissions that are public health priorities.

The establishment of dedicated biosimilar fees was also intended to help ensure that the U.S. FDA has appropriate resources for managing the introduction of biosimilar products on the U.S. market. Under the FDARA, for the first time, an independent fee structure for biosimilars will be implemented, including an initial biosimilar development fee which will be assessed the first year a manufacturer begins clinical trials. Further, an annual biosimilar development fee for subsequent years of the development process, a biosimilar program fee for approved biosimilars, and an application fee for new biosimilar applications will be introduced. The legislation also reauthorizes several programs that are designed to simplify and expedite the regulatory process for the development of drugs and devices that aid patients with rare diseases.

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In addition, under the FDARA, a drug is eligible for designation as a “Competitive Generic Therapy” (or “CGT”) if the U.S. FDA determines that there is inadequate generic competition i.e., with respect to a drug, there is not more than one approved drug on the list of drugs described in section 505(j)(7)(A) (not including drugs on the discontinued section of such list) that is (a) the reference listed drug; or (b) a generic drug with the same reference listed drug as the drug for which designation as a competitive generic therapy is sought. A draft guidance on Competitive Generic Therapy was published on February 2019 which provides more clarity on eligibility for and forfeiture and relinquishment of CGT exclusivity. Final guidance was issued by the U.S. FDA in March 2020. This final guidance provides a description of the process that applicants should follow to request designation of a drug as a CGT and the criteria for designating a drug as a CGT. It also includes information on the actions the U.S. FDA may take to expedite the development and review of ANDAs for drugs designated as CGTs. Finally, it provides information on how the U.S. FDA implements the statutory provision for a 180-day exclusivity period for certain first approved applicants that submit ANDAs for CGTs.

As part of GDUFA II, in order to accelerate access to generic version of complex products, GDUFA II pre-ANDA program product development meetings can be initiated by the U.S. FDA for an ongoing ANDA development program for complex products. These meetings will encourage applicants for product development meetings, pre-submission meetings and mid-review cycle meetings to clarify regulatory expectations early in product development. Furthermore, in November 2017, the Manual of Policy and Procedures (“MAPP”) 5240.3, “Review Order of Original ANDAs, Amendments, and Supplements” was revised to MAPP 5240.3 Rev 4, and on January 30, 2020 to MAPP 5240.3 Rev 5 “Prioritization of the Review of Original ANDAs, Amendments and Supplements” under which a priority review may be granted by the U.S. FDA if an original ANDA, amendment, or supplement meets one of the prioritization factors set forth in the MAPP, and may receive either a shorter goal date or an expedited review, as defined in the MAPP.

On July 21, 2020, the U.S. FDA kicked off a GDUFA III (i.e., the third iteration of its GDUFA program) reauthorization process for fiscal years 2023 through 2027. GDUFA reauthorization meetings were held with industry members to discuss various topics, including opportunities to increase first cycle approvals, exploring transparency and communications between the U.S. FDA and industry members, as well as proposals to set a sound foundation for continued programmatic success, inspections, and controlled correspondence. GDUFA III reauthorization discussions between the U.S. FDA and industry members are ongoing. The U.S. FDA issued guidance with regards to risk assessments for nitrosamine impurities that required the manufacturer to complete risk assessments for all approved or marketed drug products by March 31, 2021. The guidance advised that, to ensure the safety of the U.S. drug supply, confirmatory testing of drug products and submission of required changes in drug applications should be concluded within three years of publication of the original guidance, with a recommended completion date of on or before October 1, 2023. On August 4, 2023, the U.S. FDA issued a final guidance on recommended acceptable intake limits for nitrosamine drug substance-related impurities.

On November 2, 2021, the U.S. FDA kicked off a BsUFA III (i.e., the third iteration of its BsUFA program) reauthorization process for fiscal years 2023 through 2027. BsUFA reauthorization meetings were held with industry members to discuss various topics/enhancement areas such as supplements, meeting management, inspections, URRA and human factors timelines, regulatory science pilot programs broadly applicable to biosimilar and interchangeable biological product development etc. BsUFA III reauthorization discussions between the U.S. FDA and industry members are ongoing.

In 2022, the U.S. Congress reauthorized the Prescription Drug User Fee Act, Generic Drug User Fee Amendments, and Biosimilar User Fee Act. GDUFA III and BsUFA III were each reauthorized on September 30, 2022, with provisions that are in effect from October 1, 2022, through September 30, 2027. The commitment letters for each of GDUFA III and BsUFA III feature information about implementation activities for the applicable program and provides transparency on the progress and performance of the enhancements for the U.S. FDA's generic drugs program and biosimilar biological products, respectively, for fiscal years 2023-2027.

Prescription Drug Marketing Act and Laws Regulating Payments to Healthcare Professionals

The U.S. FDA also enforces the requirements of the Prescription Drug Marketing Act, which, among other things, imposes various requirements in connection with the distribution of product samples to physicians. Sales, marketing and scientific/educational grant programs must comply with the federal anti-kickback statute, the Medicare-Medicaid Anti-Fraud and Abuse Act, as amended, the False Claims Act, as amended, and similar state laws. Pricing and rebate programs must comply with the Medicaid rebate requirements of the Omnibus Budget Reconciliation Act of 1990, as amended.

We are also subject to Section 6002 of the Patient Protection and Affordable Care Act, commonly known as the Physician Payment Sunshine Act, which regulates disclosure of payments to certain healthcare professionals and providers.

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Patient Protection and Affordable Care Act and Medicaid Drug Rebate Program

The Patient Protection and Affordable Care Act ("ACA") of 2010 requires individuals to have health insurance and to control the rate of growth in healthcare spending through, among other things, stronger prevention and wellness measures, increased access to primary care, changes in healthcare delivery systems and the creation of health insurance exchanges.

The ACA requires the pharmaceutical industry to share in the costs of reform by increasing Medicaid rebates, expanding Medicaid rebates to Medicaid managed care programs and funding of pharmaceutical costs for Medicare patients in excess of the prescription drug coverage limit and below the catastrophic coverage threshold. Additionally, the ACA established a branded prescription drug fee that pharmaceutical manufacturers of certain branded prescription drugs must pay to the federal government.

The Centers for Medicare & Medicaid Services ("CMS") administers the Medicaid drug rebate program, in which pharmaceutical manufacturers pay quarterly rebates to each state Medicaid agency. Rebate calculations and price reporting rules are complex, but are generally based on the average manufacturer price and/or commercial best price for the product.

The American Rescue Plan Act of 2021, enacted in March 2021, included a provision eliminating the statutory cap on rebates that drug manufacturers pay to Medicaid programs for Medicaid-covered drugs, which eliminated the rebate cap of 100% of the AMP beginning January 1, 2024.

Various state Medicaid programs have implemented voluntary supplemental drug rebate programs that may provide states with additional manufacturer rebates in exchange for preferred status on a state's formulary or for patient populations that are not included in the traditional Medicaid drug benefit coverage.

Drug Quality and Security Act and Drug Supply Chain Security Act

On November 28, 2013, the Drug Supply Chain Security Act, a part of the Drug Quality and Security Act was signed into law in the United States. The legislation introduces a federal track-and-trace system for medicines with serial numbers added to individual packs and (non-mixed) cases within four years of the legislation's adoption, and electronic tracing of production through the supply chain mandated within ten years. It also strengthens licensure requirements for wholesale distributors and third-party logistics providers, and requires the U.S. FDA to maintain a database of wholesalers that will be available to the public through its website. The law also boosts oversight of compounding pharmacies that make drugs to order, and increases the powers of the U.S. FDA to oversee large-volume or 'outsourcing' compounders without individual prescriptions. During 2017, the U.S. FDA delayed the enforcement of serialization requirements for manufacturers until November 2018 to provide manufacturers with additional time to comply and avoid supply disruptions. We completed all of the activities necessary to implement serialization, and the batches packaged after November 26, 2018 are being serialized.

Beginning November 27, 2023, electronic-based approaches are generally required to be used among all trading partners to meet the enhanced drug distribution security requirements outlined in section 582(g) of the FD&C Act. On that date, trading partners are required to use secure, interoperable, electronic approaches to: (1) exchange transaction information that includes package level product identifiers for each package included in transactions and transaction statements; (2) verify products at the package level; (3) promptly respond with the transaction information and transaction statement for a product in the event of a recall or for investigations; (4) facilitate the gathering of transaction information for a product going back to the manufacturer in the event of a recall or for investigations; and (5) accept saleable returns under appropriate conditions.

Title XI of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA)

On October 6, 2016, the U.S. FDA issued a final rule to implement new regulations that govern the approval of applications under Section 505(b)(2) of the Federal Food, Drug and Cosmetic Act in the United States, and of ANDAs. This rule revises and clarifies U.S. FDA regulations as to matters such as: the procedures and requirements for providing notice to each patent owner and the NDA holder of certain patent certifications made by applicants submitting 505(b)(2) applications or ANDAs; the availability of 30-month stays of approval on 505(b)(2) applications and ANDAs that are otherwise ready to be approved; submission of amendments and supplements to 505(b)(2) applications and ANDAs; and the types of bioavailability and bioequivalence data that can be used to support these applications. This rule was effective December 5, 2016.

Biologics Pathway

The Biologics Price Competition and Innovation Act of 2009 ("BPCIA") created a statutory pathway and abbreviated approval processes for the approval of biosimilar versions of branded biological products. Under the BPCIA, a biosimilar must be highly similar with no clinically meaningful differences compared to the reference medicine. Approval of a biosimilar in the United States requires the submission of a BLA to the U.S. FDA, including an assessment of immunogenicity, and pharmacokinetics or pharmacodynamics. The BLA for a biosimilar can be submitted as soon as four years after the initial approval of the reference biologic, but can only be approved 12 years after the initial approval of the reference biologic.

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This pathway is still relatively new and some aspects remain untried, controversial and subject to ongoing litigation. Though the U.S. FDA has issued and updated various technical guidance documents addressing quality considerations, scientific considerations and questions and answers regarding commonly posed issues to assist the biopharmaceutical industry in developing biosimilar products in compliance with the BPCIA, there remains some uncertainty regarding the abbreviated biosimilar pathway. On December 11, 2018, the U.S. FDA released final guidance defining biologics, transitioning biological products approved under an NDA to a deemed BLA, and outlining an abbreviated pathway for biosimilar licensure. As part of the publication of the final guidance, the U.S. FDA is allowing for ongoing comments from the public, which may result in further changes or revisions to such guidance. On May 10, 2019, the U.S. FDA issued final guidance on "Considerations in Demonstrating Interchangeability with a Reference Product," which is intended to provide guidance as to how to demonstrate that a proposed therapeutic protein product is interchangeable with a reference product for the purposes of submitting a marketing application or supplement under section 351(k) of the Public Health Service Act (PHS Act) (42 U.S.C. 262(k)).

21st Century Cures Act

On December 13, 2016, the 21st Century Cures Act was enacted into law in the United States, and is intended to promote biomedical innovation and personalized medicines. The 21st Century Cures Act includes increased funding for the National Institutes of Health and the U.S. FDA and provides for the implementation of, among other reforms, enhanced pathways for medical product approval and the modernization and harmonization of clinical trial procedures over a period of several years.

Blueprint to Lower Drug Prices and Safe Importation Action Plan

In May 2018, U.S. President Trump released "American Patients First: The Trump Administration Blueprint to Lower Drug Prices and Reduce Out-of-Pocket Costs," which outlined actions that his administration proposed to take to lower prescription drug prices, including certain actions that would be taken immediately by the U.S. Department of Health and Human Services ("HHS") and issues on which HHS would solicit public feedback before determining any additional reform proposals. This blueprint sought to increase competition, improve negotiation, and incentivize lower list prices and lower out-of-pocket costs.

It called for, among other things, greater transparency of drug prices, better informing consumers about prescription drugs, increased promotion of generic drugs and experimenting with value-based payment. We are currently evaluating the impact of this blueprint on our business, and we cannot yet be certain what the effect will be.

To create better incentives for lower list prices, the blueprint called for HHS to consider requiring the inclusion of list prices in direct-to-consumer advertising.

On May 30, 2018, the CMS announced a final rule that requires direct-to-consumer television advertisements for prescription pharmaceuticals covered by Medicare or Medicaid to include the list price if such price is equal to or greater than $35 for a month's supply or the usual course of therapy. This rule became effective starting on July 9, 2019.

The U.S. Department of Health and Human Services and U.S. FDA's Safe Importation Action Plan was announced in July 2019. Following this framework, the U.S. FDA proposed a draft rule in December 2019 that would allow importation of certain lower-cost prescription drugs from Canada, and in September 2020 the rulemaking was finalized by the U.S. FDA along with an industry guidance document. The new rule became effective on November 30, 2020, although its implementation has been delayed and its impact is uncertain, in part because lawsuits have been filed challenging the government's authority to promulgate it.

State Efforts to Lower Drug Prices

A number of states have passed legislation intended to impact pricing or requiring price transparency reporting, including among others California, Colorado, Connecticut, Louisiana, Maine, Maryland, Nevada, Oregon, Texas, Vermont, and Washington, and a number of other states have proposed such legislation is recent years. While the disclosure requirements vary by state, these laws typically require manufacturers to report certain product price information or other financial data to the state, and, in some cases, provide advance notification of price increases. It is expected that states will continue their focus on pharmaceutical price transparency and that this focus will continue to exert pressure on product pricing.

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Right to Try Act

On May 30, 2018, the Trickett Wendler, Frank Mongiello, Jordan McLinn, and Matthew Bellina Right to Try Act of 2017 (the "Right to Try Act") was signed into law in the United States. The law, among other things, provides a federal framework for certain patients to request access to certain investigational new drug products that have completed a Phase I clinical trial and that are undergoing investigation for U.S. FDA approval. There is no obligation for a pharmaceutical manufacturer to make its drug products available to eligible patients as a result of the Right to Try Act, although in 2020 the U.S. FDA published a notice of proposed rulemaking that would require manufacturers who do so to make annual reports of those programs to the U.S. FDA. Following his inauguration in January 2021, President Biden ordered a regulatory freeze on all pending substantive executive actions in order to permit incoming department and agency heads to review them. However, on September 14, 2022, FDA published a Final Rule, Annual Summary Reporting Requirements Under the Right to Try Act, which specifies the deadline and content for annual reports by sponsors or manufacturers who provide an eligible investigational drug under the Right to Try Act.

Final Conscience Rule

In May 2019, the U.S. Department of Health and Human Services ("HHS") published final rules to enforce so-called "conscience laws," a series of previously enacted laws that allow health professionals, insurers and employers to opt out of participating in certain health care activities that violate the worker's conscience or religious beliefs, such as abortion, sterilization, vaccination or assisted suicide. The final rule would significantly expand the authority of HHS's Office of Conscience and Religious Freedom to enforce federal conscience protection laws and implement new enforcement mechanisms. The conscience laws and the final rule could potentially impact certain pharmaceutical products, including the availability of such products from hospitals and other prescribers and the availability of insurance coverage for such products. A number of lawsuits were filed challenging the final rule's constitutionality and, before it became effective, three federal courts in New York, Washington and California issued rulings invalidating the final rule. Although the Trump administration appealed these decisions, the Biden administration subsequently moved to delay the appeals, indicating that new leadership at HHS would reassess the rule. Accordingly, the overall status of the final conscience rule is uncertain. We are currently evaluating the impact of these conscience laws and the final rule on our business, and we cannot yet be certain what their effect will be.

Coronavirus Aid, Relief, and Economic Security (CARES) Act 2020

The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act signed into law by President Donald Trump on March 27, 2020, in response to the economic fallout of the COVID-19 pandemic in the United States.

The CARES Act includes authorities that enhance the U.S. FDA's ability to identify, prevent, and mitigate possible drug shortages by, among other things, enhancing the U.S. FDA's visibility into drug supply chains. Specifically, section 3112(e) amends the Federal Food, Drug, and Cosmetic Act to require that each registered drug establishment annually report the "amount of each drug that was manufactured, prepared, propagated, compounded, or processed" by the registrant for commercial distribution. This CARES Act amendment also provides that such "information may be required to be submitted in an electronic format". The effective date of this reporting requirement under section 3112 (e) of the CARES Act was implemented by the U.S. FDA on September 23, 2020, which is 180 days after the CARES Act was enacted. In October 2021, the U.S. FDA issued draft guidance on reporting amount of listed drugs and biological products under section 510(j)(3) of the Food, Drugs & Cosmetics Act. On February 5, 2024, the U.S. FDA issued final guidance on reporting amount of listed drugs and biological products technical conformance guide. In May 2022, the U.S. FDA issued draft guidance on risk management plans to mitigate the potential for drug shortages intended to help manufacturers develop, maintain, and implement, as appropriate, risk management plans to proactively assist in the prevention of human drug product and biological product shortages. In February 2024 the U.S. FDA issued draft guidance on notifying the U.S. FDA of a discontinuance or interruption in Manufacturing of Finished Products or Active Pharmaceutical Ingredients Under section 506C of the FD&C Act.

In addition to the COVID-19 response efforts, the CARES Act includes statutory provisions that reform and modernize the way OTC monograph drugs are regulated in the United States. Specifically, the CARES Act replaces the rulemaking process with an administrative order process for issuing, revising, and amending OTC monographs. The CARES Act also provides the U.S. FDA the authority to assess and collect user fees dedicated to OTC monograph drug activities ("OMUFA"). The U.S. FDA anticipates that this user fee program will provide additional resources to help the agency conduct these important regulatory activities in a timely manner and ultimately help provide the public with access to innovative OTC monograph drugs.

The COVID-19 public health emergency placed global restrictions on travel and in-person interactions, which had limited the U.S. FDA's ability to conduct facility inspections. In light of these restrictions, on July 2022 the U.S. FDA issued draft guidance on remote regulatory assessments, such as requesting information from a facility in lieu of an inspection.

The COVID-19 public health emergency ("PHE") declared by the Department of Health and Human Services under the Public Health Service Act expired on May 11, 2023. However, the COVID-19 pandemic remains a high priority for the U.S. FDA and its Center for Drug Evaluation and Research remains engaged with numerous activities to protect and promote public health.

The Inflation Reduction Act and Certain Government Programs

The Inflation Reduction Act ("IRA") of 2022 was signed into law in August 2022. The IRA restructures Medicare's benefit design and requires manufacturers of certain drugs to engage in price negotiations with Medicare, imposes rebates and discount requirements under Medicare Part B and Medicare Part D, and replaces the Part D coverage gap discount program with a new discounting program. In particular, the U.S. Department of Health and Human Services ("HHS") is directed to negotiate a subset of medicines with the highest annual expenditures to Medicare Parts B and D that have been on the market for 9 years (or 13 years for biologics) without an available generic (or biosimilar) on the market. Drugs with an available generic or biosimilar, certain drugs that represent a limited portion of Medicare program spending, drugs with an orphan designation as their only U.S. FDA approved indication, and all plasma-derived products are exempt from direct negotiation. The law allows HHS to levy an excise tax and civil monetary penalties against non-compliant manufacturers or those who refuse to negotiate.

The IRA also imposes rebate requirements on manufacturers of single-source generics and other drugs covered under Medicare Part B and Part D where the price increases of the drug outpaces inflation. Multisource generics and all products with an average manufacturer's price less than $100 per year, per individual, are exempt from rebate requirements. The Centers for Medicare and Medicaid Services ("CMS") will monitor for products with price increases higher than the rate of inflation on a quarterly basis. Rebates will be calculated as the total number of units sold multiplied by the amount the product exceeds the inflation-adjusted price, with 2021 as the base year to measure cumulative changes relative to inflation. Noncompliant manufacturers will be subject to a civil monetary penalty of at least 125% of the calculated rebate amount.

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The CMS administers the Medicaid drug rebate program, in which pharmaceutical manufacturers pay quarterly rebates to each state Medicaid agency. Generally, for generic drugs marketed under ANDAs, manufacturers (including Teva) are required to rebate 13% of the average manufacturer price, and for products marketed under NDAs or BLAs, manufacturers are required to rebate the greater of 23.1% of the average manufacturer price or the difference between such price and the commercial best price during a specified period. An additional rebate for products marketed under ANDAs, NDAs or BLAs is payable if the average manufacturer price increases at a rate higher than inflation and other methodologies apply to new formulations of existing drugs.

All state Medicaid programs have implemented voluntary supplemental drug rebate programs that may provide states with additional manufacturer rebates in exchange for preferred status on a state's formulary or for patient populations that are not included in the traditional Medicaid drug benefit coverage. In addition, a number of states, including New York, have enacted legislation that requires entities to pay assessments or taxes on the sale or distribution of opioid medications in order to address the misuse of prescription opioid medications. Finally, a number of states have implemented IRA-like price controls on pharmaceutical manufacturers. These proposals create new authorities for state regulatory bodies to limit reimbursement for certain drugs. Such efforts may expand to additional states.

Other matters

Refer to Note 32, "Contingencies", of our consolidated financial statements for discussions of the following lawsuits, investigations and proceedings:

- Ranitidine recall and litigation;
- United States Antitrust Multi-District Litigations; and
- Revlimid® Antitrust Litigation.

CANADA REGULATORY ENVIRONMENT

In Canada, we are required to file product dossiers with the Health Canada for permission to market a generic pharmaceutical product. The regulatory authorities may inspect our manufacturing facility before approval of the dossier. As of March 31, 2024, we had filed a cumulative total of six New Drug Submission ("NDS"), one Drug Identification Number (DIN-A) Application, 63 Abbreviated New Drug Submissions ("ANDS") and one Class III Natural Health Product ("NHP") in Canada, out of which, 49 were approved, six were withdrawn and 16 are pending approval.

Health Canada has continually updated their guidance on nitrosamines in medications. The latest revisions indicated that nitrosamines that are classified as non-mutagenic do not require risk assessments nor confirmatory testing and should instead be controlled as per ICH Q3A and Q3B issued by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use. The agency has also expanded the types of post-approval changes with regards to nitrosamine impurities that could be classified as annual reportable (Level III). Lastly, analytical procedures should be validated with a limit of quantitation which is less than or equal to 10% of acceptable limit for an individual nitrosamine if there is a proposal to not routinely test for nitrosamine in the drug product specification.

In addition, Health Canada is planning to introduce multiple streams for Drug Establishment License applications that includes different service standards depending on the type of application, supporting evidence and complexity of required review. The current service standard is 250 days for all types of applications. The new proposal will introduce four different streams varying between 20 to 250 days. Health Canada is also expanding the types of Good Manufacturing Practices evidence to support listing of foreign buildings on the Drug Establishment License. For example, remote inspections may now be considered for sites performing low-risk activities, such packaging/labelling and sterilization of packaging materials for drugs that will be aseptically filled.

Europe

Our sales of generic medicines in Europe for the year ended March 31, 2024 were Rs.20,511 million, which accounted for 8% of our Global Generics segment's sales. Our principal markets in Europe are Germany, France, Italy, Spain, and the United Kingdom. In addition, through distribution partners we access our portfolio of hospital customers. These markets include Austria, Belgium, Czech Republic, Denmark, Finland, Ireland, Netherlands, Poland, Portugal, Slovakia and Sweden.

Sales, Marketing and Distribution Network

Germany

In Germany, we sell a broad range of generic pharmaceutical products under the "betapharm" brand. The German generics market continues to be centered on affordability and significantly contributes to controlling the country's healthcare system's costs. Since the healthcare reform by the government in 2007, Germany has largely operated a tender-like system for generic procurement. Statutory health insurance funds have enacted tender (i.e., competitive bidding) processes to determine which pharmaceutical companies they will enter into rebate contracts with. This has resulted in more than 90% of generic products currently sold in German retail outlets being supplied through contracts procured in competitive bidding tenders, thereby causing significant pressure on product margins.

In the year ended March 31, 2024, we entered into an exclusive distributorship agreement with Theranica Bio-Electronics Ltd. for an innovative migraine treatment medical device, Nerivio®. We have also developed an e-commerce platform and started for the first time a direct to patient sales channel based business model for launch of Nerivo® towards the end of the year ended March 31, 2025.

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Germany – acquisition of medical Cannabis Business Nimbus Health

The acquisition of Nimbus Health GmbH ("Nimbus Health") in February 2022 marked our entry into the medical cannabis sector. Founded in 2018, Nimbus Health is one of Germany's pioneer companies for medical cannabis. The acquisition allows us to build on Nimbus Health's strengths and introduce medical cannabis-based medicines as a promising treatment option for patients. The acquired company operates under the brand Nimbus Health and is our wholly-owned subsidiary. Germany is one of the only markets where statutory health insurance funds reimburse medical cannabis under certain conditions. In April 2024, Germany legalized the possession and consumption of limited quantities of cannabis, marking another shift in the legal treatment and cultural acceptance of cannabis.

United Kingdom and other Countries within Europe

We market our pharmaceutical products in the United Kingdom through our U.K. subsidiary, Dr. Reddy's Laboratories (U.K.) Limited, which was formed in 2003.We currently sell more than 60 products in the United Kingdom, covering both International Nonproprietary Name generics, branded generics, and over-the-counter. Our portfolio is sold via wholesale, retail and hospital channels. In the U.K., we work closely with the clinical commissioning groups (i.e., groups that commission healthcare services for their local communities and include all of the general practitioner groups in their geographical area) to promote our range of branded generics. While the retail business covers a broad range of therapeutic areas, the hospital business focuses on key areas such as oncology, anti-invective and HIV and our clinical commissioning group business focuses on pain and mental health. In this fiscal year, we launched our allergy medication Histallay into the U.K. general sales list (i.e., over-the-counter) market, which is our first move into the country's consumer health market.

Through our subsidiaries in France, Italy and Spain we have established ourselves as a trusted partner for the countries hospitals segment.

Our product mix in these markets focuses on a limited number of key therapy areas such as pulmonary hypertension, oncology, anti-infective and HIV, leveraging our portfolio.

We work with partners who make our products available in Austria, Belgium, Czech Republic, Denmark, Finland, Ireland, Netherlands, Poland, Portugal, Slovakia and Sweden. This strategy allows us to scale our operations across Europe.

Competition

The German market is highly competitive as a result of a large number of generic players and the predominance of a tender system which drives competition. Our key competitors within the German generics market include Sandoz International GmbH, Teva Pharmaceutical Industries Limited ("Teva"), Zentiva Pharma GmbH and Stada Arzneimittel AG.

According to the British Generic Manufacturers Association, the United Kingdom is one of the largest markets for generic pharmaceuticals in Europe, with generic penetration of around 84%, and is also one of the most price competitive markets due to a high degree of vertical integration and consolidation of buyers, as more than approximately 70% of the retail pharmacies are owned by wholesalers or are part of retail chains. In addition, the market has a relatively low barriers of entry. The market is dominated by global pharmaceutical companies such as Teva, Accord, and Sandoz.

In Italy, Spain and France, we compete with companies such as Mylan, Zentiva, Ever Pharma, Medac, Teva and Accord Healthcare Limited (an affiliate of Intas Pharmaceuticals Ltd.), each of which has a well-established presence in the hospital segment of these countries.

Government regulations

In the EU, the manufacture and sale of pharmaceutical products is regulated in a manner substantially similar to that in the United States. Legal requirements generally prohibit the handling, manufacture, marketing and importation of any pharmaceutical product unless it is properly registered and manufactured in accordance with applicable law. The registration file relating to any particular product must contain scientific data related to product chemistry, efficacy and safety, including results of clinical testing and references to medical publications, as well as detailed information regarding production methods and quality control. Regulatory authorities are authorized to suspend, restrict or cancel the registration of a product if it is found to be harmful or ineffective, or manufactured and marketed other than in accordance with registration conditions. Additionally, a product registration can be cancelled, if the registration is not used for more than three years (under the regulation's "sun-set clause") or the renewal deadline is missed based on local regulations.

The activities of pharmaceutical companies within the EU are governed in particular by Directives 2001/83/EC and 2003/94/EC and Regulation 1234/2008, in each case as amended, and as implemented in national laws within the countries of the EU. The Directives outline the legislative framework, including the legal basis of marketing authorization procedures, and quality standards including manufacture, patient information and pharmacovigilance activities.

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Prior approval of a marketing authorization is required to supply products within the EU. Such marketing authorizations may be restricted to one-member state, cover a selection of member states or can be for the whole of the EU, depending upon the type of registration procedure selected.

An abridged application can be filed for obtaining EU marketing authorization for a generic drug. Generic or abridged applications contain limited non-clinical and clinical data, depending upon the legal basis of the application or to address a specific issue. However, the applicant is required to demonstrate that its generic product contains the same active pharmaceutical ingredients in an equivalent dosage form for the same indication as the innovator product.

Specific data is included in the application to demonstrate that the proposed generic product is interchangeable to the innovator product with respect to quality, safe usage and continued efficacy. EU laws prevent regulatory authorities from accepting applications for registration of generics that rely on the safety and efficacy data of an innovator of a branded product until the expiration of the innovator's data exclusivity period (usually eight years from the first marketing authorization in the EU, depending on the circumstances). The applicant is also required to demonstrate bioequivalence or bioavailability, respectively, with the EU reference product. Once all these criteria are met, a marketing authorization may be considered for grant.

Unlike in the United States, there is no equivalent regulatory mechanism within the EU to incentivize challenge to any patent protection, nor is any period of market exclusivity conferred upon the first generic approval.

In situations where the period of data exclusivity given to the innovator of a branded product expires before their patent expires, the launch of our product would then be delayed until patent expiration.

Our U.K. facilities are licensed and periodically inspected by the U.K. Medicines and Healthcare Products Regulatory Agencies ("MHRA") good manufacturing practice Inspectorate, which has extensive enforcement powers over the activities of pharmaceutical manufacturers. Non-compliance can result in product recall, plant closure or other penalties and restrictions. In addition, the MHRA Inspectorate has approved and periodically inspected our manufacturing facilities based in Hyderabad, Telangana, India for the manufacture of generic medicines for supply to U.K.

All pharmaceutical companies that manufacture and market human medicinal products in Germany are subject to the applicable rules and regulations executed by the Federal Institute for Drugs and Medical devices ("BfArM") or the Paul-Ehrlich-Institut ("PEI") and the supervisory authorities of the respective federal state in Germany.

All pharmaceutical companies in Upper Bavaria, Germany are periodically inspected by the Regierung von Oberbayern (the district government of Upper Bavaria in Germany), which has extensive enforcement powers over the activities of pharmaceutical companies. Non-compliance can result in closure of the facility. The Regierung von Oberbayern has approved and periodically inspected our manufacturing facilities in Hyderabad and Visakhapatnam, for the manufacture of generic medicines for supply to Europe.

The German Social Code's price freeze imposed on reimbursable drugs, which was due to expire at the end of 2017, was extended until December 31, 2022 for all patent free drugs launched before August 1, 2010, although the continued price freeze will not apply to medicines subject to internal reference pricing. The SHI Financial Stabilisation Act of 2022 extended the price moratorium until December 31, 2026.

European pharmacovigilance was reinforced through adoption of Regulation (EU) No 1235/2010 and Regulation (EU) No 1027/2012, amending Regulation (EC) No 726/2004 and Directives 2010/84/EU) and Directive 2012/26/EU amending Directive 2001/83/EC, the operational aspects of implementing the new legislation being governed by Commission Implementing Regulation No 520/2012.

Regulation 205B (Guidance in respect of good pharmacovigilance practice and post authorization efficacy studies) of the U.K.'s Human Medicines Regulations 2012 ("HMR"), as inserted by regulation 169 of SI 2019 No. 775, states that the guidance issued by the Commission under Article 108a of the 2001 Directive on good pharmacovigilance practices ("GVP") continues to apply to both the MHRA and U.K. marketing authorization holders until the date on which the MHRA publishes guidance on GVP. It also states that while the Commission guidance on GVP continues to apply in the U.K., the MHRA may determine that specific provisions of it no longer apply in the U.K. or are to be read subject to modification.

The International Standards for Identification of Medicinal Products ("IDMP"), comprising five International Organization for Standardization ("ISO") standards, were approved in calendar year 2012. These standards are designed to allow unambiguous identification of medicinal products across companies and regions in order to support and improve pharmacovigilance and other activities.

For various reasons, the implementation of IDMP has experienced a series of delays. But the EMA has now published an updated EU Implementation guide, and the latest implementation timelines published in February 2021 state a mandatory implementation date for calendar year 2023.

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The EMA has adopted the Health Level 7 (“HL7”) Fast Healthcare Interoperability Resources (“FHIR”) messaging standard for the EU wide implementation of IDMP, and the full implementation will happen through four domains: Substance, Product, Organization, and Reference Data (sometimes referred to, collectively, as “SPOR”).

The submission of medicinal product data to support pharmacovigilance has been required since 2012 in the EU. The original European database for data regarding medicinal products, the Eudravigilance Medicinal Product Dictionary (“EVMPD”), was launched by the EMA at the end of 2001. It was designed to standardize the collection, reporting, coding, and evaluation of authorized and investigational medicinal product information. In 2012 it became mandatory for marketing-authorization holders to supply information to the extended version of the EVMPD (xEVMPD or Article 57 database). However, this currently contains only a fraction of the data that eventually will have to be submitted to the IDMP-compliant database for each authorized product in the EU. In order for us to support the maintenance of medicinal product data in the IDMP-compliant database, we will have to make significant changes to our processes and procedures.

To prevent counterfeit medicines from entering the supply chain, in October 2015, as part of the Falsified Medicines Directive (the “FMD”), the European Commission adopted regulations providing detailed rules for the safety features appearing on the packaging of medicinal products for human use. Accordingly, all medicinal products generally subject to prescription must bear safety features that facilitate specifically the identification of individual packs and the verification of their authenticity. Effective as of February 9, 2019, we have successfully implemented the FMD and only those prescription drugs which have a unique serial number on the pack, and where the integrity of the pack can be seen, have been placed on the market ever since.

The decision for the United Kingdom to exit from the EU (the “Brexit”) has impacted pharmacovigilance operations. The Brexit transition period ended as of December 31, 2020 and the MHRA have issued guidance for the pharmaceutical industry to follow from January 1, 2021. The requirements include the appointment of a “Qualified Person” for pharmacovigilance for U.K. nationally authorized products. The MHRA will continue to support EU harmonized approaches for certain safety data, but require U.K. specific supplemental information to be provided. In addition, parallel, U.K. specific processes must be implemented for certain activities including adverse event reporting. These additional requirements are expected to result in increased costs for the marketing authorization holders (“MAHs”).

In the EU, there must be at least a “Qualified Person” who is responsible for a medicinal product’s batch certification and release. Each batch of an imported medicinal product placed onto the market in the EU must be re-tested in a laboratory in the EU prior certification. The MAH’s Qualified Person, or a qualified partner, must then certify that the product is in accordance with the requirement of Annex 16 of the EU-GMP Guidelines (Certification by a Qualified Person and Batch Release) and can therefore be released to the market. As a consequence of the Brexit, this activity will no longer be able to be conducted in the U.K. for the EU. Following the Brexit vote, the EU moved the headquarters of the EMA from the U.K. to the Netherlands in March 2019.

In the European Union, the term of certain pharmaceutical patents may be extended by up to five years (subject to further patent term extension under certain conditions) through a Supplementary Patent Certificate (“SPC”). The purpose of this extension is to compensate for the patent term lost during regulatory review processes.

Effective July 2019, the European Union’s new SPC Manufacturing Waiver Regulation exempts businesses which satisfy its conditions from infringement of a pharmaceutical product protected by a SPC. The exemption covers the manufacture of a product for either the purpose of exporting it to countries outside the European Union, during the entire term of the SPC or the purpose stockpiling inventory of such product for up to six months for launch in the European Union upon SPC expiration.

***“Rest of the World*” markets of our Global Generics segment**

We refer to all markets of our Global Generics segment other than North America, Europe, Russia and other countries of the former Soviet Union and Romania and India as our “Rest of the World” markets. Our significant Rest of the World markets include Brazil, South Africa, China, Vietnam, Colombia, Australia and Myanmar.

We started our operations in China in the year 2000, by setting up a joint venture in the city of Kunshan, Jiangsu Province. Over the past several years, our joint venture called Kunshan Rotam Reddy Pharmaceuticals Company Limited (“KRRP”) has commercialized several products. Some of these products are manufactured by KRRP at its manufacturing plant in Kunshan while some others are imported in bulk packs, repackaged and sold in China. In calendar year 2020, KRRP started manufacturing capacity expansion at the Kunshan facility, and plans to start commercial operations in the second half of the calendar year 2024.

Over the last few years, we have also increased our operations with respect to the filing of dossiers and obtaining new product registrations in China. Upon successful registration and approval by the China regulatory authorities, we intend to launch these products in the coming years.

In December 2021 our product Olanzapine, which we had commercialized in China through a distribution and supply agreement with a Chinese company, was successfully listed in the 12 province volume based procurement program, which is a tender-style bidding system for centralized procurement of medicines in China.

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For the year ended March 31, 2024, revenues from our "Rest of the World" markets accounted for 7.2% of our total Global Generics segment's revenues. Our revenues from our "Rest of the World" markets were Rs.17,713 million in the year ended March 31, 2024, growth of 13% as compared to the year ended March 31, 2023. This increase was largely due to new product launches and strong business performance in Brazil, along with tender opportunities in North Africa and Malaysia during the year ended March 31, 2024.

Global Generics Manufacturing and Raw Materials

Manufacturing for our Global Generics segment entails converting API into finished dosages. As of March 31, 2024, we had eleven manufacturing facilities within this segment. Ten of these facilities are located in India, including four in a Special Economic Zone, and one in the United States (Shreveport, Louisiana). All of the facilities are designed in accordance with and are compliant with current cGMP requirements and are used for the manufacture of tablets, hard gelatin capsules, injections, liquids and creams for sale in India as well as other markets. All of our manufacturing sites' laboratories and facilities are designed and maintained to meet increasingly stringent requirements of safety and quality. Each of our sites outside of India is approved by the respective regulatory body in the jurisdiction it is located.

We manufacture most of our finished products at these facilities and also use contract manufacturing arrangements as we determine necessary. For each of our products, we continue to identify, upgrade and develop alternate vendors as part of risk mitigation and continual improvement.

The ingredients for the manufacture of the finished products are sourced from in-house API manufacturing facilities and from vendors, both local and non-local. Each of these vendors undergo a thorough assessment as part of the vendor qualification process before they qualify as an approved source. We attempt to identify more than one supplier in each drug application or make plans for alternate vendor development from time to time, considering the supplier's history and future product requirements. Arrangements with international raw material suppliers are subject to, among other things, respective country regulations, various import duties and other government clearances. The prices of our raw materials generally fluctuate in line with commodity cycles. Raw material expense forms the largest portion of our cost of revenues. We evaluate and manage our commodity price risk exposure through our operating procedures and sourcing policies.

The logistics services for storage and distribution in the United States, the European Union, Russia, Brazil, South Africa, Australia and other emerging markets are outsourced to third party service providers.

We manufacture formulations in various dosage forms including tablets, capsules, injections, liquids and creams. These dosage forms are then packaged, quarantined and subject to stringent quality tests, to assure product quality before release into the market.

All pharmaceutical manufacturers that sell products in any country are subject to regulations issued by the Ministry of Health (or its equivalent) of the respective country. These regulations govern, or influence the testing, manufacturing, packaging, labeling, storing, record-keeping, safety, approval, advertising, promotion, sale and distribution of products.

Our facilities and products are periodically inspected by various regulatory authorities such as the U.S. FDA, the U.K. MHRA, the German BfARM, the South African Medicines Control Council, the Brazilian ANVISA, the Romanian National Medicines Agency, Ukrainian State Pharmacological Center, the local World Health Organization and Drug Control Authority of India, all of which have extensive enforcement powers over the activities of pharmaceutical manufacturers operating within their jurisdiction.

In May 2024, the U.S. FDA completed a routine GMP inspection at our formulations manufacturing facilities (FTO-7 and FTO-9) in Duvvada, Visakhapatnam. We were issued a Form 483 with two observations. We responded to the observations on June 7, 2024.

Pharmaceutical Services and Active Ingredients ("PSAI") segment

Our PSAI segment primarily includes our business of manufacturing and marketing active pharmaceutical ingredients ("APIs") including intermediates, as well as our pharmaceutical services business.

Active Pharmaceutical Ingredients

Our more than 150 different APIs have regulatory approvals filed in numerous markets and enable our generic manufacturing partners to bring formulated products in forms such as tablets, capsules, or injectable to patients worldwide. Thanks to our backward integration, we can also provide customers with intermediates, which are the pre-stage of a final API. In addition to our external partners, our API business also supplies our own generic business.

Our PSAI segment's revenues for the year ended March 31, 2024 were Rs.29,801 million, as compared to Rs.29,069 million for the year ended March 31, 2023. Our PSAI segment accounted for 11% of our total revenues for the year ended March 31, 2024.

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During, the year ended March 31, 2024, we filed 133 Drug Master Files ("DMFs") worldwide, of which 11 were filed in the United States, 12 were filed in Canada, seven were filed in Europe and 103 were filed in other countries. Cumulatively, our total active DMFs filed worldwide as of March 31, 2024 were 1,537, including 251 active DMFs filed in the United States.

We export APIs to more than 76 countries, and our main markets include North America (the United States and Canada) and Europe. The research and development group within our API business contributes to our business by creating intellectual properties, principally by developing novel and non-infringing manufacturing processes and polymorphs. Besides the development of new products, the research also focuses on further optimizing our manufacturing processes, which allows us to produce our APIs at a competitive price.

Pharmaceutical Services business – Aurigene Pharmaceutical Services Limited

Our PSAI segment also includes our pharmaceutical services business, which provide contract discovery (research), development, and manufacturing to global pharmaceutical companies. As a contract development and manufacturing organization ("CDMO"), the business is operated independently under its own entity Aurigene Pharmaceutical Services Limited and works on new chemical entities ("NCEs") and new biological entities ("NBEs") for global pharmaceutical companies and biotechnology companies. The pharmaceutical services (contract research, development and manufacturing) arm of our PSAI segment was established in 2001 to leverage our strength in research and development to serve the niche segment of the innovator pharmaceutical and biotechnology companies. Our objective is to be the preferred partner for innovator pharmaceutical companies, providing a complete range of services that are necessary to support their innovations to bring a new drug to the market quickly and efficiently.

The focus is to leverage our skills in discovery, CDMO (process and analytical development for drug substance and formulation), and large scale commercial manufacturing to serve outsourcing needs of global pharmaceutical and biotechnology companies. We have positioned our PSAI segment's Pharmaceutical Services business to be the partner of choice for large, medium and emerging innovator companies across the globe, with service offerings spanning the entire value chain of pharmaceutical services.

Effective June 1, 2020, our Pharmaceutical Services business was integrated with Aurigene Oncology Limited ("AOL") (formerly Aurigene Discovery Technologies Limited), which operated our discovery service business, and the integrated business model was commenced under Aurigene Pharmaceutical Services Limited ("APSL"). APSL is a subsidiary of AOL within our group. APSL was formed to service the needs of innovator customers in the areas of discovery, development and manufacturing services for clinical and commercial needs. Our aspiration is to make APSL a global leader in offering end-to-end integrated solutions across discovery, development and manufacturing.

Sales, Marketing and Distribution

We support our local customers through our commercial offices in various markets, including Brazil, China, Europe, India, Japan, Mexico, the United States, and Russia with colleagues from regulatory affairs and commercial. A highlight in the Financial year ended March 31, 24 was the inauguration of our new office in Dubai, which underlines our commitment to build long term partnerships in the United Arab Emirates.

Developed Markets: Our PSAI segment's principal overseas markets are the United States and Europe, which contributed Rs.12,281 million and accounted for 41% of our PSAI segment's revenue for the year ended March 31, 2024.

In the United States and Europe, in recent years expirations of the patent protection for high value branded pharmaceutical products were much less frequent, which resulted in a decrease in new opportunities in these markets for the customers of our PSAI segment. We market our products through our subsidiaries in the United States and Europe. These subsidiaries are engaged in all aspects of marketing activity and support our customers' pursuit of regulatory approval for their products, focusing on building long-term partnerships through customer service excellence.

India: India is an important market for our PSAI segment, with total sales of Rs.2,066 million, and it accounted for 7% of the PSAI segment's revenues in the year ended March 31, 2024. The market in India is highly competitive, with severe pricing pressure and competition from lower cost foreign imports.

Other Key Markets: Our PSAI segment's sales to all of the other markets (excluding the United States, Europe and India) was Rs.15,455 million for the year ended March 31,2024 and accounted for 52% of our PSAI segment's revenues for the year.

China is an important and attractive market to operate in. Our commitment to the Chinese market shows through a strong pipeline of products for the Chinese market and our local presence of business development and regulatory affairs experts. Further key markets include Brazil, Mexico Korea and Japan. While we work through our agents in some of these markets our local marketing and regulatory affairs associates are an important interface to understand and serve customers in those regions.

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For our contract development and manufacturing services line of business, we have focused business development teams dedicated to our key geographies of North America (the United States and Canada), the European Union and Asia Pacific. These teams target large, medium and emerging innovator companies to build long-term business relationships focused on catering to their outsourcing needs from discovery to commercialization.

Going forward, we expect our PSAI segment to show growth on account of our investments in technologies and platforms such as peptides. We are also pursuing a partnership model to enable our customers to reach more markets faster and efficiently by leveraging our cost leadership and presence across the globe. Our PSAI Segment has been investing in digital solutions to revitalize our engagement and transparency with our customers. We laid an important foundation with these initiatives, which we continue to build on.

We are committed to enhancing the accessibility and affordability of medicines for vulnerable populations, promoting greater equity in healthcare. Our mission aligns with the World Health Organization Sustainable Development Goals of 2030, as we strive to create a sustainable future for all. To achieve this, we have identified crucial areas of focus and continue to establish partnerships with multilateral agencies and pharmaceutical organizations. Together, we aim to develop an enduring pipeline of ground-breaking medicines that are affordable to people worldwide.

PSAI Manufacturing .

The infrastructure for our PSAI segment consists of eight U.S. FDA-inspected plants (six in India, including one in a Special Economic Zone, one in Mexico, and one in Mirfield, United Kingdom) and two technology development centers (one in Hyderabad, India and one in Cambridge, United Kingdom).

India: All of our facilities in India are located in the states of Andhra Pradesh and Telangana. We have the flexibility to produce quantities that range from a few kilograms to several metric tons. The manufacturing process consumes a wide variety of raw materials that we obtain from various sources that comply with the requirements of regulatory authorities in the markets to which we supply our products. We procure raw materials on the basis of our requirement planning cycles. We utilize a broad base of suppliers in order to minimize risk arising from dependence on a single supplier.

In June 2024, the U.S. FDA completed a GMP inspection at our API manufacturing facilities (CTO-6) in Srikakulam, Andhra Pradesh. We were issued a Form 483 with four observations, which we will address within the stipulated timeline.

Mexico: Our manufacturing plant in Cuernavaca, Mexico (the “Mexico facility”) was acquired from Roche during the year ended March 31, 2006. In addition to active pharmaceutical ingredients, naproxen and naproxen sodium and a range of intermediates, the Mexico facility manufactures steroids as active ingredients for use in human and veterinary pharmaceutical products.

United Kingdom: The small molecules business continues to supply complex APIs to customers at a range of scales. This business is also able to provide cost effective contract development and manufacturing organization solutions to innovators developing new pharmaceutical products, tapping into the expertise of our parent company as required.

We have invested in this business to update equipment and implement modern data acquisition systems to meet today’s stringent regulatory requirements.

For our contract development and manufacturing services, we have well-resourced synthetic organic chemistry laboratories, medicinal chemistry analytical laboratories and kilo laboratories at our research and development centers at Hyderabad and Bengaluru in India. Our chemists and process engineers are experts in discovery, development and manufacturing services, from the pre-clinical stage to commercialization. To complete the full value chain in development services, we also provide formulation development services. We have facilities for pre-formulation and formulation development, analytical development, clinical trial supplies, pilot scale and product regulatory support. This facility also follows rigorous Safety and Information Security practices and is certified against ISO 27001:2013 standards for information security. Larger quantities of APIs can be manufactured from our API plants in India, the United Kingdom and Mexico. We also offer end to end project management support for effective deliveries.

Our contract development and manufacturing services are uniquely positioned in the market where it utilizes assets (both in terms of physical assets and technical know-how) of a vertically integrated pharmaceutical company and combines this with the service model which we have built over the years.

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Raw Materials

Raw material expense forms the largest portion of our cost of revenues. Raw materials consist of fine and specialty chemicals, bulk chemicals, solvents, catalysts, and basic and advanced intermediates. The prices of these raw materials generally fluctuate in line with commodity cycles, demand supply situations, changes to government policies and geo-political conflicts. We evaluate and manage our commodity price risk exposure through periodical supply contracts as well as agile and responsive sourcing and procurement practices.

Competition

The global API market can broadly be divided into regulated and less regulated markets. The less regulated markets offer low entry barriers in terms of regulatory requirements and intellectual property rights. The regulated markets, like the United States and Europe, have high entry barriers in terms of intellectual property rights and regulatory requirements, including facility approvals. As a result, there is a premium for quality and regulatory compliance along with relatively greater stability for both volumes and prices. As an API supplier, we compete with a number of manufacturers within and outside India, which vary in size. Our main competitors in this segment are Divis Laboratories Limited, Aurobindo Pharma Limited, Cipla Limited, Mylan Laboratories Limited, Sun Pharmaceutical Industries Limited and MSN Laboratories Limited, all based or operating in India. In addition, we experience competition from European and Chinese manufacturers such as Zhejiang Huahai, Tianyu, as well as from Teva Pharmaceuticals Industries Limited, based in Israel. Our service excellence, sustainable manufacturing and robust supplies helped us to build a strong positioning in the market.

With respect to our contract development and manufacturing organization ("CDMO") services, we believe that contract research and manufacturing is a significant opportunity for Indian pharmaceutical companies, based on their strengths of a skilled workforce and low-cost manufacturing infrastructure. Key competitors in India include Divis Laboratories Limited, Laurus Labs, Syngene International Ltd., Aragen Bioscience, Sai Life Sciences and Piramal Pharma Ltd. Key competitors from outside India include Lonza Group, AMRI Inc., Patheon Inc., Catalent Inc., Cambrex Inc., and WuXi Apptec. We offer a wide range of services spanning the entire value chain from discovery to commercial manufacturing (drug substances and drug products). Growth in contract research and manufacturing services is likely to be driven by increased outsourcing by large and medium size pharmaceutical companies. We distinguish ourselves from Indian competitors by offering a wider range of services spanning the entire pharmaceutical value chain from early discovery to final manufacturing.

Government regulations

All pharmaceutical companies that manufacture and market drugs, medical devices and cosmetics in India are subject to various national and state laws and regulations, which principally include the Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules 1945, the New Drugs and Clinical Trials. Rules, 2019, the Cosmetics Rules, 2020, the Medical Devices Rules 2017, the Drugs (Prices Control) Order, 2013, as well as various environmental laws and other government statutes and regulations. These regulations govern the manufacturing, testing, packaging, labeling, storing, recordkeeping, safety, approval, sale and distribution of pharmaceutical products.

In India, manufacturing licenses for drugs, cosmetics and medical devices are generally issued by state licensing authorities. Under the Drugs and Cosmetics Act, 1940, the state licensing authorities are empowered to issue manufacturing licenses for drugs if they are approved for marketing in India by the Drug Controller General of India ("DCGI"). Prior to granting licenses for any new drugs or combinations of new drugs, the DCGI clearance has to be obtained in accordance with the Drugs and Cosmetics Act, 1940 and the New Drugs and Clinical Trials Rules, 2019.

We submit a DMF for active pharmaceutical ingredients to be commercialized in the United States. Any drug product for which an ANDA is being filed must have a DMF in place with respect to a particular supplier supplying the underlying API.

The manufacturing facilities are inspected by the U.S. FDA to assess compliance with cGMP. The manufacturing facilities and production procedures must meet U.S. FDA standards. For European markets, we submit a European DMF and, wherever applicable, obtain a certificate of suitability from European Directorate for the Quality of Medicines.

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Others Segment

Our Others segment consists of business operations of our wholly-owned subsidiaries, Aurigene Oncology Limited ("AOL") (formerly Aurigene Discovery Technologies Limited) and SVAAS Wellness Limited ("SVAAS") and our Proprietary Products business.

AOL: AOL is a clinical stage biotech company committed to the discovery and development of novel and effective therapeutics for the treatment of cancer. AOL leverages its expertise in oncology focused novel therapeutics for the benefit of cancer patients everywhere. It is focused on developing innovative therapeutics addressing several hallmarks of cancer, leveraging its deep capabilities in science and building value added collaborations with leading companies globally. AOL works with established pharmaceutical and biotechnology companies through customized models of drug-discovery collaborations. In the last two decades AOL has contributed to delivering 19 small molecule and peptide drug candidates in clinical development. AOL has out-licensed several first-in-class and best-in-class compounds to pharma and biotech companies for global clinical development, while undertaking clinical POC studies for a few programs on its own.

SVAAS: SVAAS is in the business of providing digital healthcare and information technology enabled business support services. SVAAS has been enabling access to healthcare services through its web-based or mobile application platform, and providing integrated healthcare, medical and other related services and technology-driven solutions to promote health and wellness.

Proprietary Products: Our Proprietary Products business focuses on the research, development, and commercialization of differentiated formulations and commercializing these pipeline products through partnerships to maximize value.

Our Proprietary Products business, over the years, focused on the development of differentiated pharmaceutical products across multiple therapeutic areas including dermatology and central nervous system. The commercialization of these products was carried out through launching in the U.S. market and through product divestiture and out-licensing to various partners in the United States and Europe. The products licensed out included not only the approved and marketed products but also the ones in the development stage such as the ones which completed Phase 2 exploratory clinical studies or proof of concept.

4.C. *Organizational structure*

Dr. Reddy's Laboratories Limited is the parent company in our group. Refer to Note 37 ("Organizational Structure") of our consolidated financial statements for a list of our subsidiaries, joint ventures and associates.

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4.D. ***Property, plant and equipment***

Our principal executive offices are located in Hyderabad, Telangana, India. Our business operates through a number of subsidiaries having offices, research facilities and production sites throughout the world. The following table sets forth current information relating to our principal facilities:

Sl No.	Name/Location	Approximate Area (Square feet)	Segments Which Primarily Use
	Within India		
1	API Hyderabad Plant 1, Telangana, India	729,630	Global Generics and PSAI
2	API Hyderabad Plant 2, Telangana, India	781,379	Global Generics and PSAI
3	API Hyderabad Plant 3, Telangana, India	644,805	Global Generics and PSAI
4	API Nalgonda Plant, Telangana, India	3,397,680	Global Generics and PSAI
5	API Srikakulam Plant, Andhra Pradesh, India	4,047,595	Global Generics and PSAI
6	API Srikakulam Plant (SEZ), Andhra Pradesh, India	9,917,739	Global Generics and PSAI
7	Aurigene Pharmaceutical Services Limited, Hyderabad, Telangana, India	300,564	PSAI
8	Technology Development Centre(FTDC2) Hyderabad, Telangana, India	86,261	Global Generics and PSAI
9	Integrated Product Development Center (Pilot Plant), Telangana, India	151,997	Global Generics
10	Formulations Hyderabad Plant 2, Telangana, India	3,207,826	Global Generics
11	Formulations Baddi Plant 1, Himachal Pradesh, India	728,234	Global Generics
12	Formulations Baddi Plant 2, Himachal Pradesh, India	381,342	Global Generics
13	Formulations Baddi Plant 3, Himachal Pradesh, India	377,098	Global Generics
14	Biologics Hyderabad, Telangana, India	1,011,463	Global Generics
15	Formulations Hyderabad Plant 3, Telangana, India	1,539,089	Global Generics
16	Formulations Srikakulam Plant 1 (SEZ), Andhra Pradesh, India	879,041	Global Generics
17	Formulations Srikakulam Plant 2 (SEZ), Andhra Pradesh, India	334,105	Global Generics
18	Formulations Srikakulam Plant 11, Andhra Pradesh, India	740,520	Global Generics
19	Formulations Visakhapatnam Plant 1 (SEZ), Andhra Pradesh, India	582,206	Global Generics
20	Formulations Visakhapatnam Plant 2 (SEZ), Andhra Pradesh, India	544,322	Global Generics
21	Aurigene Pharmaceutical Services Limited, Bengaluru, Karnataka, India	67,414	PSAI
22	Aurigene Oncology Limited, Bengaluru, Karnataka, India	630,462	Others
23	Integrated Product Development Center, Telangana, India	271,379	Global Generics, PSAI and Others

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Sl No.	Name/Location	Approximate Area (Square feet)	Segments Which Primarily Use
	Outside India		
24	API Cuernavaca Plant, Mexico	2,361,840	Global Generics and PSAI
25	API Mirfield Plant, United Kingdom	1,785,960	Global Generics and PSAI
26	API Middleburgh Plant, New York, United States	292,000	Global Generics
27	Technology Development Centre, Cambridge, United Kingdom	32,966	Global Generics and PSAI
28	Formulations Shreveport Plant, Louisiana, United States	2,349,251	Global Generics
29	Aurigene Discovery Technologies, Malaysia	5,672	Others

During the year ended March 31, 2023, we sold our Technology Development Centre in Leiden, the Netherlands, which was part of our Global Generics and our PSAI segment.

During the year ended March 31, 2022, we sold our Formulations Beverley Plant in East Yorkshire, United Kingdom, which was part of our Global Generics segment.

We generally own our facilities. However, some of our sites (primarily office space) are leased. All properties identified above, including leased properties, are either used for manufacturing and packaging of pharmaceutical products or for research and development activities. In addition to the above, we have sales, marketing and administrative offices, some of which are owned and some others are leased properties.

Material plans to construct, expand and improve facilities

During the year ended March 31, 2024, we enhanced the capacity for multiple products in our API Srikakulam Plants located in Andhra Pradesh, India. We also incurred substantial capital expenditures to enhance the capacity of both our "Formulations Visakhapatnam Plant 2 (FTO9)" and our "Formulations Srikakulam Plant 11", each located in Andhra Pradesh, India.

During the year ended March 31, 2023, we enhanced the capacity for multiple products in our API Srikakulam Plant (SEZ) located in Andhra Pradesh, India. We also incurred substantial capital expenditures to enhance the capacity of our Formulations injectable facility at our "Srikakulam Plant 11", located in Andhra Pradesh, India.

During the year ended March 31, 2022, we established a new oncology injectable products facility "Formulations Srikakulam Plant 11," located in Andhra Pradesh, India. We also established a facility for potent products, for execution of Exhibit batches and for expansion of our non-oncology products at "Formulations Visakhapatnam Plant 1 (SEZ)" located in Andhra Pradesh, India.

As of March 31, 2024, we had capital work-in-progress of Rs.14,462 million and capital commitments of Rs.18,177 million for expansion of our manufacturing and research facilities, primarily relating to facilities located in India and Mexico. Our current capital work-in-progress and capital commitments primarily consist of projects to enhance the capacity of our formulations injectable facility at Srikakulam, Andhra Pradesh, India and new infrastructure at our Biologics facility at Hyderabad, Telangana, India. We currently intend to finance our additional expansion plans entirely through our operating cash flows, cash and cash equivalents, other investments and the cash flows from borrowings as required. A majority of these projects are expected to be completed during the fiscal years ending March 31, 2025 and March 31, 2026.

Environmental laws and regulations

We are subject to significant national and state environmental laws and regulations which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations at the above facilities. Non-compliance with the applicable laws and regulations may subject us to penalties and may also result in the closure of our facilities. Refer to Note 18 ("Provisions") and Note 32 (under "Contingencies - Environmental matters") of our consolidated financial statements for details as to environmental matters and liabilities.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

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ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Overview

We are an integrated global pharmaceutical company committed to accelerating access to affordable and innovative medicines. We derive our revenues from the sale of finished dosage forms, active pharmaceutical ingredients and intermediates, development and manufacturing services provided to innovator pharmaceutical and biotechnology companies, and license fees from marketing authorizations for our products.

The Chief Operating Decision Maker ("CODM") evaluates our performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenues and gross profit as the performance indicator for all of the operating segments, and does not review the total assets and liabilities of an operating segment. Our Chief Executive Officer ("CEO") is the CODM of our company.

Our reportable operating segments are as follows:

- Global Generics;
- Pharmaceutical Services and Active Ingredients; and
- Others.*

Global Generics. This segment consists of our business of manufacturing and marketing prescription and over-the-counter finished pharmaceutical products ready for consumption by the patient, marketed under a brand name (branded formulations) or as generic finished dosages with therapeutic equivalence to branded formulations (generics). This segment includes the operations of our biologics business.

Pharmaceutical Services and Active Ingredients. This segment primarily consists of our business of manufacturing and marketing active pharmaceutical ingredients and intermediates, also known as "API", which are the principal ingredients for finished pharmaceutical products. Active pharmaceutical ingredients and intermediates become finished pharmaceutical products when the dosages are fixed in a form ready for human consumption such as a tablet, capsule or liquid using additional inactive ingredients. We also serve our customers with incremental value added products including semi-finished and finished formulations, which are included in this segment. This segment also includes our pharmaceutical services business, which provides contract research services and manufactures and sells active pharmaceutical ingredients in accordance with the specific customer requirements.

Others.* This segment consists of our other business operations which includes our wholly-owned subsidiaries, Aurigene Oncology Limited ("AOL") (formerly Aurigene Discovery Technologies Limited) and SVAAS Wellness Limited ("SVAAS"), and our Proprietary Products business. AOL is a discovery stage biotechnology company developing novel and best-in-class therapies in the fields of oncology and inflammation. AOL works with established pharmaceutical and biotechnology companies through customized models of drug-discovery collaborations. SVAAS is in the business of providing digital healthcare and information technology enabled business support services. Our Proprietary Products business focuses on the research and development of differentiated formulations and is expected to earn revenues arising out of monetization of such assets and subsequent royalties, if any.

**As the revenues and gross profits of our Proprietary Products business are considerably lower than the quantitative thresholds mentioned in IFRS 8, "Operating Segments", we determined that our Proprietary Products business no longer qualifies to be a reportable segment and consequently, effective April 1, 2022, we included the financial information relating to our former Proprietary Products segment in "Others". The corresponding information relating to the Proprietary Products segment for earlier periods has been restated to reflect the aforementioned change.*

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of our consolidated financial statements.

Critical Accounting Policies

Critical accounting policies are defined as those that in our view are the most important to the portrayal of our financial condition and results and that require the most exercise of management's judgment. We consider the policies discussed under the following paragraphs to be critical for an understanding of our financial statements. The basis for preparation of our financial statements, accounting policies and application of these are discussed in detail in Notes 2, 3 and 4 to our consolidated financial statements.

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Accounting estimates and judgments

While preparing financial statements in conformity with IFRS, we make certain estimates and assumptions that require difficult, subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the statement of financial position date and the reported amount of income and expenses for the reporting period. Financial reporting results rely on our estimate of the effect of certain matters that are inherently uncertain.

Future events rarely develop exactly as forecast and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions. We continually evaluate these estimates and assumptions based on the most recently available information.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Refer to Note 2(d) ("Use of estimates and judgments") in our consolidated financial statements for information about significant areas of estimation uncertainty and critical judgments.

Accounting policy relating to Revenue from contracts with customers

Our revenue is derived from sales of goods, service income and income from licensing arrangements. Most of such revenue is generated from the sale of goods. We have generally concluded that we are the principal in our revenue arrangements.

Accounting policies relating to revenues are as follows:

Sale of goods

Revenue is recognized when the control of the goods has been transferred to a third party. This is usually when the title passes to the customer, either upon shipment or upon receipt of goods by the customer. At that point, the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

In arriving at the transaction price, we consider the terms of the contract with the customer and our customary business practices. The transaction price is the amount of consideration the Company is entitled to receive in exchange for transferring promised goods or services, excluding amounts collected on behalf of third parties. The amount of consideration varies because of estimated rebates, returns and chargebacks, which are considered to be key estimates. Any amount of variable consideration is recognized as revenue only to the extent that it is highly probable that a significant reversal will not occur. We estimate the amount of variable consideration using the expected value method.

Presented below are the points of recognition of revenue with respect to our sales of goods:

Particulars	Point of recognition of revenue
Sales of generic products in India	Control is transferred upon delivery of products to distributors by clearing and forwarding agents of the Company.
Sales of active pharmaceutical ingredients and intermediates in India	Upon delivery of products to customers, unless the terms of the applicable contract provide for specific revenue generating activities to be completed, in which case revenue is recognized once all such activities are completed.
Export sales and other sales outside of India	Upon delivery of products to customers (generally formulation manufacturers), subject to the terms of the applicable contract.

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Profit share revenues

From time to time, we enter into marketing arrangements with certain business partners for the sale of our products in certain markets. Under such arrangements, we sell our products to the business partners at a non-refundable base purchase price agreed upon in the arrangement and are also entitled to a profit share which is over and above the base purchase price. The profit share is typically dependent on the business partner's ultimate net sale proceeds or net profits, subject to any reductions or adjustments that are required by the terms of the arrangement. Such arrangements typically require the business partner to provide confirmation of units sold and net sales or net profit computations for the products covered under the arrangement.

Revenue in an amount equal to the base sale price is recognized in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognized as revenue only to the extent that it is highly probable that a significant reversal will not occur.

At the end of each reporting period, we update the estimated transaction price (including updating our assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Out licensing arrangements, milestone payments and royalties

Our revenues include amounts derived from product out-licensing agreements. These arrangements typically consist of an initial up-front payment received on inception of the license and subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. In cases where the transaction has two or more performance obligations, we account for the completed obligation (for example the transfer of title) as a separate unit of accounting and record revenue upon delivery of that component, provided that we can make a reasonable estimate of the fair value of the undelivered component. Otherwise, non-refundable up-front license fees received in connection with product out-licensing agreements are deferred and recognized over the balance period in which we have pending performance obligations. Milestone payments which are contingent on achieving certain clinical milestones are recognized as revenues on achievement of such milestones, or over the performance period depending on the terms of the contract. If milestone payments are creditable against future royalty payments, the milestones are deferred and released over the period in which the royalties are anticipated to be paid.

Royalty income earned through a license is recognized when the underlying sales have occurred.

Provision for chargeback, rebates, sales returns and discounts

In our North America Generics business, our gross revenues are significantly reduced by chargebacks, rebates, sales returns, discounts, shelf stock adjustments, Medicaid payments and similar "gross-to-net" adjustments. Each of such adjustments are discussed in detail below.

- *Chargebacks*: Chargebacks are issued to wholesalers for the difference between our invoice price to the wholesaler and the contract price through which the product is resold in the retail part of the supply chain. The information that we consider for establishing a chargeback accrual includes the historical average chargeback rate over a period of time, current contract prices with wholesalers and other customers, and estimated inventory holding by the wholesaler. With this methodology, we believe that the results are more realistic and closest to the potential chargeback claims that may be received in the future period relating to inventory on which a claim is yet to be received as at the end of the reporting period. In addition, as part of our book closure process, a chargeback validation is performed in which we track and reconcile the volume of inventory for which we should carry an appropriate provision for chargeback. We procure the inventory holding statements and data from our wholesalers (representing approximately 96% of the total value of chargebacks outstanding at every year end reporting date) as part of this reconciliation. On the basis of this volume reconciliation, chargeback accrual is validated. For the chargeback rate computation, we consider different contract prices for each product across our customer base. This chargeback rate is adjusted (if necessary) on a periodic basis for expected future price reductions.

- *Shelf Stock Adjustments:* Shelf stock adjustments are credits issued to customers to reflect decreases in the selling price of products sold by us, and accruals for Shelf stock adjustments depend on future events upon material right obtained by customer when the prices of certain products decline as a result of price competition, new competitive launches or otherwise. These credits are customary in the pharmaceutical industry, and are intended to reduce the customer inventory cost to better reflect the current market prices. The determination to grant a shelf stock adjustment to a customer is based on the terms of the applicable contract, which may or may not specifically limit the age of the stock on which a credit would be offered.

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- *Rebates*: Rebates (direct and indirect) are generally provided to customers as an incentive to stock and sell our products. Rebate amounts are based on a customer's purchases made during an applicable period. Rebates are deductions based on contractual obligations which include direct rebates, indirect rebates and other pricing adjustments paid to wholesalers, chain drug stores, health maintenance organizations or pharmacy buying groups under a contract with us. We determine our estimates of rebate accruals primarily based on the contracts entered into with our wholesalers and other direct customers and the information received from them for secondary sales made by them. For direct rebates, liability is accrued whenever we invoice to direct customers. For indirect rebates, the accruals are based on a representative weighted average percentage of the contracted rebate amount applied to inventory sold and delivered by us to wholesalers or other direct customers.

- *Refund Liability:* We account for sales returns accrual by recording refund liability concurrent with the recognition of revenue at the time of a product sale. This liability is based on our estimate of expected sales returns. We deal in various products. Accordingly, our estimate of sales returns is determined primarily by our historical experience.

  With respect to established products, we determine an estimate of sales returns provision primarily based on historical experience of the actual sales returns. Additionally, other factors that we consider in determining the estimate include levels of inventory in the distribution channel, estimated shelf life, any revision in the shelf life of the product, product discontinuances, price changes of competitive products, and introduction of competitive new products, to the extent each of these factors impact our business and markets. We consider all of these factors and adjust the sales return provision to reflect our actual experience. With respect to new products introduced by us, those have historically been either extensions of an existing product line where we have historical experience or in a general therapeutic category where established products exist and are sold either by us or our competitors. We have not yet introduced products in a new therapeutic category where the sales returns experience of such products by us or our competitors (as we understand based on industry publications) is not known. The amount of sales returns for our newly launched products has not historically differed significantly from the sales returns experience of the then current products marketed by us or our competitors (as we understand based on industry publications). Accordingly, we do not expect sales returns for new products to be significantly different from expected sales returns of current products. We evaluate sales returns of all our products at the end of each reporting period and record necessary re-measurements to the refund liability and related asset, if any.

- *Medicaid:* We estimate the portion of our sales that may get dispensed to customers covered under Medicaid programs based on the proportion of units sold in the previous two quarters for which a Medicaid claim could be received as compared to the total number of units sold in the previous two quarters. The proportion is based on an analysis of the actual Medicaid claims received for the preceding four quarters. In addition, we also apply the same percentage on the derived estimated inventory sold and delivered by us to our wholesalers and other direct customers to arrive at the potential volume of products on which a Medicaid claim could be received. We use this approach because we believe that it corresponds to the approximate six-month time period it takes for us to receive claims from the various Medicaid programs. After estimating the number of units on which a Medicaid claim is to be paid, we use the latest available Medicaid reimbursement rate per unit to calculate the Medicaid accrual. In the case of new products, accruals are done based on specific inputs from our marketing team or data from the publications of IQVIA.

- *Cash Discounts:* We offer cash discounts to our customers, on a selective basis and in line with industry practice, to encourage prompt payment. Accruals for such cash discounts do not involve any significant variables. These are accrued for at the time of invoicing and adjusted subsequently to reflect the actual experience.

We believe our estimation processes are reasonable methods of determining accruals for the "gross-to-net" adjustments. Chargeback accrual accounts for the highest element among the "gross-to-net" adjustments, and constituted approximately 84% of such "gross-to-net" adjustments for our North America Generics business for the year ended March 31, 2024. For the purpose of the following discussion, we are therefore restricting our explanations to this specific element. While chargeback accruals depend on multiple variables, the most pertinent variables are our estimates of inventories on which a chargeback claim is yet to be received and the unit price at which the chargeback will be processed. To determine the chargeback accrual applicable for a reporting period, we perform the following procedures to calculate these two variables:

a) *Estimated inventory*—Inventory volumes on which a chargeback claim that is expected to be received in the future are determined using the validation process and methodology described above (see "Chargebacks" above). When such a validation process is performed, we note that the difference represents an immaterial variation. Therefore, we believe that our estimation process regarding this variable is reasonable.

b) *Unit pricing rate*—At any point in time, inventory volumes on which we carry our chargeback accrual represents approximately 1.0 to 1.4 month of sales volumes. Therefore, the sensitivity of price changes on our chargeback accrual only relates to such volumes. Assuming that the chargebacks were processed within such period, we analyzed the impact of changes of prices for the periods beginning April 1, 2023, 2022 and 2021, respectively, and ended March 31, 2024, 2023 and 2022, respectively, on our estimated inventory levels computed based on the methodology described above (see "Chargebacks" above). The impact on net sales on account of such price variation may not be significant.

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A roll-forward for each major accrual for our North America Generics business is presented below for our fiscal years ended March 31, 2022, 2023 and 2024:

Particulars	Chargebacks	Rebates	Medicaid	Refund Liability[3]
	(All amounts in U.S.$ millions)			
Beginning Balance: April 1, 2021	202	78	13	19
Current provisions relating to sales during the year	1,897	235	23	25
Provisions and adjustments relating to sales in prior years	*	-	-	-
Credits and payments**	(1,836)	(219)	(23)	(20)
Ending Balance: March 31, 2022	**263**	**94**	**13**	**24**
Beginning Balance: April 1, 2022	**263**	**94**	**13**	**24**
Current provisions relating to sales during the year [1]	2,121	209	22	32
Provisions and adjustments relating to sales in prior years	*	-	-	-
Credits and payments**	(2,137)	(216)	(22)	(21)
Ending Balance: March 31, 2023	**247**	**87**	**13**	**35**
Beginning Balance: April 1, 2023	**247**	**87**	**13**	**35**
Current provisions relating to sales during the year [2]	2,844	322	31	21
Provisions and adjustments relating to sales in prior years	*	-	-	-
Credits and payments**	(2,803)	(307)	(25)	(21)
Ending Balance: March 31, 2024	**288**	**102**	**19**	**35**

* Currently, we do not separately track provisions and adjustments, in each case to the extent relating to prior years for chargebacks. However, the adjustments are expected to be non-material considering past trends. The volumes used to calculate the closing balance of chargebacks represent approximately 1.0 to 1.4 months equivalent of sales, which corresponds to the pending chargeback claims yet to be processed.

** Currently, we do not separately track the credits and payments, in each case to the extent relating to prior years for chargebacks, rebates, Medicaid payments or refund liability.

(1) Chargebacks provisions and payments for the year ended March 31, 2023 were each higher as compared to the year ended March 31, 2022, primarily as a result of higher sales volumes and also due to higher pricing rates per unit for chargebacks on account of reductions in the contract prices through which the product is resold in the retail part of the supply chain for certain of our products.

The foregoing were partially off-set due to a lower pricing rates per unit for chargebacks, primarily on account of a reduction in the invoice price to wholesalers for certain of the Company's products. The rebate provisions and payments for the year ended March 31, 2023 were each lower as compared to the year ended March 31, 2022, primarily as a result of lower pricing rates per unit for rebates, due to reduction in the contract prices through which the product is resold in the retail part of the supply chain for certain of our products.

(2) Chargebacks provisions and payments for the year ended March 31, 2024 were each higher as compared to the year ended March 31, 2023, primarily as a result of our acquisition of a U.S. generic prescription products portfolio from Mayne Pharma Group Limited in April 2023, higher sales volumes and also due to higher pricing rates per unit for chargebacks. Such higher pricing rates were on account of reductions in the contract prices through which the product is resold in the retail part of the supply chain for certain of our products.

The rebate provisions and payments for the year ended March 31, 2024 were each higher as compared to the year ended March 31, 2023, primarily as a result of the aforesaid generic portfolio acquisition from Mayne Pharma Group Limited, as well as higher sales volumes for our base portfolio products.

(3) Our overall provision for refund liability as of March 31, 2024 relating to our North America Generics business was U.S.$35, compared to a liability of U.S.$35 as of March 31, 2023. The refund liability created for new product launches and volume growth, were off-set by reductions in the contract prices and by product mix changes.

The estimates of "gross-to-net" adjustments for our operations in India and other countries outside of the United States relate mainly to refund liability in all such operations, and certain rebates to healthcare insurance providers are specific to our German operations. The pattern of such refund liability is generally consistent with our gross sales. In Germany, the rebates to healthcare insurance providers mentioned above are contractually fixed in nature and do not involve significant estimations by us.

Services

Revenue from services rendered, which primarily relate to contract research, is recognized in the consolidated income statement as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognized as revenue over the expected period over which the related services are expected to be performed.

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License fees

License fees primarily consist of income from the out-licensing of intellectual property, and other licensing and supply arrangements with various parties. Revenue from license fees is recognized when control transfers to the third party and our performance obligations are satisfied. Some of these arrangements include certain performance obligations by us. Revenue from such arrangements is recognized in the period in which we complete all of our performance obligations.

For other details on our significant accounting policies, please refer to Note 3 of our consolidated financial statements.

5.A. Operating results

Income Statement Data

	For the year ended March 31,							
	2024		2024		2023		2022	
	(Rs. in millions, U.S.$ in millions)							
	Convenience translation into U.S.$							
Revenues	U.S.$	3350	Rs.	279,164	Rs.	245,879	Rs.	214,391
Cost of revenues		1,387		115,557		106,536		100,551
Gross profit		**1,963**		**163,607**		**139,343**		**113,840**
Selling, general and administrative expenses		926		77,201		68,026		62,081
Research and development expenses		274		22,873		19,381		17,482
Impairment of non-current assets, net		1		3		699		7,562
Other income, net		(50)		(4,199)		(5,907)		(2,761)
Results from operating activities		**813**		**67,729**		**57,144**		**29,476**
Finance income, net		48		3,994		2,853		2,119
Share of profit of equity accounted investees, net of tax		2		147		370		703
Profit before tax		**862**		**71,870**		**60,367**		**32,298**
Tax expense, net		194		16,186		15,300		8,730
Profit for the year	**U.S.$**	**668**	**Rs.**	**55,684**	**Rs.**	**45,067**	**Rs.**	**23,568**

The following table sets forth, for the periods indicated, financial data as percentages of total revenues and the increase (or decrease) by item as a percentage of the amount over the comparable period in the previous years.

	Percentage of Sales For the year ended March 31,			Percentage Increase/(Decrease)	
	2024	2023	2022	2023 to 2024	2022 to 2023
Revenues	100.0%	100.0%	100.0%	13.5%	14.7%
Gross profit	**58.6%**	**56.7%**	**53.1%**	**17.4%**	**22.4%**
Selling, general and administrative expenses	27.7%	27.7%	29.0%	13.5%	9.6%
Research and development expenses	8.2%	7.9%	8.2%	18.0%	10.9%
Impairment of non-current assets	0.0%	0.3%	3.5%	(99.6)%	(90.8)%
Other expense/(income), net	(1.5)%	(2.4)%	(1.3)%	(28.9)%	113.9%
Results from operating activities	**24.3%**	**23.2%**	**13.7%**	**18.5%**	**93.9%**
Finance income, net	1.4%	1.2%	1.0%	40.0%	34.6%
Share of profit of equity accounted investees, net of tax	0.1%	0.2%	0.3%	(60.3)%	(47.4)%
Profit before tax	**25.7%**	**24.6%**	**15.1%**	**19.1%**	**86.9%**
Tax expense, net	5.8%	6.2%	4.1%	5.8%	75.3%
Profit for the year	**19.9%**	**18.3%**	**11.0%**	**23.6%**	**91.2%**

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The following table sets forth, for the periods indicated, our consolidated revenues by segment:

	For the year ended March 31,					
	2024		2023		2022	
	(Rs. in millions)					
	Revenues	% of Segment revenue	Revenues	% of Segment revenue	Revenues	% of Segment revenue
Global Generics	Rs. 245,453	88%	Rs. 213,768	87%	Rs. 179,170	84%
PSAI	29,801	11%	29,069	12%	30,740	14%
Others	3,910	1%	3,042	1%	4,481	2%
Total	**Rs. 279,164**	**100%**	**Rs. 245,879**	**100%**	**Rs. 214,391**	**100%**

Fiscal Year Ended March 31, 2024 compared to Fiscal Year Ended March 31, 2023

Revenues

Our overall consolidated revenues were Rs.279,164 million for the year ended March 31, 2024, an increase of 14% as compared to Rs.245,879 million for the year ended March 31, 2023. This revenue growth for the year ended March 31, 2024 was largely driven by a net increase in the sales volumes of existing products, new product launches across our business segments and foreign exchange rate gains. This was partially offset by price erosion in our Global Generics segment markets of North America (the United States and Canada) and Europe as well as the divestment of some of our non-core brands in India forming part of our Global Generics segment in the previous year.

The following table sets forth, for the periods indicated, our consolidated revenues by geography:

	For the year ended March 31,					
	2024		2023		2022	
	Revenues	% of Total Revenue *	Revenues	% of Total Revenue *	Revenues	% of Total Revenue *
	(Rs. in millions)					
Global Generics	**Rs. 245,453**	**88%**	**Rs. 213,768**	**87%**	**Rs. 179,170**	**84%**
North America (the United States and Canada)	129,895	53%	101,704	48%	74,915	42%
Europe	20,511	8%	17,603	8%	16,631	9%
India	46,407	19%	48,932	23%	41,957	23%
Russia	22,301	9%	21,228	10%	20,879	12%
Other countries of the former Soviet Union and Romania	8,626	4%	8,592	4%	8,261	5%
Others	17,713	7%	15,709	7%	16,526	9%
PSAI	**29,801**	**11%**	**29,069**	**12%**	**30,740**	**14%**
Others	**3,910**	**1%**	**3,042**	**1%**	**4,481**	**2%**
Total	**279,164**	**100%**	**245,879**	**100%**	**214,391**	**100%**

* Percentages mentioned against the segments are with reference to the total revenue of our company; and percentages mentioned against geographies represent the sales in the respective geography as a percentage of the total revenue from that segment.

For the year ended March 31, 2024, the average exchange rate of the U.S. dollar appreciated by 3.0%, that of the Euro appreciated by 7.3%, and that of the Russian rouble depreciated by 25.6%, against the Indian rupee compared to the year ended March 31, 2023. These changes in exchange rates on an overall basis increased our reported revenues.

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Segment analysis

Global Generics

Revenues from our Global Generics segment were Rs.245,453 million for the year ended March 31, 2024, an increase of 15% compared to Rs.213,768 million for the year ended March 31, 2023. The revenue increase was in three of the four business geographies of this segment: North America (the United States and Canada), Europe, and "Emerging Markets" (which is comprised of Russia, other countries of the former Soviet Union, Romania and certain other countries from our "Rest of the World" markets, including Brazil, South Africa, China and Australia). Such increase was partially offset by a decline in our revenues from India.

The foregoing increase in revenues of this segment was attributable to the following factors:

- an increase of approximately 20% resulting from a net increase in the sales volumes of existing products in this segment;
- an increase of approximately 2% resulting from new products launched during the year ended March 31, 2024;
- an increase of approximately 1% resulting from foreign exchange rate gains;
- an increase of approximately 1% resulting from acquisitions during the year ended March 31, 2024; and the foregoing was partially offset by:
- a decrease of approximately 9% resulting from the net impact of changes in sales prices of the products in this segment.

North America (the United States and Canada): Our Global Generics segment's revenues from North America (the United States and Canada) were Rs.129,895 million for the year ended March 31, 2024, an increase of 28% compared to Rs.101,704 million for the year ended March 31, 2023. In U.S. dollar absolute currency terms (i.e., U.S. dollars without taking into account the effect of currency exchange rates), such revenues increased by 24% for the year ended March 31, 2024 compared to the year ended March 31, 2023.

This revenue increase was largely attributable to the following:

- an increase in volumes for certain of our existing products;
- revenues from acquisitions done during the year ended March 31, 2024, and
- the foregoing was partially offset by price erosion from increased competition for certain of our products.

During the year ended March 31, 2024, we made 17 new ANDA filings with the U.S. FDA. As of March 31, 2024, our cumulative ANDA filings were 325. As of March 31, 2024, we had 86 filings pending approval with the U.S. FDA (81 ANDAs and five NDAs under the 505(b)(2) route, including 18 tentative approvals). Of the 86 filings which are pending approval, 50 are Paragraph IV filings, and we believe that we are the first to file with respect to 24 of these filings.

Europe: Our Global Generics segment's revenues from Europe (which is comprised of Germany, the United Kingdom and other European countries such as Italy, Spain, France and Austria) were Rs.20,511 million for the year ended March 31, 2024, an increase of 17% compared to Rs.17,603 million for the year ended March 31, 2023. After taking into account the impact of exchange rate fluctuations of the Indian rupee against the currencies in the markets in which we operate, the foregoing increase was primarily on account of increases in volumes for certain of our existing products and sales from new product launches during the year ended March 31, 2024, both of which were partially offset by price erosion in certain of our existing products.

India: Our Global Generics segment's revenues from India were Rs.46,407 million for the year ended March 31, 2024, a decrease of 5% compared to Rs.48,932 million for the year ended March 31, 2023. This decline in revenues was largely attributable to the divestment of a few non-core brands in the year ended March 31, 2023, partially offset by an increase in sales prices and volumes of certain of our existing products and revenues from launches of new products.

According to IQVIA in its Moving Annual Total report for the year ended March 31, 2024, our secondary sales in India grew by 7.3% during such period, compared to the India pharmaceutical market's growth of 7.6% during the same period. During the year ended March 31, 2024, we launched 13 new brands in India.

Emerging Markets: Our Global Generics segment's revenues from "Emerging Markets" (which is comprised of Russia, other countries of the former Soviet Union, Romania and certain other countries from our "Rest of the World" markets, including Brazil, South Africa, China and Australia) were Rs.48,640 million for the year ended March 31, 2024, an increase of 7% compared to compared to Rs.45,529 million for the year ended March 31, 2023.

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Russia: Our Global Generics segment's revenues from Russia were Rs.22,301 million for the year ended March 31, 2024, an increase of 5% compared to Rs.21,228 million for the year ended March 31, 2023. In Russian rouble absolute currency terms (i.e., Russian roubles without taking into account the effect of currency exchange rates), such revenues increased by 16% for the year ended March 31, 2024 compared to the year ended March 31, 2023. This revenue increase was largely attributable to increase in sales price and volumes of certain of our existing products. Our over-the-counter ("OTC") division's revenues from Russia for the year ended March 31, 2024 were approximately 53% of our total revenues from Russia in this segment.

According to IQVIA, as per its report for the year ended March 31, 2024, our sales value (in Russian roubles) growth and volume growth from Russia for such period, as compared to the Russian pharmaceutical market was as follows:

	Year ended March 31, 2024			
	Increase /(Decrease)			
	Dr. Reddy's		Russian pharmaceutical market	
	Sales value	Volume	Sales value	Volume
Prescription (Rx)	16.1%	4.6%	18.6%	7.4%
Over-the-counter (OTC)	14.4%	5.1%	12.0%	(0.7)%
Total (Rx + OTC)	15.2%	4.8%	15.3%	2.2%

As per the above referenced IQVIA report, our market shares in Russia for the years ended March 31, 2024 and 2023 were as follows:

	Year ended March 31,			
	Volume based		Value based	
	2024	2023	2024	2023
Prescription (Rx)	3.7%	3.8%	1.6%	1.7%
Over-the-counter (OTC)	1.5%	1.4%	1.8%	1.7%
Total (Rx + OTC)	2.3%	2.2%	1.7%	1.7%

Other countries of the former Soviet Union and Romania: Our Global Generics segment's revenues from other countries of the former Soviet Union and Romania were Rs.8,626 million for the year ended March 31, 2024, which remained flat as compared to Rs.8,592 million for the year ended March 31, 2023. After taking into account the impact of exchange rate fluctuations of the Indian rupee against the currencies in the markets in which we operate, the increases in sales price of certain of our existing products were offset by decreases in sales volumes of certain of our existing products.

"Rest of the World" Markets: We refer to all markets of this segment, other than North America (the United States and Canada), Europe, Russia and other countries of the former Soviet Union, Romania and India, as our "Rest of the World" markets. Our Global Generics segment's revenues from our "Rest of the World" markets were Rs.17,713 million for the year ended March 31, 2024, an increase of 13% compared to Rs.15,709 million for the year ended March 31, 2023. The increase is largely attributable to increase in sales volumes of certain of our existing products and revenues from new products launched during the year ended March 31, 2024, both of which were partially offset by decreases in sales price of certain of our existing products.

Pharmaceutical Services and Active Ingredients ("PSAI")

Our PSAI segment's revenues were Rs.29,801 million for the year ended March 31, 2024, an increase of 3% compared to Rs.29,069 million for the year ended March 31, 2023. The increase in revenue was largely attributable to revenues from new products launched during the year ended March 31, 2024 and favorable currency exchange rate fluctuations, both of which were partially offset by decrease in sales volumes and prices of certain of our existing products.

During the year ended March 31, 2024, we filed 133 Drug Master Files ("DMFs") worldwide. Cumulatively, our total active worldwide DMFs as of March 31, 2024 were 1,537, including 251 active DMFs in the United States.

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Gross Profit

Our total gross profit was Rs.163,607 million for the year ended March 31, 2024, representing 58.6% of our revenues for that period, compared to Rs.139,343 million for the year ended March 31, 2023, representing 56.7% of our revenues for that period.

The following table sets forth, for the period indicated, our gross profit by segment:

	For the year ended March 31,					
	2024		2023		2022	
	(Rs. in millions)					
	Gross Profit	% of Segment Revenue	Gross Profit	% of Segment Revenue	Gross Profit	% of Segment Revenue
Global Generics	Rs. 154,268	62.9%	Rs. 132,719	62.1%	Rs. 103,270	57.6%
PSAI	6,919	23.2%	4,715	16.2%	6,821	22.2%
Others	2,420	61.9%	1,909	62.8%	3,749	83.7%
Total	**Rs. 163,607**	**58.6%**	**Rs. 139,343**	**56.7%**	**Rs. 113,840**	**53.1%**

The gross profit as a percentage of revenue from our Global Generics segment increased to 62.9% for the year ended March 31, 2024, from 62.1% for the year ended March 31, 2023. This increase was on account of favorable product mix changes, productivity improvement, government incentives and favourable foreign exchange rates. This was partly offset with price erosion in certain of our products during the year ended March 31, 2024 and divestment of certain non-core brands in the year ended March 31, 2023.

The gross profit as a percentage of revenue from our PSAI segment increased to 23.2% for the year ended March 31, 2024, from 16.2% for the year ended March 31, 2023. This increase was primarily on account of lower overheads and material costs, government incentives and favourable forex, all of which were partially offset by price erosion in certain of our products.

Selling, general and administrative expenses

Our selling, general and administrative expenses were Rs.77,201 million for the year ended March 31, 2024, an increase of 13% compared to Rs.68,026 million for the year ended March 31, 2023. After taking into account the impact of exchange rate fluctuations of the Indian rupee against multiple currencies in the markets in which we operate, this increase was largely attributable to the following:

- an increase of 3% on account of higher legal and professional fees;
- an increase of 3% on account of higher sales and marketing expenses;
- an increase of 3% on account of increased personnel costs, primarily on account of annual raises and new hires;
- an increase of 5% due to higher spending on other costs, including travel expenses, depreciation and amortization; and
- the foregoing was partially offset by a decrease of 1% on account of reduced freight outward expenses.

As a proportion of our total revenues, our selling, general and administrative were at 27.7% for the year ended March 31, 2024, which is the same level as for the year ended March 31, 2023.

Research and development expenses

Our research and development expenses were Rs.22,873 million for the year ended March 31, 2024, an increase of 18% compared to Rs.19,381 million for the year ended March 31, 2023. This increase was primarily on account of higher development expenditures on certain products in our Global Generics segment, our biosimilars business and our PSAI segment, as well as on our novel oncology assets.

As a proportion of our total revenues, our research and development expense were higher at 8.2% for the year ended March 31, 2024, compared to 7.9% for the year ended March 31, 2023.

Impairment of non-current assets

Impairment of non-current assets were Rs.3 million for the year ended March 31, 2024, compared to Rs.699 million for the year ended March 31, 2023. Please refer to Notes 12, 13 and 14 of our consolidated financial statements for further details.

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Other income, net

Our net other income was Rs.4,199 million for the year ended March 31, 2024, a reduction of 29% compared to Rs.5,907 million for the year ended March 31, 2023. The net other income was lower for the year ended March 31, 2024, primarily on account of higher net other income recognized in the year ended March 31, 2023 from a settlement agreement for product and patent related matters and gain on sale of other intangible assets.

Finance income, net

Our net finance income was higher at Rs.3,944 million for the year ended March 31, 2024, as compared to Rs.2,853 million for the year ended March 31, 2023.

This increase in net finance income was largely attributable to:

- an increase in fair value changes and profit on sale of units of mutual funds to Rs.3,103 million for the year ended March 31, 2024 compared to fair value changes and profit on sale of units of mutual funds of Rs.1,028 million for the year ended March 31, 2023; and
- an increase in net interest income to Rs.567 million for the year ended March 31, 2024, compared to a net interest expense of Rs.248 million for the year ended March 31, 2023; and

This was partially offset by:

- a lower net foreign exchange gain of Rs.278 million for the year ended March 31, 2024 compared to Rs.2,225 million for the year ended March 31, 2023.

Profit before tax

As a result of the above, our profit before taxes was Rs.71,870 million for the year ended March 31, 2024, an increase of 19% compared to Rs.60,367 million for the year ended March 31, 2023.

Tax expense

Our consolidated tax rate was 23% for the year ended March 31, 2024 compared to 25% for the year ended March 31, 2023.

Our effective tax rate for the year ended March 31, 2024 was lower compared to the year ended March 31, 2023 primarily on account of:

(a) a decrease in the corporate income tax rate of our parent company as a result of the adoption of the corporate tax rate under section 115BAA of the Income Tax Act of India; and

(b) the recognition of a previously unrecognized deferred tax asset on operating tax losses primarily, pertaining to our subsidiary Dr. Reddy's Laboratories SA, Switzerland, as we believe that it is probable that there will be available taxable profits against which such tax losses can be utilized

As a result, we had a tax expense of Rs.16,186 million for the year ended March 31, 2024 compared to Rs.15,300 million for the year ended March 31, 2023.

Profit for the year

As a result of the above, our net profit was Rs.55,684 million for the year ended March 31, 2024, representing 19.9% of our total revenues for such year compared to Rs.45,067 million for the year ended March 31, 2023, representing 18.3% of our total revenues for such year.

Fiscal Year Ended March 31, 2023 compared to Fiscal Year Ended March 31, 2022

Refer to item 5.A. of our Annual Report on Form 20-F for the fiscal year ended March 31, 2023.

Fiscal Year Ended March 31, 2022 compared to Fiscal Year Ended March 31, 2021

Refer to item 5.A. of our Annual Report on Form 20-F for the fiscal year ended March 31, 2022.

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5.B. *Liquidity and capital resources*

Liquidity

We have primarily financed our operations through cash flows generated from operations and a mix of long-term and short-term borrowings. Our principal liquidity and capital needs are for the purchase of property, plant and equipment, regular business operations and research and development.

Our principal sources of short-term liquidity are internally generated funds and short-term borrowings, which we believe are sufficient to meet our working capital requirements, in both the short term (i.e., the 12 months following the year ended March 31, 2024) and the long term (i.e., beyond such additional 12-month period).

Summary of statements of cash flows

The following table summarizes our statements of cash flows for the years presented:

	For the year ended March 31,		
	2024	2023	2022
	(Rs. in millions)		
Net cash from/(used in):			
Operating activities	Rs. 45,433	Rs. 58,875	Rs. 28,108
Investing activities	(40,283)	(41,373)	(26,387)
Financing activities	(3,763)	(26,861)	(2,422)
Net increase /(decrease) in cash and cash equivalents	**Rs. 1,387**	**Rs. (9,359)**	**Rs. (701)**

In addition to cash, inventory and accounts receivable, we had uncommitted lines of credit of Rs.61,131 million as of March 31, 2024, from our banks for working capital requirements. We draw upon these lines of credit based on our working capital requirements.

Cash Flow from Operating Activities

Year ended March 31, 2024 compared to year ended March 31, 2023

The result of operating activities was a net cash inflow of Rs.45,433 million for the year ended March 31, 2024 compared to a net cash inflow of Rs.58,875 million for the year ended March 31, 2023.

The decrease in net cash inflow of Rs.13,442 million was primarily due to an increase in our working capital requirements.

Our average days' sales outstanding ("DSO") as of March 31, 2024 and March 31, 2023 were 103 days and 103 days, respectively.

Year ended March 31, 2023 compared to year ended March 31, 2022

The result of operating activities was a net cash inflow of Rs.58,875 million for the year ended March 31, 2023 compared to a net cash inflow of Rs.28,108 million for the year ended March 31, 2022.

The increase in net cash inflow of Rs.30,767 million was primarily due to an increase in profit for the year and a decrease in our working capital requirements.

Our average DSO as of March 31, 2023 and March 31, 2022 were 103 days and 108 days, respectively. The five days' decrease in our DSO between March 31, 2023 and 2022 was due to factoring of our trade receivables.

Cash Flow from Investing Activities

Year ended March 31, 2024 compared to year ended March 31, 2023

Our investing activities resulted in net cash outflows of Rs.40,283 million and Rs.41,373 million for the years ended March 31, 2024 and 2023, respectively, which was primarily on account of the following:

- net purchases of other investments of Rs.15,704 million for the year ended March 31, 2024, as compared to net purchases of other investments of Rs.23,366 million for the year ended March 31, 2023; and
- the acquisition of property, plant and equipment, and other intangible assets, net of disposals, of Rs.26,350 million for the year ended March 31, 2024, as compared to Rs.18,784 million for the year ended March 31, 2023.

Year ended March 31, 2023 compared to year ended March 31, 2022

Our investing activities resulted in net cash outflows of Rs.41,373 million and Rs.26,387 million for the years ended March 31, 2023 and 2022, respectively, which was primarily on account of the following:

- net purchases of other investments of Rs.23,366 million for the year ended March 31, 2023, as compared to net purchases of other investments of Rs.11,201 million for the year ended March 31, 2022; and the acquisition of property, plant and equipment, and other intangible assets, net of disposals, of Rs.18,784 million for the year ended March 31, 2023, as compared to Rs.15,733 million for the year ended March 31, 2022.

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Cash Flow from Financing Activities

Year ended March 31, 2024 compared to year ended March 31, 2023

Our financing activities resulted in net cash outflows of Rs.3,763 million and Rs.26,861 million for the years ended March 31, 2024 and 2023, respectively, which was primarily on account of the following:

- net proceeds from short-term borrowings of Rs.5,493 million for the year ended March 31, 2024, as compared to net repayment of short-term borrowings of Rs.19,382 million for the year ended March 31, 2023;
- payments of dividends of Rs.6,648 million for the year ended March 31, 2024, compared to payments of dividends of Rs.4,979 million for the year ended March 31, 2023;
- interest payments of Rs.2,266 million for the year ended March 31, 2024, compared to interest payments of Rs.1,853 million for the year ended March 31, 2023; and
- payments of the principal portion of lease liabilities of Rs.1,147 million for the year ended March 31, 2024 compared to payments of the principal portion of lease liabilities of Rs.1,015 million for the year ended March 31, 2023.

Year ended March 31, 2023 compared to year ended March 31, 2022

Our financing activities resulted in net cash outflows of Rs.26,861 million and Rs.2,422 million for the years ended March 31, 2023 and 2022, respectively, which was primarily on account of the following:

- net repayment of short-term borrowings of Rs.19,382 million for the year ended March 31, 2023, as compared to net proceeds from short-term borrowings of Rs.3,520 million for the year ended March 31, 2022;
- payments of dividends of Rs.4,979 million for the year ended March 31, 2023, compared to payments of dividends of Rs.4,146 million for the year ended March 31, 2022;
- interest payments of Rs.1,853 million for the year ended March 31, 2023, compared to interest payments of Rs.1,345 million for the year ended March 31, 2022; and payments of the principal portion of lease liabilities of Rs.1,015 million for the year ended March 31, 2023 compared to payments of the principal portion of lease liabilities of Rs.785 million for the year ended March 31, 2022.

Liquidity and working capital

We manage our liquidity by ensuring, to the extent possible, that we will always have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to our reputation.

As of March 31, 2024, we had working capital of Rs.152,010 million, including cash and cash equivalents of Rs.7,107 million, investments in term deposits with banks, bonds and commercial papers of Rs.33,599 million and investments in units of mutual funds of Rs.40,597 million.

As of March 31, 2023, we had working capital of Rs.121,095 million, including cash and cash equivalents of Rs.5,779 million, investments in term deposits with banks, bonds, market linked debentures and commercial paper of Rs.17,739 million and investments in units of mutual funds of Rs.38,180 million.

Principal debt obligations

The following table summarizes our principal debt obligations (excluding obligations under leases) outstanding as of March 31, 2024:

	Payments due by period							
Principal debt obligations	**Total**		**Less than 1 year**		**1-5 years**		**More than 5 years**	
	(Rs. in millions)							
Short-term borrowings	Rs.	12,723	Rs.	12,723	Rs.	-	Rs.	-
Long-term borrowings	Rs.	3,800	Rs.	-	Rs.	3,800	Rs.	-
Total obligations	**Rs.**	**16,523**	**Rs.**	**12,723**	**Rs.**	**3,800**	**Rs.**	**-**

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Annual rate of interest

The following table provides details of annual rates of interest for our principal debt obligations (excluding obligations under leases) outstanding as of March 31, 2024:

Debt	Amounts in millions	Currency[1]	Interest Rate[2]
Short-term borrowings	Rs. 10,223	RUB	Key rate + 253 bps to 276 bps
		MXN	TIIE + 1.35%
		INR	3 Month T-bill + 10 bps
		EUR	4.44%
Pre-shipment credit	2,500	INR	3 Month T-bill + 0.05%
Long-term borrowings	3,800	INR	3 Months T-bill + 84 bps

(1) "BRL" means Brazilian reals, "EUR" means Euro, "INR" means Indian rupees, "MXN" means Mexican pesos and "RUB" means Russian roubles.

(2) "Key rate" means the key interest rate published by the Central Bank of Russia, "T-bill" means India Treasury bill and "TIIE" means the Equilibrium Inter-banking Interest Rate (Tasa de Interés Interbancaria de Equilibrio).

Our short-term borrowings from banks are repayable within 12 months from the date of drawdown. Our objective in determining the borrowing maturity is to ensure a balance between flexibility, cost and continuing availability of funds.

Subject to obtaining certain regulatory approvals, there are no legal or economic restrictions on the transfer of funds between us and our subsidiaries or for the transfer of funds in the form of cash dividends, loans or advances.

Consistent with our risk management policy, we use interest rate swaps to mitigate the risk of changes in interest rates.

Cash and cash equivalents are primarily held in U.S. dollars, Euros, Indian rupees, Russian roubles, Chinese yuans (Renminbi), Romanian new leus and Swiss francs.

Material cash requirements

During the year ended March 31, 2024 our principal cash requirements were utilized for the purchase of property, plant and equipment of Rs.16,403 million, and other intangible assets of Rs.11,032 million.

As of March 31, 2024, we had committed to spend Rs.18,177 million in capital expenditures under agreements to purchase property, plant and equipment. These amounts are net of capital advances paid in respect of such purchases.

These commitments will be funded through the cash flows generated from operations, cash and cash equivalents, other investments and the cash flows from borrowings as required.

As of March 31, 2024 and 2023, we had uncommitted lines of credit from banks of Rs.61,131 million and Rs.68,516 million, respectively.

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5.C. ***Research and development, patents and licenses, etc.***

Research and Development

Our research and development activities can be classified into several categories, which run parallel to the activities in our principal areas of operations:

- *Global Generics*, where our research and development activities are directed at the development of product formulations, process validation, bioequivalence testing and other data needed to prepare a growing list of drugs that are equivalent to numerous brand name products for sale in the highly regulated markets of the United States and Europe as well as emerging markets. Global Generics also includes our biologics business, where research and development activities are directed at the development of biologics products for the emerging as well as highly regulated markets. Our biologics research and development facility caters to the highest development standards, including cGMP, Good Laboratory Practices and bio-safety level IIA. Global Generics also include the products where we focus on the research, development, and commercialization of differentiated formulations.

- *Pharmaceutical Services and Active Ingredients*, where our research and development activities concentrate on development of chemical processes for the synthesis of API for use in our Global Generics segment and for sales in the emerging and developed markets to third parties. Our research and development activities also support our pharmaceutical services business, where we continue to leverage the strength of our process chemistry and finished dosage development expertise to target innovator as well as emerging pharmaceutical companies. The research and development is directed toward providing services to support the entire pharmaceutical value chain, from discovery all the way to the market.

In the years ended March 31, 2024, 2023 and 2022, we expended Rs.22,873 million, Rs.19,381 million and Rs.17,482 million, respectively, on research and development activities. These increases were primarily on account of higher developmental expenditures in our Global Generics business and PSAI business. Each of these business segments has its own research and development and patent policies, and has numerous products in various stages of development. For further information on these policies and these products, see “Item 4. Information on the Company - Item 4.B Business overview.”

Patents, Trademarks and Licenses

We have filed and been issued numerous patents in our principal areas of operations: Global Generics and Pharmaceutical Services and Active Ingredients. We expect to continue to file patent applications seeking to protect our innovations and novel processes in several countries, including the United States. Any existing or future patents issued to or licensed by us may not provide us with any competitive advantages for our products or may even be challenged, invalidated or circumvented by our competitors. In addition, such patent rights may not prevent our competitors from developing, using or commercializing products that are similar or functionally equivalent to our products. As of March 31, 2024, we have more than 1,550 trademarks filed with the Registrar of Trademarks in India which are either registered or are pending registration. We have also filed registration applications for non-U.S. trademarks in other countries in which we do business. We market several products under licenses in several countries where we operate.

5.D. ***Trend Information***

Inflation

In recent years, there has been an accelerated rate of global inflation (a trend which is expected to continue in the near future) that has resulted, and may continue to result, in increased costs of labor, raw materials, other supplies and freight and distribution costs, among others. For the pharmaceutical industry, the pricing dynamics of our products generally does not provide the opportunity to pass on such costs to customers. Inflation may also result in higher interest rates and increased costs of capital. For additional details, see the discussion in Item 3.D. of this report under “Risk factors - Current economic conditions may adversely affect our industry, financial position, results of operations and cash flows.”

Military conflicts

While the broader economic consequences of the military conflict between Russia and Ukraine are currently difficult to predict, geopolitical instability, the imposition of sanctions and other restrictive measures against Russia and any retaliatory actions taken by Russia in response to such measures could adversely affect the global geopolitical and economic environment, which could in turn adversely impact our operations and growth in Russia and other countries of the former Soviet Union. Similarly, the war declared by Israel on Hamas in October 2023 and the ongoing military activity in the region could escalate and involve surrounding countries in the Middle East, which could adversely affect the global geopolitical and economic environment. For additional details, see the discussion in Item 4.B. of this report under “Our Principal Areas of Operations - Global Generics Segment - Russia and other Countries of the former Soviet Union and Romania - Impact on our Operations due to the military conflict between Russia and Ukraine” and Item 3.D. of this report under “Risk Factors - We have operations in certain countries susceptible to political and economic instability that could lead to disruption or other adverse impact on such operations.”

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Others

For additional trend information, please see "Item 5.A - Fiscal Year Ended March 31, 2024 compared to Fiscal Year Ended March 31, 2023" and "Item 4. - Information on the Company".

5.E. ***Critical Accounting Estimates***

Not Applicable.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A. ***Directors and senior management***

The list of our directors and executive officers and their respective age and position as of March 31, 2024 was as follows:

Directors Name[1]	Age (in yrs.)	Position
Mr. K. Satish Reddy[2][3]	56	Chairman
Mr. G.V. Prasad[2][4]	63	Co-Chairman and Managing Director
Ms. Kalpana Morparia	75	Director
Mr. Leo Puri	63	Director
Ms. Shikha Sharma	65	Director
Dr. K.P. Krishnan	65	Director
Ms. Penny Wan	58	Director
Mr. Arun M. Kumar	71	Director
Dr. Claudio Albrecht[5]	65	Director
Dr. Alpna Seth[6]	60	Director
Mr. Sanjiv Mehta[7]	63	Director

(1) Except for Mr. K. Satish Reddy and Mr. G.V. Prasad, all of the directors are independent directors under the corporate governance rules of the New York Stock Exchange.

(2) Full-time director.

(3) Brother-in-law of Mr. G.V. Prasad.

(4) Brother-in-law of Mr. K. Satish Reddy.

(5) Appointed with effect from May 10, 2023.

(6) Appointed with effect from September 19, 2023.

(7) Appointed with effect from December 29, 2023.

Executive Officers

We classify our officers as "executive officers" if they have membership on our Management Council. Our Management Council consists of various business and functional heads and is also referred to as our senior management. As of March 31, 2024, the Management Council consisted of:

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Name and Designation	Education/Degrees Held	Age	Experience in years	Date of commencement of employment	Particulars of last employment
Mr. K. Satish Reddy[1] Chairman	B. Tech., M.S. (Medicinal Chemistry)	56	32	January 18, 1993	Director, Globe Organics Limited
Mr. G.V. Prasad[2] Co-Chairman and Managing Director	B. E. (Chem. Eng.), M.S. (Indl. Admn.)	63	40	June 30, 1990	Promoter Director, Benzex Labs Private Limited
Mr. Erez Israeli Chief Executive Officer	Graduate Bar Ilan University MBA in Finance and Marketing Bar Ilan University	57	30	April 2, 2018	Executive Officer Enzymotec
Mr. Parag Agarwal Chief Financial Officer	Chartered Accountant (CA), Company Secretary (CS)	58	36	November 2, 2020	CFO-Health, Reckitt Benckiser PLC
Mr. M.V. Ramana Chief Executive Officer - Branded Markets (India and Emerging Countries)	MBA	56	32	October 15, 1992	-
Ms. Archana Bhaskar Chief Human Resource Officer	MBA (IIM)	57	34	June 15, 2017	Human Resources head (Global commercial business) Royal Dutch Shell
Mr. Sanjay Sharma Global Head of Manufacturing	B. Tech (IIT), Business Leader's program (IIM) and General Management program (IIM)	56	33	August 1, 2017	Integrated Supply Chain Operations (Coca Cola) for India and South Asia
Mr. Deepak Sapra Global Head of PSAI	B.E., PGDM, MBA	49	24	January 23, 2003	Asst. Divisional Engineer, Indian Railways
Dr. Jayanth Sridhar Global Head of Biologics	BE, M Sc, M.Sc - Technology, PhD	53	24	May 17, 2021	Senior Vice President, Biological E. Limited
Mr. Marc Kikuchi Chief Executive Officer -North America Generics	MBA, BA (Molecular and Cell Biology)	55	30	February 1, 2019	CEO, Americas for Zydus Pharmaceuticals, Inc.
Mr. Patrick Aghanian Chief Executive Officer - European Generics	MBA, BA	59	36	October 7, 2019	Global Head of Zentiva
Phani Mitra B Chief Information Officer	Bachelors in Engineering From BITS Pilani and an MBA from IIM Bangalore	45	20	July 14, 2014	Senior Manager- Hewlett Packard
Mr. Sushrut Kulkarni Global Head of Integrated Product Development Organisation	Masters in Pharmacy	54	27	May 4, 2022	Executive Vice President and Head - Global Pharmaceutical Development, Glenmark
Mr. M.V. Narasimham Deputy Chief Financial Officer	Chartered Accountant	55	32	June 12, 2000	Executive, Senmar Group
Mr. Krishna Venkatesh Global Head - Quality and Pharmacovigilance	MS degree in Pharmaceutics from University of Mississippi and a B. Pharm degree from BITS Pilani	51	28	March 18, 2010	Director - Teva Pharmaceuticals

(1) Brother-in-law of Mr. G.V. Prasad.
(2) Brother-in-law of Mr. K. Satish Reddy.

There was no arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which any director or executive officer referred to above was selected as a director or member of our Management Council.

Mr. Parag Agarwal will retire as our Chief Financial Officer on July 31, 2024, consequent to his decision to expand his involvement in philanthropy for the cause of making a meaningful difference to the lives of the most vulnerable segment of the society– the voiceless animals. As a result, he will also cease to be a member of our Management Council and Senior Management Personnel. He will continue to be available for the Company until August 31, 2024.

Mr. M.V. Narasimham, currently our Deputy Chief Financial Officer, is being elevated to the role of our Chief Financial Officer with effect from August 1, 2024. Presently, he is also a Member of our Management Council and Senior Management Personnel.

Mr. Marc Kikuchi has resigned from the role of CEO of North America Generics. He is ceased to be a member of our Management Council and Senior Management Personnel, effective from May 24, 2024.

Mr. Milan Kalawadia, was elevated to the role of CEO - North America and also inducted as a Member of our Management Council and Senior Management Personnel, effective from May 25, 2024.

Biographies – Directors

Mr. K. Satish Reddy is the Chairman of our Board of Directors and Whole-time Director. Prior to May 2014, he held the offices of Vice Chairman and Managing Director. He has a Master of Science degree in Medicinal Chemistry from Purdue University, Indiana in the United States of America and a Bachelor of Technology degree in Chemical Engineering from Osmania University, Hyderabad. He is the Chairman of the National Council on Intellectual Property, a Member of the Corporate Governance Council and a Member of the National Council of the Confederation of Indian Industry ("CII"). He is the Co-Chairman of the Indian Pharmaceutical Alliance ("IPA") Trade Affairs Committee. IPA is a premier industry association of leading research-based Indian companies. He is also a Member of the International Generic and Biosimilar Medicines Association ("IGBA") CEO Advisory committee, the National Accreditation Board for Certification Bodies ("NABCB") Advisory Committee, the Board of Trustees of Asia Business Council and the Board of Trade of Indian Ministry of Commerce.

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Keeping true to the legacy of our founder, Dr. Anji Reddy, Mr. K. Satish Reddy drives the organization's Corporate Social Responsibility initiatives. The Dr. Reddy's Foundation, of which he is Chairman, works to help the less privileged create sustainable livelihoods through appropriate vocational education. He is a Trustee of the Naandi Foundation, which works in the areas of child rights and education, safe drinking water, agriculture export marketing support and other much needed empowerment initiatives that India need. Satish is also one of the Directors of Dr. Reddy's Institute of Life Sciences, the not- for-profit institute engaged in pioneering and innovative research in unifying areas of chemistry, biology and chemical biology.

He also chairs the Life Sciences Advisory Committee under Government of Telangana, working in partnership with various stakeholders' groups, to serve and address the skill shortfalls in the Life Sciences Sectors across India. He was a member of the Drugs Technical Advisory Board of India, the Chairman of the Andhra Pradesh Chapter of the CII and head of its National Committee on Pharmaceuticals. He has co-opted for the second term as a Member of the Board of Governors of Indian Institute of Management, Visakhapatnam ("IIMV"). In addition to positions held in our subsidiaries, he is also a Director on the Board of Greenpark Hotels and Resorts Limited, Stamlo Industries Limited, Araku Originals Private Limited, Dr. Reddy's Institute of Life Sciences, Cipro Estates Private Limited, KAR Therapeutics & Estates Private Limited, Quin Estates Private Limited, Satish Reddy Estates Private Limited, Dr. Reddy's Trust Services Private Limited, Nayanta Education Foundation and Telangana Life Sciences Foundation in India. He also serves as a Director on the Board of KAR Holdings (Singapore) Private Limited and KAREUS Therapeutics (Singapore) Private Limited in Singapore.

Mr. G.V. Prasad is a member of our Board of Directors and serves as our Co-Chairman and Managing Director. Prior to May 2014, he held the titles of Chairman and Chief Executive Officer. He was the Managing Director of Cheminor Drugs Limited prior to its merger with Dr. Reddy's Laboratories. Mr. Prasad's emphasis on research, innovation, transparency, business ethics and leaner corporate structures has helped shape Dr. Reddy's into what it is today - an organization of global repute, recognized industry-wide for scientific innovation, progressive people practices and high standards of corporate governance. He is driving the necessary imperatives for our company to engage even more deeply with the human aspects of health. Mr. Prasad focuses on mentoring leaders, driving innovation in science, technology and digitalization while championing the cause of the planet, purpose, and patients. Mr. Prasad also ensures that the company is well-positioned for our future, drawing upon his 35 years plus of leadership experience in the pharmaceutical industry to help our company anticipate trends and envision the future of healthcare.

Mr. Prasad is involved with the activities of the World Wildlife Fund, AP and Telangana chapter and other conservation-oriented organizations. He is the Chairman of Board of Trustees of Wildlife Trust (WTI) of India. In addition to positions held in our subsidiaries, he is a Director on the Board of Greenpark Hotels and Resorts Limited, Stamlo Industries Limited, Dr. Reddy's Institute of Life Sciences and Dr. Reddy's Trust Services Private Limited. Mr. Prasad is active on the boards of public and private institutions such as the Indian School of Business ("ISB") and the International Foundation for Research and Education. Mr. Prasad is also a member of the governing body of Mckinsey Centre for CEO Excellence and Institute of Public Health Sciences Hyderabad Society.

He has a Bachelor of Engineering degree in Chemical Engineering from Illinois Institute of Technology, Chicago in the United States of America, and an M.S. in Industrial Administration from Purdue University, Indiana in United States of America. He is currently the Chairman of CII National Committee on Pharmaceuticals. Mr. Prasad has also been serving as the Honorary Consul of the Kingdom of Belgium in Hyderabad since April 2019. Mr. Prasad was listed among the Top 50 CEOs that India ever had by Outlook magazine in 2017 and was recognized as one the top 5 Most Valuable CEOs of India by Business World in 2016. He was also listed in the prestigious 'Medicine Maker 2018 Power List' of most inspirational professionals shaping the future of drug development, and has been named India Business Leader of the year by CNBC Asia, in 2014 & 2015.

Ms. Kalpana Morparia has been a member of our Board of Directors since 2007. Ms. Morparia is Former Chairman of J.P. Morgan - South and Southeast Asia and was also a member of J.P. Morgan's Asia Pacific Management Committee. Prior to joining J.P. Morgan, India, Ms. Morparia served in ICICI Group since 1975. Her last assignment included Vice Chair on the Board of ICICI Group and Joint Managing Director of ICICI Group from 2001 to 2007. ICICI Bank is one of India's largest private sector banks and has leadership positions in banking, insurance, asset management and private equity. A graduate in science and law from Mumbai University, Ms. Morparia has been recognized by several international and national media for her role as one of the leading women professionals. She also serves as an Independent Director on the Boards of Hindustan Unilever Limited, Philip Morris International Inc., HSBC Holdings Plc. and Meesho Inc. and as a Director on the Board of the Generation India Foundation. Ms. Morparia is a member of the Board of Governors of Bharti Foundation and the Foundation for Audit Quality (a non-governmental organization) and Krea University. Ms. Kalpana has been conferred the Padma Shri award in the category of Trade & Industry by the Government of India in January 2024.

Mr. Leo Puri has been a member of our Board of Directors since October 2018. Mr. Puri was the Managing Director of UTI Asset Management Co. Ltd. from August 2013 to August 2018. Mr. Puri assumed office of the Chairman of JP Morgan Chase for South & South East Asia in late 2020 for three years. Since late 2023, he has assumed an advisory role as Co- Chairman, Asia Advisory Council. In his career of more than 31 years, Mr. Puri has previously worked as Director with McKinsey & Company and as Managing Director with Warburg Pincus. Mr. Puri has worked in the U.K., the United States and Asia. Since 1994, he has primarily worked in India. At McKinsey, he has advised leading financial institutions, conglomerates and investment institutions in strategy and operational issues. He has contributed to the development of knowledge and public policy through advice to regulators and government officials. At Warburg Pincus, he was responsible for leading and managing investments across industries in India. He also contributed to financial services investments in the international portfolio as a member of the global partnership. Mr. Puri is a director on the Board of Hindustan Unilever Limited and Tata Sons Private Limited. Mr. Puri has a Master's degree in P.P.E. from University of Oxford, and a Master's degree in Law from University of Cambridge.

Ms. Shikha Sharma has been a member of our Board of Directors since January 2019. Ms. Sharma was the Managing Director and CEO of Axis Bank, India's third largest private sector bank from June 2009 until December 2018. As a leader adept at managing change, she led the Bank on a transformation journey from being primarily a corporate lender to a bank with a strong retail deposit franchise and a balanced lending book. Ms. Sharma has more than three decades of experience in the financial sector, having begun her career with ICICI Bank Ltd in 1980. During her tenure with the ICICI group, she was instrumental in setting up ICICI Securities. As Managing Director and CEO of ICICI Prudential Life Insurance Company Ltd., she led that company to become the No. 1 private sector life insurance company in India.

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She was a member of the Reserve Bank of India ("RBI") Technical Advisory Committee, the RBI's panel on Financial Inclusion, and the RBI's Committee on Comprehensive Financial Services for Small Businesses and Low-Income Household. She has chaired CII's National Committee on Banking 2015-2017. Ms. Sharma holds an MBA from the Indian Institute of Management, Ahmedabad, B.A. (Hons.) in Economics and a Post Graduate Diploma in Software Technology from National Centre for Software Technology (NCST), Mumbai. Ms. Sharma is also an independent director on the Boards of Mahindra and Mahindra Ltd, Tech Mahindra Ltd, Piramal Enterprises Limited and Tata Consumer Products Ltd (Formerly known as Tata Global Beverages Ltd.). She is a member of the Board of Governors of the Indian Institute of Management ("IIM") Lucknow, and an advisor to several companies in India.

Dr. K.P. Krishnan has been a member of our Board of Directors since January 2022. For nearly 37 years, Dr. Krishnan served in the Indian Administrative Service ("IAS"). He superannuated from the IAS in December 31, 2019. In his IAS career he has served in various field and secretariat positions in the Government of India, Government of Karnataka and at the World Bank. Besides field positions like District Collector Mangalore, in the Government of Karnataka he served in the departments dealing with agriculture, co-operatives and marketing, urban development and infrastructure, commercial taxes and finance. His key roles in the Government of India include: a) Secretary, Ministry of Skill Development and Entrepreneurship; b) Special/Additional Secretary, Department of Land Resources, Ministry of Rural Development; c) Additional Secretary, Department of Economic Affairs, Ministry of Finance; d) Secretary, Prime Minister's Economic Advisory Council; and e) Joint Secretary, Department of Economic Affairs, Ministry of Finance. In these positions he served on the boards of corporations as well as boards of statutory regulatory authorities. In parallel with his government career, Dr. Krishnan has been a strong researcher/academic. Besides being visiting faculty at IIM Bangalore, ISB and Ashoka University, he held the prestigious Bok Visiting Professor of Regulation at the University of Pennsylvania Law School in 2012-13. From August 7, 2020 until December 31, 2021, he served as the IEPF Chair Professor of Economics at the National Council of Applied Economic Research (NAER) New Delhi. At present, he is an Independent Director on the Boards of Tata Consumer Products Limited, Shriram Capital Private Limited, Helios Trustee Private Limited and a director in the Indian Institute of Human Settlements. Dr. Krishnan was educated in Economics at St. Stephens College and Law at the Campus Law Centre University of Delhi. He joined the IAS in August 1983 and belongs to the Karnataka cadre. He joined IIM Bangalore in 1999 and was awarded FPM (Ph.D) in Economics in the 2003 graduation ceremony.

Ms. Penny Wan has been a member of our Board of Directors since January 2022. She was most recently Amgen's Vice President of the Japan and Asia Pacific region. With over 20 years of experience in the biopharmaceuticals industry, she led Amgen's geographic expansion efforts in the region. Since joining Amgen in 2014, she has been instrumental in building its commercial presence across the region, ensuring that innovative medicines reach patients, payers and physicians in these markets. Prior to Amgen, Ms. Wan was General Manager of Roche Pharma China, which became one of the fastest growing multinational corporations in that country. She spearheaded innovative partnership solutions with government, professional and patient groups to improve access and outcomes for patients. Ms. Wan also worked in the pharmaceuticals division of Wyeth, where she held various management, marketing and commercial positions in the United States, Hong Kong, and Taiwan. During her time in China, Ms. Wan served as an executive committee member of RDPAC (R&D based Pharmaceutical Association Committee), where she led the industry-shaping efforts in biologics and served as Vice President of the Shanghai Association of Enterprises with Foreign Investments. She received the 2013 White Magnolia Memorial Award from the Shanghai municipality in recognition of her contributions to the city. Ms. Wan brings deep experience across healthcare. She has comprehensive management experience and strategic skills in leading sales and marketing, manufacturing, business development, start-up, country and regional operations in global markets, including China and Japan in world class pharma and healthcare companies. Additionally, Ms. Wan has worked across multiple sectors in pharmaceuticals, infant formula, nutrition, vaccines, immunology, oncology, cardiovascular, bone and mental health, among others. Ms Wan co-founded and is the chairwoman of Heronova Life Sciences Holding. Ms. Wan holds a Graduate Diploma in business administration from Monash University & Chinese University of Hong Kong and a Bachelor of Science in Biochemistry and Pharmacology from Monash University of Australia.

Mr. Arun M. Kumar is a Managing Partner at Celesta Capital, a leading deep technology venture capital firm that leverages synergies between leading centres of innovation in the United States and India to create globally impactful enterprises. In February 2022, Mr. Arun completed his five-year term as the Chairman and CEO of KPMG in India. In this role, he led a large organization of thousands of talented professionals engaged in providing assurance, tax, and advisory services, through a period of extraordinary organizational transformation and growth. He was a member of the global board of directors of KPMG as well as its Europe, Middle East and Africa ("EMA") board. Mr. Arun previously served in President Obama's Administration as Assistant Secretary of Commerce for Global Markets and as Director General of the U.S. & Foreign Commercial Service ("USFCS"), under the leadership of Commerce Secretary Penny Pritzker. As the Administration's lead official to promote U.S. exports, foreign direct investment, and enhanced market access around the world, he led a team of 1,700 professionals in 78 countries and all 50 states of the United States. The Global Markets unit and USFCS saw substantial growth in coverage and impact during his tenure.

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During that time, Mr. Arun also had a special focus on the U.S.-India economic relationship, helping establish high level bilateral dialogues in areas ranging from innovation to infrastructure and working closely with the U.S. India CEO Forum. Prior to his nomination by President Obama, Mr. Arun was a partner at KPMG LLP in the United States and was a member of the Board of the firm. Based in Silicon Valley, he led KPMG's Management Consulting practice in the West. Before joining KPMG, he was a co-founder, CEO, and CFO of three technology companies in Silicon Valley; over the years, Mr. Arun has been a mentor to entrepreneurs in Silicon Valley and India. Mr. Arun is a member of the Council on Foreign Relations. Mr. Arun is an advisor to the Board of Directors of the U.S.-India Business Council. He serves on the board of Indiaspora, an organization that links accomplished and influential people of Indian origin in many countries to enhance the relationships between their country of residence and India. Mr. Arun serves as a director on the Board of our wholly owned U.S. subsidiary Dr. Reddy's Laboratories Inc., Mr. Arun received his master's degree from the MIT Sloan School of Management. He earned his undergraduate degree, in physics, as a National Science Talent Scholar, from the University of Kerala.

Dr. Claudio Albrecht most recently was a co-founder and managing partner of Albrecht, Prock & Partners and, until August 31, 2018, was the CEO of the publicly listed STADA AG. Before this assignment Dr. Albrecht worked in and with the Generic industry for more than 30 years. Dr. Albrecht started his pharmaceutical career at Sandoz in 1987 in Austria and became General Manager of its generic businesses in the Netherlands, in Germany and the USA, before leaving to become CEO of the Ratiopharm Group in 2000. In his time as CEO of the Ratiopharm Group, he was driving the internationalization process of the German drug maker beyond Europe and was material in the initiation of the development, manufacturing and commercialization project of Ratiopharm's Biosimilars program. Ratiopharm was first to market with the Biosimilar Filgrastim in Europe. In 2007, Dr. Albrecht founded together with Peter Prock the strategy consulting firm CoMeth in Slovakia before he was asked to assume the role of CEO and Chairman of the Board of the Actavis Group. Actavis was operating in over 50 countries worldwide with standalone 2012 revenues in excess of € 2 billion. Under his leadership, Actavis was sold to Watson for U.S.$ 6 billion, which represented an above average industry multiple. As CEO of Actavis, Dr. Albrecht initiated a total turn around process and started a joint venture for the development and commercialization of recombinant Insulin and its analogues with the objective to build the first Generic "one stop shop" in Diabetes. After the divestiture of Actavis, Dr. Albrecht founded with Peter Prock the Zug/Switzerland based Albrecht, Prock & Partners AG ("AP&P"). Together with private equity and strategic investors, AP&P worked on numerous acquisition projects amongst which the take private initiative for STADA AG was the most significant. STADA AG was the largest leveraged buyout of a German listed company ever. Dr. Albrecht agreed to manage the company for an interim period of one year and led all the necessary changes and strategic initiatives. In September 2018, Dr. Albrecht returned to AP&P. Claudio holds a PhD in law.

Dr. Alpna Seth served as the President and Chief Executive Officer of Nura Bio Inc., a neurology pharmaceutical company for three years, until she retired starting October 2022. Prior to this, Dr. Seth was the Chief Operating Officer of Vir Bio Inc., a biopharma pioneer for treating infectious diseases. Before that, for nearly two decades from 1998 to 2017, Dr. Seth was a senior executive at Biogen Inc., a leading global biopharmaceutical company. Here, over the years she undertook several leadership roles with increasing profit and loss responsibility, spanning research and development to commercialization of new drugs in markets across the world. Early in her career at Biogen, she led oncology research and development which culminated in a successful merger of equals with Idec Pharma to form Biogen Idec. She was instrumental in establishing Biogen's strategic expansion in Asia as a founding Managing Director in India with its HQ in Gurgaon, and then returning to Biogen's global HQ in the U.S to lead the launch of its largest multibillion-dollar neurology drug franchise world-wide. In 2014 as Senior Vice President, she moved to Europe to spearhead Biogen's foray into biosimilars with the rapid creation of one of the fastest growing biosimilars businesses in the industry. Along with a deep and broad industry expertise in biopharma, Dr. Seth's experience includes health care and life sciences tools, industrial biotechnology, diagnostics, and management consulting. In addition to North America, she has lived and worked in Asia and in Europe. Dr. Seth has a track-record of creating and leading new businesses across therapeutic areas and modalities including biologics (novel and biosimilars), small molecules, gene therapy and RNA-based therapeutics. In addition, Dr. Seth brings extensive corporate governance and strategic oversight experience as a member of the Board of Directors of large publicly listed multinationals and VC-funded private biotech companies. Dr. Seth currently serves as an independent Director on the boards of three public (NASDAQ listed) companies- Seagen, Bio-Techne and Keros Therapeutics. Dr. Seth received a Ph.D. in biochemistry and molecular biology from University of Massachusetts Medical School and conducted her post-doctoral research at Harvard University in immunology and structural biology, both as a Howard Hughes Medical Institute Fellow. She is also a graduate of Harvard Business School's Advanced Management Program.

Mr. Sanjiv Mehta is the Executive Chairman of *L* Catterton India, a private equity enterprise, Board Member (Non-Executive) of Air India Ltd & Danone S.A., France and is the President Commissioner (Non-Executive Chairman) of PT Unilever TbK, Indonesia. Mr Mehta has been the Chairman/ CEO and Managing Director (2013-23) of Hindustan Unilever Limited ("HUL") which is India's foremost fast-moving consumer goods company. During his 10 years at the helm of HUL, its market capitalization increased from $17 billion to $76 billion, making it the fifth most valuable company in India and the most valuable business for Unilever. Mr. Mehta was also the President of Unilever South Asia, having a combined turnover of $9 billion, and a member of 'Unilever Leadership Executive', the global executive board of the consumer goods giant. Mr. Mehta has been the CEO / Executive Chairman of Unilever Businesses in different parts of the world for 21 years from 2002-23. He was Chairman and Managing Director of Unilever Bangladesh Limited (2002-06), Chairman and CEO of Unilever Philippines Inc. (2007-08), Chairman of Unilever - North Africa and Middle East (2008-13) and took over India and South Asia responsibilities from 2013. In each of these roles he left his imprint by turning around businesses in trouble, winning major competitive battles and accelerating growth and margins.

Mr. Mehta has done his Bachelor's in Commerce, Chartered Accountancy and has also completed his Advanced Management Program (Harvard Business School). Mr. Mehta has been the President of India's oldest and largest trade body FICCI (Federation of Indian Chambers of Commerce and Industry) during 2021-22, is a member of the South Asia Advisory Board of Harvard Business School and is Chairman Emeritus of 'Vikaasa', a coalition of top Indian and multi-national companies.

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During the period when Mr. Mehta was heading HUL it won several recognitions, including the prestigious The Economic Times 'Company of the Year' & 'Corporate Citizen of the Year' awards, Business Standard's 'Company of the year' award, the 'Best Governed Company' award by the Asian Centre for Corporate Governance and Sustainability and the 'Outstanding Company of the Year' award at CNBC-TV18's India Business Leader Awards ("IBLA"). Forbes rated HUL as the most innovative company in India and the 8th most innovative company in the world. Aon Hewitt in a global study rated HUL as the 3rd best company globally for building leaders. Mr. Mehta was conferred the honorary degree of 'Doctor of Philosophy in Business Management' by Xavier University (Xavier Institute of Management) in 2019. He has received several personal recognitions including the 'Best CEO Multinational' by Forbes, the 'Management Man of the Year' by Bombay Management Association, the 'CA Business Leader' by The Institute of Chartered Accountants of India, the 'Best Transformational Leader' by the Asian Centre for Corporate Governance and Sustainability, the 'Business Leader of the Year' by The Economic Times, 'Best CEO' Award from Business Today, Pralhad P. Chhabria Memorial Global Award, the 'JRD Tata Corporate Leadership award' by the All India Management Association, the 'Sir Jehangir Ghandy Medal' by Xavier School of Management (XLRI), Jamshedpur, 'IMPACT Person of the Year' by exchange4media group (Business World), 'Lifetime Achievement Award' by CEO's Association for Inclusive India -SKOCH Group, 'CEO of the year' by Business Standard and 'Best of the Best CEO's' by Fortune. He has also been inducted into the 'Hall of Fame' by The Institute of Chartered Accountants of India.

Biographies - Executive Officers

Mr. Erez Israeli is Chief Executive Officer of our company and prior to that he was our Chief Operating Officer and the Global Head of Generics and PSAI business. He has over 30 years of experience in the pharmaceutical industry. Mr. Israeli is an accomplished leader with a proven track record of achievement. Prior to joining us, Mr. Israeli was President and Chief Executive Officer of Enzymotec. Prior to that, he spent 23 years working at Teva Pharmaceutical Industries Limited ("Teva"), where he held several leadership positions in the API and pharmaceutical (Generics, Specialty and OTC) businesses. His positions of responsibility included Vice President Marketing & Sales for North America, Vice President Asia Operations, President of Teva API, Group Executive Vice President, Head of Global Quality, and President & CEO of Growth Markets. He was also the Head of the Global Quality function for Teva and has held Board positions at subsidiaries of Teva. He graduated from Bar Ilan University in Israel, majoring in art, economics and business administration, and received an MBA in Finance and Marketing from Bar Ilan University. Under Mr. Israeli leadership, our company has seen significant growth in both revenue and profitability. Our company has concluded acquisitions of key assets in India and internationally as well as launched several first-to-market products. Mr. Israeli has also steered us through our pandemic response, ensuring that commitments to supply medicines to patients and to employees' safety were met. Under Mr. Israeli's guidance, we have also broken new ground on digitalization across Research & Development, Manufacturing and Sales – along with our focus on innovation, this will yield significant dividends in the years to come.

Mr. Parag Agarwal is the Chief Financial Officer. Mr. Agarwal joined our company in 2020 from Reckitt Benckiser PLC, where he was CFO-Health, based in London. In a career spanning over 36 years, he has held several leadership positions, contributing significantly to the financial performance of his organizations. With over 10 years of working experience in several countries outside India, he brings deep global experience in leading business and financial strategy, transforming finance function, as well as in M&A strategy and execution. He has expertise in driving performance management of investments, financial result delivery and driving operating margin improvement through revenue and cost optimization across the value chain. Mr. Agarwal has held leadership positions in diverse cultural contexts and has driven large-scale change management programs in ambiguous and dynamic environments. Prior to his 10 plus year stint at Reckitt Benckiser PLC, he was associated with organizations such as Unilever, GSK Consumer Healthcare and Genpact. Mr. Agarwal is a Chartered Accountant and a Company Secretary.

Mr. M.V. Ramana is the CEO - Branded Markets (India and Emerging Markets). In this role, he leads a multicultural team of 20+ nationalities in 25+ countries. He joined us on October 15, 1992, as a Management Trainee in the International Marketing division of our Branded Formulations business. In his 32 years tenure, he has handled various critical assignments including setting up the businesses in several countries across Asia, Latin America, Africa and the Middle East to joint venture in China and marking our successful entry in China. Since 2022, Mr. Ramana is also leading our Global Innovation Unit, furthering our organization's focus to be on the forefront of innovation efforts, and creating a great opportunity for us to reach more and more patients with affordable and innovative health care solutions.

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Mr. Ramana is also a frequent speaker at various international forums in the pharmaceutical and generics industry. He holds an MBA degree from Osmania University, Hyderabad, India and has completed the ISB-Kellogg management development program.

Ms. Archana Bhaskar is the Chief Human Resources Officer at Dr. Reddy's and a member of the Management Council. Archana. Ms. Bhaskar oversees our Human Resources and Corporate Communications. She joined our company in June 2017 and has more than 32 years of people management experience across diverse industries, geographies and companies. Prior to joining us Ms. Bhaskar was with Royal Dutch Shell, Singapore where she was global head of Human Resources for the Global Commercial Businesses. Earlier, she worked with Unilever, where she held positions of European and global responsibility, as well as large Indian corporations with whom she consulted in professionalizing Human Resources policies and practices. She is an alumna of Lady Shri Ram College, Delhi University, where she majored in Psychology and Mathematics and the Indian Institute of Management, Bengaluru from where she completed her Master's degree in Business Administration.

Mr. Sanjay Sharma is the Global Head of Manufacturing. He joined us in August 2017. He has over 33 years of experience across various industries such as Coca-Cola and United Breweries handling diverse set of roles spanning across Supply Chain, Manufacturing and Sales in both emerging and developed markets. He joined us from Hindustan Coca-Cola where he led their Integrated Supply Chain Operations for India and South Asia. He graduated from the Indian Institute of Technology ("IIT") Delhi with a degree in Chemical Engineering, completed one year Business Leader's program from the Indian Institute of Management ("IIM") Calcutta and a General Management program from IIM Ahmedabad.

Mr. Deepak Sapra is the Chief Executive Officer (CEO), of the Pharmaceutical Services and Active Ingredients ("PSAI") business. As part of his role, he heads the API business, the Aurigene Pharmaceutical Services Limited ("APSL") business, public health initiatives and business to business collaborations for our company. He also heads Global Portfolio and Product Management for Dr Reddy's. Mr. Sapra joined our company in 2003 from the Indian Institute of Management ("IIM"), Bangalore and has since then undertaken various roles in Marketing, Sales, Business Development and Portfolio covering most markets around the world. He also led the COVID initiatives for Dr Reddy's on therapeutics as well as on vaccines. Mr. Sapra education is in engineering and management. Prior to joining our company, he worked in the Indian Railway Services, Government of India. He has also been a Fulbright fellow and a Chevening scholar. He is also a published author and his first book was published in 2018. He is also the co-founder of a charitable trust that works for people with disabilities in eastern India.

Dr. Jayanth Sridhar is the Global Head of Biologics, having joined Dr. Reddy's Laboratories in May 2021. In a career spanning 25 years, Dr. Sridhar has assumed leadership roles of increasing breadth in Biologics in companies developing and manufacturing vaccines, novel biologics and biosimilars. He has been responsible for the development, launch and commercial manufacturing of six novel vaccines/biologics and over twenty biosimilar products in high regulated and emerging markets. Additionally, Dr. Sridhar has built and led teams in three continents (the United States, Europe and India) at Merck, BioMarin, Biocon, Cipla BioTec, Alvotech, Biological E and presently Dr Reddy's Biologics. He has a passion for organization building, technical problem solving, people leadership and mentoring.

Mr. Marc Kikuchi serves as Chief Executive Officer, North America Generics, and is based in the Princeton, New Jersey, office. He is responsible for leading the North America business and serves as a member of the Board of Dr. Reddy's Laboratories, Inc. U.S.A. Mr. Kikuchi is an accomplished CEO, senior supply chain management and business development executive. He has more than 26 years' experience in the Pharmaceutical Industry with extensive knowledge and understanding of generics, biosimilars, and oncology new chemical entities. Prior to joining our company, Mr. Kikuchi served as CEO, Americas for Zydus Pharmaceuticals, Inc. He has also held professional leadership roles of increasing responsibility with AmerisourceBergen Corporation, Medrad Inc., PRTM, Johnson & Johnson and Incyte Pharmaceuticals. Mr. Kikuchi earned his Master of Business Administration from Carnegie Mellon University with a concentration in Strategy, Marketing, and Operations Management. He has a Bachelor of Arts Degree in Molecular and Cell Biology with Biochemistry emphasis from the University of California at Berkeley.

Mr. Patrick Aghanian serves as Chief Executive Officer, Europe Generics. Mr. Aghanian joined our company in 2019 from Zentiva in Prague/Czech Republic. Before becoming Head of Zentiva in 2017, he worked for multinational pharmaceutical companies such as Sanofi, GSK and Novartis, where he held various leadership roles in Eurasia, Middle-East and Europe. He has experience spanning over-the-counter, originator and generic pharmaceuticals, including specialist fields such as Oncology and Diabetes. Patrick earned his Master of Business Administration (MBA) from the UCLA Anderson School of Management/University of California, Los Angeles and holds a Bachelor of Arts from the University of California, Los Angeles.

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Mr. Phanimitra B. joined our company in 2014 and played various roles – setting up the Analytics Centre of Excellence, leading corporate strategy and digital transformation for Dr. Reddy's India and Emerging markets businesses. Before joining our company, he worked with Hewlett Packard for over 11 years with roles in strategy, analytics & transformation consulting for customers across industries in the United States, India and Asia-Pacific region. In 2021, he was listed in the Analytics India Magazine's 50 Most Influential AI Leaders in India. He holds a Bachelors in Engineering from BITS Pilani and an MBA from IIM Bangalore.

Mr. Sushrut Kulkarni serves as Global Head of Integrated Product Development Organization ("IPDO"). Mr. Kulkarni has more than 27 years of experience in the pharmaceutical industry, particularly focusing on Product Research and Development. He comes with lot of experience in diverse dosage forms such as oral solids, dermatological formulations, injectables, respiratory and transdermal. He has been instrumental in leading technical, regulatory and Project Management teams in Product development, ensuring their regulatory approvals, commercial launch and further life cycle management activities across geographies. He is passionate about leading management teams to achieve new business heights. Mr. Kulkarni has worked across the spectrum in companies such as Glenmark, Zydus, Torrent, Sandoz and Rhone Poulenc. Mr. Kulkarni holds a Masters in Pharmacy from Bombay College of Pharmacy, Mumbai University and is passionate about leading management teams to achieve new business heights.

Mr. M.V. Narasimham serves as Deputy Chief Financial Officer with responsibilities of global commercial business finance and global taxation. He is a qualified Chartered Accountant with more than 32 years of experience across several finance functions. Mr. Narasimham joined our company in the year 2000 and since then has handled several roles across finance in the company. He was leading the finance operations of our business segments PSAI and Global Generics during the period from 2006 to 2012. Since 2012, he has been heading the Corporate Finance function (Direct and Indirect Taxation, Consolidation and Corporate Analytics) along with Global Business finance involving both India and overseas operations.

Mr. Krishna Venkatesh is the Global Head of Quality & Pharmacovigilance. Mr. Venkatesh has over 28 years of experience in the pharmaceutical industry and has been with our company for 14 years. His experiences span across areas of product development, process engineering, technology transfer and manufacturing operations. Prior to joining our company, he worked with Barr Pharmaceuticals and Teva in the United States. Mr. Venkatesh holds an MS degree in Pharmaceutics from University of Mississippi and a B. Pharm degree from BITS Pilani.

6.B. *Compensation*

Directors' compensation

Full-Time Directors: The compensation of our Chairman and our Co-Chairman and Managing Director (who we refer to as our "full-time directors") is divided into salary, commission and benefits. They are not eligible to participate in our stock option plans. The Nomination, Governance and Compensation Committee of the Board of Directors initially recommends the compensation for full-time directors. The compensation of the full-time directors is then approved by the Board. Appointment/re-appointment/compensation of the full-time directors is placed for approval of shareholders along with the proposal for their appointment or re-appointment. The salary, commission and benefits of the full-time directors for year ended March 31, 2024 were within the limits approved by our shareholders in line with the provisions of the Indian Companies Act, 2013.

The Chairman of our Board and our Co-Chairman and Managing Director are each entitled to receive a maximum commission of up to 0.75% of our net profit (as defined under the Indian Companies Act, 2013) for the fiscal year. The Nomination, Governance and Compensation Committee, which is entirely composed of independent directors, recommends the commission for the Chairman of our Board and our Co-Chairman and Managing Director within the limits of 0.75% each, of our net profits (as defined under the Indian Companies Act, 2013) for each fiscal year. The Board, based on the recommendation of the Nomination, Governance and Compensation Committee, approves the commission of the Chairman and Co-Chairman and Managing Director.

Non-Full Time Directors: In the year ended March 31, 2024, none of our non-full time directors were paid any sum as attendance fees. Non-full time directors are eligible to receive a commission on our net profit (as defined under the Indian Companies Act) for each fiscal year. Our shareholders have approved a maximum commission of up to 1% of the net profits (as defined under the Indian Companies Act, 2013) for each fiscal year for all non-full time directors in a year. The Board determines the entitlement of each of the non-full time directors to commission within the overall limit. The non-full time directors were not granted stock options under the Dr. Reddy's Employees Stock Option Scheme, 2002, the Dr. Reddy's Employees ADR Stock Option Scheme, 2007 or the Dr. Reddy's Employees Stock Option Scheme, 2018 in the year ended March 31, 2024.

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For the year ended March 31, 2024, the directors were entitled to the following amounts as compensation:

	(Amounts Rs. in millions)				
Name of Directors	**Commission**	**Overseas Travel Compensation**	**Salary**	**Perquisites**	**Total**
Mr. K. Satish Reddy	90.00	-	22.02	4.15	116.16
Mr. G.V. Prasad	160.00	-	22.02	4.26	186.27
Ms. Kalpana Morparia	16.68	-	-	-	16.68
Mr. Sridar Iyengar[(1)(5)]	4.69	1.67	-	-	6.36
Mr. Leo Puri[(5)]	12.93	4.17	-	-	17.10
Ms. Shikha Sharma	13.34	-	-	-	13.34
Dr. K.P. Krishnan	14.18	-	-	-	14.18
Ms. Penny Wan[(5)]	12.93	4.17	-	-	17.10
Mr. Arun M. Kumar[(5)]	13.77	5.00	-	-	18.77
Dr. Claudio Albrecht[(2)(5)]	11.92	4.17	-	-	16.09
Dr. Alpna Seth[(3)(5)]	6.58	1.67	-	-	8.25
Mr. Sanjiv Mehta[(4)]	3.32	-	-	-	3.32

(1) *Compensation for part of the year, term ended on July 30, 2023.*

(2) *Compensation for part of the year, appointed as an independent director with effect from May 10, 2023.*

(3) *Compensation for part of the year, appointed as an independent director with effect from September 19, 2023.*

(4) *Compensation for part of the year, appointed as an independent director with effect from December 29, 2023.*

(5) *Non Full Time Directors* who are *resident outside India* are entitled to get *overseas travel compensation for travelling for Board Meetings within the overall commission approved by the shareholders*.

Executive officers' compensation

The initial compensation to all our executive officers is determined through appointment letters issued at the time of employment. The appointment letter provides the initial amount of salary and benefits the executive officer will receive as well as a confidentiality provision and a non-compete provision applicable during the course of the executive officer's employment with us. We provide salary, certain perquisites, retirement benefits, stock options and variable pay to our executive officers. The Nomination, Governance and Compensation Committee of the Board reviews the compensation of executive officers on a periodic basis.

All of our employees at the managerial and staff levels are eligible to participate in a variable pay program, which consists of performance bonuses based on the performance of their function or business unit, and a profit sharing plan through which part of our profits can be shared with our employees. Our variable pay program is aimed at rewarding the individual based on performance of such individual, their business unit/function and our company as a whole, with significantly higher rewards for superior performances.

We also have three employee stock option schemes: the Dr. Reddy's Employees Stock Option Scheme, 2002, the Dr. Reddy's Employees ADR Stock Option Scheme, 2007 and the Dr. Reddy's Employees Stock Option Scheme, 2018. The Dr. Reddy's Employees Stock Option Scheme, 2002 ended in January 2022, however the options already granted under this scheme to eligible employees can be exercised for allotment of equity shares, until the end of the expiry period of such options. The stock option schemes are applicable to all of our employees including directors, and employees and directors of our subsidiaries.

The stock option schemes are not applicable to promoter directors, promoter employees, non-full time directors (independent directors) and persons holding 2% or more of our outstanding share capital. The Nomination, Governance and Compensation Committee of the Board of Directors awards options pursuant to the stock option schemes based on the employee's performance appraisal. Some employees have also been granted options upon joining us.

Compensation for executive officers who are full time directors is summarized in the table under "Directors' compensation" above.

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The following table presents the annual compensation paid or payable to other executive officers for services rendered to us for the year ended March 31, 2024 and stock options issued to all of our other executive officers during the year ended March 31, 2024:

Compensation for Executive Officers

		FMV Value		Par Value	
Name	**Compensation[1] [2] (Rs. in millions)**	**Exercise Price**	**No. of options[3]**	**Exercise Price**	**No. of options[3]**
Mr. Erez Israeli[4]	197.09	4,907	52,692	-	-
Mr. Parag Agarwal	64.66	-	-	-	-
Mr. M.V. Ramana	82.74	4,907	7,959	-	-
Ms. Archana Bhaskar	65.21	4,907	5,129	-	-
Mr. Sanjay Sharma	66.05	4,907	5,989	-	-
Mr. Deepak Sapra	41.90	4,907	2,239	-	-
Mr. Marc Kikuchi[4]	53.48	4,907	11,927	-	-
Mr. Patrick Aghanian[4]	63.09	4,907	4,595	-	-
Mr. Mukesh Rathi[5]	31.97	4,907	4,133	-	-
Mr. Sushrut Kulkarni	55.63	4,907	2,870	-	-
Mr. M.V. Narasimham	48.82	4,907	2,392	-	-
Mr. Jayanth Sridhar[5]	34.59	4,907	2,105		
Dr. Ranjana Pathak[5]	59.22	-	-	-	-
Mr. Krishna Venkatesh[5]	6.15	4,907	1,722	-	-
Mr. Phanimitra B[5]	15.13	4,907	1,722	-	-

[1] These compensation amounts do not include share based payment expense arising from stock options. However, the number of options granted during the year are mentioned separately in the above table.

[2] These compensation amounts include superannuation benefits and provident fund benefits. The executive officers are also covered under our Gratuity and Compensated Absences Plans along with the other employees. Proportionate amounts of the cost for gratuity and compensated absences accrued under the plans have not been separately computed or included in the above disclosure, as the amount payable to the officer is inherently variable and our annual contributions to funds established to furnish such payments are lump sums based on actuarial projections for the fund as a whole. Refer to Note 28 ("Share-based payments") of our consolidated financial statements for further details on the foregoing benefits.

[3] The options vest on various dates beginning in the year ended March 31, 2024 and ending in the year ended March 31, 2028 subject to the employee being in continued service on the date of vesting. The options expire after five years from the date of vesting. The options are granted under the Dr. Reddy's Employees ADR Stock Option Scheme, 2007 and the Dr. Reddy's Employees Stock Option Scheme, 2018. For each of the foregoing options, one equity share or ADR (as applicable) will be issued upon its exercise.

[4] These grants were in the form of options to acquire our ADRs.

[5] These executive officers served for part of the year. Mr. Mukesh Rathi and Dr. Ranjana Pathak ceased as member of the Management Council on August 1, 2023 and January 12, 2024, respectively. Mr. Jayanth Sridhar, Mr. Phanimitra B and Mr. Krishna Venkatesh were inducted into the Management Council with effect from May 10, 2023, August 1, 2023 and January 12, 2024, respectively. The remuneration has been shown for the period the applicable executive officers is a member of the Management Council.

Compensation details on executive officers Mr. K Satish Reddy and Mr. G.V. Prasad are discussed under "Directors' Compensation" above.

6.C. *Board Practices*

Our Articles of Association require us to have a minimum of three and a maximum of fifteen directors. As of March 31, 2024, we had eleven directors on our Board, of which nine were non-full time independent directors.

The Companies Act, 2013 and our Articles of Association require that at least two-thirds of our directors be subject to re-election by our shareholders in rotation and that, at every annual general meeting, one-third of the directors who are subject to re-election must retire from the Board. However, if eligible for re-election, they may be re-elected by our shareholders at the annual general meeting.

Due to India's adoption of the Companies Act, 2013, effective as of April 1, 2014, and amended from time to time, non-full time independent directors are no longer required to retire from the Board by rotation. As a result, at annual general meetings held after April 1, 2014, our non-full time independent directors are excluded from the calculation of the two-thirds directors who are subject to re-election by our shareholders in rotation.

Our non-full time independent directors hold office for a term of up to five consecutive years from the date of initial appointment under the provisions of the Companies Act, 2013. The appointment of any non-full time independent director requires approval of our shareholders through a special resolution within a period of three months from the date of appointment or at our next shareholders meeting, whichever is earlier.

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Each such non-full time independent director shall be eligible for re-appointment for a second term of up to five consecutive years if determined by a special resolution passed by our shareholders.

The terms of each of our directors and their current expected expiration dates are provided in the table below:

Name	Expiration of Current Term of Office	Term of Office	Period of Service[3]
Mr. G.V. Prasad[1]	January 29, 2026	5 years	38.2 years
Mr. K. Satish Reddy[1]	September 30, 2027	5 years	31.4 years
Ms. Kalpana Morparia[2]	July 30, 2024	5 years	17 years
Mr. Sridar Iyengar[2] [4]	July 30, 2023	4 years	11.9 years
Mr. Leo Puri[2]	October 24, 2028	5 years	5.6 years
Ms. Shikha Sharma[2]	January 30, 2029	5 years	5.3 years
Dr. K.P. Krishnan[2]	January 6, 2027	5 years	2.3 years
Ms. Penny Wan[2]	January 28, 2027	5 years	2.4 years
Mr. Arun M. Kumar [2]	July 31, 2027	5 years	1.8 years
Dr. Claudio Albrecht[2] [5]	May 9, 2028	5 years	1.1 years
Dr. Alpna Seth[2][6]	September 18, 2028	5 years	0.7 years
Mr. Sanjiv Mehta[2][7]	December 28, 2028	5 years	0.4 years

(1) Full time director.
(2) Non-full time independent director.
(3) Reflects service through May 31, 2024
(4) Term ended on July 30, 2023, as an Independent Director.
(5) Appointed with effect from May 10, 2023.
(6) Appointed with effect from September 19, 2023.
(7) Appointed with effect from December 29, 2023

The directors are not eligible for any termination benefit on the termination of their tenure with us. Our full time directors are subject to retirement by rotation. As a result, Mr. K Satish Reddy shall retire by rotation, and the proposal to reappoint him is being placed before our shareholders at our annual general meeting scheduled on July 29, 2024.

Committees of the Board

Committees constituted by the Board focus on specific areas and take decisions within the authority delegated to them.

The Committees also make specific recommendations to the Board on various matters from time-to-time. All decisions and recommendations of the Committees are placed before the Board for information, review and/or approval. We had seven Board-level Committees as of March 31, 2024:

- Audit Committee.
- Nomination, Governance and Compensation Committee.
- Science, Technology and Operations Committee.
- Risk Management Committee.
- Stakeholders' Relationship Committee.
- Sustainability and Corporate Social Responsibility Committee.
- Banking and Authorization Committee.

We have adopted charters for our Audit Committee, Nomination, Governance and Compensation Committee, Science, Technology and Operations Committee, Risk Management Committee, Stakeholders' Relationship Committee and Sustainability and Corporate Social Responsibility Committee, formalizing the applicable committee's procedures and duties. Each of these charters is available on our website at https://www.drreddys.com/investors/governance/committees-of-the-board#governance#committees-of-the-board. The Board has also approved the Charter of the Banking and Authorization Committee.

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Audit Committee.

Our management is primarily responsible for our internal controls and financial reporting process. Our independent registered public accounting firm is responsible for performing independent audits of our financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and for issuing reports based on such audits. The Board of Directors has entrusted the Audit Committee to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial controls and reporting.

The Audit Committee consisted of the following four non-full time, independent directors as of March 31, 2024:

- Mr. Arun M. Kumar (Chairman);
- Ms. Kalpana Morparia;
- Ms. Shikha Sharma; and
- Dr. K.P. Krishnan.

Mr. Sridar Iyengar ceased as the Chairman and a Member of the Audit Committee consequent to end of his term as an Independent Director on July 30, 2023. Mr. Arun M. Kumar was appointed as the Chairman of the Committee with effect from July 31, 2023.

Our Company Secretary is the Secretary of the Audit Committee. This Committee met six times during the year ended March 31, 2024. Our independent registered public accounting firm was present at all Audit Committee meetings during the year.

The primary responsibilities of the Audit Committee are inter alia to:

- Supervise our financial reporting process;
- Review our consolidated financial statements, including among other things the investments made by them;
- Review of the consolidated financial statements of our subsidiary companies, including among other things the investments, if any, made by them;
- Review our quarterly and annual financial results, along with related public disclosures and filings, before providing them to the Board;
- Review the adequacy of our internal controls, including the plan, scope and performance of our internal audit function;
- Discuss with management our major policies with respect to risk assessment and risk management;
- Hold discussions with external auditors on the nature, scope and process of audits and any views that they have about our financial control and reporting processes;
- Ensure compliance with accounting standards and with listing requirements with respect to the consolidated financial statements;
- Recommend the appointment and removal of external auditors and their remuneration;
- Recommend the appointment of cost auditors;
- Review the independence of auditors;
- Ensure that adequate safeguards have been taken for legal compliance both for us and for our subsidiaries;
- Review and approve related party transactions;
- Review of the rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on our company and its shareholders.
- Review the functioning of whistle blower mechanism;
- Review the implementation of applicable provisions of the Sarbanes-Oxley Act, 2002;
- Scrutinize our inter-company loans and investments;
- Examine the valuation of our undertakings or assets, wherever it is necessary;
- Review compliances undertaken under insider trading laws;
- Review the sexual harassment complaints and outcome of investigations, if any;
- To suggest revisions to our insider trading policy to the Board and ensure the effective implementation of insider trading code;
- Evaluate internal financial controls; and
- Review suspected fraud, if any, committed against our company.

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Nomination, Governance and Compensation Committee.

The primary functions of the Nomination, Governance and Compensation Committee are inter alia to:

- Examine the structure, composition and functioning of the Board, and recommend changes, as necessary, to improve the Board's effectiveness;
- Formulate policies on remuneration of Directors, key managerial personnel and other employees, and on Board diversity;
- Formulate criteria for evaluation of Directors and the Board as a whole and the Committees;
- Assess our policies and processes in key areas of corporate governance, other than those explicitly assigned to other Board Committees, with a view to ensuring that we are at the forefront of good governance practices; and
- Regularly examine ways to strengthen our organizational health, by improving the hiring, retention, motivation, development, deployment and behavior of management and other employees. In this context, the Committee also reviews the framework and processes for motivating and rewarding performance at all levels of the organization, reviews the resulting compensation awards, and makes appropriate proposals for Board approval. In particular, it recommends all forms of compensation to be granted to our Directors, executive officers and key managerial personnel.

The Nomination, Governance and Compensation Committee also administers our Employee Stock Option Schemes.

The Nomination, Governance and Compensation Committee consisted of the following non-full time, independent directors as of March 31, 2024:

- Ms. Kalpana Morparia (Chairperson);
- Dr. K.P. Krishnan;
- Mr. Arun M. Kumar;
- Mr. Leo Puri; and
- Mr. Sanjiv Mehta.

Mr. Leo Puri was inducted as member of this Committee on October 27, 2023 and Mr. Sanjiv Mehta was inducted as member of this Committee on January 30, 2024.

The corporate officer heading our Human Resources function serves as the Secretary of the Committee. The Nomination, Governance and Compensation Committee met three times during the year ended March 31, 2024.

Science, Technology and Operations Committee.

The primary functions of the Science, Technology and Operations Committee are inter alia to:

- Review scientific, medical and technical matters and operations involving our development and discovery programs (generic and proprietary), including major internal projects, business development opportunities, interaction with academic and other outside research organizations;
- Review and monitor management's actions in creating valuable intellectual property;
- Review safety and quality of our operations;
- Review the status of non-infringement patent challenges; and
- Review and monitor management's actions and plans in building and nurturing science in our organization in line with our business strategy.

The Science, Technology and Operations Committee consisted of the following non-full time, independent directors as of March 31, 2024:

- Dr. Claudio Albrecht (Chairman)
- Mr. Leo Puri;
- Ms. Penny Wan;
- Dr. Alpna Seth; and
- Mr. Sanjiv Mehta.

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Dr. Claudio Albrecht has been inducted as a member and Chairman of this Committee with effect from May 10, 2023. Dr. Alpna Seth was inducted as member of this Committee with effect from September 19,2023 and Mr. Sanjiv Mehta was inducted as member of this Committee with effect from January 30, 2024.

The corporate officers heading our Integrated Product Development Operations, Global Manufacturing Organization, Quality and Biologics functions serve as Secretaries of the Committee with regard to their respective businesses. The Science, Technology and Operations Committee met four times during the year ended March 31, 2024.

Risk Management Committee.

The primary functions of the Risk Management Committee are inter alia to:

- Formulate a detailed Risk Management Policy which shall include:
    - A framework for identification of internal and external risks specifically faced by our company, including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
    - Measures for risk mitigation including systems and processes for internal control of identified risks; and
    - A business continuity plan.
- Discuss with senior management our enterprise risk management and provide oversight as may be needed;
- Review and recommend changes to the Risk Management Policy and its implementation, including evaluating the adequacy of risk management system s, and associated frameworks, processes, practices and measures for risk mitigation and compliance with the risk management requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- Be aware of and approve our company's risk appetite including risk levels, if any, set for financial and operational risk, disaster risk and legal risk.
- Ensure that it is apprised of our more significant risks, including certain country risks and cyber security risks, along with the risk mitigation steps implemented to ensure effective enterprise risk management; and
- Review risk disclosure statements in any public documents or disclosures, where applicable.

The Risk Management Committee consisted of the following non-full time, independent directors as of March 31, 2024:

- Ms. Shikha Sharma (Chairperson);
- Ms. Penny Wan;
- Dr. Claudio Albrecht; and
- Dr. Alpna Seth.

Dr. Claudio Albrecht and Dr. Alpna Seth were appointed as member of the Committee with effect from May 10, 2023 and January 30, 2024, respectively. Our Chief Risk Officer or, in his/her absence, our Chief Financial Officer acts as the Secretary of the Risk Management Committee. This Committee met three times during the year ended March 31, 2024.

Sustainability and Corporate Social Responsibility ("SCSR") Committee.

The primary responsibilities of the committee are divided as follows:

Sustainability –

- To review our sustainability and other environment, social and governance related vision and goals on an ongoing basis;
- To review and provide oversight over our programs, policies, practices, and strategies related to sustainability;
- To review sustainability and environmental, social and governance ("ESG") disclosures; and
- To act as a nodal committee for guidance on sustainability and overall ESG goals and to review and monitor progress and all other matters incidental thereto.

CSR –

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy ("CSR Policy") which shall indicate the activities to be undertaken by us as specified in Schedule VII of the Companies Act, 2013;
- Provide guidance on our various CSR initiatives undertaken and monitor implementation and adherence to our CSR programs and policies from time to time;
- Recommend to the Board an Annual CSR Action Plan delineating the CSR projects or programs to be undertaken during the financial year; and
- Appoint an independent agency/firm to carry out impact assessment study, if any.

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The Sustainability and Corporate Social Responsibility Committee consisted of the following directors as of March 31, 2024:

- Dr. K.P. Krishnan (Chairman);
- Ms. Kalpana Morparia;
- Mr. G.V. Prasad;
- Mr. K. Satish Reddy; and
- Mr. Sanjiv Mehta.

Mr. Sanjiv Mehta was inducted as member of this Committee with effect from January 30, 2024.

The Company Secretary serves as the Secretary of the Committee. This Committee met four times during the year ended March 31, 2024.

Stakeholders' Relationship Committee

The primary functions of the Stakeholders' Relationship Committee are inter alia to:

- Review of investor complaints and how they were redressed;
- Review of queries received from investors;
- Review of work done by our share transfer agent; and
- Review of corporate actions related to our security holders.

The Stakeholders Relationship Committee consisted of the following directors as of March 31, 2024:

- Ms. Kalpana Morparia (Chairperson);
- Mr. G.V. Prasad; and
- Mr. K. Satish Reddy.

Our Company Secretary is the Secretary of the Stakeholders' Relationship Committee. This Committee met four times during the year ended March 31, 2024.

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6.D. *Employees*

The following table sets forth the number of our employees as of March 31, 2024, 2023 and 2022.

	As of March 31, 2024				
	India	North America	Europe	Rest of World	Total
Manufacturing[1]	10,070	222	129	401	10,822
Sales and marketing[2]	9,106	75	52	1,514	10,747
Research and development[3]	3,362	18	40	78	3,498
Others[4]	1,542	100	26	313	1,981
Total	**24,080**	**415**	**247**	**2,306**	**27,048**

	As of March 31, 2023				
	India	North America	Europe	Rest of World	Total
Manufacturing[1]	9,771	212	161	399	10,543
Sales and marketing[2]	8,617	67	98	1,523	10,305
Research and development[3]	3,040	15	51	71	3,177
Others[4]	1,394	87	64	293	1,838
Total	**22,822**	**381**	**374**	**2,286**	**25,863**

	As of March 31, 2022				
	India	North America	Europe	Rest of World	Total
Manufacturing[1]	9,902	188	171	380	10,641
Sales and marketing[2]	8,052	60	86	1,477	9,675
Research and development[3]	2,695	12	84	63	2,854
Others[4]	1,213	80	68	264	1,625
Total	**21,862**	**340**	**409**	**2,184**	**24,795**

(1) Includes quality, technical services and warehouse.

(2) Includes business development.

(3) Includes employees engaged in contract research services provided to other companies.

(4) Includes shared services, corporate business development and the intellectual property management team.

We did not experience any significant work stoppages in the years ended March 31, 2024, 2023 and 2022, and we consider our relationship with our employees and labor unions to be good. Approximately 1.7% of our employees belonged to labor unions as of March 31, 2024.

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6.E. ***Share ownership***

The following table sets forth, as of March 31, 2024 for each of our directors and executive officers, the total number of our equity shares, ADRs and options owned by them:

			FMV Value												Par Value	
Name	**No. of Shares Held[1]**	**% of Outstanding Capital**	**Exercise Price**	**No. of options held[4]**	**Exercise Price**	**No. of options held[4]**	**Exercise Price**	**No. of options held[4]**	**Exercise Price**	**No. of options held[4]**	**Exercise Price**	**No. of options held[4]**	**Exercise Price**	**No. of options held[4]**	**Exercise Price**	**No. of options held[4]**
Mr. G.V. Prasad[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. K. Satish Reddy[2]	901,002	0.54	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Kalpana Morparia[2]	10,800	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Leo Puri[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Shikha Sharma[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. K.P. Krishnan[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Arun M. Kumar[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Penny Wan[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Claudio Albrecht[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Alpna Seth[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Sanjiv Mehta[2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Erez Israeli[3][4]	30,785	0.01	-	-	-	-	3,679	16,435	5,301	3,380	3,905.80	59,087	4,907	52,692	5	14,295
Mr. Parag Agarwal	-	-	-	-	-	-	-	-	5,301	112	-	-	-	-	5	760
Mr. M.V. Ramana	26,197	0.01	-	-	-	-	3,679	1,165	5,301	246	3,905.80	9,144	4,907	7,959	5	8,365
Ms. Archana Bhaskar	10,579	0.00	-	-	-	-	3,679	940	5,301	320	3,905.80	5,897	4,907	5,129	5	1,231
Mr. Sanjay Sharma	-	-	-	-	-	-	3,679	835	5,301	352	3,905.80	5,243	4,907	5,989	5	1,331
Mr. Deepak Sapra	4,462	0.00	-	-	-	-	3,679	2,140	5,301	220	3,905.80	2,624	4,907	2,239	5	7,188
Mr. Marc Kikuchi[3][4]	21,605	0.01	-	-	2,814	2,600	3,679	13,840	5,301	720	3,905.80	12,990	4,907	11,927	5	3,040
Mr. Patrick Aghanian[3]	-	-	-	-	-	-	3,679	2,480	5,301	300	3,905.80	5,201	4,907	4,595	5	9,444
Mr. Sushrut Kulkarni	32	0.00	-	-	-	-	-	-	-	-	3,905.80	5,656	4,907	2,870	-	-
Mr. M V Narasimham	9,442	0.00	2,607	1,950	2,814	2,175	3,679	2,320	5,301	124	3,905.80	2,565	4,907	2,392	5	5,848
Mr. Jayanth Sridhar	-	-	-	-	-	-	-	-	4662.7	156	3,905.80	2,099	4,907	2,105	5	765
Mr. Krishna Venkatesh	-	-	-	-	-	-	3,679	580	5,301	96	3,905.80	1,632	4,907	1,722	5	1,320
Mr. Phanimitra B	-	-	-	-	-	-	3,679	1,820	5,301	124	3,905.80	2,099	4,907	1,722	5	2,647

(1) All shares have voting rights.
(2) Not eligible for grant of stock options.
(3) These grants were in the form of options to acquire ADRs.
(4) "No. of shares held" represents the shares underlying ADRs.
(5) The options vest on various dates between the year ending March 31, 2024 and the year ending March 31, 2028. The options expire after five years from the date of vesting. Each of the options results in the issuance of one equity share or ADR, as applicable, upon its exercise.

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Employee Stock Incentive Plans

We have adopted a number of stock option incentive plans covering either our ordinary shares or our ADRs, and during the year ended March 31, 2024 we operated under the Dr. Reddy's Employees Stock Option Scheme, 2002 (the "DRL 2002 Plan"), the Dr. Reddy's Employees ADR Stock Option Scheme, 2007 (the "DRL 2007 Plan") and the Dr. Reddy's Employees Stock Option Scheme, 2018 (the "DRL 2018 Plan"). Each such option granted had an expiration date of five years from the vesting date. Dr. Reddy's Employees Stock Option Scheme, 2002 ended in January 2022, however the options already granted under this scheme to eligible employees can be exercised for allotment of equity shares, until the end of the expiry period of such options.

During the year ended March 31, 2024, options to purchase ordinary shares and ADRs were awarded to various of our executive officers and other employees under the DRL 2007 Plan and the DRL 2018 Plan as follows:

Plan	Number of options granted	Exercise Price (Rs.)
DRL 2007 Plan(1)	-	5
DRL 2007 Plan(2)	78,780	4,907.00
DRL 2007 Plan(3)	5,526	5,514.00
DRL 2007 Plan(4)	2,229	5,856.00
DRL 2018 Plan(5)	157,799	4,907.00
DRL 2018 Plan(6)	2,044	4,907.00
DRL 2018 Plan(7)	1,820	5,514.00
Total	**248,198**	

(1) No options were granted at an exercise price of Rs. 5/-
(2) 100% vesting at the end of third year.
(3) Equal vesting over a period of three years
(4) 50% at the end of first year, 25% at the end of second year and 25% at the end of third year.
(5) 100% vesting at the end of third year.
(6) 25% vesting each year over 4 years
(7) 25% vesting each year over 4 years

The Dr. Reddy's Employees ESOS Trust was formed to support the DRL 2018 Plan by acquiring, including through secondary market acquisitions, equity shares which are issued to eligible employees upon exercise of stock options thereunder. During the year ended March 31, 2021, we have implemented cashless exercises of stock options under this plan. From the plan's inception through March 31, 2024, we have granted an aggregate of 914,673 options, with a fair market value exercise price, under the DRL 2018 Plan. As of March 31, 2024, the Dr. Reddy's Employees ESOS Trust has purchased an aggregate of 661,601 shares, at an average rate of Rs. 3,328, for the purpose of issuing the shares to such employees upon exercise of these options under the DRL 2018 plan. During the year ended March 31, 2023, trust sold through secondary market sales 48,032 equity shares representing unallocated inventory of shares not backed by grants.

For the years ended March 31, 2024 and 2023, Rs.407 million and Rs.397 million, respectively, have been recorded as employee share-based payment expense under all of our employee stock incentive plans. As of March 31, 2024, and 2023, there was Rs.469 million and Rs.516 million, respectively of total unrecognized compensation cost related to unvested stock options. This cost is expected to be recognized over a weighted-average period of 1.69 years and 1.87 years, respectively. For further information regarding our options and stock option incentive plans, refer to Note 28 to our consolidated financial statements.

6.F. ***Disclosure of a registrant's action to recover erroneously awarded compensation***

There are no events triggering restatement and recovery of compensation. Our clawback policy is included as Exhibit 97 to this annual report on Form 20-F.

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ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A. *Major shareholders*

All of our equity shares have the same voting rights. As of March 31, 2024, a total of 26.65% of our equity shares were held by the following parties:

- Mr. K. Satish Reddy (Chairman of the Board);
- Mrs. K. Samrajyam Reddy, mother of Mr. K. Satish Reddy, Mrs. Deepti Reddy, wife of Mr. K. Satish Reddy, Mrs. G. Anuradha, wife of Mr. G.V. Prasad, Mr. G. Sharathchandra Reddy, son of Mr. G.V. Prasad, and Ms. G. Vani Sanjana Reddy and Ms. G. Mallika Reddy, daughters of Mr. G.V. Prasad (hereafter collectively referred as the "Family Members");
- Kallam Satish Reddy HUF, which is affiliated with Mr. K. Satish Reddy and G.V. Prasad HUF, which is affiliated with Mr. G.V. Prasad (Co-Chairman and Managing Director); and
- The APS Trust owns 20.59% of the equity. Mr. G.V. Prasad, Mr. K. Satish Reddy, Mrs. G. Anuradha, Mrs. Deepti Reddy and their bloodline descendants are the beneficiaries of the APS Trust. Mr. G.V. Prasad and Mr. K. Satish Reddy are the trustees of the APS Trust.

Pursuant to the Scheme of Amalgamation and Arrangement approved by Hon'ble National Company Law Tribunal, Hyderabad Bench, vide Order dated April 5, 2022, Dr. Reddy's Holdings Limited was merged with Dr. Reddy's Laboratories Limited effective from April 8, 2022. Consequently, the equity shares of our company held by Dr. Reddy's Holdings Limited were cancelled and our company had issued and allotted an equal number of equity shares to the shareholders of Dr. Reddy's Holdings Limited on April 22, 2022.

The following table sets forth information regarding the beneficial ownership of our shares by the foregoing persons as of March 31, 2023 and as of March 31, 2024:

	Equity Shares Beneficially Owned[1]			
	Status as on March 31, 2023		Status as on March 31, 2024	
Name	**Number of Shares**	**Percentage of Shares**	**Number of Shares**	**Percentage of Shares**
APS Trust	3,4345,308	20.62%	3,4345,308	20.59%
K. Satish Reddy HUF	5,523,677	3.32%	5,523,677	3.31%
G.V. Prasad HUF[2]	2,543,418	1.53%	2,543,418	1.52%
Mr. K. Satish Reddy[2]	901,002	0.54%	901,002	0.54%
Family Members	1,147,723	0.69%	1,147,723	0.68%
Subtotal promoter group	**44,461,128**	**26.70%**	**44,461,128**	**26.65%**
Others/public float	122,066,748	73.30%	122,357,138	73.35%
Total number of shares outstanding	**166,527,876**	**100.00%**	**166,818,266**	**100.00%**

(1) Beneficial ownership is determined in accordance with rules of the U.S. Securities and Exchange Commission, which provides that shares are beneficially owned by any person who has voting or investment power with respect to the shares. All information with respect to the beneficial ownership of any principal shareholder has been furnished by that shareholder and, unless otherwise indicated below, we believe that persons named in the table have sole voting and sole investment power with respect to all shares shown as beneficially owned, subject to community property laws where applicable.

(2) Mr. G.V. Prasad and Mr. K. Satish Reddy are the trustees of the APS Trust. Accordingly, each of Mr. G.V. Prasad and Mr. K. Satish Reddy may be deemed to beneficially own all of the equity shares directly held by the APS Trust. Each of Mr. G.V. Prasad and Mr. K. Satish Reddy disclaims such beneficial ownership pursuant to Rule 13d-4 of the Securities Exchange Act of 1934.

In addition, the Deed of Family Settlement of the APS Trust provides for the parties thereto to exercise all rights, including voting rights, with respect to their personally held equity shares in accordance with the directions of the board of trustees of the APS Trust. As a result, each of Mr. K. Satish Reddy and Mr. G.V. Prasad may be deemed to beneficially own all of the equity shares directly held by each other or by any of the other parties to such Deed of Family Settlement. Based on the Amendment No. 4 to Schedule 13D filed with the U.S. Securities and Exchange Commission on May 2, 2022, such equity shares held by other parties to the Deed of Family Settlement consisted of, in each case as of May 2, 2022, an aggregate of 5,523,677 Equity Shares directly held by the K. Satish Reddy HUF, 2,543,418 Equity Shares directly held by the G.V. Prasad HUF, 1,120,499 equity shares directly held by Mrs. K. Samrajyam (mother of Mr. K. Satish Reddy) and 9,205 equity shares directly held by Mrs. G. Anuradha (wife of Mr. G.V. Prasad). Each of Mr. G.V. Prasad and Mr. K. Satish Reddy disclaims all such beneficial ownership pursuant to Rule 13d-4 of the Securities Exchange Act of 1934.

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On May 22, 2024, the APS Trust transferred 15,126,124 equity shares, representing 9.07% of our outstanding equity shares, to Mr. K. Satish Reddy and 19,219,184 equity shares, representing 11.52% of our outstanding equity shares, to Mr. G.V. Prasad. There was no change in the total promoter shareholding in our company. The APS no longer holds any shares in our company after May 22, 2024. Immediately after these transfers, the total shareholdings of Mr. K. Satish Reddy was 16,027,126 shares and of Mr. G.V. Prasad was 19,219,184 shares, representing 9.61% and 11.52% of our then outstanding equity shares of the Company, respectively.

As otherwise stated above and to the best of our knowledge, we are not owned or controlled directly or indirectly by any government or by any other corporation or by any other natural or legal persons. We are not aware of any arrangement, the consummation of which may at a subsequent date result in a change in our control.

The following shareholders held more than 5% of our equity shares as of:

	March 31, 2024		March 31, 2023		March 31, 2022	
Name	**No. of equity shares held**	**% of equity shares held**	**No. of equity shares held**	**% of equity shares held**	**No. of equity shares held**	**% of equity shares held**
APS Trust[1]	34,345,308	20.59%	34,345,308	20.62%	-	-
Life Insurance Corporation of India and Associates	84,21,089	5.05%	16,307,344	9.79%	8,769,499	5.27%
Dr. Reddy's Holdings Limited[2]	-	-	-	-	41,325,300	24.83%

(1) Each of the APS Trust, Mr. G.V. Prasad and Mr. K. Satish Reddy may be deemed to beneficially own all of the equity shares.

On May 22, 2024, the APS Trust transferred 15,126,124 equity shares, representing 9.07% of our outstanding equity shares, to Mr. K. Satish Reddy and 19,219,184 equity shares, representing 11.52% of our outstanding equity shares, to Mr. G.V. Prasad. There was no change in the total promoter shareholding in our company. The APS no longer holds any shares in our company after May 22, 2024. Immediately after these transfers, the total shareholdings of Mr. K. Satish Reddy was 16,027,126 shares and of Mr. G.V. Prasad was 19,219,184 shares, representing 9.61% and 11.52% of our then outstanding equity shares of the Company, respectively.

(2) Pursuant to the Scheme of Amalgamation and Arrangement approved by Hon'ble National Company Law Tribunal, Hyderabad Bench, vide Order dated April 5, 2022, Dr. Reddy's Holdings Limited was merged with Dr. Reddy's Laboratories Limited effective from April 8, 2022.

As of March 31, 2024, we had 166,818,266 outstanding equity shares. As of March 31, 2024, there were 255,500 record holders of our equity shares listed and traded on the Indian stock exchanges. Our American Depositary Shares ("ADSs"), as evidenced by American Depositary Receipts (or "ADRs"), are listed on the New York Stock Exchange. Our ADSs are also listed on NSE IFSC Limited. One ADS represents one equity share of Rs.5 par value per share. As of March 31, 2024, 15.35% of our issued and outstanding equity shares were owned through ADSs, as evidenced by ADRs. On March 31, 2024 we had approximately 57 registered holders and 35,295 beneficial holders of record of our ADSs, as evidenced by ADRs, in the United States.

7.B. ***Related party transactions***

Refer to Note 29 ("Related parties") of our consolidated financial statements.

7.C. ***Interests of experts and counsel***

Not applicable.

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ITEM 8. FINANCIAL INFORMATION

8.A. Consolidated statements and other financial information

The following financial statements and auditors' report appear under Item 18 of this Annual Report on Form 20-F and are incorporated herein by reference:

- Report of Independent Registered Public Accounting Firm
- Consolidated statements of financial position as of March 31, 2024 and 2023
- Consolidated income statements for the years ended March 31, 2024, 2023 and 2022
- Consolidated statements of comprehensive income for the years ended March 31, 2024, 2023 and 2022
- Consolidated statements of changes in equity for the years ended March 31, 2024, 2023 and 2022
- Consolidated statements of cash flows for the years ended March 31, 2024, 2023 and 2022
- Notes to the consolidated financial statements

Our financial statements included in this Annual Report on Form 20-F have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated financial statements included herein are for our three most recent fiscal years.

Amount of Export Sales

For the year ended March 31, 2024, our export revenues (i.e., revenues from all geographies other than India) were Rs.230,691 million and accounted for 83% of our total revenues.

Legal Proceedings

Refer to Note 32 ("Contingencies") of our consolidated financial statements.

Dividend Policy

In the years ended March 31, 2022, 2023 and 2024, we paid cash dividends of Rs.25 per equity share, Rs.30 per equity share and Rs.40 per equity share, respectively. Every year our Board of Directors recommends the amount of dividends to be paid to shareholders, if any, based upon conditions then existing, including our earnings, financial condition, capital requirements and other factors. At our Board of Directors' meeting held on May 7, 2024, the Board of Directors proposed a dividend per share of Rs.40 for the year ended March 31, 2024 and aggregating to Rs.6,673 million, all of which is subject to the approval of our shareholders.

Holders of our ADSs are entitled to receive dividends payable on equity shares represented by such ADSs. Cash dividends on equity shares represented by our ADSs are paid to the depositary in Indian rupees and are converted by the depositary into U.S. dollars and distributed, net of depositary fees, taxes, if any, and expenses, to the holders of such ADSs.

8.B. *Significant changes*

Refer to Note 36 ("Subsequent events") of our consolidated financial statements.

ITEM 9. THE OFFER AND LISTING

9.A. *Offer and listing details*

See Item 9.C "Markets" below. See also Exhibit 2.2 ("Description of the Securities") to this Annual Report on Form 20-F.

9.B. *Plan of distribution*

Not applicable.

9.C. *Markets*

Markets on Which Our Shares Trade

Our equity shares are traded on the BSE Limited (formerly known as the Bombay Stock Exchange Limited) ("BSE") and National Stock Exchange of India Limited ("NSE"), (collectively, the "Indian Stock Exchanges") under the ticker symbols "500124" and "DRREDDY", respectively. Our American Depositary Shares (or "ADSs"), as evidenced by American Depositary Receipts (or "ADRs"), are traded in the United States on the New York Stock Exchange ("NYSE") under the ticker symbol "RDY" and on NSE IFSC Limited under the ticker symbol "DRREDDY". Each ADS represents one equity share. Our ADSs, as evidenced by ADRs, began trading on the NYSE and NSE IFSC Limited on April 11, 2001 and December 9, 2020, respectively.

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9.D. ***Selling shareholders***

Not applicable.

9.E. ***Dilution***

Not applicable.

9.F. ***Expenses of the issue***

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A. ***Share capital***

Not applicable.

10.B. ***Memorandum and articles of association***

Dr. Reddy's Laboratories Limited was incorporated under the Indian Companies Act, 1956. We are registered with the Registrar of Companies, Hyderabad, Telangana, India, with Company Identification No. L85195AP1984PLC004507. Our company's registration number changed to L85195TG1984PLC004507 effective as of June 2, 2014.

Our registered office is located at 8-2-337, Road No. 3, Banjara Hills, Hyderabad, Telangana 500 034, India and the telephone number of our registered office is +91-40-49002900. The summary of our Articles of Association and Memorandum of Association that is included in our registration statement on Form F-1 filed with the U.S. Securities and Exchange Commission (the "SEC") on April 11, 2001, together with copies of the Articles of Association and Memorandum of Association that are included in our registration statement on Form F-1, are incorporated herein by reference.

The Memorandum and Articles of Association were amended at the 17th Annual General Meeting held on September 24, 2001, 18th Annual General Meeting held on August 26, 2002, the 20th Annual General Meeting held on July 28, 2004 and the 22nd Annual General Meeting held on July 28, 2006. A full description of these amendments was given in the Form 20-F filed with the SEC on September 30, 2003, September 30, 2004 and October 2, 2006, which description is incorporated herein by reference. The Memorandum and Articles of Association were amended at the 22nd Annual General Meeting held on July 28, 2006 to increase the authorized share capital in connection with the stock split effected in the form of a stock dividend that occurred on August 30, 2006.

The Memorandum and Articles of Association were further amended in accordance with the terms of an Order of the High Court of Judicature, Andhra Pradesh, dated June 12, 2009 to effect an increase in our company's authorized share capital pursuant to the amalgamation of Perlecan Pharma Private Limited into our company. In a related order dated June 12, 2009, the High Court concluded that there was no need to have a shareholders' meeting in order to affect such amendment.

The Memorandum and Articles of Association were further amended in accordance with the terms of an Order of the High Court of Judicature, Andhra Pradesh, dated July 19, 2010 to provide for the capitalization or utilization of undistributed profit or retained earnings or security premium account or any other reserve or fund of ours with the approval of our shareholders in connection with our bonus debentures.

The Memorandum and Articles of Association were amended by adopting a new set of Articles of Association which replaced and superseded in its entirety our then existing Articles of Association. This was primarily done to align the Articles of Association with the new Companies Act, 2013 and the rules thereunder. This amendment was approved by our shareholders on September 17, 2015. The revised Articles of Association were furnished to the SEC on a Form 6-K on September 25, 2015.

The authorized share capital clause of the Memorandum and Articles of Association was altered and revised to Rs.1,450,000,000 divided into 290,000,000 equity shares of Rs.5 each. This alteration has taken place automatically due to approval of the Scheme of Amalgamation and Arrangement by the Hon'ble National Company Law Tribunal, Hyderabad Bench on April 5, 2022 and effective from April 8, 2022. The new Memorandum and Articles of Association were furnished to the SEC on a Form 6-K on June 2, 2022.

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The Memorandum and Articles of Association were further amended in accordance with the terms of an Order of Hon'ble National Company Law Tribunal ("NCLT"), Hyderabad Bench, dated April 5, 2022 to effect an increase in our company's authorized share capital pursuant to the amalgamation of Dr. Reddy's Holdings Limited into our company. Said amendment to the Memorandum and Articles of Association is attached as Exhibit 1.7 to this Annual Report on Form 20-F.

For a further discussion of the Memorandum and Articles of Association, see Exhibit 2.2 ("Description of the Securities") to this Annual Report on Form 20-F.

10.C. *Material contracts*

Except as otherwise disclosed in this Annual Report on Form 20-F (including the exhibits thereto), and other than contracts entered into in the ordinary course of business, there are no material contracts to which we or any of our direct and indirect subsidiaries are a party for the two years immediately preceding the date of publication of this report.

10.D. *Exchange controls*

Foreign investment in Indian securities, whether in the form of foreign direct investment or in the form of portfolio investment, is governed by the Foreign Exchange Management Act, 1999, as amended ("FEMA"), and the rules, regulations and notifications issued thereunder. Set forth below is a summary of the restrictions on transfers applicable to both foreign direct investments and portfolio investments, including the requirements under Indian law applicable to the issuance and transfer of ADSs.

Foreign Direct Investment

FEMA empowers the Reserve Bank of India (the "RBI") to frame regulations to prohibit, restrict or regulate the transfer or issuance of any security by a person resident outside India. These regulations were published as the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017. The Government of India superseded these regulations on October 17, 2019 through its notification of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019.

As per these regulations, foreign direct investments can be made in India, other than in certain prohibited sectors, through the "automatic route" or, if the sectors or activities are not permitted under the automatic route, then under the "government route". If the automatic route applies, then the non-resident investor or the Indian company does not require any approval from Government of India for the investment. If the government route applies, then prior approval of the Government of India is required. Proposals for foreign investment under the government route, are considered by the respective administrative ministry or department.

These regulations also contain provisions regarding sector specific guidelines for foreign direct investment and the levels of permitted equity participation. The total foreign investment shall not exceed the sectoral or statutory cap limit indicated for each sector. In sectors or activities for which no sectoral or statutory cap limit is indicated or not prohibited under these regulations, foreign investment is permitted up to 100% under the automatic route, subject to applicable laws/regulations, security and other conditions.

In May 1994, the Government of India announced that purchases by foreign investors of ADSs, as evidenced by ADRs, and foreign currency convertible bonds of Indian companies would be treated as foreign direct investment in the equity issued by Indian companies for such offerings. Therefore, offerings that involve the issuance of equity that results in Foreign Direct Investors holding more than the stipulated percentage of direct foreign investments (which depends on the category of industry) would require approval from the Foreign Investment Promotion Board.

For investments in the pharmaceutical sector, the Foreign Direct Investment limit is 100%. However, unlike Foreign Direct Investments in new pharmaceutical projects (sometimes called "greenfield" investments), Foreign Direct Investments in existing Indian pharmaceutical companies (sometimes called "brownfield" investments) are nonetheless subject to approval by the Foreign Investment Promotion Board in excess of 74% (which can incorporate conditions for its approval at the time of grant). Thus, foreign ownership of in excess of 74% of our equity shares would be allowed but would require certain approvals.

The Ministry of Finance abolished the Foreign Investment Promotion Board in May 2017 and the processing of applications for Foreign Direct Investment and approval of the Government thereon under the Policy and FEMA, was transferred to be handled by the concerned Ministries/Departments in consultation with the Department for Promotion of Industry and Internal Trade.

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Portfolio Investment Scheme

Under Indian law, persons or entities residing outside of India cannot acquire securities of an Indian company listed on a stock exchange ("Portfolio Investments") unless such non-residents are (a) persons of Indian nationality or origin residing outside of India (also known as Non-Resident Indians or "NRIs") or (b) registered Foreign Institutional Investors ("FIIs") or Foreign Portfolio Investors ("FPIs").

Portfolio Investments by NRIs

A variety of methods for investing in shares of Indian companies are available to NRIs. These methods allow NRIs to make Portfolio Investments in existing shares and other securities of Indian companies on a basis not generally available to other foreign investors.

Portfolio Investments by FIIs

In September 1992, the Government of India issued guidelines that enable FIIs, including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated/institutional portfolio managers, to invest in all of the securities traded on the primary and secondary markets in India. Under the guidelines, FIIs are required to obtain an initial registration from the Securities and Exchange Board of India ("SEBI"), and a general permission from the RBI to engage in transactions regulated under the Foreign Exchange Management Act. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors Regulations) 1995. When it receives the initial registration, the FII also obtains general permission from the RBI to engage in transactions regulated under the Foreign Exchange Management Act. Together, the initial registration and the RBI's general permission enable the registered FII to: (i) buy (subject to the ownership restrictions discussed below) and sell unrestricted securities issued by Indian companies; (ii) realize capital gains on investments made through the initial amount invested in India; (iii) participate in rights offerings for shares; (iv) appoint a domestic custodian for custody of investments held; and (v) repatriate the capital, capital gains, dividends, interest income and any other compensation received pursuant to rights offerings of shares.

Portfolio Investments by FPIs

The regime permitting Portfolio Investments by FIIs was previously governed by the SEBI (Foreign Portfolio Investors) Regulations, 2014 (the "2014 FPI Regulations"). Further with a view to ease investments by FPIs, the 2014 FPI Regulations were amended through the SEBI (Foreign Portfolio Investors) Regulations, 2019, which was notified on September 23, 2019 (the "2019 FPI Regulations" and, together with the 2014 FPI Regulations, the "FPI Regulations").

A person which has been registered as a FPI under chapter II of the 2019 FPI Regulations may purchase or sell capital instruments of an Indian company on a recognized stock exchange in India as well as purchase shares and convertible debentures offered to the public under the FPI Regulations.

A FPI is defined as any investment made by a person resident outside India in capital instruments where such investment is (a) less than 10% of the post issue paid-up equity capital on a fully diluted basis of a listed Indian company or (b) less than 10% of the paid up value of each series of capital instruments of a listed Indian company. FPIs are subject to ownership limits in Portfolio Investments, as further described below, and only certain categories of FPIs may invest or deal in exchange traded derivative contracts approved by SEBI from time to time. FPIs are required to be registered with the designated depositary participant on behalf of SEBI subject to compliance with "Know Your Customer" rules.

The 2019 FPI Regulations have categorized FPIs based on regulatory status and country of residence — that is, whether the entity is from a Financial Action Task Force ("FATF") member country. The operating guidelines have provided guidance on re-categorization of FPIs. While Category-I FPIs under the 2014 FPI Regulations would remain the same, the former Category-II FPIs have been re-characterized under the 2019 FPI Regulations as Category-I or –II, depending upon their eligibility.

A FPI may purchase or sell capital instruments of an Indian company on a recognized stock exchange in India as well as purchase shares and convertible debentures offered to the public under the FPI Regulations.

Further, a FPI may sell shares or convertible debentures so acquired (i) in an open offer in accordance with the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; or (ii) in an open offer in accordance with the Securities Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; or (iii) through buyback of shares by a listed Indian company in accordance with the Securities Exchange Board of India (Buy-back of Securities) Regulations, 2018. A FPI may also acquire shares or convertible debentures (i) in any bid for, or acquisition of securities in response to an offer for disinvestment of shares made by the central government or any state government of India; or (ii) in any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with SEBI (ICDR) Regulations, 2018.

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Ownership restrictions

The SEBI and the RBI regulations restrict portfolio investments in Indian companies by FIIs, NRIs and FPIs, all of which we refer to as "foreign portfolio investors." Under current Indian law, FPIs may in the aggregate hold not more than 24.0% of the equity shares of an Indian company, and NRIs in the aggregate may hold not more than 10.0% of the shares of a publicly traded Indian company through portfolio investments.

The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 (the "NDI Rules") has brought about a substantial change in the Schedule II to the NDI Rules, stating that effective as of April 1, 2020, the aggregate limit would be the sectoral cap applicable to such Indian company. An Indian company may, with the approval by resolution of its board of directors and by special resolution of its members: (i) decrease the aggregate limit before March 31, 2020 to a lower threshold of 24%, 49% or 74%, as it deems fit, or (ii) increase the aggregate limit to 49% or 74%, or the sectoral cap or statutory ceiling, as it deems fit. However, once the aggregate limit is increased, the limit cannot be reduced later.

Our shareholders on September 24, 2001 had passed a resolution enhancing the limits of portfolio investment by FIIs in the aggregate to 49% and NRIs in the aggregate may hold not more than 10.0% of our equity shares through portfolio investments. However pursuant to the applicability of the NDI rules, the sectoral cap applicable to our company is 74%. Holders of ADSs are not subject to the rules governing FPIs unless they convert their ADSs into equity shares.

If a FPI's investments exceed the prescribed limits, the FPI will have the option to divest its excess holdings within five trading days, failing which the entire investment in the company will be considered a Foreign Direct Investment ("FDI"). If the investment falls under a category where FDI is prohibited, the aggregate FPI limit is capped at 24%.

No single FPI may hold more than 10.0% of the shares of an Indian company and no single NRI may hold more than 5.0% of the shares of an Indian company. If multiple entities have at least 50% overlap in their ownership (direct or ultimate beneficial owners), then such entities shall be treated as part of the same group and the above percentage of FPI investment limit shall apply to the entire group as if they were a single FPI.

As of March 31, 2024, FIIs and FPIs collectively held 29.13% of our equity shares, Foreign Nationals and Companies held 0.13% of our equity shares and NRIs held 0.96% of our equity shares

In September 2011, the Securities and Exchange Board of India ("SEBI") enacted the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the "2011 Takeover Code"), which replaces the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The 2011 Takeover Code was thereafter amended from time to time.

Under the 2011 Takeover Code, upon acquisition of shares or voting rights in a publicly listed Indian company (the "target company") such that the aggregate shareholding of the acquirer (meaning a person who directly or indirectly, acquires or agrees to acquire shares or voting rights in the target company, or acquires or agrees to acquire control over the target company, either alone or together with any persons acting in concert), is 5% or more of the shares of the target company, the acquirer is required to, within two working days of such acquisition, disclose the aggregate shareholding and voting rights in the target company to the target company and to the stock exchanges in which the shares of the target company are listed.

Furthermore, an acquirer who, together with persons acting in concert with such acquirer, holds shares or voting rights entitling them to 5% or more of the shares or voting rights in a target company must disclose every sale or acquisition of shares representing 2% or more of the shares or voting rights of the target company to the target company and to the stock exchanges in which the shares of the target company are listed within two working days of such acquisition or sale or receipt of intimation of allotment of such shares.

Every acquirer, who together with persons acting in concert with such acquirer, holds shares or voting rights entitling such acquirer to exercise 25% or more of the voting rights in a target company, has to disclose to the target company and to stock exchanges in which the shares of the target company are listed, their aggregate shareholding and voting rights as of the thirty-first day of March, in such target company within seven working days from the end of the fiscal year of that company.

The acquisition of shares or voting rights that entitles the acquirer to exercise 25% or more of the voting rights in or control over the target company triggers a requirement for the acquirer to make an open offer to acquire additional shares representing at least 26% of the total shares of the target company for an offer price determined as per the provisions of the 2011 Takeover Code. The acquirer is required to make a public announcement for an open offer on the date on which it is agreed to acquire such shares or voting rights. Such open offer shall only be for such number of shares as is required to adhere to the maximum permitted non-public shareholding.

Since we are a listed company in India, the provisions of the 2011 Takeover Code will apply to us and to any person acquiring our ADSs, equity shares or voting rights in our company.

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Pursuant to the 2011 Takeover Code, we must report to the Indian stock exchanges on which our equity shares are listed, any disclosures made to us under 2011 Takeover Code.

Holders of ADSs may be required to comply with such notification and disclosure obligations pursuant to the provisions of the Deposit Agreement entered into by such holders, our company and the depositary of our ADRs.

Subsequent transfer of shares

A person resident outside India holding the shares or debentures of an Indian company may transfer the equity instruments held by him, in compliance with the conditions specified in the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("NDI Rules"), as follows:

i. A person resident outside India who is not a NRI, an overseas citizen of India or a former Overseas Corporate Body ("OCB"), may transfer by way of sale or gift, the equity instruments held by him to any person resident outside India;
ii. A NRI may transfer by way of sale or gift, the equity instruments held by that person to another NRI or to any person resident outside India; or
iii. A person resident outside India holding the equity instruments of an Indian company in accordance with the NDI Rules, (a) may transfer such equity instrument to a person resident in India by way of sale or gift; or (b) may sell such equity instrument on a recognized Stock Exchange in India through a registered broker.

In enacting the NDI Rules, the Central Government superseded the Foreign Exchange Management (Transfer or Issue of Securities by a person Resident Outside India) Regulations, 2017.

The NDI Rules give the readers a consolidated view of the transfer or issue of securities by a person resident outside India and also clarifies several aspects of FDI. These regulations aim towards further simplification and provide greater clarity on differentiation between FDI and FPI.

ADS guidelines

Shares of Indian companies represented by ADSs may be approved for issuance to foreign investors by the Government of India under the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993 (the "1993 Scheme"), as modified from time to time, promulgated by the Government of India. The 1993 Scheme is in addition but without prejudice to the other policies or facilities, as described below, relating to investments in Indian companies by foreign investors. The issuance of ADSs pursuant to the 1993 Scheme also affords to holders of the ADSs the benefits of Section 115AC of the Income Tax Act, 1961 for purpose of the application of Indian tax laws. In March 2001, the RBI issued a notification permitting, subject to certain conditions, two-way fungibility of ADSs. This notification provides that ADSs converted into Indian shares can be converted back into ADSs, subject to compliance with certain requirements and the limits of sectorial caps.

The Ministry of Finance, Government of India, enacted The Depository Receipts Scheme, 2014 (the "Depository Receipts Scheme") effective as of December 15, 2014. In order to facilitate the issuance of depository receipts by Indian companies outside India, the Depository Receipts Scheme repeals the former provisions dealing with depository receipts in the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993. The Depository Receipts Scheme now governs the issue or transfer of permissible securities to a foreign depository by eligible persons and defines the rights and duties of a foreign depository and obligations of a domestic custodian.

There are certain relaxations provided under the Depository Receipts Scheme subject to prior approval of the Ministry of Finance. For example, a registered broker is permitted to purchase shares of an Indian company on behalf of a person resident outside of India for the purpose of converting those shares into ADSs. However, such conversion is subject to compliance with the provisions of the Depository Receipts Scheme and the periodic guidelines issued by the regulatory authorities. Therefore, depository receipts converted into Indian shares may be converted back into depository receipts, subject to certain limits of sectorial caps.

Under the Depository Receipts Scheme, a foreign depository may take instructions from depository receipts holders to exercise the voting rights with respect to the underlying equity securities. Additionally, a domestic custodian has been defined to include a custodian of securities, an Indian depository, a depository participant or a bank having permission from SEBI to provide services as custodian.

Further, the Depository Receipts Scheme provides that the aggregate of permissible securities which may be issued or transferred to foreign depositories for issue of depository receipts, along with permissible securities already held by persons resident outside India, shall not exceed the limit on foreign holding of such permissible securities under the Foreign Exchange Management Act, 1999.

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The SEBI introduced a framework for the issuance of Depository Receipts ("DRs") by companies listed on stock exchanges in India and for the "permissible securities" underlying any such DR issuance ("DR Framework"), pursuant to its circular dated October 10, 2019. Further, the SEBI issued circulars dated November 28, 2019 and December 18, 2020, on the framework for the issuance of DRs and amended the scope and process for permissible holder of DRs, respectively. The requirements for issuance of DRs set out in the DR Framework are in addition to the requirements under the Companies Act, 2013 and rules thereunder, the 2014 Scheme and the foreign exchange regulations. The key aspects provided under the DR Framework are:

- Eligible Issuer – Only a company incorporated in India and listed on a recognized stock exchange in India is allowed to issue the underlying securities for issuance of DRs, which must be permissible securities (as discussed below), and only their holders may transfer such underlying securities.
- Permissible Holders – Indian residents and NRIs are not allowed to be permissible holders or beneficial owners of DRs. However, this restriction is not applicable in case the DRs are issued to NRIs pursuant to any share-based employee benefit scheme(s), that are implemented by the listed company in line with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, or any bonus issue or any rights issue of shares.
- Obligations of Listed Company – The listed company must comply with applicable laws and regulations and ensure that only permissible securities are issued as the underlying securities for any DR issuance. Further, the listed company must issue such permissible securities only to the permissible holders. The listed company shall be responsible for identification of any holder (like NRI), who are issued DRs in terms of any share-based employee benefit scheme(s). Further, the listed company must provide the information of NRI DR holders to the designated depository in India, for the purpose of monitoring foreign investment limits.
- Minimum Public Shareholding – In the case of issuance of new DRs, the listed company shall ensure that the limit on foreign holding of permissible securities as prescribed under applicable FEMA regulations is not exceeded and shall comply with the minimum public shareholding norms in India, after excluding the permissible securities held by the depository.
- Minimum Price - The minimum price for the issuance or transfer of permissible securities is the price applicable to the corresponding mode of issue (i.e., public offer, preferential allotment or qualified institutions placement) to domestic investors in India under applicable laws.

The jurisdictions where DRs may be issued and exchanges where DRs may be listed pursuant to the DR Framework were set forth in a circular dated November 28, 2019. While the DR framework for listed entities has been operationalized, further amendments and requirements may be notified from time to time.

Under the DR Framework, "permissible securities" means equity shares and debt securities, which are in a dematerialized form and rank pari passu with the securities issued and listed on a recognized stock exchange. Previously, under the 2014 Depository Receipts Scheme, companies were only required to comply with eligibility requirements pertaining to prohibition from accessing capital markets or dealing in securities.

The Department of Economic Affairs, Ministry of Finance made amendments to certain provisions of the Securities Contracts (Regulation) Rules, 1957 pursuant to Securities Contracts (Regulation) (Amendment) Rules, 2015, on February 25, 2015. An amended, the "public shareholding" for our equity shares held by the public includes shares underlying depository receipts if the holder of such depository receipts has the right to issue voting instruction and such depository receipts are listed on an international stock exchange in accordance with the Depository Receipts Scheme.

Fungibility of ADSs

A registered broker in India can purchase shares of an Indian company that issued ADSs, on behalf of a person residing outside India, for the purposes of converting the shares into ADSs.

The Depository Receipts Scheme states that the aggregate of permissible securities which may be issued or transferred to foreign depositories for issue of depository receipts, along with permissible securities already held by persons resident outside India, shall not exceed the limit on foreign holding of such permissible securities under the Foreign Exchange Management Act, 1999.

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Transfer of ADSs

A person resident outside India may transfer ADSs held in an Indian company to another person resident outside India without any permission. A person resident in India is not permitted to hold ADSs of an Indian company, except in connection with the exercise of stock options.

Shareholders resident outside India who intend to sell or otherwise transfer equity shares within India should seek the advice of Indian counsel to understand the requirements applicable at that time.

10.E. ***Taxation***

Indian Taxation

General. The following summary is based on the law and practice of the Income-tax Act, 1961 (the "Income-tax Act"), including the special tax regime contained in Sections 115AC and 115ACA of the Income-tax Act read with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 (collectively, the "Income-tax Act Scheme"), as amended on January 19, 2000. The Income-tax Act is amended every year by the Finance Act of the relevant year. Some or all of the tax consequences of Sections 115AC and 115ACA may be amended or changed by future amendments to the Income-tax Act.

We believe this information is materially complete as of the date hereof. However, this summary is not intended to constitute an authoritative analysis of the individual tax consequences to non-resident holders or employees under Indian law for the acquisition, ownership and sale of ADSs and equity shares.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT TAX ADVISORS WITH RESPECT TO TAXATION IN INDIA OR THEIR RESPECTIVE LOCATIONS ON ACQUISITION, OWNERSHIP OR DISPOSING OF EQUITY SHARES OR ADSs.

Residence. For purposes of the Income-tax Act, an individual is considered to be a resident of India during any fiscal year (i.e., April 1 to March 31) if he or she is in India in that year for:

- a period or periods of at least 182 days; or
- at least 60 days and, within the four preceding fiscal years has been in India for a period or periods amounting to at least 365 days.

The period of 60 days referred to above shall be 182 days in case of a citizen of India or a Person of Indian Origin living outside India for the purpose of employment outside India who is visiting India.

The Finance Act 2020 amended section 6 of the Income-tax Act. Pursuant to the amended provision, an individual shall be treated as a resident in India in a given fiscal year if such individual (i) is a citizen or person of Indian origin, (ii) has total income, other than income from foreign sources, exceeding fifteen lakh rupees (Rs.1,500,000) during such fiscal year, and (iii) stays in India for 120 days or more during such fiscal year (rather than 182 days or more as stated above).

It also amended Section 6 of the Income–tax Act to deem an Indian citizen to be a resident of India if such individual (i) is not liable to tax in any country or territory by reason of his or her domicile, residence or similar criteria, and (ii) has total income, other than income from foreign sources, that exceeds fifteen lakh rupees (Rs.1,500,000).

Any Indian citizen or person of Indian origin becoming a resident of India in view of the above two amendments under the Finance Act 2020, will be treated as "not ordinarily resident". "Income from foreign sources" means income which accrues or arises outside India (except income derived from a business controlled in or a profession set up in India).

Pursuant to the amended provision of section 6 under the Finance Act 2016, a company is deemed to be a resident in India in any previous year, if (i) it is a company formed under the laws of India; or (ii) its place of effective management, in that year, is in India. For such purposes, "place of effective management" means a place where key management and commercial decisions that are necessary for the conduct of business of an entity as a whole are in substance made.

Individuals and companies that are not residents of India are treated as non-residents for purposes of the Income-tax Act.

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Taxation of Distributions.

The Finance Act, 2020 made section 115-O and 115R of the Income-tax Act inoperative after April 1, 2020. Pursuant to this amendment, taxation of dividends declared by domestic company and income distributed by mutual funds that are equity oriented funds has been shifted from domestic companies/mutual funds to shareholders/unit holders. In essence, effective as of April 1, 2020, dividend distribution tax has been abolished and such dividend received will be taxable in the hands of shareholder/unit holder at their respective slab rates.

Consequently, section 10(34) and section 10(35) of the Income-tax Act, which provide exemption from taxation to shareholders/unit holders on dividend received from domestic company/mutual funds, became inoperative effective as of April 1, 2020. Also, section 115BBDA of the Income-tax Act, which provides for taxation of dividends received by specified assesse in excess of Rs.1,000,000, became inoperative effective as of April 1, 2020.

As the Finance Act, 2020 has shifted taxation of dividends from the distributor of dividends to the recipient, companies are under an obligation to withhold taxes at specified rates while making dividend payments to shareholders.

Any distributions of additional ADSs or equity shares by way of bonus shares (i.e., stock dividends) to resident or non- resident holders will not be subject to Indian tax.

Taxation of Capital Gains. The following is a brief summary of capital gains taxation of non-resident holders and resident employees relating to the sale of ADSs and equity shares received upon redemption of ADSs. The relevant provisions are contained mainly in sections 2(42A), 45, 47(viia), 49(2ABB),111A, 115AC and 115ACA, of the Income-tax Act, in conjunction with the Income- tax Scheme. *You should consult your own tax advisor concerning the tax consequences of your particular situation.*

A non-resident investor transferring our ADS or equity shares outside India to a non-resident investor will not be liable for income taxes arising from capital gains on such ADS or equity shares under the provisions of the Income-tax Act in certain circumstances. Equity shares (including equity shares issuable on the conversion of the ADSs) held by the non-resident investor for a period of more than 12 months are treated as long-term capital assets. If the equity shares are held for a period of less than 12 months from the date of conversion of the ADSs, the capital gains arising on the sale thereof is to be treated as short-term capital gains.

Capital gains are taxed as follows:

- gains from a sale of ADSs outside India by a non-resident to another non-resident are not taxable in India;
- long-term capital gains realized by a resident and an employee from the transfer of the ADSs will be subject to tax at the rate of 10%, plus the applicable surcharges and the education cess; short-term capital gains on such a transfer will be taxed at graduated rates with a maximum of 30%, plus the applicable surcharges and the Health and Education cess;
- long-term capital gains realized by a non-resident upon the sale of equity shares obtained from the conversion of ADSs are subject ˙to tax at a rate of 10%, excluding the applicable surcharges and the Health and Education Cess; and short-term capital gains on such a transfer will be taxed at the rate of tax applicable to the seller; and
- long-term capital gain realized by a non-resident upon the sale of equity shares obtained from the conversion of ADSs is exempt from tax. However, effective as of April 1, 2018, long-term capital gains on sales of equity shares in excess of Rs.100,000 are subject to tax at a rate of 10% without indexation. However, gains incurred on or prior to January 31, 2018 will be grandfathered. Consequently, the current exemption under Section 10(38) of the Income-tax Act has been withdrawn and short-term capital gain is taxed at 15%, excluding the applicable surcharges and the Health and Education Cess if the sale of such equity shares is settled on a recognized stock exchange and the applicable securities transaction tax (“STT”) is paid on such sale.

As per the Finance Act, 2015, the rate of surcharge for Indian companies having total taxable income exceeding Rs.10,000,000 but not exceeding Rs.100,000,000 is 7% and in the case of Indian companies whose total taxable income is greater than Rs.100,000,000, the applicable surcharge is 12%. For foreign companies, the rate of surcharge is 2% if the total taxable income exceeds Rs.10,000,000 but does not exceed Rs.100,000,000 and it is 5% if the total taxable income of the foreign company exceeds Rs.100,000,000.

The Finance Act, 2016 has increased the surcharge for individuals having income exceeding Rs.10,000,000 from 12% to 15%.

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As per the Finance (No.2) Act, 2019, the rate of surcharge for every individual or HUF or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, will be calculated as follows:

i. At the rate of 10% of such tax, if the total income is exceeding Rs.5,000,000 but not exceeding Rs.10,000,000;
ii. At the rate of 15% of such tax, if the total income is exceeding Rs.10,000,000 but not exceeding Rs.20,000,000;
iii. At the rate of 25% of such tax, if the total income is exceeding Rs.20,000,000 but not exceeding Rs.50,000,000; and
iv. At the rate of 37% of such tax, if the total income is exceeding Rs.50,000,000.

As per the Taxation laws (Amendment) Ordinance, 2019, the surcharge of 25%/37% introduced by the Finance (No.2) Act, 2019 shall not apply to capital gains arising on the sale of equity shares in a company or units of an equity oriented fund referred to in section 111A or 112A of the Income-tax Act. The enhanced surcharge of 25%/37% shall also not apply to the income of foreign institutional investors (FIIs) from securities referred to in section 115AD of the Income-tax Act.

These amendments are applicable for assessments from the financial year beginning from April 1, 2019 and onwards.

Further as per finance Act, 2020, surcharge on dividend income shall not exceed 15%. This amendment is applicable from the financial year beginning from April 1, 2020 and onwards.

The Finance Act, 2018 replaced the Education Cess, which imposed a 2% income tax, and the Secondary and Higher Education Cess, which imposed a 1% income tax, with a new Health and Education Cess, which imposes a 4% income tax.

The Finance Act, 2020, inserted a new provision which provides an option to an individual or HUF to opt for a simplified regime with lower tax rates. However, a taxpayer opting for this simplified tax regime will not be eligible for specified deductions/exemptions.

This option may be exercised in the prescribed manner by an individual or HUF having business income on or before the due date specified under Section 139(1) for furnishing the return of income for the year ended March 31, 2020 or any subsequent year ending March 31 and such option, once exercised, shall apply to subsequent assessment years. In the case of an individual or HUF having no business income, this option may be exercised along with the income tax return required to be furnished under Section 139(1) every year.

All assesses, including individuals, whose advance tax payable is Rs.10,000 or more during the year are required to pay advance tax in four installments as follows:

Due Date of Installment	Amount Payable
On or before June 15	Not less than 15% of such advance tax.
On or before September 15	Not less than 45% of such advance tax, as reduced by the amounts (if any) paid in earlier installments.
On or before December 15	Not less than 75% of such advance tax, as reduced by the amounts (if any) paid in earlier installments.
On or before March 15	The whole amount of such advance tax, as reduced by the amounts (if any) paid in earlier installments.

As per Section 10(38) of the Income-tax Act, long-term capital gains arising from the transfer of equity shares on or after October 1, 2004 in a company completed through a recognized stock exchange in India and on which sale the STT has been paid are exempt from Indian tax.

The Finance Act, 2017 amended section 10(38) to provide that exemption under this section for capital gains arising upon the transfer of equity shares acquired on or after October 1, 2004 shall not be available if STT is not chargeable on the acquisition of such equity shares, unless the acquisition of equity shares falls within the scope of certain STT payment exceptions specified by the Central Government in a notification. The Finance Act, 2018, withdrew the exemption under Section 10(38) effective as of April 1, 2018.

As per Section 111A of the Income-tax Act, short-term capital gains arising from the transfer of equity shares on or after October 1, 2004 in a company completed through a recognized stock exchange in India are subject to tax at a rate of 15%, plus the applicable surcharges and the education cess.

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As per the Finance Act, 2004, as modified by the Finance Act, 2008 and the Finance Act, 2013, in a sale and purchase of securities entered into through a recognized stock exchange, a Securities Transaction Tax ("STT") may be imposed upon one or both of the parties as follows:

- With respect to a sale and purchase of equity shares (i) both the buyer and seller are required to pay a STT at the rate of 0.1% of the transaction value of the securities, if the transaction is a delivery based transaction (i.e., the transaction involves actual delivery or transfer of shares); or (ii) the seller of the shares is required to pay a STT at the rate of 0.025% of the transaction value of the securities, if the transaction is a non-delivery based transaction (i.e., the transaction is settled without taking delivery of the shares).
- With respect to a sale and purchase of an option with respect to securities (i) upon the sale of the option, the seller is required to pay a STT at the rate of 0.05% of the option premium; and (ii) upon exercise of the option, the buyer is required to pay a STT at the rate of 0.125% of the settlement price.
- With respect to a sale and purchase of futures with respect to securities, the seller is required to pay a STT at the rate of 0.01% of the transaction value.

The applicable provisions of the Income Tax Act, in the case of non-residents, may offset the above taxes, except the STT. The capital gains tax is computed by applying the appropriate tax rates to the difference between the sale price and the purchase price of the equity shares or ADSs. Under the Income-tax Scheme, the purchase price of equity shares in an Indian listed company received in exchange for ADSs will be the market price of the underlying shares on the date that the Depositary gives notice to the custodian of the delivery of the equity shares in exchange for the corresponding ADSs, or the "stepped up" basis purchase price. The market price will be the price of the equity shares prevailing on the Stock Exchange, Bombay or the National Stock Exchange.

There is no corresponding provision under the Income-tax Act in relation to the "stepped up" basis for the purchase price of equity shares. However, the tax department in India has not denied this benefit. In the event that the tax department denies this benefit, the original purchase price of ADSs would be considered the purchase price for computing the capital gains tax.

According to the Income-tax Scheme, a non-resident holder's holding period for the purposes of determining the applicable Indian capital gains tax rate relating to equity shares received in exchange for ADSs commences on the date of the notice of the redemption by the Depositary to the custodian. However, the Income-tax Scheme does not address this issue in the case of resident employees, and it is therefore unclear as to when the holding period for the purposes of determining capital gains tax commences for such a resident employee.

It is unclear as to whether section 115AC of the Income Tax Act and the rest of the Income-tax Scheme are applicable to a non- resident who acquires equity shares outside India from a non-resident holder of equity shares after receipt of the equity shares upon redemption of the ADSs.

It is unclear as to whether capital gains derived from the sale of subscription rights or other rights by a non-resident holder not entitled to an exemption under a tax treaty will be subject to Indian capital gains tax. If such subscription rights or other rights are deemed by the Indian tax authorities to be situated within India, the gains realized on the sale of such subscription rights or other rights will be subject to Indian taxation. The capital gains realized on the sale of such subscription rights or other rights, which will generally be in the nature of short-term capital gains, will be subject to tax (i) at variable rates with a maximum rate of 40%, excluding the prevailing surcharge and education cess, in the case of a foreign company and (ii) at the rate of 30% excluding the prevailing surcharge and education cess in the case of resident employees.

Withholding Tax on Capital Gains. Any gain realized by a non-resident or resident employee on the sale of equity shares is subject to Indian capital gains tax, which, in the case of a non-resident is to be withheld at the source by the buyer. However, as per the provisions of Section 196D(2) of the Income-tax Act, no withholding tax is required to be deducted from any income by way of capital gains arising to FIIs (as defined in Section 115AD of the Act) on the transfer of securities (as defined in Section 115AD of the Act).

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Buy-back of Securities. The Finance Act, 2013 inserted section 115QA to the Income-tax Act, which provides that unlisted companies are subject to tax on the buy-back of their securities. However, section 10(34A) of the Finance Act 2013 exempts shareholders from the gain, if any, arising from such transaction. The Finance Act (No.2), 2019, further amends this section to include such tax on the buyback of listed company shares. However, as per Taxation laws (Amendment) ordinance, 2019 which was subsequently enacted to The Taxation Laws (Amendment) Act, 2019 provisions of sec 115QA will not be applicable to Indian Companies which have already made a public announcement for the buy-back of listed shares before July 5, 2019 in accordance with the provisions of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 made under the Securities and Exchange Board of India Act, 1992, as amended from time to time. Further, section 10(34A) of the Income-tax Act was consequently amended to exempt income received by the shareholders on buyback of listed shares as well.

The Government of India promulgated the Taxation laws (Amendment) ordinance, 2019, which was subsequently enacted to The Taxation Laws (Amendment) Act, 2019. As per the amendment, existing domestic companies have an option to pay tax at a concessional rate of 22% with applicable surcharge and health and education cess. However, the reduced tax rates come with consequential surrender of specified deductions/incentives. This option needs to be exercised before filing the income tax return and, once exercised, such option cannot be withdrawn for the same or subsequent years. For companies opting for this lower rate of tax regime, the minimum alternate tax (MAT) provisions would not be applicable. Companies that do not opt for the concessional tax rates will continue to be subject to MAT liability under section115JB. The former rate of MAT of 18.5% (plus surcharge and health and education cess) was reduced to 15% (plus surcharge and health and education cess). These amendments are applicable from the financial year beginning from April 1, 2020 and onwards.

Stamp Duty and Transfer Tax. Upon issuance of the equity shares underlying our ADSs, we are required to pay a stamp duty of Rs.10 per share certificate evidencing such underlying equity shares. A transfer of ADSs is not subject to Indian stamp duty. A sale of equity shares in physical form by a non-resident holder is also subject to Indian stamp duty at the rate of 0.25% of the market value of the equity shares on the trade date, although customarily such duty is borne by the transferee. Shares must be traded in dematerialized form. Effective as of July 1, 2020, the issuance or transfer of shares in dematerialized form is also subject to stamp duty of 0.005% or 0.015%, respectively.

Wealth Tax. Currently, there is no wealth tax.

Gift Tax and Estate Duty. Currently, there are no gift taxes or estate duties. These taxes and duties could be restored in future. Non-resident holders are advised to consult their own tax advisors regarding this issue.

Goods and Service Tax. Brokerage fees or commissions paid to stockbrokers in connection with the sale or purchase of shares are subject to a Goods and Service Tax ("GST") of 18%. The stockbroker is responsible for collecting the GST from the shareholder and paying it to the relevant authority.

Material United States Federal Income and Estate Tax Consequences

The following is intended only as a descriptive summary of the material U.S. federal income and estate tax consequences that may be relevant with respect to the acquisition, ownership and disposition of our equity shares or ADSs and is for general information only and does not purport to be a complete analysis or listing of all potential tax effects relevant to the ownership or disposition of our equity shares or ADSs. This summary addresses the U.S. federal income and estate tax considerations of holders that are U.S. holders. "U.S. holders" are beneficial holders of our equity shares or ADSs who are (i) citizens or residents of the United States, (ii) corporations (or other entities treated as corporations for U.S. federal tax purposes) created in or organized in the United States or under the laws of the United States or any state thereof or any political subdivision thereof or therein, (iii) estates, the income of which is subject to U.S. federal income taxation regardless of its source, and (iv) trusts having a valid election to be treated as U.S. persons in effect under U.S. Treasury Regulations or for which a U.S. court exercises primary supervision and a U.S. person has the authority to control all substantial decisions.

This summary is limited to U.S. holders who will hold our equity shares or ADSs as capital assets (generally, property held for investment). In addition, this summary is limited to U.S. holders who are not residents in India for purposes of the Convention between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "Treaty"). If a partnership, including any entity treated as a partnership for U.S. federal income tax purposes, holds our equity shares or ADSs, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. A partner in a partnership holding our equity shares or ADSs should consult his, her or its own tax advisor regarding the tax treatment of an investment in our equity shares or ADSs.

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This summary does not address tax considerations applicable to holders that may be subject to special tax rules, such as banks, insurance companies, certain financial institutions, regulated investment companies, real estate investment trusts, broker dealers, traders in securities that elect to use the mark–to-market method of accounting, United States expatriates, persons liable for alternative minimum tax, persons holding our equity shares or ADSs through partnerships or other pass-through entities, persons that have a "functional currency" other than the U.S. dollars, tax-exempt entities, persons that will hold our equity shares or ADSs as a position in a "straddle" or as part of a "hedging" or "conversion" transaction for tax purposes and/or corporate holders of 10% or more, by voting power or value, of the shares of our company. This summary is based on the U.S. Internal Revenue Code of 1986, as amended and as in effect on the date of this Annual Report on Form 20-F and on United States Treasury Regulations in effect or, in some cases, proposed, as of the date of this Annual Report on Form 20-F, as well as judicial and administrative interpretations thereof available on or before such date, and is based in part on the assumption that each obligation in the deposit agreement and any related agreement will be performed in accordance with its terms. All of the foregoing is subject to change, which change could apply retroactively, or the Internal Revenue Service may interpret existing authorities differently, and a court may sustain such an interpretation, any of which could affect the tax consequences described below. This summary does not address the U.S. federal tax laws other than income or estate tax, and does not address U.S. state or local or non-U.S. tax laws.

EACH INVESTOR OR PROSPECTIVE INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF ACQUIRING, OWNING OR DISPOSING OF OUR EQUITY SHARES OR ADSs.

Ownership of ADSs. For U.S. federal income tax purposes, holders of our ADSs will generally be treated as the holders of equity shares represented by such ADSs.

Dividends. Subject to the passive foreign investment company rules described below, except for our equity shares or ADSs, if any, distributed pro rata to all of our shareholders, including holders of our ADSs, the gross amount of any distributions of cash or property with respect to our equity shares or ADSs (before reduction for any Indian withholding taxes) will generally be included in income by a U.S. holder as foreign source dividend income at the time of receipt, which in the case of a U.S. holder of ADSs generally should be the date of receipt by the Depositary, to the extent such distributions are made from our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Such dividends will not be eligible for the dividends received deduction generally allowed to corporate U.S. holders in respect of dividends received from United States corporations. To the extent, if any, that the amount of any distribution by us exceeds our current and accumulated earnings and profits (as determined under U.S. federal income tax principles) such excess will be treated first as a tax-free return of capital to the extent of the U.S. holder's tax basis in our equity shares or ADSs, and thereafter as capital gain.

With respect to certain non-corporate U.S. holders, subject to certain limitations, including certain limitations based on taxable income and filing status, qualifying dividends paid to non-corporate U.S. holders, including individuals, may be eligible for a reduced rate of taxation if we are deemed to be a "qualified foreign corporation" for United States federal income tax purposes and certain holding period requirements are met (including the requirement that the non-corporate U.S. holder holds the ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date). A qualified foreign corporation includes a foreign corporation if (1) its shares (or, according to legislative history, it's ADSs) are readily tradable on an established securities market in the United States or (2) it is eligible for the benefits under a comprehensive income tax treaty with the United States. In addition, a corporation is not a qualified foreign corporation if it is a passive foreign investment company (as discussed below) for either its taxable year in which the dividend is paid or the preceding taxable year. Our ADSs are traded on the New York Stock Exchange, an established securities market in the United States as identified by Internal Revenue Service guidance. Due to the absence of specific statutory provisions addressing ADSs, however, there can be no assurance that we are a qualified foreign corporation solely as a result of our listing on the New York Stock Exchange. Nonetheless, we may be eligible for benefits under the Treaty. Each U.S. holder should consult his, her or its own tax advisor regarding the treatment of such dividends and such holder's eligibility for a reduced rate of taxation.

Qualifying dividends will generally be taxed at a maximum income tax rate of 15% except for U.S. individual holders with incomes exceeding $518,900 or, in the case of taxpayers filing joint tax returns (or as a qualifying widow or widower), with incomes exceeding $583,750 which will be subject to tax at the rate of 20% on such qualifying dividends. Further, qualifying dividends received by U.S. individual holders with incomes less than $47,025 or, in the case of taxpayers filing joint returns (or as a qualifying widow or widower), $94,050 will be subject to tax at the rate of 0% on such qualifying dividends. Each U.S. holder should consult his, her or its own tax advisor regarding the treatment of dividends and such holder's eligibility for a reduced rate of taxation. Different amounts apply for estates and trusts.

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Subject to certain conditions and limitations, any Indian withholding tax imposed upon distributions paid to a U.S. holder with respect to our equity shares or ADSs should be eligible for credit against the U.S. holder's federal income tax liability. Alternatively, a U.S. holder may claim a deduction for such amount, but only for a year in which a U.S. holder does not claim a credit with respect to any foreign income taxes. The overall limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, distributions on our equity shares or ADSs generally will be foreign source income, for purposes of computing the United States foreign tax credit allowable to a U.S. holder.

The rules governing the foreign tax credit are very complex and each U.S. holder should consult his, her or its own tax advisors regarding the availability of the foreign tax credit under such holder's own particular circumstances.

If dividends are paid in Indian rupees, the amount of the dividend distribution included in the income of a U.S. holder will be in the U.S. dollar value of the payments made in Indian rupees, determined utilizing the spot exchange rate between Indian rupees and U.S. dollars applicable to the date such dividend is included in the income of the U.S. holder. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the dividend date to the date such payment is converted into U.S. dollars will be treated as U.S. source ordinary income or loss. Each U.S. holder is urged to consult his, her or its own tax advisors regarding the taxation of currency gain or loss.

EACH U.S. HOLDER SHOULD CONSULT HIS, HER OR ITS OWNS TAX ADVISOR REGARDING THE TREATMENT OF DIVIDENDS AND SUCH HOLDER'S ELIGIBILITY FOR REDUCED RATE OF TAXATION UNDER THE LAW IN EFFECT FOR THE YEAR OF THE DIVIDEND.

Sale or exchange of our equity shares or ADSs. Subject to the passive foreign investment company rules described below, a U.S. holder generally will recognize gain or loss on the sale or exchange of our equity shares or ADSs equal to the difference between the amount realized on such sale or exchange and the U.S. holder's adjusted tax basis in such equity shares or ADSs, as the case may be. Such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if such equity shares or ADSs, as the case may be, were held for more than one year (currently, for individuals and certain other non-corporate holders, long-term capital gains are taxed at a maximum rate of 20%, plus potential net investment income tax discussed below). Gain or loss, if any, recognized by a U.S. holder generally will be treated as U.S. source passive category income or loss for U.S. foreign tax credit purposes. In the case of capital losses, a U.S. holder is eligible to claim a capital loss deduction subject to significant limitations. If a U.S. holder is unable to claim these losses on his, her or its U.S. Federal Tax Return, the U.S. holder may be eligible to carryover the amount of the unused capital loss to future years, subject to additional limitations provided under U.S. tax regulations. Capital gains realized by a U.S. holder upon the sale of our equity shares (but not ADSs) may be subject to certain tax in India. See "Taxation-Indian Taxation-Taxation of Capital Gains" set forth above in this Annual Report. Due to limitations on foreign tax credits, however, a U.S. holder may not be able to utilize any such taxes as a credit against the U.S. holder's federal income tax liability.

Estate taxes. An individual U.S. holder who is a citizen or resident of the United States for U.S. federal estate tax purposes will have the value of our equity shares or ADSs held by such holder included in his or her gross estate for U.S. federal estate tax purposes. An individual holder who actually pays Indian estate tax with respect to our equity shares will, however, be entitled to credit the amount of such tax against his or her U.S. federal estate tax liability, subject to a number of conditions and limitations.

Additional Tax on Investment Income. U.S. holders that are individuals, estates or trusts and whose income exceeds certain thresholds (the lesser of the U.S holder's net investment income or modified adjusted gross income, to that extent such amount in a taxable year exceeds $200,000.00 (a special rule applies to a married individual filing a separate return) or, in the case of taxpayers filing joint tax returns, $250,000.00) will be subject to a 3.8% Medicare contribution tax on certain net investment income, including, among other things, dividends on, and capital gains from the sale or other taxable disposition of, our equity shares or ADSs, subject to certain limitations and exceptions.

Backup withholding tax and information reporting requirements. Any dividends paid on, or proceeds from a sale of, our equity shares or ADSs to or by a U.S. holder may be subject to U.S. information reporting, and a backup withholding tax (currently at a rate of 24%) may apply unless the holder establishes that he, she or it is an exempt recipient or provides a U.S. taxpayer identification number and certifies under penalty of perjury that such number is correct and that such holder is not subject to backup withholding and otherwise complies with any applicable backup withholding requirements.

Any amount withheld under the backup withholding rules will be allowed as a refund or credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the Internal Revenue Service. Certain U.S. holders are required to report information with respect to their investment in our equity shares or ADSs not held through a custodial account with a U.S. financial institution on Internal Revenue Service Form 8938, which must be attached to the U.S. holder's annual income tax return. Investors who fail to report required information could become subject to substantial penalties. In addition, a U.S. holder should consider the possible obligation to file online a FinCEN Form 114 – Foreign Bank and Financial Accounts Report as a result of holding ordinary shares or ADSs. Each U.S. holder should consult his, her or its tax advisor concerning its obligation to file Internal Revenue Service Form 8938 and/or FinCEN Form 114.

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Passive foreign investment company. A non-U.S. corporation will be classified as a passive foreign investment company for U.S. Federal income tax purposes if either:

- 75% or more of its gross income for the taxable year is passive income; or
- on average for the taxable year, 50% or more of the total value of its assets produce or are held for the production of passive income (as of the end of each quarter of its taxable year).

We do not believe that we satisfy either of the tests for passive foreign investment company status for the fiscal year ended March 31, 2024. Because this determination is made on an annual basis and depends on a variety of factors (including the value of our ADSs), no assurance can be given that we will not be considered a passive foreign investment company in future taxable years. If we were to be a passive foreign investment company for any taxable year, dividends would not be eligible for the preferential tax treatment applicable to qualified dividends income but would instead be taxable at rates applicable to ordinary income.

Further, if we were to be a passive foreign investment company for any taxable year, U.S. holders would be required to:

- pay an interest charge together with tax calculated at ordinary income rates on "excess distributions" (as the term is defined in relevant provisions of the U.S. tax laws) and on any gain on a sale or other disposition of our equity shares or ADSs;
- if an election is made to be a "qualified electing fund" (as the term is defined in relevant provisions of the U.S. tax laws), include in their taxable income their pro rata share of undistributed amounts of our income; or
- if the equity shares are "marketable" and a mark-to-market election is made, to mark-to-market the equity shares each taxable year and recognize ordinary gain and, to the extent of prior ordinary gain, recognize ordinary loss for the increase or decrease in market value for such taxable year.

If we are treated as a passive foreign investment company, we do not plan to provide information necessary for the U.S. holder to make a "qualified electing fund" election.

In addition, certain information reporting obligations (i.e., filing Internal Revenue Service Form 8621) may apply to U.S holders if we are determined to be a passive foreign investment company.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP, ACQUISITION OR DISPOSITION OF OUR EQUITY SHARES OR ADSs. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR CONCERNING THE TAX CONSEQUENCES TO YOU BASED ON YOUR PARTICULAR SITUATION.

10.F. *Dividends and paying agents*

Not applicable.

10.G. *Statements by experts*

Not applicable.

10.H. *Documents on display*

This annual report on Form 20-F and other information filed or to be filed by us with or furnished by us to the SEC can be accessed via the SEC's website at www.sec.gov. Certain (but not all) of such materials are also available on our website at https://www.drreddys.com, as soon as reasonably practicable after having been electronically filed or furnished to the SEC. Information contained in our website, www.drreddys.com, is not part of this annual report on Form 20-F and no portion of such information is incorporated herein or any other materials filed with or furnished to the SEC.

Additionally, documents referred to in this Form 20-F may be inspected at our corporate office, which is located at 8-2-337, Road No. 3, Banjara Hills, Hyderabad, Telangana, 500 034, India.

10.I. *Subsidiary information*

Not applicable.

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ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Our Board of Directors and its Audit Committee are responsible for overseeing our risk assessment and management policies. Our major market risks of foreign exchange, interest rate and counter-party risk are managed centrally by our group treasury department, which evaluates and exercises independent control over the entire process of market risk management.

We have a written treasury policy, and we do regular reconciliations of our positions with our counter-parties. In addition, internal audits of the treasury function are performed at regular intervals.

Components of Market Risk

Foreign Exchange Risk

Our foreign exchange risk arises from our foreign operations, foreign currency revenues and expenses (primarily in U.S. dollars, Russian roubles, U.K. pounds sterling and Euros), foreign currency investments (primarily in U.S. dollars and Euros) and foreign currency borrowings (in Russian roubles, Euros, Ukrainian hryvnia, Mexican pesos and Brazilian reals). A significant portion of our revenues are in these foreign currencies, while a significant portion of our costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, our revenues measured in Indian rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, we use both derivative and non-derivative financial instruments, such as foreign exchange forward contracts, option contracts, currency swap contracts and foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of our highly probable forecast transactions and recognized assets and liabilities. We do not use derivative financial instruments for trading or speculative purposes.

We had the following derivative financial instruments to hedge the foreign exchange rate risk as of March 31, 2024:

Category	Instrument	Currency[1]	Cross Currency[1]	Amounts	Buy/Sell
Hedges of recognized assets and liabilities	Forward contract	RUB	INR	RUB 1,227	Sell
	Forward contract	U.S.$	INR	U.S.$445	Sell
	Forward contract	ZAR	INR	ZAR 133	Sell
	Forward contract	GBP	INR	GBP 17	Sell
	Forward contract	AUD	INR	AUD 7	Sell
	Forward contract	EUR	INR	EUR 5	Sell
	Forward contract	U.S.$	BRL	U.S.$6	Buy
	Forward contract	U.S.$	CLP	U.S.$3	Buy
	Forward contract	U.S.$	COP	U.S.$11	Buy
	Forward contract	U.S.$	RON	U.S.$20	Buy
	Forward contract	EUR	U.S.$	EUR 99	Buy
	Forward contract	GBP	U.S.$	GBP 55	Buy
	Forward contract	U.S.$	AUD	U.S.$4	Buy
	Option contract	U.S.$	INR	U.S.$20	Sell
	Option contract	RUB	U.S.$	RUB 2000	Sell
	Currency Swap	EUR	BRL	EUR 7	Buy
Hedges of highly probable forecast transactions	Forward contract	U.S.$	INR	U.S.$11	Sell
	Forward contract	RUB	INR	RUB 1,500	Sell
	Option contract	U.S.$	INR	U.S.$903	Sell
	Option contract	RUB	U.S.$	RUB 1,050	Sell

[1] "AUD" means Australian dollars, "BRL" means Brazilian reals, "COP" means Colombian pesos, "CLP" means Chilean pesos, "EUR" means Euros, "GBP" means U.K. pounds sterling, "INR" means Indian rupees, "RON" means Romanian new leus, "RUB" means Russian roubles, "U.S.$" means United States dollars and "ZAR" means South African rands.

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In respect of our forward, option contracts and currency swaps, a 10% decrease/increase in the respective exchange rates of each of the currencies underlying such contracts would have resulted in an approximately Rs.7,041/(7,269) million increase/(decrease) in our hedging reserve and an approximately Rs.2,203/(2,315) million increase/(decrease) in our net profit from such contracts as of March 31, 2024.

For a detailed analysis of our foreign exchange risk, please refer to Notes 30 and 31 in our consolidated financial statements.

Commodity Rate Risk

Our exposure to market risk with respect to commodity prices primarily arises from our purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products whose prices may fluctuate significantly over short periods of time. The prices of our raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in our active pharmaceutical ingredients business are generally more volatile. Costs of raw materials forms the largest portion of our cost of revenues. We evaluate and manage our commodity price risk exposure through our operating procedures and sourcing policies. As of March 31, 2024, we have not entered into any material derivative contracts to hedge our exposure to fluctuations in commodity prices.

Interest Rate Risk

As of March 31, 2024, Rs.2,500 million of loans carrying a floating interest rate of 3 Months India Treasury Bill plus 5 bps; Rs.4,600 million of loans carrying a floating interest rate of 3 Months India Treasury Bill + 10 bps; Rs.3800 million of loans carrying a floating interest rate of 3 Months India Treasury Bill + 84 bps; Rs.2,302 million of loans carrying a floating interest rate of Key rate + 253 bps to 276 bps ; and Rs.2,673 million of loans carrying a floating interest rate of TIIE+1.35%.

"TIIE" means the Equilibrium Inter-banking Interest Rate (Tasa de Interés Interbancaria de Equilibrio) and "Key rate" means the key interest rate published by the Central Bank of Russia.

These loans expose us to risks of changes in interest rates. Our treasury department monitors the interest rate movement and manages the interest rate risk based on its policies, which include entering into interest rate swaps as considered necessary.

Interest Rate Profile.

The interest rate profile of our short-term borrowings from banks is as follows:

	As of March 31,			
	2024		2023	
	Currency[1]	Interest Rate[2]	Currency[1]	Interest Rate[2]
Other working capital borrowings	RUB	Key rate + 253 bps to 276 bps	RUB	9.87% to 10.40%
	MXN	TIIE + 1.35%	MXN	TIIE + 1.15%
	INR	3 Month T-bill + 10 bps	INR	9.15%
	-	-	BRL	CDI + 1.2%
	-	-	UAH	21.00%
	EUR	4.44%	-	-
Pre-shipment credit	INR	3 Month T-bill + 0.05%	-	-

The interest rate profile of our long-term borrowings (other than obligations under leases) is as follows:

	As of March 31,			
	2024		2023	
	Currency[1]	Interest Rate	Currency[1]	Interest Rate
Rupee term loan from bank	INR	3 Months T-bill + 84 bps	-	-
Non-convertible debentures	-	-	INR	6.77%

[1] "BRL" means Brazilian reals, "EUR" means Euro, "INR" means Indian rupees, "RUB" means Russian roubles, "MXN" means Mexican pesos and "UAH" means Ukrainian hryvnia.

[2] "CDI" means Brazilian interbank deposit rate (Certificado de Depósito Interbancário), "Key rate" means the key interest rate published by the Central Bank of Russia, "TIIE" means the Equilibrium Inter-banking Interest Rate (Tasa de Interés Interbancaria de Equilibrio) and "T-bill" means India Treasury bill.

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Maturity profile.

The aggregate maturities of interest-bearing long-term borrowings (other than obligations under leases), based on contractual maturities, as of March 31, 2024 are as follows:

Maturing in the year ending March 31,	**(All amounts in Rs. Millions)**
2027	Rs.3,800
	Rs.3,800

Counter-party risk encompasses settlement risk on derivative contracts and credit risk on cash and term deposits (i.e., certificates of deposit). Exposure to these risks is closely monitored and kept within predetermined parameters. Our group treasury department does not expect any losses from non-performance by these counter-parties.

For the year ended March 31, 2024, every 10% increase or decrease in the floating interest rate component applicable to our loans and borrowings would affect our net profit by Rs.144 million.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities.

Not applicable.

B. Warrants and Rights.

Not applicable.

C. Other Securities.

Not applicable.

D. American Depositary Shares.

Deposit Agreement

For a discussion of the Deposit Agreement, see Exhibit 2.2 ("Description of the Securities") to this Annual Report on Form 20-F.

Fees and Charges for Holders of American Depositary Shares

J.P. Morgan Chase Bank, N.A., as the U.S. depositary for our ADSs (the "Depositary"), collects fees for the issuance and cancellation of ADSs from the holders of our ADSs, or intermediaries acting on their behalf, against the deposit or withdrawal of ordinary shares in the custodian account. The Depositary also collects the following fees from holders of ADRs or intermediaries acting in their behalf:

Category (as defined by SEC)	**Depositary actions**	**Associated Fee**
(a) Depositing or substituting the underlying shares	Issuing ADSs upon deposits of shares, including deposits and issuances in respect of share distributions, stock splits, rights, mergers, exchanges of securities or any other transaction or event or other distribution affecting the ADSs or the deposited shares.	U.S.$5.00 for each 100 ADSs (or portion thereof) evidenced by the new shares deposited.
(b) Receiving or distributing dividends	Distribution of dividends.	U.S.$0.02 or less per ADS (U.S.$2.00 per 100 ADSs).
(c) Selling or exercising rights	Distribution or sale of securities.	U.S.$5.00 for each 100 ADSs (or portion thereof), the fee being in an amount equal to the fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities.
(d) Withdrawing an underlying security	Acceptance of ADSs surrendered for withdrawal of deposited shares.	U.S.$5.00 for each 100 ADSs (or portion thereof) evidenced by the shares withdrawn.

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Category (as defined by SEC)	Depositary actions	Associated Fee
(e) Transferring, splitting or grouping receipts	Transfers, combining or grouping of depositary receipts.	U.S.$1.50 per ADS.
(f) General depositary services, particularly those charged on an annual basis.	Other services performed by the depositary in administering the ADSs.	U.S.$0.02 per ADS (or portion thereof) not more than once each calendar year.
(g) Other	Expenses incurred on behalf of holders in connection with: • compliance with foreign exchange control regulations or any law or regulation relating to foreign investment; • the depositary's or its custodian's compliance with applicable law, rule or regulation; • stock transfer or other taxes and other governmental charges; • cable, telex, facsimile transmission/delivery; • expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars (which are paid out of such foreign currency); or • any other charge payable by depositary or its agents.	The amount of such expenses incurred by the Depositary.

As provided in the Deposit Agreement, the Depositary may charge fees for making cash and other distributions to holders by deduction from distributable amounts or by selling a portion of the distributable property. The Depositary may generally refuse to provide services until its fees for those services are paid.

Fees paid by Depositary

Direct Payments

The Depositary has agreed to reimburse certain reasonable expenses related to our ADS program and incurred by us in connection with the program. In the year ended March 31, 2024, the Depositary reimbursed us for an amount of U.S.$569,906. The amounts the Depositary reimburses are not related to the fees collected by the Depositary from ADS holders. Under certain circumstances, including termination of our ADS program prior to May 11, 2023, we are required to repay to the Depositary amounts reimbursed in prior periods.

The table below sets forth the types of expenses that the Depositary has agreed to reimburse us for and the amounts reimbursed during the fiscal year ended March 31, 2024.

Category of expenses	Amount reimbursed during the year ended March 31, 2024
Legal and accounting fees incurred in connection with preparation of Form 20-F and ongoing SEC compliance and listing requirements	U.S.$ 569,906
Listing fees	None
Investor relations	None
Advertising and public relations	None
Broker reimbursements	None

Indirect Payments

As part of its service to us, the Depositary has agreed to waive fees for the standard costs associated with the administration of our ADS program, associated operating expenses and investor relations advice. The Depository has not paid any expenses on our behalf.

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ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Modification in the rights of security holders

None.

Use of Proceeds

Not applicable.

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ITEM 15. CONTROLS AND PROCEDURES

(a) *Disclosure Controls and Procedures*

As of the end of the period covered by this Annual Report on Form 20-F, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act).

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective, as of March 31, 2024, to provide reasonable assurance that the information required to be disclosed in filings and submissions under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions about required disclosure.

(b) *Management's Annual Report on Internal Control Over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. As defined by the SEC, internal control over financial reporting is a process designed under the supervision of our principal executive and principal financial officers, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Our internal control over financial reporting is supported by written policies and procedures, that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management conducted an assessment of the effectiveness of our internal control over financial reporting as of March 31, 2024 based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework"). Based on this assessment, our management has concluded that our internal control over financial reporting was effective as of March 31, 2024.

The effectiveness of our internal control over financial reporting as of March 31, 2024 has been audited by Ernst & Young Associates LLP ("EY"), the independent registered public accounting firm that audited our financial statements, as stated in their report, a copy of which is included in this annual report on Form 20-F.

/s/Erez Israeli	/s/Parag Agarwal
Chief Executive Officer	Chief Financial Officer

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(c) *Attestation Report of the Registered Public Accounting Firm.*

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Dr. Reddy's Laboratories Limited

Opinion on Internal Control Over Financial Reporting

We have audited Dr. Reddy's Laboratories Limited and subsidiaries' internal control over financial reporting as of March 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, Dr. Reddy's Laboratories Limited and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of March 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of March 31, 2024 and 2023, the related consolidated income statements, statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended March 31 2024, and the related notes and our report dated June 12, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young Associates LLP

Hyderabad, India
June 12, 2024

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(d) Changes in internal control over financial reporting

There were no changes to our internal control over financial reporting that occurred during the period covered by this Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As part of ongoing improvement in our control environment, changes have been made to the design of controls which have been documented and tested for effectiveness.

ITEM 16. [RESERVED]

ITEM 16.A. AUDIT COMMITTEE FINANCIAL EXPERT

The Audit Committee of our Board of Directors is entirely composed of independent directors and brings in expertise in the fields of finance, economics, human resource development, strategy and management. Please see "Item 6. Directors, Senior Management and Employees" for the experience and qualifications of the members of the Audit Committee of our Board of Directors. Our Board of Directors has determined that Mr. Arun M Kumar is an audit committee financial expert, as defined in Item 401(h) of Regulation S-K, and is independent pursuant to applicable NYSE rules.

ITEM 16.B. CODE OF ETHICS

We have a Code of Business Conduct and Ethics (the "COBE"), which applies to all Directors and employees of our company and its subsidiaries and affiliates. The COBE is filed as an exhibit to this annual report on Form 20-F, and is also available on our corporate website at https://www.drreddys.com/investors/governance/code-of-business-conduct-and-ethics-obe/#governance#code-of-business-conduct-and-ethics. The COBE has provisions for employees and other stakeholders to raise concerns regarding possible violations of the COBE under the Ombudsperson Policy. Reporting channels under the Ombudsperson Policy include an independent hotline, a web based reporting site (drreddys.ethicspoint.com) and dedicated email addresses for our Chief Compliance Officer and our Chief Ombudsperson. Our Non-Retaliation Policy also safeguards against retaliation of those who raise concerns in good faith.

ITEM 16.C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Ernst & Young Associates LLP served as our independent registered public accounting firm for the years ended March 31, 2024 and 2023 for which audited statements appear in this Annual Report.

The following table sets forth the aggregate fees paid to Ernst & Young Associates LLP and the various member firms of Ernst & Young Associates LLP in the years ended March 31, 2024 and 2023.

	For the year ended March 31,				
Type of Service	**2024**		**2023**		**Description of Services**
	(Rs. in millions)				
Audit fees	Rs.	118.3	Rs.	120.2	Audit and review of financial statements
Audit related fees		2.4		1.6	Statutory certifications and other matters
Tax fees		27.0		18.3	Tax and transfer pricing related services
Total	**Rs.**	**147.7**	**Rs.**	**140.1**	

In accordance with the requirement of the charter of the Audit Committee of our Board of Directors, we obtain the prior approval of the Audit Committee on every occasion we engage our principal accountants or their associated entities to provide us any services. We disclose to the Audit Committee of our Board of Directors the nature of services that are provided and the fees to be paid for the services. The fees listed in the above table were approved by the Audit Committee of our Board of Directors.

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ITEM 16.D. EXEMPTION FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

We have not sought any exemption from the listing standards for audit committees applicable to us as a foreign private issuer.

ITEM 16.E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On July 27, 2018, pursuant to the special resolution approved by our shareholders at the Annual General Meeting, we formed the Dr. Reddy's Employees ESOS Trust (the "ESOS Trust") to support the Dr. Reddy's Employees Stock Option Scheme, 2018 by acquiring, including through secondary market acquisitions, equity shares which are used for issuance to eligible employees upon exercise of stock options thereunder.

Tabulated below are the details of the equity shares acquired under such plan during the year ended March 31, 2024.

Period	Total Number of Equity Shares Purchased	Average Price Paid per Equity Share (Rs.)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum number of Equity Shares that may yet be purchased under the Plans or Programs
April 1, 2023 to March 31, 2024	0	0	661,601 [1]	1,838,399

[1] The ESOS Trust has purchased an aggregate of 661,601 equity shares as of March 31, 2024. Out of these, an aggregate of 81,353 equity shares were transferred to employees (including 35,946 shares transferred during the year ended March 31, 2024) pursuant to exercises of stock options (cash and cashless exercises) granted under the Dr. Reddy's Employees Stock Option Scheme, 2018. The ESOS Trust sold an aggregate of 45,407 equity shares on the market during the year ended March 31, 2023 in connection with cashless exercises.

Refer to Note 28 ("Share-based payments") of these consolidated financial statements for further details on the Dr. Reddy's Employees Stock Option Scheme, 2018.

ITEM 16.F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

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ITEM 16.G. CORPORATE GOVERNANCE

Companies listed on the New York Stock Exchange ("NYSE") must comply with certain standards regarding corporate governance as codified in Section 303A of the NYSE's Listed Company Manual. Listed companies that are foreign private issuers (as such term is defined in Rule 3b-4 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) are permitted to follow home country practice in lieu of the provisions of Section 303A, except that such companies are required to comply with the requirements of Sections 303A.06, 303A.11 and 303A.12(b) and (c), which are as follows:

(i) establish an independent audit committee that has specified responsibilities;
(ii) provide prompt certification by its chief executive officer of any non-compliance with any corporate governance rules;
(iii) provide periodic written affirmations to the NYSE with respect to its corporate governance practices; and
(iv) provide a brief description of significant differences between its corporate governance practices and those followed by U.S. companies.

The following table compares our principal corporate governance practices to those required of U.S. NYSE listed companies.

Standard for U.S. NYSE Listed Companies	Our practice
Listed companies must have a majority of "independent directors," as defined by the NYSE.	We comply with this standard. Nine of our Eleven directors are "independent directors," as defined by the NYSE as on March 31, 2024.
The non-management directors of each listed company must meet at regularly scheduled executive sessions without management.	We comply with this standard. Our non-management directors meet periodically without management directors in scheduled executive sessions.
Listed companies must have a nominating/corporate governance committee composed entirely of independent directors. The nominating/corporate governance committee must have a written charter that is made available on the listed company's website and that addresses the committee's purpose and responsibilities, subject to the minimum purpose and responsibilities established by the NYSE, and an annual evaluation of the committee.	We have a Nomination, Governance and Compensation Committee composed entirely of independent directors that meets these requirements. The committee has a written charter that meets these requirements. We have evaluated the performance of the Nomination, Governance and Compensation Committee.
Listed companies must have a compensation committee composed entirely of independent directors. The compensation committee must have a written charter that is made available on the listed company's website and that addresses the committee's purpose and responsibilities, subject to the minimum purpose and responsibilities established by the NYSE, and an annual evaluation of the committee.	We have a Nomination, Governance and Compensation Committee composed entirely of independent directors that meets these requirements. The committee has a written charter that meets these requirements. We have evaluated the performance of our Nomination, Governance and Compensation Committee.
Listed companies must have an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act.	Our Audit Committee satisfies the requirements of Rule 10A-3 under the Exchange Act.
The audit committee must have a minimum of three members all being independent directors. The audit committee must have a written charter that is made available on the listed company's website and that addresses the committee's purpose and responsibilities, subject to the minimum purpose and responsibilities established by the NYSE, and an annual evaluation of the committee.	We have an Audit Committee composed of four members, all being independent directors as on March 31, 2024. The committee has a written charter that meets these requirements. We have evaluated the performance of our Audit Committee.
Each listed company must have an internal audit function.	We have an internal audit function.
Shareholders must be given the opportunity to vote on all equity-compensation plans and material revisions thereto, with limited exceptions.	We comply with this standard. Our Employee Stock Option Plans were approved by our shareholders.

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Standard for U.S. NYSE Listed Companies	Our practice
Listed companies must adopt and disclose corporate governance guidelines.	We have not adopted corporate governance guidelines. But we adhere to the applicable corporate governance requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Indian Companies Act, 2013.
All listed companies, U.S. and foreign, must adopt and disclose a code of business conduct and ethics for directors, officers and employees that is made available on the listed company's website and, and promptly disclose any waivers of the code for directors or executive officers.	We comply with this standard. More details on our Code of Business Conduct and Ethics are given under Item 16.B.
Listed companies must solicit proxies for all meetings of shareholders.	We do not solicit proxies because we are prohibited from doing so under Section 105 of the Indian Companies Act, 2013. However, we give each of our shareholders written notices of all of our shareholder meetings.
Listed foreign private issuers must disclose any significant ways in which their corporate governance practices differ from those followed by domestic companies under NYSE listing standards.	This requirement is being addressed by way of this table.
Each listed company CEO must certify to the NYSE each year that he or she is not aware of any violation by the company of NYSE corporate governance listing standards, qualifying the certification to the extent necessary.	This is not applicable to us. But we adhere to the applicable corporate governance requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Indian Companies Act, 2013.
Each listed company CEO must promptly notify the NYSE in writing after any executive officer of the listed company becomes aware of any non-compliance with any applicable provisions of this Section 303A.	There have been no such instances.
Each listed company's audit committee, or another independent body of the board of directors, shall conduct a reasonable prior review and oversight of all related party transactions that require disclosure pursuant to Item 7.B. of this Form 20-F for potential conflicts of interest, and will prohibit such a transaction if it determines it to be inconsistent with the interests of the listed company and its shareholders.	Under the SEBI's Listing Regulations and the Indian Companies Act, 2013, our Audit Committee's prior approval is required for all transactions with related parties or any subsequent material modification of such transactions. These laws also empower our Audit Committee to grant omnibus approval for our proposed related party transactions, subject to certain prescribed conditions.
Each listed company must submit an executed Written Affirmation annually to the NYSE. In addition, each listed company must submit an interim Written Affirmation each time that any of the following occurs: • an audit committee member who was deemed independent is no longer independent; • a member has been added to the audit committee; • the listed company or a member of its audit committee is eligible to rely on and is choosing to rely on a Securities Exchange Act Rule 10A-3 ("Rule 10A-3") exemption; • the listed company or a member of its audit committee is no longer eligible to rely on or is choosing to no longer rely on a previously applicable Rule 10A-3 exemption; • a member has been removed from the listed company's audit committee resulting in the company no longer having a Rule 10A-3 compliant audit committee; or • the listed company determined that it no longer qualifies as a foreign private issuer and will be considered a domestic company under Section 303A.	We filed our most recent annual written affirmation, in the form specified by the NYSE, on July 3, 2023.
Standard for U.S. NYSE Listed Companies	**Our practice**
The annual and interim Written Affirmations must be in the form specified by the NYSE.	
Each listed company must adopt a recovery policy for compensation erroneously paid to executive officers,	We have adopted a recovery policy for compensation erroneously paid to executive officers, a copy of which is attached as an exhibit to this annual report.

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ITEM 16.H. MINE SAFETY DISCLOSURE

Not Applicable.

ITEM 16.I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

ITEM 16.J. INSIDER TRADING POLICIES

In addition to the insider trading policies included in our Code of Business Conduct and Ethics (see Item 16.b. above), we have adopted a Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons. These codes contain insider trading policies and procedures governing the purchase, sale and other dispositions of our securities by directors, senior management and employees that is reasonably designed to promote compliance with all applicable insider trading laws, rules and regulations, and all applicable listing standards. Copies of these Codes are filed as Exhibit 11.1 and 11.2, respectively, to this annual report on Form 20-F.

ITEM 16.K. CYBERSECURITY

Risk Management and Strategy

Our Information Security Management System is based on internationally recognized frameworks such as the ISO27001 standard published by the International Organization for Standardization and the Cybersecurity Framework published by the U.S. National Institute of Standards and Technology. We use a comprehensive technology stack to implement the above control framework and perform periodic independent assessments to review the effectiveness of these controls. Any gaps identified in the control framework go through an established risk management process.

From a process perspective, our cybersecurity practices work under three pillars: (1) Cyber Risk, (2) Cyber Defense and (3) Strategy and Governance. The 'Cyber Risk' pillar is responsible for identifying the threat landscape and necessary attack vectors. The 'Cyber Defense' pillar is responsible for monitoring the technology stack for any anomaly and taking necessary steps to control any issues in collaboration with the applicable technology and location teams. The 'Strategy and Governance' pillar is responsible for tracking and managing the risks identified by the other pillars and ensuring that necessary governance is in place. These services are managed with the help of outside cybersecurity consultants, currently including one of the leading consulting companies, and the respective lead from the function manages the deliverables under the leadership of our Chief Information Security Officer ("CISO"). On a regular basis, we perform simulated external and internal cyber-attacks to baseline the response from the respective team and perform continuous improvement.

Governance of Cybersecurity Risk

The governance of cybersecurity risk happens at different levels. The CISO is responsible for managing day to day operations related to cybersecurity. The CISO has monthly governance meetings with technology leadership teams, including our Chief Information Officer ("CIO"). Our CIO and CISO have worked for services, industry and consulting firms, with each of them having nearly two decades of experience in their specific domains. The status of cybersecurity progress and related matters are updated to the CEO on a quarterly basis. Our Board considers cybersecurity risks as part of its risk oversight function and has delegated the oversight of cybersecurity and other information technology risks to the Risk Management Committee of the Board. The Risk Management Committee is apprised of cybersecurity risks along with the risk mitigations steps implemented by the CISO and Chief Risk Officer ("CRO") to ensure effective enterprise risk management.

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ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

The following financial statement and auditor's report for the year ended March 31, 2024 are incorporated herein by reference and are included in this Item 18 of this report on Form 20-F:

• Report of Independent Registered Public Accounting Firm (PCAOB ID: 1712)	122
• Consolidated statements of financial position as of March 31, 2024 and 2023	124
• Consolidated income statements for the years ended March 31, 2024, 2023 and 2022	125
• Consolidated statements of comprehensive income for the years ended March 31, 2024, 2023 and 2022	126
• Consolidated statements of changes in equity for the years ended March 31, 2024, 2023 and 2022	127
• Consolidated statements of cash flows for the years ended March 31, 2024, 2023 and 2022	128
• Notes to the consolidated financial statements	130

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Dr. Reddy's Laboratories Limited

Opinion on the consolidated financial statements

We have audited the accompanying consolidated statements of financial position of Dr. Reddy's Laboratories Limited (and subsidiaries) (the Company) as of March 31, 2024, and 2023, the related consolidated income statements, statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended March 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2024, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated June 12, 2024, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate..

Contingencies, including litigations

Description of the matter

As described in Note 3(I) and 32 to the consolidated financial statements, the Company is involved in disputes, lawsuits, claims, governmental and / or regulatory inspections, inquiries, investigations and proceedings, including patent and commercial matters that arise from time to time in the ordinary course of business. The Company recognizes a liability for those legal contingencies for which it has a possible or a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The Company assisted by their internal and external legal counsel assesses the need to make provision or discloses information with respect to the nature and facts of the case.

Auditing management's determination of whether a loss for a contingency is probable and reasonably estimable, reasonably possible or remote, and the related disclosures, is highly subjective and requires significant judgment.

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How we addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of the Company's internal controls related to the completeness, valuation, presentation and disclosure of legal contingencies. This included testing controls related to the Company's process for identification, recognition, measurement and disclosure of contingencies, including litigations. To test the Company's contingencies, our substantive audit procedures included, among others, testing the completeness of the contingencies subject to evaluation by the Company through review of minutes of board meetings and evaluation of legal expenses. We also evaluated the Company's analysis of its assessment of the probability of outcome for each material contingency through inspection of responses to inquiry letters sent to external legal counsel, discussions with internal counsel, as well as external legal counsel, when deemed necessary, to confirm our understanding of the allegations and potential outcomes and obtaining written representations from executives of the Company. We also evaluated the adequacy of Company's disclosures in relation to these matters.

Chargebacks, rebates and refund liability, related to Revenue

Description of the matter	As described in Note 3(m) and 22 to the consolidated financial statements, revenues from product sales are recognized upon transfer of control to a customer, usually when the title passes to the customer, either upon shipment or upon receipt of goods by the customer, net of accruals for estimated chargebacks, rebates (which includes contractual obligations relating to other pricing adjustments), and sales returns, (collectively sales deductions), which are estimated at the time of sale, to reflect the amount of consideration to which the Company expects to be entitled. Auditing the estimation of sales deductions, which are netted against product sales, is complex and requires significant judgment. The estimated sales deductions are based on assumptions and inputs used in the estimate, such as current contractual terms, wholesaler inventory levels, and historical data.
How we addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the sales deduction processes. This included, for example, testing controls over management's review of significant assumptions and inputs used in the estimate of sales deductions, including actual sales, contractual terms, and historical data such as actual customer inventory levels of the Company's products, and estimated sales subject to sales deductions. We also tested management's controls relating to identification, evaluation and compliance of rebates (which includes contractual obligations relating to other pricing adjustments) in customer contracts and management's controls over the accuracy and completeness of the estimates used to calculate the final sales deductions. To test management's estimated sales deductions, our audit procedures included, among others, evaluating the methodology used and the underlying data used by the Company. For example, we tested management's estimates over the determination of sales deductions accruals by comparing the rates and pricing clauses used in management's estimate to the underlying contracts and historical sales deductions data. We compared the assumptions to contracted prices, historical rebates, discounts, allowances and returns, and where relevant to current payment trends. We also considered the historical accuracy of management's estimates in prior years, and to assess the estimated amounts, we evaluated trends in actual sales and discount accrual balances. We also tested the underlying data used in management's calculations for accuracy and completeness, which included inspection of source data supporting product pricing, inventory levels and rebate claims paid subsequent to period end and settled during the period. We also evaluated the adequacy of the Company's disclosures in relation to these matters.

/s/ Ernst & Young Associates LLP

We have served as the Company's auditor since 2018.

Hyderabad, India
June 12, 2024

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DR. REDDY'S LABORATORIES LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in millions, except share and per share data)

Particulars	Note	As of March 31, 2024 *Unaudited convenience translation into U.S.$ (See Note 2(c))*		As of March 31, 2024		As of March 31, 2023
ASSETS						
Current assets						
Cash and cash equivalents	7	U.S.$ 85	Rs.	7,107	Rs.	5,779
Other investments	8	892		74,363		56,018
Trade and other receivables	9	963		80,298		72,485
Inventories	10	763		63,552		48,670
Derivative financial instruments	30	2		169		1,232
Other current assets	11	271		22,560		20,069
Total current assets		**U.S.$ 2,976**	**Rs.**	**248,049**	**Rs.**	**204,253**
Non-current assets						
Property, plant and equipment	12	U.S.$ 923	Rs.	76,886	Rs.	66,462
Goodwill	13	51		4,253		4,245
Other intangible assets	14	443		36,951		30,849
Investment in equity accounted investees	15	50		4,196		4,702
Other investments	8	13		1,059		660
Deferred tax assets	25	129		10,774		7,196
Tax assets		45		3,718		2,687
Other non-current assets	11	20		1,632		800
Total non-current assets		**U.S.$ 1,673**	**Rs.**	**139,469**	**Rs.**	**117,601**
Total assets		**U.S.$ 4,650**	**Rs.**	**387,518**	**Rs.**	**321,854**
LIABILITIES AND EQUITY						
Current liabilities						
Trade and other payables	16	U.S.$ 371	Rs.	30,919	Rs.	26,444
Short-term borrowings	17	153		12,723		7,390
Long-term borrowings, current portion	17	16		1,307		4,804
Provisions	18	65		5,383		5,454
Tax liabilities		28		2,342		2,144
Derivative financial instruments	30	6		468		137
Other current liabilities	19	515		42,897		39,472
Total current liabilities		**U.S.$ 1,152**	**Rs.**	**96,039**	**Rs.**	**85,845**
Non-current liabilities						
Long-term borrowings	17	U.S.$ 72	Rs.	5,990	Rs.	1,278
Deferred tax liabilities	25	11		909		833
Provisions	18	1		61		59
Other non-current liabilities	19	48		3,969		2,848
Total non-current liabilities		**U.S.$ 132**	**Rs.**	**10,929**	**Rs.**	**5,018**
Total liabilities		**U.S.$ 1,284**	**Rs.**	**106,968**	**Rs.**	**90,863**
Equity						
Share capital	20	U.S.$ 10	Rs.	834	Rs.	833
Treasury shares		(12)		(991)		(1,269)
Share premium		129		10,765		9,688
Share-based payment reserve		18		1,508		1,652
Capital redemption reserve		2		173		173
Debenture redemption reserve		-		-		380
Special economic zone re-investment reserve		8		653		886
Retained earnings		3,183		265,257		215,593
Other components of equity		28		2,351		3,055
Total equity		**U.S.$ 3,366**	**Rs.**	**280,550**	**Rs.**	**230,991**
Total liabilities and equity		**U.S.$ 4,650**	**Rs.**	**387,518**	**Rs.**	**321,854**

The accompanying notes form an integral part of these consolidated financial statements.

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DR. REDDY'S LABORATORIES LIMITED AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
(in millions, except share and per share data)

Particulars	Note	For the Years Ended March 31,							
		2024		2024		2023		2022	
		Unaudited convenience translation into U.S.$ (See Note 2(c))							
Revenues	22	**U.S.$**	**3,350**	**Rs.**	**279,164**	**Rs.**	**245,879**	**Rs.**	**214,391**
Cost of revenues			1,387		115,557		106,536		100,551
Gross profit			**1,963**		**163,607**		**139,343**		**113,840**
Selling, general and administrative expenses			926		77,201		68,026		62,081
Research and development expenses			274		22,873		19,381		17,482
Impairment of non-current assets, net			1		3		699		7,562
Other income, net	23		(50)		(4,199)		(5,907)		(2,761)
Total operating expenses			**1,150**		**95,878**		**82,199**		**84,364**
Results from operating activities (A)			**813**		**67,729**		**57,144**		**29,476**
Finance income			68		5,705		4,281		3,077
Finance expense			(21)		(1,711)		(1,428)		(958)
Finance income, net (B)	24		**48**		**3,994**		**2,853**		**2,119**
Share of profit of equity accounted investees, net of tax **(C)**	15		2		147		370		703
Profit before tax [(A)+(B)+(C)]			**862**		**71,870**		**60,367**		**32,298**
Tax expense, net	25		194		16,186		15,300		8,730
Profit for the year		**U.S.$**	**668**	**Rs.**	**55,684**	**Rs.**	**45,067**	**Rs.**	**23,568**
Earnings per share:	21								
Basic earnings per share of Rs.5/- each		U.S.$	4.02	Rs.	334.65	Rs.	271.43	Rs.	142.08
Diluted earnings per share of Rs.5/- each		U.S.$	4.01	Rs.	334.02	Rs.	270.85	Rs.	141.69

The accompanying notes form an integral part of these consolidated financial statements.

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DR. REDDY'S LABORATORIES LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions, except share and per share data)

Particulars	For the Years Ended March 31,							
	2024		2024		2023		2022	
	Unaudited convenience translation into U.S.$ (See Note 2(c))							
Profit for the year	**U.S.$**	**668**	**Rs.**	**55,684**	**Rs.**	**45,067**	**Rs.**	**23,568**
Other comprehensive income/(loss)								
Items that will not be reclassified to the consolidated income statement:								
Changes in the fair value of financial instruments	U.S.$	(1)	Rs.	(18)	Rs.	(718)	Rs.	(3,534)
Actuarial gains/(losses) on post-employment benefit obligations		(1)		(10)		57		(34)
Tax impact on above items		1		4		(69)		305
Total of items that will not be reclassified to the consolidated income statement	**U.S.$**	**(1)**	**Rs.**	**(24)**	**Rs.**	**(730)**	**Rs.**	**(3,263)**
Items that will be reclassified subsequently to the consolidated income statement:								
Changes in fair value of financial instruments	U.S.$	1	Rs.	6	Rs.	(6)	Rs.	-
Foreign currency translation adjustments		(4)		(318)		946		(214)
Effective portion of changes in fair value of cash flow hedges		(6)		(470)		(905)		882
Tax impact on above items		1		117		306		(288)
Total of items that will be reclassified subsequently to the consolidated income statement	**U.S.$**	**(8)**	**Rs.**	**(665)**	**Rs.**	**341**	**Rs.**	**380**
Other comprehensive loss for the year, net of tax	**U.S.$**	**(8)**	**Rs.**	**(689)**	**Rs.**	**(389)**	**Rs.**	**(2,883)**
Total comprehensive income for the year	**U.S.$**	**660**	**Rs.**	**54,995**	**Rs.**	**44,678**	**Rs.**	**20,685**

The accompanying notes form an integral part of these consolidated financial statements.

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DR. REDDY'S LABORATORIES LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in millions, except share and per share data)

Particulars	Share capital[4]	Share premium[4]	Treasury Shares[4]	Share-based payment reserve	Fair value reserve[1]	Foreign currency translation reserve	Hedging reserve	Capital redemption reserve	Special economic zone re-investment reserve[2]	Debenture redemption reserve[3]	Actuarial gains/ (losses)	Retained earnings	Total
Balance as of April 1, 2023 (A)	**Rs. 833**	**Rs. 9,688**	**Rs. (1,269)**	**Rs. 1,652**	**Rs. (2,425)**	**Rs. 5,733**	**Rs. 284**	**Rs. 173**	**Rs. 886**	**Rs. 380**	**Rs. (537)**	**Rs. 215,593**	**Rs. 230,991**
Profit for the year	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 55,684	Rs. 55,684
Net change in fair value of equity and debt instruments	-	-	-	-	(27)	-	-	-	-	-	-	15	(12)
Foreign currency translation adjustments, net of tax expense of Rs.0	-	-	-	-	-	(318)	-	-	-	-	-	-	(318)
Effective portion of changes in fair value of cash flow hedges, net of tax benefit of Rs.117	-	-	-	-	-	-	(353)	-	-	-	-	-	(353)
Actuarial loss on post-employment benefit obligations, net of tax benefit of Rs.4	-	-	-	-	-	-	-	-	-	-	(6)	-	(6)
Total comprehensive income (B)	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. (27)**	**Rs. (318)**	**Rs. (353)**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. (6)**	**Rs. 55,699**	**Rs. 54,995**
Issue of equity shares on exercise of options	1	1,077	278	(551)	-	-	-	-	-	-	-	-	805
Share-based payment expense	-	-	-	407	-	-	-	-	-	-	-	-	407
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(6,648)	(6,648)
Total transactions with owners of the Company (C)	**Rs. 1**	**Rs. 1,077**	**Rs. 278**	**Rs. (144)**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. (6,648)**	**Rs. (5,436)**
Transfer from special economic zone re-investment reserve on utilization	-	-	-	-	-	-	-	-	(233)	-	-	233	-
Transfer to/(from) debenture redemption reserve	-	-	-	-	-	-	-	-	-	(380)	-	380	-
Total (D)	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. (233)**	**Rs. (380)**	**Rs. -**	**Rs. 613**	**Rs. -**
Balance as of March 31, 2024 [(A)+(B)+(C)+(D)]	**Rs. 834**	**Rs. 10,765**	**Rs. (991)**	**Rs. 1,508**	**Rs. (2,452)**	**Rs. 5,415**	**Rs. (69)**	**Rs. 173**	**Rs. 653**	**Rs. -**	**Rs. (543)**	**Rs. 265,257**	**Rs. 280,550**
Convenience translation into U.S.$ (See note 2(c))	**U.S.$ 10**	**U.S.$ 129**	**U.S.$ (12)**	**U.S.$ 18**	**U.S.$ (29)**	**U.S.$ 65**	**U.S.$ (1)**	**U.S.$ 2**	**U.S.$ 8**	**U.S.$ -**	**U.S.$ (7)**	**U.S.$ 3,183**	**U.S.$ 3,366**
Balance as of April 1, 2022 (A)	**Rs. 832**	**Rs. 9,280**	**Rs. (1,601)**	**Rs. 1,628**	**Rs. (1,701)**	**Rs. 4,835**	**Rs. 835**	**Rs. 173**	**Rs. 755**	**Rs. 304**	**Rs. (525)**	**Rs. 175,712**	**Rs. 190,527**
Profit for the year	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 45,067	Rs. 45,067
Net change in fair value of equity and debt instruments	-	-	-	-	**(724)**	-	-	-	-	-	-	-	**(724)**
Foreign currency translation adjustments, net of tax expense of Rs.48	-	-	-	-	-	898	-	-	-	-	-	-	898
Effective portion of changes in fair value of cash flow hedges, net of tax benefit of Rs.354	-	-	-	-	-	-	**(551)**	-	-	-	-	-	**(551)**
Actuarial loss on post-employment benefit obligations, net of tax expense of Rs.69	-	-	-	-	-	-	-	-	-	-	**(12)**	-	**(12)**
Total comprehensive income (B)	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. (724)**	**Rs. 898**	**Rs. (551)**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. (12)**	**Rs. 45,067**	**Rs. 44,678**
Issue of equity shares on exercise of options	1	361	168	**(373)**	-	-	-	-	-	-	-	-	157
Share-based payment expense	-	-	-	397	-	-	-	-	-	-	-	-	397
Sale of treasury shares	-	47	164	-	-	-	-	-	-	-	-	-	211
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	**(4,979)**	**(4,979)**
Total transactions with owners of the Company (C)	**Rs. 1**	**Rs. 408**	**Rs. 332**	**Rs. 24**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. (4,979)**	**Rs. (4,214)**
Transfer to special economic zone re-investment reserve	-	-	-	-	-	-	-	-	752	-	-	**(752)**	-
Transfer from special economic zone re-investment reserve on utilization	-	-	-	-	-	-	-	-	(621)	-	-	621	-
Transfer to debenture redemption reserve	-	-	-	-	-	-	-	-	-	76	-	**(76)**	-
Total (D)	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. -**	**Rs. 131**	**Rs. 76**	**Rs. -**	**Rs. (207)**	**Rs. -**
Balance as of March 31, 2023 [(A)+(B)+(C)+(D)]	**Rs. 833**	**Rs. 9,688**	**Rs. (1,269)**	**Rs. 1,652**	**Rs. (2,425)**	**Rs. 5,733**	**Rs. 284**	**Rs. 173**	**Rs. 886**	**Rs. 380**	**Rs. (537)**	**Rs. 215,593**	**Rs. 230,991**

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DR. REDDY'S LABORATORIES LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in millions, except share and per share data)

[Continued from above table, first column repeated]

Particulars	Share capital	Share premium	Treasury shares*	Share based payment reserve	Fair value reserve(1)	Foreign currency translation reserve	Hedging reserve	Capital redemption reserve	Special economic zone re-investment reserve(2)	Debenture redemption reserve(3)	Actuarial gains/ (losses)	Retained earnings	Total
Balance as of April 1, 2021 (A)	**Rs. 832**	**Rs. 8,887**	**Rs. (1,967)**	**Rs. 1,461**	**Rs. 1,540**	**Rs. 5,049**	**Rs. 241**	**Rs. 173**	**Rs. 1,326**	**Rs. -**	**Rs. (503)**	**Rs. 156,023**	**Rs. 173,062**
Profit for the year	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 23,568	Rs. 23,568
Net change in fair value of equity and debt instruments, net of tax benefit of Rs.293	-	-	-	-	(3,241)	-	-	-	-	-	-	-	(3,241)
Foreign currency translation adjustments	-	-	-	-	-	(214)	-	-	-	-	-	-	(214)
Effective portion of changes in fair value of cash flow hedges, net of tax expense of Rs.288	-	-	-	-	-	-	594	-	-	-	-	-	594
Actuarial loss on post-employment benefit obligations, net of tax benefit of Rs.12	-	-	-	-	-	-	-	-	-	-	(22)	-	(22)
Total comprehensive income (B)	Rs. -	Rs. -	Rs. -	Rs. -	**Rs. (3,241)**	**Rs. (214)**	**Rs. 594**	Rs. -	Rs. -	Rs. -	**Rs. (22)**	**Rs. 23,568**	**Rs. 20,685**
Issue of equity shares on exercise of options	Rs. -*	Rs. 393	Rs. 366	Rs. (425)	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 334
Share-based payment expense	-	-	-	592	-	-	-	-	-	-	-	-	592
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(4,146)	(4,146)
Total transactions with owners of the Company (C)	Rs. -*	**Rs. 393**	**Rs. 366**	**Rs. 167**	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	**Rs. (4,146)**	**Rs. (3,220)**
Transfer to special economic zone re-investment reserve on utilization	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. (571)	Rs. -	Rs. -	Rs. 571	Rs. -
Transfer to debenture redemption reserve	-	-	-	-	-	-	-	-	-	304	-	(304)	-
Total (D)	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	Rs. -	**Rs. (571)**	**Rs. 304**	Rs. -	**Rs. 267**	Rs. -
Balance as of March 31, 2022 [(A)+(B)+(C)+(D)]	**Rs. 832**	**Rs. 9,280**	**Rs. (1,601)**	**Rs. 1,628**	**Rs. (1,701)**	**Rs. 4,835**	**Rs. 835**	**Rs. 173**	**Rs. 755**	**Rs. 304**	**Rs. (525)**	**Rs. 175,712**	**Rs. 190,527**

**Rounded to the nearest million*

(1) Represents mark to market gain or loss on financial assets classified as fair value through other comprehensive income ("FVTOCI"). Depending on the category and type of the financial asset, the mark to market gain or loss is either reclassified to the income statement or to retained earnings upon disposal of the investment.

(2) The Company has created a Special Economic Zone ("SEZ") Reinvestment Reserve out of profits of its eligible SEZ Units in accordance with the terms of Section 10AA(1) of the Indian Income Tax Act, 1961. This reserve is to be utilized by the Company for acquiring Plant and Machinery in accordance with Section 10AA(2) of such Act.

(3) The Company has created a Debenture Redemption Reserve out of profits of its subsidiary Aurigene Pharmaceutical Services Limited that issued debentures in accordance with the terms of Section 18(7)(iv) & 18(7)(v) AA(1) of the of Companies (Share Capital and Debentures) Rules, 2014. This reserve is to be utilized by the Company for redemption of debentures. During the year ended March 31, 2024, upon redemption of debentures the Company has transferred the balance from the Debenture Redemption Reserve to Retained earnings.

(4) Refer to Note 33 ("Merger of Dr. Reddy's Holdings Limited into Dr. Reddy's Laboratories Limited") of these consolidated financial statements.

The accompanying notes form an integral part of these consolidated financial statements.

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DR. REDDY'S LABORATORIES LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions, except share and per share data)

	For the Years Ended March 31,						
		2024		2024		2023		2022
Particulars		*Unaudited convenience translation into U.S.$ (See Note 2(c))*					
Cash flows from/(used in) operating activities:							
Profit for the year	U.S.$	668	Rs.	55,684	Rs.	45,067	Rs.	23,568
Adjustments for:							
Tax expense, net		194		16,186		15,300		8,730
Fair value changes and profit on sale of financial instruments measured at FVTPL**, net		(38)		(3,149)		(876)		(277)
Depreciation and amortization		178		14,841		12,636		11,824
Impairment of non-current assets, net		1		3		699		7,562
Allowance for credit losses (on trade receivables and other advances)		3		275		205		55
(Gain)/ Loss on sale or de-recognition of non-current assets, net		(11)		(900)		208		(1,119)
Share of profit of equity accounted investees		(2)		(147)		(370)		(703)
Unrealized exchange (gain)/loss, net		(6)		(534)		(939)		(766)
Interest (income)/expense, net		(7)		(567)		248		(7)
Inventories write-down		43		3,563		4,869		4,584
Equity settled share-based payment expense		5		407		397		592
Dividend income		-		-*		-*		-
Changes in operating assets and liabilities:							
Trade and other receivables		(97)		(8,054)		(5,752)		(17,012)
Inventories		(221)		(18,445)		(2,654)		(9,912)
Trade and other payables		42		3,460		23		4,412
Other assets and other liabilities, net		34		2,857		528		4,014
Cash generated from operations		**786**		**65,480**		**69,589**		**35,545**
Income tax paid, net		(241)		(20,047)		(10,714)		(7,437)
Net cash from operating activities	**U.S.$**	**545**	**Rs.**	**45,433**	**Rs.**	**58,875**	**Rs.**	**28,108**
Cash flows from/(used in) investing activities:							
Purchase of property, plant and equipment	U.S.$	(197)	Rs.	(16,403)	Rs.	(11,323)	Rs.	(14,660)
Proceeds from sale of property, plant and equipment		13		1,064		82		370
Purchase of other intangible assets		(132)		(11,032)		(7,543)		(4,389)
Proceeds from sale of other intangible assets		1		21		-		2,946
Payment for acquisition of business		-		-		-		(326)
Investment in associates		(1)		(12)		-		-
Purchase of other investments (including term deposits with bank)		(1,746)		(145,488)		(136,171)		(88,972)
Proceeds from sale of other investments (including term deposits with bank)		1,557		129,784		112,805		77,771
Dividends received from equity accounted Investees		5		445		-		-
Interest and dividend received		16		1,338		777		873
Net cash used in investing activities	**U.S.$**	**(483)**	**Rs.**	**(40,283)**	**Rs.**	**(41,373)**	**Rs.**	**(26,387)**
Cash flows from/(used in) financing activities:							
Proceeds from issuance of equity shares (including treasury shares)	U.S.$	10	Rs.	805	Rs.	157	Rs.	334
Proceeds from sale of treasury shares		-		-		211		-
Proceeds from/(Repayment of) short-term borrowings, net *(Refer to Note 17 for details)*		66		5,493		(19,382)		3,520
Proceeds from long-term borrowings *(Refer to Note 17 for details)*		46		3,800		-		-
Repayment of long-term borrowings *(Refer to Note 17 for details)*		(46)		(3,800)		-		-
Payment of principal portion of lease liabilities *(Refer to Note 17 for details)*		(14)		(1,147)		(1,015)		(785)
Dividend paid		(80)		(6,648)		(4,979)		(4,146)
Interest paid		(27)		(2,266)		(1,853)		(1,345)
Net cash used in financing activities	**U.S.$**	**(45)**	**Rs.**	**(3,763)**	**Rs.**	**(26,861)**	**Rs.**	**(2,422)**
Net increase/(decrease) in cash and cash equivalents		17		1,387		(9,359)		(701)
Effect of exchange rate changes on cash and cash equivalents		(1)		(59)		286		733
Cash and cash equivalents at the beginning of the year		69		5,779		14,852		14,820
Cash and cash equivalents at the end of the year *(Refer to Note 7 for details)*	**U.S.$**	**85**	**Rs.**	**7,107**	**Rs.**	**5,779**	**Rs.**	**14,852**

** Rounded to the nearest million.*
***Fair value through profit and loss*

The accompanying notes form an integral part of these consolidated financial statements.

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1. Reporting entity

Dr. Reddy's Laboratories Limited (the "parent company"), together with its subsidiaries (collectively, the "Company"), joint ventures and associates is a leading India-based pharmaceutical company headquartered and having its registered office in Hyderabad, Telangana, India. The Company offers a portfolio of products and services including active pharmaceutical ingredients ("APIs"), generics, branded generics, biosimilars, over the counter ("OTC") products and pharmaceutical services.

The Company's principal research and development facilities are located in the states of Telangana and Andhra Pradesh in India, Cambridge in the United Kingdom; its principal manufacturing facilities are located in the states of Telangana, Andhra Pradesh and Himachal Pradesh in India, Cuernavaca-Cuautla in Mexico and Mirfield in the United Kingdom; and its principal markets are in India, Russia, the United States, and Germany. The Company's shares trade on the Bombay Stock Exchange, the National Stock Exchange, the NSE IFSC Limited in India and on the New York Stock Exchange in the United States.

2. Basis of preparation of financial statements

a. Statement of compliance

These consolidated financial statements as of and for the year ended March 31, 2024 comply in all material aspects with the International Financial Reporting Standards and its interpretations ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements provide comparative information in respect of the previous period.

These consolidated financial statements have been prepared by the Company as a going concern on the basis of relevant IFRS that are effective at the Company's annual reporting date, March 31, 2024. These consolidated financial statements were authorized for issuance by the Company's Board of Directors on June 12, 2024.

b. Basis of measurement

These consolidated financial statements have been prepared on the historical cost convention, except for the following material items in the statement of financial position which are measured on the basis stated below and in accordance with the respective accounting policies:

- derivative financial instruments are measured at fair value;
- financial assets and financial liabilities are measured either at fair value or at amortized cost, depending on the classification based on accounting policy;
- long-term borrowings are measured at amortized cost using the effective interest rate method;
- equity-settled and cash-settled share-based payments are measured at fair value on the grant date and the reporting date, respectively;
- assets acquired and liabilities assumed as part of business combinations are measured at fair value on the acquisition date; and
- contingent consideration arising out of business combination are measured at fair value;

c. Convenience translation (unaudited)

These consolidated financial statements have been prepared in Indian rupees. Solely for the convenience of the reader, these consolidated financial statements as of and for the year ended March 31, 2024 have been translated into U.S. dollars at the certified foreign exchange rate of U.S.$1.00 = Rs.83.34, as published by the Federal Reserve Board of Governors on March 29, 2024. No representation is made that the Indian rupee amounts have been, could have been or could be converted into U.S. dollars at such a rate or any other rate. Such convenience translation is not subject to audit by the Company's Independent Registered Public Accounting Firm.

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2. Basis of preparation of financial statements (continued)

d. Use of judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates implies that actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Notes 3(a) and 15 — Evaluation of joint arrangements;
- Note 3(b) — Assessment of functional currency;
- Notes 3(c), 30 and 31 — Financial instruments;
- Notes 3(d) — Business combinations;
- Notes 3(e) and (f) — Useful lives of property, plant and equipment and intangible assets;
- Notes 3(h) and 10— Valuation of inventories;
- Notes 3(i), 12, 13 and 14— Measurement of recoverable amounts of cash-generating units;
- Note 3(l) and 18 — Provisions and other accruals;
- Note 3(m) — Measurement of transaction price in a revenue transaction (sales returns, rebates, medicaid and chargeback provisions);
- Note 3(p) and 25 — Evaluation of recoverability of deferred tax assets, and estimation of income tax payable and income tax expense in relation to uncertain tax positions; and
- Note 3(l) and 32 — Contingencies.

e. Current and non-current classification

The Company segregates assets and liabilities into current and non-current categories for presentation in the statement of financial position after considering its normal operating cycle and other criteria set out in International Accounting Standards (IAS) 1, "*Presentation of financial statements*". For this purpose, current assets and liabilities include the current portion of non-current assets and liabilities respectively. Deferred tax assets and liabilities are always classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified period up to twelve months as its operating cycle.

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3. Material accounting policies information
New Standards, interpretations and amendments adopted by the Company effective from April 1, 2023

The Company applied for the first time the below amendments, which are effective for annual periods beginning on or after January 1, 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2, "*Making Materiality Judgments".* The amendments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Company adopted the amendments to IAS 1 effective as of April 1, 2023. The amendments did not result in any changes in the accounting policies themselves, nor they had any impact on recognition, measurement or presentation of any items in these financial statements. However, they impacted the accounting policy information disclosed in note 3 of these consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8 *"Accounting Policies, Changes in Accounting Estimates and Errors"*, in which it introduced a new definition of 'accounting estimates'. The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments had no impact in these consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

In May 2021, the IASB issued amendments to IAS 12 "*Income Taxes*", which narrowed the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The Company previously recognized deferred tax on leases, resulting in a similar outcome as apply under the amendments, except that the deferred tax asset or liability was recognized on a net basis. Following the amendments, the Company has recognized a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-to-use assets as at April 1, 2022 and thereafter. However, there was no impact from such change on these consolidated financial statements as the balances qualify for offset under paragraph 74 of IAS 12.

The key impact for the Company relates to disclosure of the deferred tax assets and liabilities recognized.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

In May 2023, the IASB issued "International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)", which amended IAS 12, "*Income Taxes*" to include affects arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development ("OECD"). The amendments give companies temporary relief from accounting for deferred tax impacts arising from the OECD international tax reform.

The amendments to IAS 12 introduced include:

- A mandatory temporary exception to the recognition and disclosure of deferred tax impacts arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the consolidated financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023.

The amendment had no material impact on these consolidated financial statements and the Company believes that the potential impact will depend on the adoption of Pillar Two models by the respective countries and any amendments made to their respective laws.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of these consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16, "*Lease Liability in a Sale and Leaseback*", to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

These amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted and that fact must be disclosed.

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3. Material accounting policies information (continued)
Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1, "*Classification of Liabilities as Current or Non-current*", to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

These amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7, *"Statement of Cash Flows"* and IFRS 7, *"Financial Instruments",* which addresses disclosures to clarify the characteristics of supplier finance arrangements and requires additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

These amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted with necessary disclosures.

IFRS 18, "*Presentation and Disclosure in Financial Statements*"

In April 2024, the IASB issued IFRS 18, *"Presentation and Disclosure in Financial statements",* a comprehensive new accounting standard which replaces existing IAS 1, *"Presentation of Financial Statements"*, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. New requirements of IFRS 18 include mandates to:

- present specified categories and defined subtotals in the statement of profit or loss;
- provide disclosures on management-defined performance measures (MPMs) in the notes to the consolidated financial statements; and
- improve aggregation and disaggregation of information in the consolidated financial statements.

This standard is effective for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted, but will need to be disclosed. The Company is currently assessing the impact of adopting IFRS 18 on the consolidated financial statements.

Amendments to IFRS 9 and IFRS 7 for Classification and Measurement of financial instruments

On May 30, 2024, the IASB issued amendments to IFRS 9, "*Financial Instruments*", and IFRS 7, "*Financial Instruments: Disclosures*", relating to the classification and measurement of financial instruments, which:

- clarify a financial liability is derecognized on the 'settlement date' - i.e., when the related obligation is discharged or cancelled or expires or the liability otherwise qualifies for de recognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before the settlement date, if certain conditions are met;
- clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance ("ESG") linked features and other similar contingent features;
- clarify the treatment of non-recourse assets and contractually linked instruments; and
- require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income (FVTOCI).

The amendments are effective for annual periods starting on or after January 1, 2026. Early adoption is permitted, with an option to early adopt the amendments for contingent features only. The Company is currently assessing the impact of adopting IFRS 9 and IFRS 7 on these consolidated financial statements.

The rest of the aforesaid amendments are not expected to have a material impact on these consolidated financial statements.

Summary of accounting policies

a. Basis of consolidation

Subsidiaries

The consolidated financial statements comprise the consolidated financial statements of the Parent Company and its subsidiaries as at March 31, 2024. Subsidiaries are all entities that are controlled by the Company. Control exists when the Company (i) has power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee), (ii) is exposed to, or has rights to variable returns from its involvement with the entity and (iii) has the ability to affect those returns through power over the entity.

The Company re-assesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the elements of control. The consolidated financial statements of subsidiaries are included in these consolidated financial statements from the date when the Company obtains control and continues until the date that control ceases.

Joint arrangements (equity accounted investees)

Joint arrangements are those arrangements over which the parties have joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in joint ventures are accounted for using the equity method and are initially recognized at cost. The carrying value of the Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The Company does not consolidate entities where the non-controlling interest ("NCI") holders have certain significant participating rights that provide for effective involvement in significant decisions in the ordinary course of business of such entities.

Subsequent to initial recognition, the investment includes the Company's share of the profit or loss and Other Comprehensive Income ("OCI") of equity accounted investees, until the date on which joint control ceases.

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3. Material accounting policies information (continued)

a. Basis of consolidation (continued)

Associates (equity accounted investees)

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Interests in Associates are accounted using the equity method. They are initially recognized at cost.

Profits and losses arising on transactions between the Company and its associates are recognized only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying value of the equity accounted investee.

Consolidation procedure

Assets, liabilities, income and expenses of a subsidiary during the year are included in the consolidated financial statements. Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Company.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries, joint venture and associates have been changed where necessary to align them with the policies adopted by the Company. Furthermore, the consolidated financial statements of subsidiaries, joint venture and associates are prepared for the same reporting period as of the Company.

b. Foreign currency

Functional and presentation currency

These consolidated financial statements are presented in Indian rupees, which is the functional currency of the parent company. All financial information presented, except information related to share and per share data, in Indian rupees has been rounded to the nearest million.

In respect of certain non-Indian subsidiaries that operate as marketing arms of the parent company in their respective countries/regions, the functional currency has been determined to be the functional currency of the parent company (i.e., the Indian rupee). The operations of these entities are largely restricted to importing of finished goods from the parent company in India, sales of these products in the foreign country and making of import payments to the parent company. The cash flows realized from sales of goods are available for making import payments to the parent company and cash is paid to the parent company on a regular basis. The costs incurred by these entities are primarily the cost of goods imported from the parent company. The financing of these subsidiaries is done directly or indirectly by the parent company.

In respect of subsidiaries whose operations are self-contained and integrated within their respective countries/regions, the functional currency has been generally determined to be the local currency of those countries/regions, unless use of a different currency is considered appropriate.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the consolidated income statement in the period in which they arise.

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3. Material accounting policies information (continued)

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- certain equity instruments where the Company had made an irrevocable election to present subsequent changes in the fair value in OCI; and
- qualifying cash flow hedges, to the extent that the hedges are effective.

When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date.

Foreign operations

In case of foreign operations whose functional currency is different from the parent company's functional currency, the assets and liabilities of such foreign operations, including goodwill and fair value adjustments arising upon acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to the reporting currency at the monthly average exchange rates prevailing during the year. Resulting foreign currency differences are recognized in OCI and presented within equity as part of FCTR. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the relevant amount in the FCTR is reclassified to the consolidated income statement.

c. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (e.g., regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Trade receivables generally do not contain any significant financing component requiring separation and are therefore recognized initially at the transaction price determined as per IFRS 15, *"Revenue from Contracts with Customers"*.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost;
- Debt instruments at Fair Value Through OCI ("FVTOCI");
- Debt instruments, derivatives and equity instruments at Fair Value Through Profit or Loss ("FVTPL"); and
- Equity instruments measured at FVTOCI.

<u>Debt instruments at amortized cost</u>

A "debt instrument" is measured at the amortized cost if both the following conditions are met:

a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

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3. Accounting policies (continued)

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method and are subject to impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in the consolidated income statement and presented in "other income, net". The losses arising from impairment are recognized in the consolidated income statement. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A "debt instrument" is classified as at the FVTOCI if both of the following criteria are met:
a) the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
b) the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially at fair value plus transaction cost and subsequently at each reporting date at the fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income (calculated using the effective interest rate method), impairment losses and reversals and foreign exchange gain or loss in the consolidated income statement. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified to the consolidated income statement.

Equity investments

All equity investments within the scope of IFRS 9 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election upon initial recognition on an instrument-by-instrument basis. The classification is made upon initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the consolidated income statement, even on sale of investment.

However, on sale the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the consolidated income statement.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e., removed from the Company's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- both (1) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and (2) either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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3. Accounting policies (continued)

c. Financial instruments (continued)

Impairment of trade receivables and other financial assets

In accordance with IFRS 9, the Company applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on trade receivables and other financial assets, if any, representing a contractual right to receive cash or another financial asset. All equity investments and debt investments designated as FVTPL are not subject to impairment assessment.

For this purpose, the Company follows a "simplified approach" for recognition and measurement of impairment loss allowance on the contract asset and trade receivable balances. The application of this simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities at FVTPL primarily comprise derivative financial instruments entered into by the Company and not designated as hedging instruments in a hedge relationship as defined by IFRS 9.

Gains or losses on such financial liabilities are recognized in the consolidated income statement.

The Company has not designated any financial liability as FVTPL.

Loans and borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost using the effective interest rate method and, thereby, any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated income statement over the period of the borrowings.

The effective interest rate amortization is included under the head finance expense in the consolidated income statement.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Gain or loss arising on de-recognition, measured as difference between, the carrying amount of financial liability and the settlement amount, is recognized under the head finance expense in the consolidated income statement.

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3. Material accounting policies information (continued)

c. Financial instruments (continued)

Derivative financial instruments

The Company is exposed to exchange rate risk which arises from its foreign exchange revenues and expenses, primarily in U.S. dollars, U.K. pounds sterling, Russian roubles, Brazilian reals, Swiss francs, South African rands, Kazakhstan tenges, Romanian new leus, Australian dollars and Euros, and foreign currency debt in U.S. dollars, Russian roubles, Mexican pesos, Ukrainian hryvnias and Brazilian reals.

The Company uses derivative financial instruments such as foreign exchange forward contracts, option contracts and swap contracts to mitigate its risk of changes in foreign currency exchange rates. The Company also uses non-derivative financial instruments as part of its foreign currency exposure risk mitigation strategy. Derivatives are classified as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Hedges of highly probable forecasted transactions

The Company classifies its derivative financial instruments that hedge foreign currency risk associated with highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of such cash flow hedges is recorded in the OCI and accumulated in the hedging reserve as a component of equity. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the hedging reserve and included in the initial cost or other carrying amount of the hedged asset or liability. In all other cases, the amount so accumulated is re-classified to the consolidated income statement and presented as part of the hedged item in the same period in which the forecasted transaction impacts the consolidated income statement. The ineffective portion of such cash flow hedges is recorded in the consolidated income statement as finance costs immediately.

The Company also designates certain non-derivative financial liabilities, such as foreign currency borrowings from banks, as hedging instruments for hedge of foreign currency risk associated with highly probable forecasted transactions. Accordingly, the Company applies cash flow hedge accounting to such relationships. Re-measurement gains or loss on such non-derivative financial liabilities are recorded in the same manner as stated above for derivative instruments designated as hedging instruments.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in OCI remains there until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in OCI is recognized immediately in the consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For this purpose, "short-term" means investments having original maturities of three months or less from the date of investment. Bank overdrafts, which are repayable on demand and form an integral part of the Company's cash management, are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

d. Business combinations and goodwill

Business combinations are accounted for using the acquisition method, regardless of whether equity instruments or other assets are acquired, unless the transaction is treated as an asset acquisition by applying the optional concentration test or otherwise. The optional concentration test permits the acquirer to make an election on a transaction-by-transaction basis, and apply a simplified assessment for determining whether an acquired set of activities and assets is a business. The optional concentration test is met, and the acquired set of activities and assets is not a business, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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3. Material accounting policies information (continued)

d. Business combinations and goodwill (continued)

The consideration transferred for the acquisition is comprised of:

- fair values of the assets transferred;
- fair values of liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Company;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest.

At the acquisition date, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration is classified either as equity or a financial liability. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a financial liability is subsequently re-measured to fair value, with changes in fair value recognized in the consolidated income statement.

Goodwill is initially measured at cost, being the excess of (i) the aggregate of the consideration transferred, the amount of non-controlling interest in the acquired entity, and the acquisition date fair value of any previous equity interest in the acquired entity, over (ii) the fair value of the Company's share of net identifiable assets acquired.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference, after reassessment, is recognized in the consolidated income statement as a bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units or the group of cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

e. Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.

Software for internal use which is acquired from third-party vendors and forms an integral part of a tangible asset, including consultancy charges for implementing the software, is capitalized as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognized as expense as incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date and the cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated but are tested for impairment.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the consolidated income statement as incurred.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "Other income, net" in the consolidated income statement.

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3. Material accounting policies information (continued)

e. Property, plant and equipment(continued)

Depreciation

Depreciation is recognized in the consolidated income statement on a straight line basis over the estimated useful lives of property, plant and equipment. The depreciation expense is included in the costs of the functions using the asset. Land is not depreciated but subject to impairment.

When parts of an item of property, plant and equipment have different useful lives, they are depreciated separately based on their respective economic useful lives.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and any changes are considered prospectively. The estimated useful lives are as follows:

Buildings	
- Factory and administrative buildings	20 - 50 years
- Ancillary structures	3 - 15 years
Plant and equipment	3 - 15 years
Furniture, fixtures and office equipment	3 - 10 years
Vehicles	4 - 5 years

The capitalized costs of software are amortized over the estimated useful life or the remaining useful life of the related tangible fixed asset, whichever is lower.

f. Intangible assets other than goodwill

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the consolidated income statement when incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes.

Development expenditures are capitalized only if:

- development costs can be measured reliably;
- the product or process is technically and commercially feasible;
- future economic benefits are probable; and
- the Company intends to, and has sufficient resources, to complete development and to use or sell the asset.

The expenditures to be capitalized include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in the consolidated income statement as incurred.

As of March 31, 2024, none of the development expenditure amounts have met the aforesaid recognition criteria for capitalization.

Acquired research and development intangible assets that are under development are recognized as In-Process Research and Development ("IPR&D") assets. Subsequent expenditures on an IPR&D project acquired separately or in a business combination are:

- recognized as an expense when incurred, if it is a research expenditure;
- recognized as an expense when incurred, if it is a development expenditure that does not satisfy the criteria for recognition as an intangible asset in paragraph 57 of IAS 38; or
- added to the carrying amount of the acquired IPR&D project, if it is a development expenditure that satisfies the recognition criteria in paragraph 57 of IAS 38.

IPR&D assets are not amortized, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment charge on such IPR&D assets is recorded in the consolidated income statement under "Impairment of non-current assets".

Intangible assets that are acquired by the Company are initially recorded at cost. This includes payments to third parties in-licensed products, compounds and intellectual property. Intangible assets that have been acquired through a business combination are initially recorded at fair value at the date of acquisition.

Subsequent expenditures on intangible assets are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally generated goodwill and brands, is recognized in the consolidated income statement as incurred.

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3. Material accounting policies information (continued)

f. Intangible assets other than goodwill (continued)

Amortization

Intangible assets available for use with a definitive useful life are amortized on a straight-line basis and evaluated for potential impairment whenever facts and circumstances indicate that their carrying value may not be recoverable. Amortization is recognized in the consolidated income statement on a straight-line basis over the estimated useful lives of intangible assets. The amortization expense is recognized in the income statement in the expense category that is consistent with the function of the intangible asset.

The estimated useful lives are as follows:

Product related intangibles	3 – 25 years
Other intangibles	3 - 15 years

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date. Changes in the expected useful lives or expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortization period or method, as appropriate and are treated as change in accounting estimate.

Goodwill, intangible assets relating to products in development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognized immediately in the consolidated income statement under "Impairment of non-current assets".

De-recognition of intangible assets

Intangible assets are de-recognized either on their disposal or where no future economic benefits are expected from their use. Losses arising on such de-recognition are recorded in the consolidated income statement, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as at the date of de-recognition.

g. Leases

The Company recognizes a right-of-use asset and a corresponding lease liability for all arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low-value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. In the case of arrangements involving lease and non-lease components, the Company allocates the consideration in the lease contract to the lease and non-lease components on the basis of the relative standalone price of each component.

Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease over the shorter of the useful life of the right-of-use asset or the end of the lease term, and are assessed for impairment whenever there is an indication that the carrying amount may not be recoverable using cash flow projections for the useful life.

Lease liabilities include the net present value of the fixed and variable lease payments that depend on an index or a rate to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Lease payments are allocated between principal and interest cost. The interest cost is charged to consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise information technology equipment and small items of office furniture.

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3. Material accounting policies information (continued)

h. Inventories

Inventories are valued at the lower of cost or net realizable value.

Inventories consist of raw materials, stores and spares, work in progress and finished goods. The cost of all categories of inventories is determined based on the weighted average method. Cost includes purchase cost less refundable taxes, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The factors that the Company considers in determining the provision for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, aging of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

i. Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount is estimated for the asset or the cash generating unit to which the asset belongs. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at March 31 or when circumstances indicate that carrying value may be impaired.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the consolidated income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in a joint venture is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in a joint venture is tested for impairment as a single asset when there are indicators that the investment in a joint venture may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the consolidated income statement, and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

j. Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Company's contributions to defined contribution plans are charged to the consolidated income statement as and when the services are received from the employees.

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3. Material accounting policies information (continued)

j. Employee benefits (continued)

The liability in respect of defined benefit plans and other post-employment benefits is measured as the defined benefit obligation calculated annually by independent actuaries using the projected unit credit method. The current service cost of the defined benefit plan is recognized in the consolidated income statement. Past service costs are recognized immediately in the consolidated income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions for defined benefit obligation and plan assets are recognized in OCI in the period in which they arise

Other long-term employee benefits

The Company's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value by independent actuaries using the projected unit credit method. The current service cost, past service cost as well as re measurements are recognized in the consolidated income statement in the period in which they arise.

Compensated absences

The Company's current policies permit certain categories of its employees to accumulate and carry forward a portion of their unutilized compensated absences and utilize them in future periods or receive cash in lieu thereof in accordance with the terms of such policies. The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company incurs as a result of the unused entitlement that has accumulated at the reporting date. Such measurement is based on actuarial valuation as at the reporting date carried out by a qualified actuary. The resultant expenses are recognized in the consolidated income statement.

k. Share based payments

Equity settled share-based payment transactions

The grant date fair value of options granted to employees is recognized as an expense in the consolidated income statement, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service at the vesting date. The expense is recorded for each separately vesting portion of the award if each portion of the award was, in substance, a separate award. The increase in equity recognized in connection with share-based payment transaction is presented as a separate component in equity under "share-based payment reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

The fair value of employee stock options is measured using the Black-Scholes-Merton valuation model. Measurement inputs include the share price on the grant date, the exercise price of the instrument, the expected volatility (based on weighted average historical volatility), the expected life of the instrument (based on historical experience), the expected dividends, and the risk free interest rate (based on government bonds).

Cash settled share-based payment transactions

The fair value of the amount payable to employees in respect of share-based payment transactions which are settled in cash is recognized as an expense, with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at the settlement date based on the fair value of the share-based payment transaction. Any changes in the liability are recognized in the consolidated income statement.

l. Provisions

A provision is recognized in the consolidated income statement if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Onerous contracts

A provision for onerous contracts is recognized in the consolidated income statement when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

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3. Material accounting policies information (continued)

l. Provisions (continued)

Contingent liabilities and contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognized in the consolidated financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

m. Revenue

The Company's revenue is derived from sales of goods, service income and income from licensing arrangements. Most of such revenue is generated from the sale of goods. The Company has generally concluded that it is the principal in its revenue arrangements.

Sale of goods

Revenue is recognized when the control of the goods has been transferred to a third party. This is usually when the title passes to the customer, either upon shipment or upon receipt of goods by the customer as per the terms agreed upon with the customer. Generally, at that point, the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of expected returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer since the Company acts as a principal in rendering those services.

In arriving at the transaction price, the Company considers the terms of the contract with the customers and its customary business practices. The transaction price is the amount of consideration the Company is entitled to receive in exchange for transferring promised goods or services, excluding amounts collected on behalf of third parties. The amount of consideration varies because of estimated rebates, returns and chargebacks, which are considered to be key estimates. Any amount of variable consideration is recognized as revenue only to the extent that it is highly probable that a significant reversal will not occur. The Company estimates the amount of variable consideration using the expected value method.

Presented below are the points of recognition of revenue with respect to the Company's sale of goods:

Particulars	Point of recognition of revenue
Sales of generic products in India	Control is transferred upon delivery of products to distributors by clearing and forwarding agents of the Company.
Sales of active pharmaceutical ingredients and intermediates in India	Upon delivery of products to customers, unless the terms of the applicable contract provide for specific revenue generating activities to be completed, in which case revenue is recognized once all such activities are completed.
Export sales and other sales outside of India	Upon delivery of products to customers (generally formulation manufacturers), subject to the terms of the applicable contract.

Profit share revenues

The Company from time to time enters into marketing arrangements with certain business partners for the sale of its products in certain markets. Under such arrangements, the Company sells its products to the business partners at a non-refundable base purchase price agreed upon in the arrangement and is also entitled to a profit share which is over and above the base purchase price. The profit share is typically dependent on the business partner's ultimate net sale proceeds or net profits, subject to any reductions or adjustments that are required by the terms of the arrangement. Such arrangements typically require the business partner to provide confirmation of units sold and net sales or net profit computations for the products covered under the arrangement.

Revenue in an amount equal to the base sale price is recognized in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognized as revenue only to the extent that it is highly probable that a significant reversal will not occur.

At the end of each reporting period, the Company updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

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3. Material accounting policies information (continued)

m. Revenue (continued)

Out licensing arrangements, milestone payments and royalties

Revenues include amounts derived from product out-licensing agreements. These arrangements typically consist of an initial up-front payment received on inception of the license and subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. In cases where the transaction has two or more-performance obligations, the Company accounts for the completed obligation (for example the transfer of title) as a separate unit of accounting and record revenue upon delivery of that component, provided that the Company can make a reasonable estimate of the fair value of the undelivered component. Otherwise, non-refundable up-front license fees received in connection with product out-licensing agreements are deferred and recognized over the balance period in which the Company has pending performance obligations. Milestone payments which are contingent on achieving certain clinical milestones are recognized as revenues on achievement of such milestones, or over the performance period depending on the terms of the contract. If milestone payments are creditable against future royalty payments, the milestones are deferred and released over the period in which the royalties are anticipated to be paid.

Royalty income earned through a license is recognized when the underlying sales have occurred.

Provision for chargeback, rebates and discounts

Provisions for chargeback, rebates, discounts and Medicaid payments are estimated and provided for in the year of sales and recorded as reduction of revenue. A chargeback claim is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Company. Rebates are deductions based on contractual obligations which include direct rebates, indirect rebates and other pricing adjustments. Provisions for such chargebacks, rebates and discounts are accrued and estimated based on the terms of the agreement with the wholesaler, historical average chargeback rate actually claimed over a period of time, current contract prices with wholesalers/other customers and estimated inventory holding by the wholesaler. The provision represents estimates of the related obligations, requiring the use of judgment when estimating the effect of these revenue deductions.

Shelf stock adjustments

Shelf stock adjustments are credits issued to customers to reflect decreases in the selling price of products sold by the Company, and accruals for Shelf stock adjustments depend on future events upon material right obtained by customer when the prices of certain products decline as a result of price competition, new competitive launches or otherwise. These credits are customary in the pharmaceutical industry, and are intended to reduce the customer inventory cost to better reflect the current market prices. The determination to grant a shelf stock adjustment to a customer is based on the terms of the applicable contract, which may or may not specifically limit the age of the stock on which a credit would be offered.

Refund Liability

The Company accounts for sales returns accrual by recording refund liability concurrent with the recognition of revenue at the time of a product sale. This liability is based on the Company's estimate of expected sales returns. The Company deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Company's historical experience in the markets in which the Company operates. With respect to established products, the Company considers its historical experience of actual sales returns, levels of inventory in the distribution channel, estimated shelf life, any revision in the shelf life of the product, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. With respect to new products introduced by the Company, such products have historically been either extensions of an existing line of product where the Company has historical experience or in therapeutic categories where established products exist and are sold either by the Company or the Company's competitors. At the time of recognizing the refund liability, the Company also recognizes an asset, (i.e., the right to the returned goods) which is included in inventories for the products expected to be returned. The Company initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, and any potential decreases in the value of the returned goods.

Along with re-measuring the refund liability at the end of each reporting period, the Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Services

Revenue from services rendered, which primarily relate to contract research, is recognized in the consolidated income statement as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognized as revenue over the expected period over which the related services are expected to be performed.

License fees

License fees primarily consist of income from the out-licensing of the intellectual property, and other licensing and supply arrangements with various parties. Revenue from license fees is recognized when control transfers to the third party and the Company's performance obligations are satisfied. Some of these arrangements include certain performance obligations by the Company. Revenue from such arrangements is recognized in the period in which the Company completes all its performance obligations.

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3. Material accounting policies information (continued)

n. Shipping and handling costs

Shipping and handling costs incurred to transport products to customers, and internal transfer costs incurred to transport the products from the Company's factories to its various points of sale, are included in selling, general and administrative expenses.

o. Finance income and expense

Finance income include interest income on funds invested, dividend income and gains on the disposal of financial assets. Interest income is recognized in the consolidated income statement as it accrues, using the effective interest method. Dividend income is recognized in the consolidated income statement on the date that the Company's right to receive payment is established. The associated cash flows are classified as investing activities in the statement of cash flows.

Finance expenses consist of interest expense on loans and borrowings.

Borrowing costs are recognized in the consolidated income statement using the effective interest method unless capitalization criteria are met as per the accounting policy on Property, plant and equipment. The associated cash flows are classified as financing activities in the statement of cash flows.

Foreign currency gains and losses are reported on a net basis within finance income and expense. These primarily include: exchange differences arising on the settlement or translation of monetary items; changes in the fair value of derivative contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied; and the ineffective portion of cash flow hedges.

p. Income tax

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the consolidated income statement except to the extent that it relates to items recognized in OCI or directly in equity, in which case it is recognized in OCI or directly in equity, respectively. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination if at the time of the transaction, it

  i. affects neither accounting nor taxable profit or loss, and
  ii. does not give rise to equal taxable and deductible temporary differences;

- temporary differences relating to investments in subsidiaries, joint ventures and associates if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

- taxable temporary differences arising upon the initial recognition of goodwill.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Any deferred tax asset or liability arising from deductible or taxable temporary differences in respect of unrealized inter-company profit or loss on inventories held by the Company in different tax jurisdictions is recognized using the tax rate of the jurisdiction in which such inventories are held. Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered a tax expense for the Company and all such taxes are recognized in the statement of changes in equity as part of the associated dividend payment.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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3. Material accounting policies information (continued)

p. Income tax (continued)

Accruals for uncertain tax positions are measured using either the most likely amount or the expected value amount, depending on which method the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognized unless the tax positions will probably be accepted by the tax authorities. This is based upon management's interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter. Once considered probable of not being accepted, management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable amounts.

The Company applies the exception to not recognize or disclose information about deferred tax assets and deferred tax liabilities related to countries that have enacted tax legislation that comply with the Organization for Economic Cooperation and Development ("OECD") Pillar Two model rules.

q. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Executive Officer of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

r. Government grants and incentives

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Grants related to income and other incentives are deducted in reporting the related expense in the consolidated income statement.

s. Dividend

The Company recognizes a liability to pay a dividend when the distribution is authorized, and the distribution is no longer at the discretion of the Company.

In the case of interim dividends to equity shareholders, this is when declared by the Board of Directors. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting of the Company.

t. Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest million currency units unless otherwise stated.

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4. Determination of fair values

The Company's accounting policies and disclosures require the determination of fair value, for all financial and certain non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as assets acquired in a business combination and significant liabilities, such as contingent consideration. Involvement of external valuers is determined by the management, based on market knowledge, reputation, independence and whether professional standards are maintained.

(i) Intangible assets

The fair value of brands, technology related intangibles, and patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of these brands, technology related intangibles, patents or trademarks being owned (the "relief of royalty method"). The fair value of customer related, product related and other intangibles acquired in a business combination has been determined using the multi-period excess earnings method. Under this method, value is estimated as the present value of the benefits anticipated from ownership of the intangible assets in excess of the returns required or the investment in the contributory assets necessary to realize those benefits.

(ii) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iii)Investment in equity and debt securities and units of mutual funds

The fair value of marketable equity and debt securities is determined by reference to their quoted market price at the reporting date. For debt securities where quoted market prices are not available, fair value is determined using pricing techniques such as discounted cash flow analysis.

In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

(iv) Derivatives

The fair value of foreign exchange forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of foreign currency option and swap contracts and interest rate swap contracts is determined based on the appropriate valuation techniques, considering the terms of the contract.

(v) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the Company's borrowings that have floating rates of interest, their fair value approximates carrying value.

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4. Determination of fair values (continued)

(vi) Contingent consideration

The fair value of the contingent consideration arising out of business combination is estimated by applying the income approach. The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13, "Fair Value Measurement" refers to as Level 3 inputs.

5. Segment reporting

The Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and gross profit as the performance indicator for all of the operating segments, and does not review the total assets and liabilities of an operating segment. The office of Chief Executive Officer ("CEO") is the CODM of the Company.

The Company's reportable operating segments are as follows:

- Global Generics;
- Pharmaceutical Services and Active Ingredients ("PSAI"); and
- Others. *

As discussed below, Proprietary Products ceased to be a reportable operating segment effective April 1, 2022.

Global Generics. This segment consists of the Company's business of manufacturing and marketing prescription and over-the-counter finished pharmaceutical products ready for consumption by the patient, marketed under a brand name (branded formulations) or as generic finished dosages with therapeutic equivalence to branded formulations (generics). This segment includes the operations of the Company's biologics business.

Pharmaceutical Services and Active Ingredients. This segment primarily consists of the Company's business of manufacturing and marketing active pharmaceutical ingredients and intermediates, also known as "API", which are the principal ingredients for finished pharmaceutical products. Active pharmaceutical ingredients and intermediates become finished pharmaceutical products when the dosages are fixed in a form ready for human consumption such as a tablet, capsule or liquid using additional inactive ingredients. The Company also serves its customers with incremental value added products, including semi-finished and finished formulations, which are included in this segment. This segment also includes the Company's pharmaceutical services business, which provides contract research services and manufactures and sells active pharmaceutical ingredients in accordance with the specific customer requirements.

Others.* This segment consists of the Company's other business operations which includes its wholly-owned subsidiaries, Aurigene Oncology Limited ("AOL") (formerly Aurigene Discovery Technologies Limited) and SVAAS Wellness Limited ("SVAAS"), and the Company's Proprietary Products business. AOL is a discovery stage biotechnology company developing novel and best-in-class therapies in the fields of oncology and inflammation. AOL works with established pharmaceutical and biotechnology companies through customized models of drug-discovery collaborations. SVAAS is in the business of providing digital healthcare and information technology enabled business support services. The Proprietary Products business focuses on the research and development of differentiated formulations and is expected to earn revenues arising out of monetization of such assets and subsequent royalties, if any.

***As the revenues and gross profits of the Proprietary Products segment are considerably lower than the quantitative thresholds mentioned in IFRS 8, "Operating Segments", the Company believes that the Proprietary Products segment no longer qualifies to be a reportable segment and consequently, effective April 1, 2022, the Company included the financial information relating to its former Proprietary Products segment in "Others". The corresponding information relating to the Proprietary Products segment for earlier periods has been restated to reflect the aforementioned change.*

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Company's consolidated financial statements.

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5. Segment reporting (continued)

The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Company's consolidated financial statements.

Segment information:	**For the Year Ended March 31,**											
	Global Generics			**PSAI**			**Others[2]**			**Total**		
Reportable segments	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**
Revenues[1]	**Rs. 245,453**	**Rs. 213,768**	**Rs. 179,170**	**Rs. 29,801**	**Rs. 29,069**	**Rs. 30,740**	**Rs. 3,910**	**Rs. 3,042**	**Rs. 4,481**	**Rs. 279,164**	**Rs. 245,879**	**Rs. 214,391**
Gross profit	**Rs. 154,268**	**Rs. 132,719**	**Rs. 103,270**	**Rs. 6,919**	**Rs. 4,715**	**Rs. 6,821**	**Rs. 2,420**	**Rs. 1,909**	**Rs. 3,749**	**Rs. 163,607**	**Rs. 139,343**	**Rs. 113,840**
Selling, general and administrative expenses										77,201	68,026	62,081
Research and development expenses										22,873	19,381	17,482
Impairment of non-current assets, net										3	699	7,562
Other income, net										(4,199)	(5,907)	(2,761)
Results from operating activities										**Rs. 67,729**	**Rs. 57,144**	**Rs. 29,476**
Finance income, net										3,994	2,853	2,119
Share of profit of equity accounted investees, net of tax										147	370	703
Profit before tax										**Rs. 71,870**	**Rs. 60,367**	**Rs. 32,298**
Tax expense, net										16,186	15,300	8,730
Profit for the year										**Rs. 55,684**	**Rs. 45,067**	**Rs. 23,568**

(1) Revenues for the year ended March 31, 2024 do not include inter-segment revenues from the PSAI segment to the Global Generics segment, which amount to Rs.10,707 (as compared to Rs.7,321 and Rs.6,255 for the years ended March 31, 2023 and 2022, respectively) and from the PSAI segment to the Others segment which amount to Rs.72 (as compared to Rs.128 and Rs.0 for the years ended March 31, 2023 and 2022, respectively)

(2) As the revenues and gross profits of the Proprietary Products segment are considerably lower than the quantitative thresholds mentioned in IFRS 8, "Operating Segments", the Company believes that Proprietary Products segment no longer qualifies to be a reportable segment and consequently, effective April 1, 2022, the Company included the financial information relating to the Proprietary Products segment in "Others". The corresponding information relating to Proprietary Products segment for earlier periods has been restated to reflect the aforementioned change.

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5. Segment reporting (continued)

Revenues within the Global Generics segment:

Revenues by therapeutic areas in the Company's Global Generics segment is given below:

	For the Year Ended March 31,		
	2024	2023	2022
Oncology	Rs. 67,563	Rs. 48,671	Rs. 17,051
Nervous System	29,760	27,888	26,159
Pain Management	23,990	23,585	18,437
Gastrointestinal	23,368	23,439	23,386
Respiratory	17,291	17,074	15,085
Cardiovascular	16,326	16,187	14,856
Anti-Infective	15,896	17,066	22,526
Hematology	10,949	10,316	11,737
Dermatology	7,691	6,749	6,797
Nutraceuticals	5,680	5,876	4,530
Diabetology	5,336	4,888	4,277
Others	21,603	12,029	14,329
Total	**Rs. 245,453**	**Rs. 213,768**	**Rs. 179,170**

Revenues within the PSAI segment:

Revenues by therapeutic areas in the Company's PSAI segment is given below:

	For the Year Ended March 31,		
	2024	2023	2022
Cardiovascular	Rs. 6,915	Rs. 6,625	Rs. 7,729
Pain Management	4,221	3,729	4,513
Oncology	3,558	4,252	2,526
Nervous System	2,907	3,753	3,017
Diabetology	1,609	998	544
Anti-Infective	1,456	2,346	5,450
Gastrointestinal	1,108	1,064	982
Respiratory	899	810	676
Dermatology	862	716	498
Hematology	646	428	476
Genitourinary	367	637	705
Others	5,253	3,711	3,624
Total	**29,801**	**Rs. 29,069**	**Rs. 30,740**

Revenues by geography:

The following table shows the distribution of the Company's revenues by country, based on the location of the customers:

	For the Year Ended March 31,		
Country	2024	2023	2022
India	Rs. 48,473	Rs. 50,499	Rs. 43,986
United States	135,565	106,683	80,564
Russia	22,301	21,228	20,879
Others[1]	72,825	67,469	68,962
	Rs. 279,164	**Rs. 245,879**	**Rs. 214,391**

(1) Others include Germany, the United Kingdom, Ukraine, Romania, Brazil, South Africa, China, Canada and other countries across the world.

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5. Segment reporting (continued)

Assets by geography:

The following table shows the distribution of the Company's non-current assets (other than financial instruments and deferred tax assets) by country, based on the location of assets:

	As of March 31,	
Country	**2024**	**2023**
India	Rs. 100,340	Rs. 91,873
Switzerland	10,889	5,070
United States	3,656	3,276
Germany	648	776
Others	7,173	5,336
	Rs. 122,706	**Rs. 106,331**

The following table shows the distribution of the Company's property, plant and equipment including capital work in progress and intangible assets acquired during the year (other than goodwill arising on business combination) by country, based on the location of assets:

	For the Year Ended March 31,	
Country	**2024**	**2023**
India	Rs. 19,572	Rs. 18,362
Switzerland	7,724	1,209
United States	1,285	532
Others	2,752	732
	Rs. 31,333	**Rs. 20,835**

Depreciation and amortization, included in cost of revenues, by reportable segments:

	For the Year Ended March 31,		
	2024	**2023**	**2022**
Global Generics	Rs. 3,892	Rs. 3,269	Rs. 3,078
PSAI	2,813	2,773	2,507
Others	37	69	42
	Rs. 6,742	**Rs. 6,111**	**Rs. 5,627**

Information about major customers

There are no customers which individually accounted for more than 10% of the Company's revenues during the years ended March 31, 2024 and 2023.

Revenues from two customers of the Company's Global Generics segment were Rs.20,596 and Rs.10,339, representing approximately 10% and 5%, respectively, of the Company's total revenues for the year ended March 31, 2022.

6. Agreement with Mayne Pharma Group Limited ("Mayne")

On February 27, 2023, the Company entered into an asset purchase agreement with Australia based Mayne, to acquire its U.S. generic prescription product portfolio. The portfolio consists of 44 commercial products, 42 approved non-marketed products and four pipeline products, including a number of generic products focused on women's health. Approved high-value products include a hormonal vaginal ring, a birth control pill and a cardiovascular product.

Under the terms of the agreement, the Company acquired the portfolio for an upfront payment in cash, a contingent consideration of up to U.S.$15, and consideration towards inventory and credits for certain accrued channel liabilities, to be determined on the closing date.

The acquisition was consummated on April 6, 2023 upon the completion of all closing conditions, and the Company paid net consideration of U.S.$93. Net consideration represents amounts transferred for acquisition of Other intangible assets of U.S.$90 and inventories of U.S.$24, which amounts were reduced with credits towards accrued channel liabilities of U.S.$21.

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7. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As of March 31,	
	2024	2023
Cash on hand	Rs. 1	Rs. 1
Balances with banks	4,521	3,035
Term deposits with banks (original maturities less than 3 months)	2,585	2,743
Cash and cash equivalents	**Rs. 7,107**	**Rs. 5,779**
Restricted cash balances included above		
Balance in unclaimed dividend and debenture interest account	Rs. 87	Rs. 86
Other restricted cash balances	213	73

8. Other investments

Other investments consist of investments in units of mutual funds, equity securities, bonds, commercial paper, limited liability partnership firm interests, market linked debentures and term deposits with banks (i.e., certificates of deposit having an original maturity period exceeding three months). The details of such investments as of March 31, 2024 and 2023 are as follows:

	As of March 31, 2024			As of March 31, 2023		
	Cost/ Amortized Cost	Unrealized gain/(loss)	Fair value/ amortized cost	Cost/ Amortized Cost	Unrealized gain/(loss)	Fair value/ amortized cost
Current portion						
In units of mutual funds	Rs. 37,943	Rs. 2,654	Rs. 40,597	Rs. 37,635	Rs. 545	Rs. 38,180
In term deposits with banks	30,313	-	30,313	11,524	-	11,524
In bonds	974	-	974	2,893	-	2,893
In market linked debentures	-	-	-	1,000	(6)	994
In commercial paper	2,312	-	2,312	2,328	-	2,328
In equity securities	174	(38)	136	214	(144)	70
Others	31	-	31	29	-	29
	Rs. 71,747	**Rs. 2,616**	**Rs. 74,363**	**Rs. 55,623**	**Rs. 395**	**Rs. 56,018**
Non-current portion						
In equity securities[(1)]	Rs. 2,700	Rs. (2,451)	Rs. 249	Rs. 2,701	Rs. (2,419)	Rs. 282
In limited liability partnership firm	797	(153)	644	400	(22)	378
Others	166	-	166	-	-	-
	Rs. 3,663	**Rs. (2,604)**	**Rs. 1,059**	**Rs. 3,101**	**Rs. (2441)**	**Rs. 660**

(1) Primarily represents the investment in shares of Curis, Inc. The cost of acquisition was Rs.2,699. As of March 31, 2024 and 2023, the Company has recognized an unrealized loss of Rs.2,451 and Rs.2,431, respectively, in the OCI for the fair value changes

For the purpose of measurement, the aforesaid investments are classified as follows:

Investments in units of mutual funds	Fair value through profit and loss
Investments in bonds, commercial paper, term deposits with banks and current portion of Others	Amortized cost
Investments in equity securities (Current portion)	Fair value through profit and loss
Investments in equity securities (Non-current portion)	Fair value through other comprehensive income (on account of irrevocable option elected at time of transition)
Investment in limited liability partnership firm and Non-current portion of Others	Fair value through profit and loss
Investment in market linked debentures	Fair value through other comprehensive income

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9. Trade and other receivables

	As of March 31,	
	2024	2023
Current		
Trade and other receivables, gross	Rs. 81,749	Rs. 73,743
Less: Allowance for credit losses	(1,451)	(1,258)
Trade and other receivables, net	**Rs. 80,298**	**Rs. 72,485**

Pursuant to certain arrangements with banks, the Company has periodically sold to the bank certain of its trade receivables forming part of its Global Generics segment, on a non-recourse basis. The receivables sold were mutually agreed upon with the respective bank after considering the creditworthiness and contractual terms with the customer. The Company has transferred substantially all the risks and rewards of ownership of such receivables sold to the respective bank, and accordingly, the same were derecognized in the statements of financial position. During the years ended March 31, 2024 and 2023, the amount of trade receivables de-recognized pursuant to the aforesaid arrangement was Rs.14,790 and Rs.12,376, respectively.

In accordance with IFRS 9, the Company uses the expected credit loss ("ECL") model for measurement and recognition of impairment loss on its trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit risk factors and historical data of credit losses from various customers.

The details of changes in allowance for credit losses during the years ended March 31, 2024 and 2023, are as follows:

	For the Year Ended March 31,	
	2024	2023
Balance at the beginning of the year	Rs. 1,258	Rs. 1,194
Provision made during the year, net of reversals	242	84
Trade and other receivables written off & exchange differences	(49)	(20)
Balance at the end of the year	**Rs. 1,451**	**Rs. 1,258**

10. Inventories

Inventories consist of the following:

	As of March 31,	
	2024	2023
Raw materials	Rs. 19,030	Rs. 12,075
Work-in-progress	14,222	11,698
Finished goods (includes stock-in-trade)	25,249	20,971
Packing materials, stores and spares	5,051	3,926
	Rs. 63,552	**Rs. 48,670**

Details of inventories recognized in the consolidated income statement are as follows:

	For the Year Ended March 31,		
	2024	2023	2022
Raw materials, consumables and changes in finished goods and work in progress	Rs. 78,526	Rs. 71,708	Rs. 69,838
Inventories write-down	3,563	4,869	4,584

During the years ended March 31, 2024 and 2023, amounts of Rs.4,232 and Rs.3,111, respectively, representing government grants, has been accounted for as a reduction from cost of revenues.

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11. Other assets

	As of March 31, 2024	As of March 31, 2023
Current		
Balances and receivables from statutory authorities[1]	Rs. 12,132	Rs. 9,267
Government incentives receivable[2]	2,908	1,451
Prepaid expenses	1,947	1,452
Advances to vendors and employees	2,802	2,724
Others[3]	2,771	5,175
	Rs. 22,560	**Rs. 20,069**
Non-current		
Security deposits	Rs. 747	Rs. 668
Others[4]	885	132
	Rs. 1,632	**Rs. 800**

(1) Balances and receivables from statutory authorities primarily consist of amounts recoverable towards the goods and service tax ("GST") and value added tax, and from customs authorities of India.
(2) Primarily consist of amounts receivable from various government authorities of India towards benefits on export sales made by the Company and other incentives.
(3) Others primarily includes interest accrued but not due on investments, claims receivable and security deposits.
(4) Others primarily includes advances to vendors

Refer to Note 30 for breakup of Financial and Non-Financial assets.

12. Property, plant and equipment

The following is a summary of the changes in carrying value of property, plant and equipment:

Particulars	Land	Buildings	Plant and equipment	Furniture, fixtures and office equipment	Vehicles	Total
Gross carrying value						
Balance as of April 1, 2022	Rs. 4,233	Rs. 28,422	Rs. 87,669	Rs. 6,814	Rs. 1,455	Rs. 128,593
Additions	11	1,852	12,952	1,196	662	16,673
Disposals	-	(844)	(3,002)	(428)	(160)	(4,434)
Effect of changes in foreign exchange rates	74	294	1,024	70	19	1,481
Balance as of March 31, 2023	**Rs. 4,318**	**Rs. 29,724**	**Rs. 98,643**	**Rs. 7,652**	**Rs. 1,976**	**Rs. 142,313**
Balance as of April 1, 2023	Rs. 4,318	Rs. 29,724	Rs. 98,643	Rs. 7,652	Rs. 1,976	Rs. 142,313
Additions	25	3,342	10,354	1,169	812	15,702
Disposals	(43)	(85)	(1,852)	(458)	(411)	(2,849)
Effect of changes in foreign exchange rates	9	51	556	6	(109)	513
Balance as of March 31, 2024	**Rs. 4,309**	**Rs. 33,032**	**Rs. 107,701**	**Rs. 8,369**	**Rs. 2,268**	**Rs. 155,679**
Accumulated Depreciation/Impairment loss						
Balance as of April 1, 2022	Rs. 64	Rs. 12,282	Rs. 60,916	Rs. 5,707	Rs. 760	Rs. 79,729
Depreciation for the year	-	1,726	5,888	675	326	8,615
Impairment[1]	-	-	40	4	-	44
Disposals	-	(526)	(2,644)	(398)	(117)	(3,685)
Effect of changes in foreign exchange rates	4	211	806	56	27	1,104
Balance as of March 31, 2023	**Rs. 68**	**Rs. 13,693**	**Rs. 65,006**	**Rs. 6,044**	**Rs. 996**	**Rs. 85,807**
Balance as of April 1, 2023	Rs. 68	Rs. 13,693	Rs. 65,006	Rs. 6,044	Rs. 996	Rs. 85,807
Depreciation for the year	-	1,990	6,322	858	406	9,576
Impairment[1]	-	-	43	3	-	46
Disposals	-	(56)	(1,702)	(454)	(346)	(2,558)
Effect of changes in foreign exchange rates	2	27	395	5	(45)	384
Balance as of March 31, 2024	**Rs. 70**	**Rs. 15,654**	**Rs. 70,064**	**Rs. 6,456**	**Rs. 1,011**	**Rs. 93,255**

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12. Property, plant and equipment (continued)

Particulars	Land	Buildings	Plant and equipment	Furniture, fixtures and office equipment	Vehicles	Total
Net carrying value						
As of March 31, 2022	Rs. 4,169	Rs. 16,140	Rs. 26,753	Rs. 1,107	Rs. 695	Rs. 48,864
As of March 31, 2023	Rs. 4,250	Rs. 16,031	Rs. 33,637	Rs. 1,608	Rs. 980	Rs. 56,506
Add: Capital-work-in-progress						Rs. 9,944
Add: Impairment reversal of Capital-work-in-progress[1][2]						Rs. 12
Total as of March 31, 2023						Rs. 66,462
As of March 31, 2024	Rs. 4,239	Rs. 17,378	Rs. 37,637	Rs. 1,913	Rs. 1,257	Rs. 62,424
Add: Capital-work-in-progress						Rs. 14,460
Add: Impairment reversal of Capital-work-in-progress[1][2]						Rs. 2
Total as of March 31, 2024						Rs. 76,886

(1) During the year ended March 31, 2022, there was a significant decline in the expected cash flows of the Company's subsidiary, Dr. Reddy's Laboratories Louisiana, LLC (Shreveport Cash Generating Unit ("CGU")). Consequently, the Company tested the carrying amount of the CGU, being the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. This resulted in the recoverable amount of the CGU being lower than its carrying amount. Accordingly, the Company recognized an impairment loss of the entire carrying value of Rs.2,570 for property, plant and equipment, Rs.89 for capital-work-in-progress and Rs.392 for goodwill. Further impairment losses of Rs.46 and Rs.44 representing the additions made to property, plant and equipment during the years ended March 31, 2024 and 2023, respectively, has been recognized as the recoverable amount continues to be lower than the carrying value.

This impairment loss pertains to the Company's Global Generics Segment.

(2) Reversal of impairment on capitalization of assets for the Shreveport Cash Generating Unit.

Leases

Below are the carrying amounts of right-of-use assets recognized and the movements during the year included in the above property, plant and equipment.

Particulars	Land	Buildings	Plant and equipment	Furniture, fixtures and office equipment	Vehicles	Total
Gross carrying value						
Balance as of April 1, 2022	Rs. 79	Rs. 3,759	Rs. 16	Rs. 67	Rs. 755	Rs. 4,676
Additions	-	197	-	18	371	586
Disposals	-	(794)	(13)	-	(136)	(943)
Effect of changes in foreign exchange rates	5	43	-	-	(12)	36
Balance as of March 31, 2023	**Rs. 84**	**Rs. 3,205**	**Rs. 3**	**Rs. 85**	**Rs. 978**	**Rs. 4,355**
Balance as of April 1, 2023	Rs. 84	Rs. 3,205	Rs. 3	Rs. 85	Rs. 978	Rs. 4,355
Additions	-	1,941	-	23	456	2,420
Disposals	-	(70)	-	(27)	(257)	(354)
Effect of changes in foreign exchange rates	1	(36)	-	1	(6)	(40)
Balance as of March 31, 2024	**Rs. 85**	**Rs. 5,040**	**Rs. 3**	**Rs. 82**	**Rs. 1,171**	**Rs. 6,381**
Accumulated Depreciation						
Balance as of April 1, 2022	Rs. -	Rs. 1,873	Rs. 14	Rs. 36	Rs. 352	Rs. 2,275
Depreciation for the year	-	626	1	13	239	879
Disposals	-	(512)	(13)	-	(95)	(620)
Effect of changes in foreign exchange rates	-	19	1	-	(5)	15
Balance as of March 31, 2023	**Rs. -**	**Rs. 2,006**	**Rs. 3**	**Rs. 49**	**Rs. 491**	**Rs. 2,549**
Balance as of April 1, 2023	Rs. -	Rs. 2,006	Rs. 3	Rs. 49	Rs. 491	Rs. 2,549
Depreciation for the year	-	802	-	15	326	1,143
Disposals	-	(44)	-	(27)	(213)	(284)
Effect of changes in foreign exchange rates	-	(32)	-	1	(3)	(34)
Balance as of March 31, 2024	**Rs. -**	**Rs. 2,732**	**Rs. 3**	**Rs. 38**	**Rs. 601**	**Rs. 3,374**

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12. Property, plant and equipment (continued)

Leases (continued)

Particulars	Land	Buildings	Plant and equipment	Furniture, fixtures and office equipment	Vehicles	Total
Net carrying value						
As of April 1, 2022	Rs. 79	Rs. 1,886	Rs. 2	Rs. 31	Rs. 403	Rs. 2,401
As of March 31, 2023	Rs. 84	Rs. 1,199	Rs. -	Rs. 36	Rs. 487	Rs. 1,806
As of March 31, 2024	**Rs. 85**	**Rs. 2,308**	**Rs. -**	**Rs. 44**	**Rs. 570**	**Rs. 3,007**

The following are the amounts recognized in income statement:

	For the Year Ended March 31,	
	2024	2023
Depreciation expense of right-of-use assets	Rs. 1,143	Rs. 879
Interest expense on lease liabilities	Rs. 256	Rs. 214

The Company had total cash outflows for leases of Rs.1,807, Rs.1,571 and Rs.1,341 during the years ended March 31, 2024, 2023 and 2022, respectively. The maturity analysis of lease liabilities is disclosed in Note 17 of these consolidated financial statements.

Capital commitments

As of March 31, 2024 and 2023, the Company was committed to spend Rs.18,177 and Rs.8,340, respectively, under agreements to purchase property, plant and equipment. This amount is net of capital advances paid in respect of such purchase commitments.

Interest capitalization

During the years ended March 31, 2024 and 2023, the Company capitalized interest cost of Rs.488 and Rs.426, respectively, with respect to qualifying assets. The rate for capitalization of interest cost for the years ended March 31, 2024 and 2023 was approximately 9.31% and 7.62%, respectively.

13. Goodwill

Goodwill arising upon business combinations is not amortized but tested for impairment at least annually or more frequently if there is any indication that the cash generating unit to which goodwill is allocated is impaired.

The following table presents the changes in goodwill during the years ended March 31, 2024 and 2023:

	As of March 31,	
	2024	2023
Opening balance, gross	Rs. 21,193	Rs. 21,094
Effect of translation adjustments	8	99
Impairment loss[1]	(16,948)	(16,948)
Closing balance	**Rs. 4,253**	**Rs. 4,245**

The carrying amount of goodwill (other than those arising upon investment in a joint venture) was allocated to the cash generating units as follows:

	As of March 31,	
	2024	2023
PSAI-Active Pharmaceutical Operations	Rs. 997	Rs. 997
Global Generics-Complex Injectables	1,489	1,483
Global Generics-North America Operations	631	631
Global Generics-Branded Formulations[1]	1,022	1,021
Others	114	113
	Rs. 4,253	**Rs. 4,245**

(1) The impairment loss of Rs.16,948 includes the following:

- Rs.16,003 pertaining to the Company's German subsidiary, betapharm Arzneimittel GmbH, which is part of the Company's Global Generics segment. This impairment loss was recorded for the years ended March 31, 2009 and 2010.
- During the year ended March 31, 2023, the Company assessed performance of the Nimbus Health business against the initial estimates and recognized an impairment charge of the carrying values of Rs.272. This impairment loss pertains to the Company's Global Generics segment.

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13. Goodwill (continued)

For the purpose of impairment testing, goodwill is allocated to a cash generating unit, representing the lowest level within the Company at which goodwill is monitored for internal management purposes and which is not higher than the Company's operating segment.

The recoverable amounts of the above cash generating units have been assessed using a value-in-use model. Value in use is generally calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially, a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows. Key assumptions upon which the Company has based its determinations of value-in-use include:

a) Estimated cash flows for five years, based on management's projections.
b) A terminal value arrived at by extrapolating the last forecasted year cash flows to perpetuity, using a constant long-term growth rate of 0%. This long-term growth rate takes into consideration external macroeconomic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry sector.
c) The after tax discount rates used are based on the Company's weighted average cost of capital.
d) The after tax discount rates used range from 6.8% to 11% for various cash generating units. The pre-tax discount rates range from 7.9% to 14.7%.

The Company believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

14. Other intangible assets

The following is a summary of changes in the carrying value of intangible assets:

	Product related intangibles	Customer related intangibles	Others	Total
Gross carrying value				
Balance as of April 1, 2022	Rs. 102,910	Rs. 98	Rs. 4,448	Rs. 107,456
Additions[1]	6,830	-	766	7,596
Disposals/De-recognitions	(687)	-	-	(687)
Effect of changes in foreign exchange rates	4,377	7	3	4,387
Balance as of March 31, 2023	**Rs. 113,430**	**Rs. 105**	**Rs. 5,217**	**Rs. 118,752**
Balance as of April 1, 2023	Rs. 113,430	Rs. 105	Rs. 5,217	Rs. 118,752
Additions[1]	9,714	-	1,448	11,162
Effect of changes in foreign exchange rates	869	1	2	872
Balance as of March 31, 2024	**Rs. 124,013**	**Rs. 106**	**Rs. 6,667**	**Rs. 130,786**
Amortization/impairment loss				
Balance as of April 1, 2022	Rs. 77,751	Rs. -	Rs. 2,459	Rs. 80,210
Amortization for the year	3,670	-	351	4,021
Impairment loss	273	103	19	395
Disposals/De-recognitions	(687)	-	-	(687)
Effect of changes in foreign exchange rates	3,959	2	3	3,964
Balance as of March 31, 2023	**Rs. 84,966**	**Rs. 105**	**Rs. 2,832**	**Rs. 87,903**
Balance as of April 1, 2023	Rs. 84,966	Rs. 105	Rs. 2,832	**Rs.** 87,903
Amortization for the year	4,864	-	401	5,265
Impairment loss	(59)	-	18	(41)
Effect of changes in foreign exchange rates	705	1	2	708
Balance as of March 31, 2024	**Rs. 90,476**	**Rs. 106**	**Rs. 3,253**	**Rs. 93,835**
Net carrying value				
As of March 31, 2022	Rs. 25,159	Rs. 98	Rs. 1,989	Rs. 27,246
As of March 31, 2023	Rs. 28,464	Rs. -	Rs. 2,385	Rs. 30,849
As of March 31, 2024	Rs. 33,537	Rs. -	Rs. 3,414	Rs. 36,951

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14. Other intangible assets (continued)

(1) Additions during the year ended March 31, 2024, primarily consists of:

- The acquisition of a generic prescription products portfolio in the United States from Mayne Pharma Group Limited, which includes consideration of Rs.7,395 (U.S.$90) attributable to product related intangibles. The portfolio consists of 44 commercial products, 42 approved non-marketed products and four pipeline products, including a number of generic products focused on women's health. Approved high-value products include a hormonal vaginal ring, a birth control pill and a cardiovascular product.
- The acquisition of rights to commercialize toripalimab in India and eight other countries from Shanghai Junshi Biosciences Co., Limited for a consideration of Rs.824 (U.S.$10).

Additions during the year ended March 31, 2023, primarily consists of:

- The acquisition of the cardiovascular brand and trademark Cidmus® in India from Novartis AG for total consideration of Rs.4,633 (U.S.$61).
- The acquisition of a portfolio of branded and generic injectable products from Eton Pharmaceuticals, Inc. for an upfront payment of Rs.395 (U.S.$5) and certain other milestone payments of up to U.S.$30 payable upon completion of the respective milestones.
- The acquisition of rights in brimonidine tartrate ophthalmic solution 0.025%, the private label equivalent of Lumify®, in the United States from Slayback Pharma LLC for Rs.722 (U.S.$9) plus certain other milestone payments of up to U.S.$3 payable upon completion of the respective milestones.

In-process research and development assets ("IPR&D")

Tabulated below is the reconciliation of amounts relating to in-process research and development assets as at the beginning and at the end of the year:

	As of March 31,	
	2024	2023
Opening balance	**Rs. 663**	**Rs. 212**
Add: Additions during the year	206	435
Less: Capitalizations during the year[1]	(192)	-
Effect of changes in exchange rates	6	16
Closing balance	**Rs. 683**	**Rs. 663**

(1) Includes Rs.125 towards the product ephedrine, which was capitalized from IPR&D to product related intangibles because the same was available for use and subject to amortization.

Impairment losses recorded for the year ended March 31, 2024

- For the year ended March 31, 2024, the Company recorded a reversal of impairment loss of Rs.226 with respect to saxagliptin/metformin (generic version of Kombiglyze® - XR) and enalaprilat (generic version of Vasotec®) pursuant to the launches of these two products during the year.

  As a result of favorable changes in market conditions and in the circumstances that led to the initial impairment during the year ended March 31, 2021, the Company revisited the market volumes, share and price assumptions of these two products and re-assessed the recoverable amount. Accordingly, these products were capitalized as product related intangibles, with a corresponding reversal of impairment loss of Rs.191 and Rs.35, respectively. These impairment loss reversals pertain to the Company's Global Generics segment.

- Consequent to adverse market conditions with respect to certain products related intangibles and software platforms, the Company assessed the recoverable amount and recognized impairment loss of Rs.86 and Rs.99 forming part of the Company's Global Generics and Others segment, respectively, for the year ended March 31, 2024.

Impairment losses recorded for the year ended March 31, 2023

Impairment of intangibles pertaining to acquisition of Nimbus Health business:

During the year ended March 31, 2023, the Company assessed performance of products acquired as part of the Nimbus Health business against the initial estimates and recognized an impairment charge towards product related intangibles of carrying value of Rs.103 towards product related intangibles. This impairment loss pertains to the Company's Global Generics segment.

Other impairments:

During the year ended March 31, 2023, consequent to adverse market conditions with respect to certain products related intangibles, the Company assessed the recoverable amount of certain products and recognized impairment loss of Rs.251 and Rs.41 pertaining to products forming part of the Company's Global Generics and PSAI segments respectively.

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14. Other intangible assets (continued)

Impairment losses recorded for the year ended March 31, 2022

During the year ended March 31, 2022, there were significant changes to the market conditions for certain of the Company's products forming part of the Company's Proprietary Products and Global Generics segments. The changes included, a decrease in the market potential of products, increased competition leading to lower volumes, and revenues not being in line with projections. Due to these adverse market developments, the Company recorded an impairment loss of the complete carrying value for:

- Rs.4,337 relating to PPC-06 (Tepilamide Fumarate Extended Release Tablets), an IPR&D asset forming part of the Company's Proprietary Products segment; and

- Rs.174 pertaining to other IPR&D and other intangible assets forming part of the Company's Global Generics segment.

The Company used the discounted cash flow approach to calculate the value-in-use which considered assumptions such as revenue projections, rate of generic penetration, estimated price erosion, the useful life of the asset and the net cash flows have been discounted based on post tax discount rate.

Significant separately acquired intangible assets

Details of significant separately acquired intangible assets as of March 31, 2024 are as follows:

Particulars of the asset	Acquired from	Carrying cost
Select portfolio of branded generics business	Wockhardt Limited	Rs.11,838
Portfolio of generic prescription products	Mayne Pharma Group Limited	6,033
Cardiovascular brand Cidmus® in India	Novartis AG	4,386
Select portfolio of dermatology, respiratory and pediatric assets	UCB India Private Limited and affiliates	3,056
Various ANDAs	Teva and an affiliate of Allergan	2,054
Select Anti-Allergy brands	Glenmark Pharmaceuticals Limited	1,184

15. Investment in equity accounted investees

Details of Investment in equity accounted investees:

	As of March 31,	
	2024	2023
Investment in unquoted equity shares		
Equity shares held in Kunshan Rotam Reddy Pharmaceutical Company Limited, China	Rs. 4,130	Rs. 4,645
Equity shares held in DRES Energy Private Limited, India	55	57
Equity shares held in O2 Renewable Energy IX Private Limited, India	4	-
	Rs. **4,189**	Rs. **4,702**
Investment in compulsory convertible debentures		
Compulsory convertible debentures in O2 Renewable Energy IX Private Limited, India	Rs. 7	Rs. -
	Rs. 7	**Rs.** -
Total Investment in equity accounted investees	**Rs. 4,196**	**Rs. 4,702**

Details of the Company's investment in Kunshan Rotam Reddy Pharmaceuticals Company Limited:

Kunshan Rotam Reddy Pharmaceuticals Company Limited ("Reddy Kunshan") is engaged in manufacturing and marketing of finished dosages in China. The Company's interest in Reddy Kunshan was 51.3% as of March 31, 2024 and 2023. Four directors of the Company are on the board of Reddy Kunshan, which consists of eight directors. Under the terms of the joint venture agreement, all major decisions with respect to operating activities, significant financing and other activities are taken by the approval of at least five of the eight directors of Reddy Kunshan's board. As the Company does not control Reddy Kunshan's board and the other partners have significant participation rights, the Company's interest in Reddy Kunshan has been accounted for under the equity method of accounting.

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15. Investment in equity accounted investees (continued)

Summary financial information of Reddy Kunshan, as translated into the reporting currency of the Company and not adjusted for the percentage ownership held by the Company, is as follows:

	As of/for the Year Ended March 31,		
	2024	**2023**	**2022**
Ownership	51.3%	51.3%	51.3%
Current assets	Rs. 6,447	Rs. 6,972	Rs. 7,569
Non-current assets	3,799	3,372	2,460
Total assets	**Rs. 10,246**	**Rs. 10,344**	**Rs. 10,029**
Equity	Rs. 7,692	Rs. 8,696	Rs. 7,944
Liabilities	2,554	1,648	2,085
Total equity and liabilities	**Rs. 10,246**	Rs. **10,344**	**Rs. 10,029**
Revenues	Rs. 9,688	Rs. 9,323	Rs. 9,867
Expenses	9,396	8,598	8,480
Profit for the year	**Rs. 292**	**Rs. 725**	Rs. **1,387**
Company's share of profits for the year	Rs. 150	Rs. 372	Rs. 712
Carrying value of the Company's investment[(1)]	Rs. 4,130	Rs. 4,645	Rs. 4,259
Translation adjustment arising out of translation of foreign currency balances	Rs. 472	Rs. 692	Rs. 678

[(1)] Includes Rs.181 representing the goodwill on acquisition of investment.

During the year ended March 31 2024, the Company recognized an amount of Rs.445, representing its share of dividend declared by the equity accounted investee, Reddy Kunshan. The amount of dividend is adjusted against the carrying amount of investment in the consolidated statement of financial position.

Details of the Company's investment in DRES Energy Private Limited:

	As of/for the Year Ended March 31,		
	2024	**2023**	**2022**
Carrying value of the Company's investment	Rs. 55	Rs. 57	Rs. 59
Company's share of loss for the year	(2)	(2)	(9)

Details of the Company's investment in O2 Renewable Energy IX Private Limited:

	As of/for the Year Ended March 31,		
	2024	**2023**	**2022**
Carrying value of the Company's investment	Rs. 11	Rs. -	Rs. -
Company's share of loss for the year	(1)	-	-

16. Trade and other payables

Trade and other payables consist of the following:

	As of March 31,	
	2024	**2023**
Trade payables	Rs. 21,547	Rs. 17,857
Due to creditors for expenses	4,598	4,827
Due to capital creditors	4,774	3,760
	Rs. **30,919**	**Rs. 26,444**

For details regarding the Company's exposure to currency and liquidity risks, see Note 31 of these consolidated financial statements under "Liquidity risk".

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17. Loans and borrowings

Short-term borrowings

Short-term borrowings primarily consist of "pre-shipment credit" drawn by the parent company and other unsecured loans drawn by parent company and certain of its subsidiaries in Russia, Brazil, Mexico and Ukraine which are repayable within 12 months from the date of drawdown.

Short-term borrowings consist of the following:

	As of March 31,	
	2024	2023
Pre-shipment credit	Rs. 2,500	Rs. -
Other working capital borrowings	10,223	7,390
	Rs. 12,723	**Rs. 7,390**

The interest rate profile of short-term borrowings from banks is given below:

	As of March 31,			
	2024		2023	
	Currency[1]	Interest Rate[2]	Currency[1]	Interest Rate[2]
Other working capital borrowings	RUB	Key rate + 253 bps to 276 bps	RUB	9.87% to 10.40%
	MXN	TIIE + 1.35%	MXN	TIIE + 1.15%
	INR	3 Month T-bill + 10 bps	INR	9.15%
	-	-	BRL	CDI + 1.2%
	-	-	UAH	21.00%
	EUR	4.44%	-	-
Pre-shipment credit	INR	3 Month T-bill + 0.05%	-	-

(1) "BRL" means Brazilian reals, "EUR" means Euro, "INR" means Indian rupees, "MXN" means Mexican pesos, "RUB" means Russian roubles and "UAH" means Ukrainian hryvnia.
(2) "CDI" means Brazilian interbank deposit rate (Certificado de Depósito Interbancário), "Key rate" means the key interest rate published by the Central Bank of Russia, "TIIE" means the Equilibrium Inter-banking Interest Rate (Tasa de Interés Interbancaria de Equilibrio) and "T-bill" means India Treasury bill.

Long-term borrowings

Long-term borrowings consist of the following:

	As of March 31, 2024		As of March 31, 2023	
	Non-current	Current	Non-current	Current
Rupee term loan from bank to the APSL subsidiary[1]	Rs. 3,800	Rs. -	Rs. -	Rs. -
Non-convertible debentures issued by the APSL subsidiary[1]	-	-	-	3,800
Obligations under leases	2,190	1,307	1,278	1,004
	Rs. 5,990	**Rs. 1,307**	**Rs. 1,278**	**Rs. 4,804**

(1) "APSL subsidiary" refers to Aurigene Pharmaceutical Services Limited.

The interest rate profiles of long-term borrowings (other than obligations under leases) as of March 31, 2024 and 2023 were as follows:

	As of March 31,			
	2024		2023	
	Currency[1]	Interest Rate[2]	Currency[1]	Interest Rate
Rupee term loan from bank	INR	3 Months T-bill + 84 bps	-	-
Non-convertible debentures	-	-	INR	6.77%

(1) "INR" means Indian rupees.
(2) "T-bill" means India Treasury bill interest rate.

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17. Loans and borrowings (continued)

The aggregate maturities of long-term loans and borrowings, based on contractual maturities, as of March 31, 2024 were as follows:

Maturing in	Long term borrowings	Obligations under leases	Total
Less than 1 year	Rs. -	Rs. 1,307	Rs. 1,307
1-2 years	-	750	750
2-3 years	3,800	383	4,183
3-4 years	-	316	316
4-5 years	-	145	145
Thereafter	-	596	596
	Rs. **3,800**	**Rs. 3,497**	**Rs. 7,297**

The aggregate maturities of long-term loans and borrowings, based on contractual maturities, as of March 31, 2023 were as follows:

Maturing in	Non-convertible debentures	Obligations under leases	Total
Less than 1 year	Rs. 3,800	Rs. 1,004	Rs. 4,804
1-2 years	-	992	992
2-3 years	-	242	242
3-4 years	-	38	38
4-5 years	-	6	6
Thereafter	-	-	-
	Rs. 3,800	**Rs. 2,282**	**Rs. 6,082**

Uncommitted lines of credit from banks

The Company had uncommitted lines of credit of Rs.61,131 and Rs.68,516 as of March 31, 2024 and 2023, respectively, from its banks for working capital requirements. The Company draw upon these lines of credit based on its working capital requirements.

Reconciliation of liabilities arising from financing activities during the year ended March 31, 2024:

Particulars	Long-term borrowings[1]	Short-term borrowings	Total
Opening balance	**Rs. 6,082**	**Rs. 7,390**	**Rs. 13,472**
Recognition of right-of-use liability during the year	2,348	-	2,344
Payment of principal portion of lease liabilities	(1,147)	-	(1,147)
Borrowings made during the year	3,800	15,566	19,366
Borrowings repaid during the year	(3,800)	(10,073)	(13,873)
Effect of changes in foreign exchange rates	14	(160)	142
Closing balance	**Rs. 7,297**	**Rs. 12,723**	**Rs. 20,020**

Reconciliation of liabilities arising from financing activities during the year ended March 31, 2023:

Particulars	Long-term borrowings[1]	Short-term borrowings	Total
Opening balance	Rs. 6,763	Rs. 27,082	Rs. 33,845
Recognition of right-of-use liability during the year	177	-	177
Payment of principal portion of lease liabilities	(1,015)	-	(1,015)
Borrowings made during the year	-	49,234	49,234
Borrowings repaid during the year	-	(68,616)	(68,616)
Effect of changes in foreign exchange rates	157	(310)	(153)
Closing balance	**Rs. 6,082**	**Rs. 7,390**	**Rs. 13,472**

[1] Includes current portion.

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18. Provisions

The details of changes in provisions during the year ended March 31, 2024 are as follows:

Particulars	Refund Liability[1]	Environmental liability[2]	Legal and others[3]	Total
Balance as at beginning of the year	Rs. 4,716	Rs. 59	Rs. 738	Rs. 5,513
Provision made during the year, net of reversals	1,121	-	66	1,187
Provision used during the year	(1,306)	-	-	(1,306)
Effect of changes in foreign exchange rates	48	2	-	50
Balance as at end of the year	**Rs. 4,579**	**Rs. 61**	**Rs. 804**	**Rs. 5,444**
Current	Rs. 4,579	Rs. -	Rs. 804	Rs. 5,383
Non-current	-	61	-	61
	Rs. 4,579	**Rs. 61**	**Rs. 804**	**Rs. 5,444**

(1) Refund liability is accounted for by recording a provision based on the Company's estimate of expected sales returns. See Note 3.m of these consolidated financial statements for the Company's accounting policy on refund liability.

(2) As a result of the acquisition of a unit of The Dow Chemical Company in April 2008, the Company assumed a liability for contamination of the Mirfield site acquired of Rs.39 (carrying value Rs.61). The seller is required to indemnify the Company for this liability. Accordingly, a corresponding asset has also been recorded in the consolidated statements of financial position.

(3) Primarily consists of provision recorded towards the potential liability arising out of a litigation relating to cardiovascular and anti-diabetic formulations. Refer to Note 32 ("Contingencies") of these consolidated financial statements under "Product and patent related matters - Matters relating to National Pharmaceutical Pricing Authority and Litigation relating to Cardiovascular and Anti-diabetic formulations" for further details.

19. Other liabilities

Other liabilities consist of the following:

	As of March 31, 2024	As of March 31, 2023
Current		
Accrued expenses	Rs. 24,783	Rs. 21,844
Employee benefits payable	6,945	7,474
Statutory dues payable	4,168	4,571
Deferred revenue[1]	374	812
Advance from customers	1,061	1,169
Others	5,566	3,602
	Rs. 42,897	**Rs. 39,472**
Non-current		
Deferred revenue[1]	Rs. 1,193	Rs. 1,555
Others	2,776	1,293
	Rs. 3,969	**Rs. 2,848**

(1) Refer to Note 22 ("Revenue from contracts with customers and trade receivables") for details of deferred revenue.

Refer to Note 30 for breakup of Financial and Non-Financial liabilities.

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20. Share Capital

	For the Year Ended March 31, 2024		For the Year Ended March 31, 2023	
	Number	Amount	Number	Amount
Authorized share capital	290,000,000	Rs.1,450	290,000,000	Rs.1,450
Fully paid up share capital				
Opening number of equity shares/share capital	166,527,876	Rs.833	166,425,849	Rs.832
Add: Equity shares issued pursuant to employee stock option plan[1]	290,390	1	102,027	1
Closing number of equity shares/share capital	**166,818,266**	**Rs.834**	**166,527,876**	**Rs.833**
Treasury shares[2]	289,791	Rs.991	371,144	Rs.1,269

[1] During the years ended March 31, 2024 and 2023, equity shares were issued as a result of the exercise of vested options granted to employees pursuant to the Dr. Reddy's Employees Stock Option Plan, 2002 and the Dr. Reddy's Employees Stock Option Plan, 2007. The options exercised had an exercise price of Rs.5, Rs.1,982, Rs.2,607, Rs.2,814 or Rs.3,679 per share. Upon the exercise of such options, the amount of compensation cost (computed using the grant date fair value) previously recognized in the "share-based payment reserve" was transferred to"securities premium" in the Consolidated Statement of Changes in Equity.

[2] Pursuant to the special resolution approved by the shareholders in the Annual General Meeting held on July 27, 2018, the Dr. Reddy's Employees ESOS Trust (the "ESOS Trust") was formed to support the Dr. Reddy's Employees Stock Option Scheme, 2018 by acquiring, from the Company or through secondary market acquisitions, equity shares which are used for issuance to eligible employees (as defined therein) upon exercise of stock options thereunder. During the years ended March 31, 2024 and 2023, an aggregate of 81,353 and 49,295 equity shares, respectively were issued as a result of the exercise of vested options granted to employees pursuant to the Dr. Reddy's Employees Stock Option Scheme, 2018. The options exercised had an exercise price of Rs.2,607, Rs.2,814, Rs.3,679, Rs.4,212, Rs.4,338 or Rs,5,301 per share. Upon the exercise of such options, the amount of compensation cost (computed using the grant date fair value) previously recognized in the "share based payment reserve" was transferred to "securities premium" in the statement of changes in equity. In addition, any difference between the carrying amount of treasury shares and the consideration received was recognized in the "securities premium".

During the year ended March 31, 2023, an aggregate of 48,032 equity shares representing unappropriated inventory of shares that are not backed by grants, acquired through secondary market acquisitions were sold for an aggregate consideration of Rs.211 in the secondary market pursuant to requirements under Chapter II Regulation 3(12) of the SEBI (share based employee benefits and sweat equity) Regulations, 2021.

As of March 31, 2024 and 2023, the ESOS Trust had outstanding 289,791 and 371,144 shares, respectively, which it purchased from the secondary market for an aggregate consideration of Rs.991 and Rs.1,269, respectively. Refer to Note 28 of these consolidated financial statements for further details on the Dr. Reddy's Employees Stock Option Scheme, 2018.

The Company has only one class of equity shares having a par value of Rs.5 per share. For all matters submitted to vote in a shareholders meeting of the Company, every holder of an equity share, as reflected in the records of the Company as on the record date set for the shareholders meeting, shall have one vote in respect of each share held.

Should the Company declare and pay any dividends, such dividends will be paid in Indian rupees to each holder of equity shares in proportion to the number of shares held to the total equity shares outstanding as on that date. Indian law on foreign exchange governs the remittance of dividends outside India.

In the event of liquidation of the Company, all preferential amounts, if any, shall be discharged by the Company. The remaining assets of the Company shall be distributed to the holders of equity shares in proportion to the number of shares held to the total equity shares outstanding as on that date.

Final dividends on equity shares (including dividend tax on distribution of such dividends, if any) are recorded as a liability on the date of their approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The details of dividends paid by the Company are as follows:

	During the Year Ended March 31,		
	2024	2023	2022
Dividend per share (in absolute Rs.)	Rs. 40	Rs. 30	Rs. 25
Dividend paid during the year	6,648	4,979	4,146
Fiscal year for which dividends were paid	2023	2022	2021

Proposed dividend

At the Company's Board of Directors' meeting held on May 7, 2024, the Board proposed a dividend of Rs.40 per share and aggregating to Rs.6,673, which is subject to the approval of the Company's shareholders.

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21. Earnings per share

The calculation of basic and diluted earnings per share for the years ended March 31, 2024, 2023 and 2022 was based on the profit attributable to equity shareholders of the Company, being Rs.55,684, Rs.45,067 and Rs.23,568, respectively.

The weighted average number of equity shares outstanding, used for calculating the basic earnings per share, are as follows:

	For the Year Ended March 31,		
	2024	2023	2022
Number of equity shares at the beginning of the year (excluding treasury shares)	166,156,732	165,957,378	165,726,030
Effect of treasury shares sold during the year	-	2,138	-
Effect of equity shares issued on exercise of stock options	236,971	75,374	156,667
Weighted average number of equity shares – Basic	166,393,703	166,034,890	165,882,697
Earnings per share of par value Rs.5 – Basic	Rs. 334.65	Rs. 271.43	Rs. 142.08

The weighted average number of equity shares outstanding, used for calculating the diluted earnings per share, are as follows:

	For the Year Ended March 31,		
	2024	2023	2022
Weighted average number of equity shares – Basic	166,393,703	166,034,890	165,882,697
Dilutive effect of stock options outstanding[1]	313,833	353,280	455,937
Weighted average number of equity shares – Diluted	166,707,536	166,388,170	166,338,634
Earnings per share of par value Rs.5 – Diluted	Rs. 334.02	Rs. 270.85	Rs. 141.69

(1) As of March 31, 2024, 2023 and 2022, 245,545, 286,533 and 13,284 options, respectively, were excluded from the diluted weighted average number of equity shares calculation because their effect would have been anti-dilutive. The average market value of the Company's shares for the purpose of calculating the dilutive effect of stock options was based on quoted market prices for the year during which the options were outstanding.

22. Revenue from contracts with customers and trade receivables

Revenue from contracts with customers:

	For the Year Ended March 31,		
	2024	2023	2022
Sales	Rs. 271,396	Rs. 234,595	Rs. 205,144
Service income	5,655	4,508	4,380
License fees[1]	2,113	6,776	4,867
	Rs. 279,164	**Rs. 245,879**	**Rs. 214,391**

(1) During the year ended March 31, 2023, this primarily includes the following amounts:

- Rs.902 from the sale of brands Z&D, Pedicloryl, Pecef and Ezinapi to J.B. Chemicals and Pharmaceuticals Limited;
- Rs.1,399 from the sale of brands Styptovit-E, Finast, Finast-T and Dynapres to Torrent Pharmaceuticals Limited; and
- Rs.2,640 from the sale of certain non-core dermatology brands to Eris Lifesciences Limited.

The amounts recognized above are adjusted for expected sales returns. These transactions pertain to the Company's Global Generics segment.

During the year ended March 31, 2022, the Company entered into the following agreements:

- An agreement with Alium JSC for the sale of the Company's territorial rights relating to two of its anti-bacterial brands (Ciprolet® and Levolet®) in Russia and certain countries of the former Soviet Union. The consideration for the arrangement is Rs.1,971 and the Company recognized revenue of Rs.1,774 for the performance obligations relating to the milestones met. This transaction pertains to the Company's Global Generics segment.
- An agreement with Mankind Pharma Limited towards the sale of two of the Company's brands (Daffy bar and Combihale) in India, which formed part of the Company's Global Generics segment. License fees includes an amount of Rs.390 towards the aforesaid sales transaction.
- A definitive agreement with BioDelivery Sciences International, Inc. ("BDSI"), pursuant to which the Company sold its U.S. and Canada territory rights for ELYXYB (celecoxib oral solution) 25 mg/mL, to BDSI. Upon successful completion of the closing conditions, the Company had recognized Rs.1,084 from this transaction. This transaction pertains to the Company's Others segment (pertaining to its Proprietary Products business).

Refer to Note 5 ("Segment reporting") for details on revenues by therapeutic area, and revenues by geography.

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22. Revenue from contracts with customers and trade receivables (continued)

Deferred revenue:

Tabulated below is the reconciliation of deferred revenue for the years ended March 31, 2024 and 2023.

	For the Year Ended March 31,	
	2024	2023
Balance as of April 1	**Rs. 2,367**	**Rs. 2,832**
Revenue recognized during the year	(1,768)	(2,091)
Milestone payment received during the year	968	1,626
Balance as of March 31	**Rs. 1,567**	**Rs. 2,367**
Current	374	812
Non-current	1,193	1,555

Significant gross to net adjustments relating to Company's North America Generics business (amounts in U.S.$ millions):

A roll-forward for each major accrual for the Company's North America Generics business for the fiscal years ended March 31, 2022, 2023 and 2024 is as follows:

Particulars	Chargebacks	Rebates	Medicaid	Refund Liability(3)
	(All amounts in U.S.$)			
Beginning Balance: April 1, 2021	202	78	13	19
Current provisions relating to sales during the year	1,897	235	23	25
Provisions and adjustments relating to sales in prior years	*	-	-	-
Credits and payments**	(1,836)	(219)	(23)	(20)
Ending Balance: March 31, 2022	**263**	**94**	**13**	**24**
Beginning Balance: April 1, 2022	**263**	**94**	**13**	**24**
Current provisions relating to sales during the year (1)	2,121	209	22	32
Provisions and adjustments relating to sales in prior years	*	-	-	-
Credits and payments**	(2,137)	(216)	(22)	(21)
Ending Balance: March 31, 2023	**247**	**87**	**13**	**35**
Beginning Balance: April 1, 2023	**247**	**87**	**13**	**35**
Current provisions relating to sales during the year (2)	2,844	322	31	21
Provisions and adjustments relating to sales in prior years	*	-	-	-
Credits and payments**	(2,803)	(307)	(25)	(21)
Ending Balance: March 31, 2024	**288**	**102**	**19**	**35**

* Currently, the Company does not separately track provisions and adjustments, in each case to the extent relating to prior years for chargebacks. However, the adjustments are expected to be non-material. The volumes used to calculate the closing balance of chargebacks represent approximately 1.0 to 1.4 months equivalent of sales, which corresponds to the pending chargeback claims yet to be processed.

** Currently, the Company does not separately track the credits and payments, in each case to the extent relating to prior years for chargebacks, rebates, Medicaid payments or refund liability.

(1) Chargebacks provisions and payments for the year ended March 31, 2023 were each higher as compared to the year ended March 31, 2022, primarily as a result of higher sales volumes and also due to higher pricing rates per unit for chargebacks on account of reductions in the contract prices through which the product is resold in the retail part of the supply chain for certain of the Company's products.

The foregoing were partially off-set due to a lower pricing rates per unit for chargebacks, primarily on account of a reduction in the invoice price to wholesalers for certain of the Company's products. The rebate provisions and payments for the year ended March 31, 2023 were each lower as compared to the year ended March 31, 2022, primarily as a result of lower pricing rates per unit for rebates, due to reduction in the contract prices through which the product is resold in the retail part of the supply chain for certain of the Company's products.

(2) Chargebacks provisions and payments for the year ended March 31, 2024 were each higher as compared to the year ended March 31, 2023, primarily as a result of the Company's acquisition of a U.S. generic prescription products portfolio from Mayne Pharma Group Limited in April 2023, higher sales volumes and also due to higher pricing rates per unit for chargebacks. Such higher pricing rates were on account of reductions in the contract prices through which the product is resold in the retail part of the supply chain for certain of the Company's products.

The rebate provisions and payments for the year ended March 31, 2024 were each higher as compared to the year ended March 31, 2023, primarily as a result of the aforesaid generic portfolio acquisition from Mayne Pharma Group Limited, as well as higher sales volumes for the Company's base portfolio products.

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22. Revenue from contracts with customers and trade receivables (continued)

(3) The Company's overall provision for refund liability as of March 31, 2024 relating to the Company's North America Generics business was U.S.$35, compared to a liability of U.S.$35 as of March 31, 2023. The refund liability created for new product launches and volume growth, were off-set by the reductions in the contract prices and by product mix changes.

The estimates of "gross-to-net" adjustments for the Company's operations in India and other countries outside of the United States relate mainly to refund liability in all such operations, and certain rebates to healthcare insurance providers are specific to the Company's German operations. The pattern of such refund liability is generally consistent with the Company's gross sales. In Germany, the rebates to healthcare insurance providers mentioned above are contractually fixed in nature and do not involve significant estimations by the Company.

Refund liabilities:

	For the Year Ended March 31,	
	2024	**2023**
Balance at the beginning of the year	**Rs. 4,716**	**Rs. 3,583**
Provision made during the year, net of reversals	1,121	4,606
Provision used during the year	(1,306)	(3,649)
Effect of changes in foreign exchange rates	48	176
Balance at the closing of the year	**Rs. 4,579**	**Rs. 4,716**
Current	Rs. 4,579	Rs. 4,716
Non-current	-	-

Contract asset:

As mentioned in the accounting policies for refund liability set forth in Note 3.m. of these consolidated financial statements, the Company recognizes an asset (i.e., the right to the returned goods), for the products expected to be returned. The Company initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. Along with re-measuring the refund liability at the end of each reporting period, the Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

As of March 31, 2024 and 2023, the Company had Rs.48 and Rs.48, respectively, as contract assets representing the right to returned goods.

Contract liabilities:

	As of March 31,	
	2024	**2023**
Advance from customers	Rs. 1,061	Rs. 1,169
	Rs. 1,061	**Rs. 1,169**

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23. Other income, net

Other income, net consists of the following:

	For the Year Ended March 31,		
	2024	2023	2022
(Gain)/loss on sale/disposal of non-current assets, net[(1)(2)]	Rs. (900)	Rs. 1,211	Rs. (1,119)
Sale of spent chemicals	(489)	(391)	(348)
Scrap sales	(338)	(280)	(206)
Miscellaneous income, net[(3)]	(2,472)	(6,447)	(1,088)
	Rs. (4,199)	**Rs. (5,907)**	**Rs. (2,761)**

(1) Included in the year ended March 31, 2023, is an amount of Rs.991 (EUR 11.36) representing the loss on sale of assets, pursuant to an agreement with Delpharm Development Leiden B.V for the transfer of certain assets, liabilities and employees at its site at Leiden, Netherlands. This transaction pertains to the Company's Global Generics segment.

(2) Included in the year ended March 31, 2022, is an amount of Rs.1,064 representing gain on sale of intangible assets, pursuant to a definitive agreement with Citius Pharmaceuticals, Inc. for the sale of all of its rights relating to its anti-cancer agent E7777 (denileukin diftitox). Refer to Note 14 ("Other intangible assets") of these consolidated financial statements for further details.

(3) Miscellaneous income for the year ended March 31, 2024 includes:
· Rs.984 recognized pursuant to a settlement of product related litigation by the Company and its affiliates in the United Kingdom; and
· Rs.540 recognized pursuant to a settlement agreement with Janssen Group, in settlement of the claim brought in the Federal Court of Canada by the Company and its affiliates for damages under section 8 of the Canadian Patented Medicines (Notice of Compliance) Regulations in regard to the Company's ANDS for a generic version of Zytiga® (Abiraterone).

Miscellaneous income for the year ended March 31, 2023 includes an amount of Rs.5,638 (U.S.$71.39 discounted to present value) towards the settlement of an ongoing patent litigation relating to the launch of a product with Indivior Inc., Indivior UK Limited, and Aquestive Therapeutics, Inc.

24. Finance income, net

Finance income, net consists of the following:

	For the Year Ended March 31,		
	2024	2023	2022
Interest income	Rs. 2,278	Rs. 1,180	Rs. 965
Fair value changes and profit on sale of financial instruments measured at FVTPL, net	3,149	876	277
Foreign exchange gain, net	278	2,225	1,835
Finance income (A)	**Rs. 5,705**	**Rs. 4,281**	**Rs. 3,077**
Interest expense	Rs. (1,711)	Rs. (1,428)	Rs. (958)
Finance expense (B)	**Rs. (1,711)**	**Rs. (1,428)**	**Rs. (958)**
Finance income, net [(A)+(B)]	**Rs. 3,994**	**Rs. 2,853**	**Rs. 2,119**

25. Income taxes

a. Income tax expense/(benefit) recognized in the consolidated income statement

Income tax expense/(benefit) recognized in the consolidated income statement consists of the following:

	For the Year Ended March 31,		
	2024	2023	2022
Current taxes			
Domestic	Rs. 13,874	Rs. 8,768	Rs. 4,180
Foreign	5,584	4,090	2,231
	Rs. 19,458	**Rs. 12,858**	**Rs. 6,411**
Deferred taxes			
Domestic	Rs. 968	Rs. 3,891	Rs. 2,165
Foreign	(4,240)	(1,449)	154
	Rs. (3,272)	**Rs. 2,442**	**Rs. 2,319**
Tax expense, net	**Rs. 16,186**	**Rs. 15,300**	**Rs. 8,730**

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25. Income taxes (continued)

b. Income tax expense/(benefit) recognized directly in other comprehensive (loss)/ income

Income tax expense/(benefit) recognized directly in other comprehensive (loss)/income consists of the following:

	For the Year Ended March 31,		
	2024	2023	2022
Tax effect on changes in fair value of other investments	Rs. -	Rs. -	Rs. (293)
Tax effect on effective portion of change in fair value of cash flow hedges	(117)	(354)	288
Tax effect on foreign currency translation differences	-	48	-
Tax effect on actuarial gains/losses on defined benefit obligations	(4)	69	(12)
	Rs. (121)	**Rs. (237)**	**Rs. (17)**

c. Reconciliation of effective tax rate

The following is a reconciliation of the Company's effective tax rates for the years ended March 31, 2024, 2023 and 2022:

	For the Year Ended March 31,		
	2024	2023	2022
Profit before income taxes	**Rs. 71,870**	**Rs. 60,367**	**Rs. 32,298**
Enacted tax rate in India	25.17%	34.94%	34.94%
Computed expected tax expense	**Rs. 18,090**	**Rs. 21,092**	**Rs. 11,285**
Effect of:			
Differences between Indian and foreign tax rates	**Rs.** (749)	Rs. (3,807)	Rs. (427)
Unrecognized deferred tax assets/(recognition of previously unrecognized deferred tax assets, net)	(817)	(757)	97
Expenses not deductible for tax purposes	612	201	208
Income exempt from income taxes	(39)	(769)	(1,619)
Foreign exchange differences	(89)	(204)	(55)
Tax expense on distributed/undistributed earnings of subsidiary outside India	-	-	(220)
Income from sale of capital assets	(48)	(602)	(305)
Others	(774)	146	(234)
Income tax expense/(benefit)	**Rs. 16,186**	**Rs. 15,300**	**Rs. 8,730**
Effective tax rate	**23%**	**25%**	**27%**

The Company's effective tax rate for the year ended March 31, 2024, was lower as compared to the year ended March 31, 2023. This reduction was primarily on account of a decrease in the corporate income tax rate of the parent company as a result of the adoption of the corporate tax rate under section 115BAA of the Income Tax Act of India. Also, the tax expense/(benefit), net recorded for the year ended March 31, 2024, include certain credits and reversals arising on account of resolution/conclusion of tax matters pertaining to past assessment years. However, the impact of such decrease in the corporate income tax rate was partially offset by the following factors:

(a) changes in the jurisdictional mix of earnings (i.e., an increase in the proportion of the Company's profits coming from higher tax jurisdictions and a decrease in the proportion of profits from lower tax jurisdictions) for the year ended March 31, 2024, as compared to the year ended March 31, 2023;
(b) the Company had higher income from sale of capital assets in the year ended March 31, 2023 which was taxed at a lower rate compared to the corporate tax rate; and
(c) during the year ended March 31, 2023, the parent company was eligible to claim certain tax deductions for income generated from its units located in special zones, which deductions were not available during the year ended March 31, 2024.

Overall, while the adoption of the new corporate tax rate contributed towards a reduction in the Company's effective tax rate, various factors as described above played a role in partially offsetting this impact for the period ended March 31, 2024.

The Company's effective tax rate for the year ended March 31, 2023 was lower compared to the year ended March 31, 2022 primarily on account of:

- changes in the Company's jurisdictional mix of earnings (i.e., increase in the proportion of the Company's profits from lower tax jurisdictions and decrease in the proportion of the Company's profits from higher tax jurisdictions) for the year ended March 31, 2023 as compared to the year ended March 31, 2022; and
- recognition of a previously unrecognized deferred tax asset on operating tax losses, primarily pertaining to Dr. Reddy's Laboratories SA, Switzerland, as the Company believes that it is probable that there will be available taxable profits against which such tax losses can be utilized.

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25. Income taxes (continued)

The Company has considered the impact of tax regulations and developments, including updates to its estimate on the impact of adoption of the Taxation Laws (Amendment) Act 2019, in determining its "Tax expense/(benefit)" for the years ended March 31, 2024 and 2023.

d. Unrecognized deferred tax assets

The details of unrecognized deferred tax assets are summarized below:

	As of March 31,	
	2024	2023
Deductible temporary differences, net	Rs. 225	Rs. 293
Operating tax loss carry-forward	3,393	4,074
	Rs. 3,618	**Rs. 4,367**

During the year ended March 31, 2024 and March 31, 2023, the Company recognized deferred tax assets on certain operating tax losses, primarily pertaining to Dr. Reddy's Laboratories SA, Switzerland, to the extent the Company believes based on forecasted revenues and profits, that it is probable there will be available taxable profits against which such tax losses can be utilized.

Deferred tax liability is not provided on undistributed earnings of Rs.39,949 and Rs.30,429 as of March 31, 2024 and 2023, respectively of subsidiaries and joint ventures, where it is expected that earnings of the subsidiaries will not be distributed in the foreseeable future. Generally, the Company indefinitely reinvests all of the accumulated undistributed earnings of subsidiaries, and accordingly, has not recorded any deferred taxes in relation to such undistributed earnings of its subsidiaries.

e. Deferred tax assets and liabilities

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

	As of March 31, 2024		As of March 31, 2023	
Deferred tax assets/(liabilities):	**Asset**	**Liability**	**Asset**	**Liability**
Inventories	Rs. 4,394	Rs. (22)	Rs. 3,390	Rs. (27)
Trade and other receivables	5,815	-	2,818	(10)
Operating/other tax loss carry-forward	2,398	-	2,086	-
Other current assets and other current liabilities, net	747	(102)	971	(36)
Lease liabilities	854	-	539	-
Property, plant and equipment	690	(4,311)	950	(4,201)
Right of use asset	-	(750)	-	(427)
Other intangible assets	195	(93)	249	(111)
Others	833	(783)	571	(399)
Tax assets/(liabilities)	**15,926**	**(6,061)**	**11,574**	**(5,211)**
Set-off of taxes	(5,152)	5,152	(4,378)	4,378
Net tax assets/(liabilities)	**Rs. 10,774**	**Rs. (909)**	**Rs. 7,196**	**Rs. (833)**

In assessing whether the deferred tax assets will be realized, management considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of the deferred tax assets and tax loss carry-forwards is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realize the benefits of those recognized deductible differences and tax loss carry-forwards. Recoverability of deferred tax assets is based on estimates of future taxable income. Any changes in such future taxable income would impact the recoverability of deferred tax assets.

Operating loss carry-forward consists of business losses, unabsorbed depreciation and unabsorbed interest carry-forwards. A portion of this total loss can be carried indefinitely and the remaining amounts expire at various dates ranging from 2025 through 2040.

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25. Income taxes (continued)

f. Movement in deferred tax assets and liabilities during the years ended March 31, 2024 and 2023.

	As of March 31, 2023	Recognized in income statement	Recognized in OCI	As of March 31, 2024
Deferred tax assets/(liabilities):				
Inventories	Rs. 3,363	Rs. 1,009	Rs. -	Rs. 4,372
Trade and other receivables	2,808	3,007	-	5,815
Operating/other tax loss carry-forward	2,086	312	-	2,398
Other current assets and other current liabilities, net	935	(290)	-	645
Lease liabilities	539	315	-	854
Right of use asset	(427)	(323)	-	(750)
Property, plant and equipment	(3,251)	(370)	-	(3,621)
Other intangible assets	138	(36)	-	102
Others	172	(243)	121	50
Net deferred tax assets	**Rs. 6,363**	**Rs. 3,381**	**Rs. 121**	**Rs. 9,865**

The details of movement in deferred tax assets and liabilities are summarized below:

	As of March 31, 2022	Recognized in income statement	Recognized in OCI	As of March 31, 2023
Deferred tax assets/(liabilities):				
Inventories	Rs. 3,197	Rs. 166	Rs. -	Rs. 3,363
Minimum Alternate Tax	3,929	(3,929)	-	-
Trade and other receivables	710	2,098	-	2,808
Operating/other tax loss carry-forward	2,053	33	-	2,086
Other current assets and other current liabilities, net	1,546	(611)	-	935
Lease liabilities	667	(128)	-	539
Right of use asset	(554)	127	-	(427)
Property, plant and equipment	(3,413)	162	-	(3,251)
Other intangible assets	34	104	-	138
Others	(25)	(40)	237	172
Net deferred tax assets	**Rs. 8,144**	**Rs. (2,018)**	**Rs. 237**	**Rs. 6,363**

The amounts recognized in the consolidated income statement for the years ended March 31, 2024 and 2023 include Rs.109 and Rs.424, respectively, which represent exchange differences arising due to foreign currency translations.

g. Uncertain tax positions – Tax litigations

The Company is contesting various disallowances by the Income Tax authorities. The associated tax impact for disallowances being more likely than not to be accepted by tax authorities is Rs.2,965 and Rs.3,384 as of March 31, 2024 and 2023, respectively. Accordingly, no provision is made in these consolidated financial statements as of March 31, 2024.

h. The amount of Rs.2,687 in Current tax assets for the comparative year ending March 31, 2023, has been re classed to Non-current tax assets to comply with the presentation requirements in the consolidated statements of financial position and better represent the expected recovery of such assets.

i. Assessment of exposure to Pillar Two rules

Legislation to implement the Pillar Two model rules of the OECD has been enacted or substantively enacted in certain jurisdictions where the Company operates. The legislation will be effective for the Company's reporting year beginning April 1, 2024. The Company is within the scope of the enacted or substantively enacted legislation.

The Company's assessment of the potential exposure to Pillar Two income taxes is based on the most recent country-by-country reporting, income tax returns and financial statements of the constituent entities within the Company.

Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Company operates are above 15%, and thus Pillar Two income taxes would not apply. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply, and the Pillar Two effective tax rate is lower than 15%. The Company does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

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26. Nature of Expense

The following table shows supplemental information related to certain "nature of expense" items for the years ended March 31, 2024, 2023 and 2022:

	For the Year Ended March 31,		
Employee benefits	**2024**	**2023**	**2022**
Cost of revenues	Rs. 15,101	Rs. 13,571	Rs. 11,594
Selling, general and administrative expenses	29,235	27,505	22,486
Research and development expenses	5,964	5,389	4,778
	Rs. 50,300	**Rs. 46,465**	**Rs. 38,858**

	For the Year Ended March 31,		
Depreciation	**2024**	**2023**	**2022**
Cost of revenues	Rs. 6,742	Rs. 6,111	Rs. 5,627
Selling, general and administrative expenses	1,707	1,511	1,476
Research and development expenses	1,127	993	1,049
	Rs. 9,576	**Rs. 8,615**	**Rs. 8,152**

	For the Year Ended March 31,		
Amortization	**2024**	**2023**	**2022**
Cost of revenues	Rs. -	Rs. -	Rs. -
Selling, general and administrative expenses	5,220	3,997	3,651
Research and development expenses	45	24	21
	Rs. 5,265	**Rs. 4,021**	**Rs. 3,672**

In addition, for details relating to costs of material consumed, refer to Note 10 of these consolidated financial statements.

27. Employee benefits

Total employee benefits expenses, including share-based payments, incurred during the years ended March 31, 2024, 2023 and 2022 amounted to Rs.50,300, Rs.46,465 and Rs.38,858, respectively.

Gratuity benefits provided by the parent company

In accordance with applicable Indian laws, the parent company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Effective September 1, 1999, the Company established the Dr. Reddy's Laboratories Gratuity Fund (the "Gratuity Fund") to fund the Gratuity Plan. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund. Trustees administer the contributions made to the Gratuity Fund.

The components of gratuity cost recognized in the income statement for the years ended March 31, 2024, 2023 and 2022 consist of the following:

	For the Year Ended March 31,		
	2024	**2023**	**2022**
Current service cost	Rs. 389	Rs. 364	Rs. 328
Interest on defined benefit liability	(7)	30	33
Past service cost	-	17	-
Gratuity cost recognized in income statement	**Rs. 382**	**Rs. 411**	**Rs. 361**

Details of the employee benefits obligations and plan assets are provided below:

	As of March 31,	
	2024	**2023**
Present value of funded obligations	Rs. 3,404	Rs. 3,076
Fair value of plan assets	(3,064)	(3,093)
Net defined benefit liability/(asset) recognized	**Rs. 340**	**Rs. (17)**

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27. Employee benefits (continued)

Details of changes in the present value of defined benefit obligations are as follows:

	As of March 31,	
	2024	2023
Defined benefit obligations at the beginning of the year	Rs. 3,076	Rs. 2,894
Current service cost	389	364
Interest on defined obligations	206	171
Past service cost	-	17
Re-measurements due to:		
Actuarial loss/(gain) due to change in financial assumptions	(154)	(61)
Actuarial loss/(gain) due to demographic assumptions	47	(32)
Actuarial loss/(gain) due to experience changes	98	67
Benefits paid	(249)	(344)
Liabilities assumed/(transferred)[1]	(9)	0 [2]
Defined benefit obligations at the end of the year	**Rs. 3,404**	**Rs. 3,076**

(1) Liabilities assumed/(transferred):
- During the year ended March 31, 2024, an amount of Rs.9 (rounded to the nearest million) represents the transfer of liabilities on account of transfer of employees between the parent company and its subsidiaries.
- During the year ended March 31, 2023, an amount of Rs.0 (rounded to the nearest million) represents the transfer of liabilities on account of transfer of employees between the parent company and its subsidiaries.

(2) Rounded to the nearest million.

Details of changes in the fair value of plan assets are as follows:

	As of March 31,	
	2024	2023
Fair value of plan assets at the beginning of the year	Rs. 3,093	Rs. 2,350
Employer contributions	-	885
Interest on plan assets	213	141
Re-measurements due to:		
Return on plan assets excluding interest on plan assets	16	62
Benefits paid	(249)	(344)
Assets transferred[1]	(9)	(1)
Plan assets at the end of the year	**Rs. 3,064**	**Rs. 3,093**

(1) Assets transferred:
- During the year ended March 31, 2024, an amount of Rs.(9) represents the transfer of plan assets on account of the transfer of employees between the parent company and its subsidiaries.
- During the year ended March 31, 2023, an amount of Rs.(1) represents the transfer of plan assets on account of the transfer of employees between the parent company and its subsidiaries.

Sensitivity Analysis:

	As of March 31, 2024
Defined benefit obligation without effect of projected salary growth	2,225
Add: Effect of salary growth	1,179
Defined benefit obligation with projected salary growth	3,404
Defined benefit obligation, using salary growth rate plus 50 basis points	3,506
Defined benefit obligation, using salary growth rate minus 50 basis points	3,306
Defined benefit obligation, using discount rate minus 50 basis points	3,507
Defined benefit obligation, using discount rate plus 50 basis points	3,306

Summary of the actuarial assumptions: The actuarial assumptions used in accounting for the Gratuity plan are as follows:

	For the Year Ended March 31,		
	2024	2023	2022
Discount rate	7.15%	7.30%	6.45%
Rate of compensation increase	8.10%	9.00%	8.50%

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27. Employee benefits (continued)

Disaggregation of plan assets: The Gratuity Plan's weighted-average asset allocation as of March 31, 2024 and 2023, by asset category, was as follows:

	As of March 31,	
	2024	2023
Funds managed by insurers	100%	100%

The expected future cash flows in respect of gratuity as of March 31, 2024 were as follows:

Expected contribution	Amount
During the year ended March 31, 2025 (estimated)	Rs. -
Expected future benefit payments	
March 31, 2026	509
March 31, 2027	476
March 31, 2028	460
March 31, 2029	437
March 31, 2030	426
Thereafter	3,373

Pension plan of the Company's subsidiary, Industrias Quimicas Falcon de Mexico

All employees of the Company's Mexican subsidiary, Industrias Quimicas Falcon de Mexico ("Falcon"), are entitled to a pension benefit in the form of a defined benefit pension plan. The Falcon pension plan provides for payment to vested employees at retirement or termination of employment. Liabilities in respect of the pension plan are determined by an actuarial valuation, based on which the Company makes contributions to the pension plan fund. This fund is administered by a third party, who is provided guidance by a technical committee formed by senior employees of Falcon.

The components of net pension cost recognized in the income statement for the years ended March 31, 2024, 2023 and 2022 consist of the following:

	For the Year Ended March 31,		
	2024	2023	2022
Current service cost	Rs. 16	Rs. 15	Rs. 16
Interest on defined benefit liability	3	4	10
Total cost recognized in income statement	**Rs. 19**	**Rs. 19**	**Rs. 26**

Details of the employee benefits obligations and plan assets are provided below:

	As of March 31,	
	2024	2023
Present value of funded obligations	Rs. 348	Rs. 291
Fair value of plan assets	(331)	(248)
Net defined benefit liability recognized	**Rs. 17**	**Rs. 43**

Details of changes in the present value of defined benefit obligations are as follows:

	As of March 31,	
	2024	2023
Defined benefit obligations at the beginning of the year	Rs. 291	Rs. 271
Current service cost	16	15
Interest on defined obligations	32	27
Re-measurements due to:		
Actuarial loss/(gain) due to change in financial assumptions	6	(27)
Actuarial loss/(gain) due to change in demographic	-	(3)
Actuarial loss/(gain) due to experience changes	31	32
Benefits paid	(62)	(74)
Foreign exchanges differences	34	50
Defined benefit obligations at the end of the year	**Rs. 348**	**Rs. 291**

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27. Employee benefits (continued)

Details of changes in the fair value of plan assets are as follows:

	As of March 31,	
	2024	2023
Fair value of plan assets at the beginning of the year	Rs. 248	Rs. 215
Employer contributions	85	74
Interest on plan assets	30	23
Re-measurements due to:		
Return on plan assets excluding interest on plan assets	1	(32)
Benefits paid	(62)	(74)
Foreign exchanges differences	30	42
Plan assets at the end of the year	**Rs. 331**	**Rs. 248**

Sensitivity Analysis:

	As of March 31, 2024
Defined benefit obligation without effect of projected salary growth	249
Add: Effect of salary growth	99
Defined benefit obligation with projected salary growth	348
Defined benefit obligation, using salary growth rate plus 50 basis points	362
Defined benefit obligation, using salary growth rate minus 50 basis points	335
Defined benefit obligation, using discount rate minus 50 basis points	361
Defined benefit obligation, using discount rate plus 50 basis points	335

Summary of the actuarial assumptions: The actuarial assumptions used in accounting for the Falcon defined benefit plans are as follows:

The assumptions used to determine benefit obligations:

	For the Year Ended March 31,		
	2024	2023	2022
Discount rate	10.25%	10.50%	9.25%
Rate of compensation increase	4.50%	4.50%	4.50%

Disaggregation of plan assets: The Falcon pension plan's weighted-average asset allocation as of March 31, 2024 and 2023, by asset category, was as follows:

	As of March 31,	
	2024	2023
Funds managed by insurers	50%	50%
Others	50%	50%

The expected future cash flows in respect of post-employment benefit plans in Mexico as of March 31, 2023 were as follows:

Expected contribution	**Amount**
During the year ended March 31, 2025 (estimated)	Rs. -
Expected future benefit payments	
March 31, 2026	6
March 31, 2027	11
March 31, 2028	19
March 31, 2029	26
March 31, 2030	36
Thereafter	798

Provident fund benefits

Certain categories of employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer each make monthly contributions to a government administered fund equal to 12% of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company contributed Rs.1,316, Rs.1,142 and Rs.1,013 to the provident fund plan during the years ended March 31, 2024, 2023 and 2022, respectively.

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27. Employee benefits (continued)

Superannuation benefits

Certain categories of employees of the Company participate in superannuation, a defined contribution plan administered by the Life Insurance Corporation of India. The Company makes monthly contributions based on a specified percentage of each covered employee's salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company contributed Rs.133, Rs.127 and Rs.83 to the superannuation plan during the years ended March 31, 2024, 2023 and 2022, respectively.

Other contribution plans

In the United States, the Company sponsors a defined contribution 401(k) retirement savings plan for all eligible employees who meet minimum age and service requirements. The Company contributed Rs.225, Rs.171 and Rs.131 to the 401(k) retirement savings plan during the years ended March 31, 2024, 2023 and 2022, respectively. The Company has no further obligations under the plan beyond its monthly matching contributions.

In the United Kingdom, certain social security benefits (such as pension, unemployment and disability) are funded by employers and employees through mandatory National Insurance contributions. The contribution amounts are determined based upon the employee's salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company contributed Rs.251, Rs.214 and Rs.166 to the National Insurance during the years ended March 31, 2024, 2023 and 2022, respectively.

Compensated absences

The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilized compensated absences and utilize them in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. The total liability recorded by the Company towards this obligation was Rs.1,205 and Rs.1,059 as of March 31, 2024 and 2023, respectively.

28. Share-based payments

Dr. Reddy's Employees Stock Option Scheme, 2002 (the "DRL 2002 Plan"):

The Company instituted the DRL 2002 Plan for all eligible employees pursuant to the special resolution approved by the shareholders in the Annual General Meeting held on September 24, 2001. The DRL 2002 Plan covers all employees and directors (excluding promoter directors) of the parent company and its subsidiaries (collectively, "eligible employees"). The Nomination, Governance and Compensation Committee of the Board of the parent company (the "Committee") administers the DRL 2002 Plan and grants stock options to eligible employees. The Committee determines which eligible employees will receive options, the number of options to be granted, the exercise price, the vesting period and the exercise period. The vesting period is determined for all options issued on the date of grant. The options issued under the DRL 2002 Plan vest in periods ranging between one and four years and generally have a maximum contractual term of five years from the vesting date.

The DRL 2002 Plan, as amended at annual general meetings of shareholders held on July 28, 2004 and on July 27, 2005, provides for stock option grants in two categories:

Category A: 300,000 stock options out of the total of 2,295,478 options reserved for grant having an exercise price equal to the fair market value of the underlying equity shares on the date of grant; and

Category B: 1,995,478 stock options out of the total of 2,295,478 options reserved for grant having an exercise price equal to the par value of the underlying equity shares (i.e., Rs.5 per option).

Under the DRL 2002 Plan, the exercise price of the fair market value options granted under Category A above is determined based on the average closing price for 30 days prior to the grant in the stock exchange where there is highest trading volume during that period. Notwithstanding the foregoing, the Committee may, after obtaining the approval of the shareholders in the annual general meeting, grant options with a per share exercise price other than fair market value and par value of the equity shares.

After the stock split effected in the form of a stock dividend issued by the Company in August 2006, the DRL 2002 Plan provides for stock option grants in the above two categories as follows:

Particulars	Number of options reserved under category A	Number of options reserved under category B	Total
Options reserved under original Plan	300,000	1,995,478	2,295,478
Options exercised prior to stock dividend date (A)	94,061	147,793	241,854
Balance of shares that can be allotted on exercise of options (B)	205,939	1,847,685	2,053,624
Options arising from stock dividend (C)	205,939	1,847,685	2,053,624
Options reserved after stock dividend (A+B+C)	**505,939**	**3,843,163**	**4,349,102**

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28. Share-based payments (continued)

The term of the DRL 2002 plan was extended for a period of 10 years effective as of January 29, 2012 by the shareholders at the Company's Annual General Meeting held on July 20, 2012.

Stock option activity under the DRL 2002 Plan for the two categories of options during the years ended March 31, 2024 and 2023 is as follows:

Category A — Fair Market Value Options: There was no stock activity under this category during the years ended March 31, 2024 and 2023, and there were no stock options outstanding under this category as of March 31, 2024 and 2023.

Category B — Par Value Options: Stock options activity under this category during the years ended March 31, 2024 and 2023 was as set forth in the below table.

	For the Year Ended March 31, 2024			
Category B — Par Value Options	**Shares arising out of options**	**Range of exercise prices**	**Weighted average exercise price**	**Weighted average remaining useful life (months)**
Outstanding at the beginning of the year	152,336	Rs. 5.00	Rs. 5.00	65
Expired/forfeited during the year	(9,590)	5.00	5.00	-
Exercised during the year	(42,537)	5.00	5.00	-
Outstanding at the end of the year	**100,209**	**Rs. 5.00**	**Rs. 5.00**	**55**
Exercisable at the end of the year	**52,106**	**Rs. 5.00**	**Rs. 5.00**	**43**

	For the Year Ended March 31, 2023			
Category B — Par Value Options	**Shares arising out of options**	**Range of exercise prices**	**Weighted average exercise price**	**Weighted average remaining useful life (months)**
Outstanding at the beginning of the year	207,175	Rs. 5.00	**Rs.** 5.00	74
Expired/forfeited during the year	(14,476)	5.00	5.00	-
Exercised during the year	(40,363)	5.00	5.00	-
Outstanding at the end of the year	**152,336**	**Rs. 5.00**	**Rs. 5.00**	**65**
Exercisable at the end of the year	**27,094**	**Rs. 5.00**	**Rs. 5.00**	**41**

The weighted average share price on the date of allotment of options during the years ended March 31, 2024 and 2023 was Rs.5,233 and Rs.4,246 per share, respectively.

Dr. Reddy's Employees ADR Stock Option Scheme, 2007 (the "DRL 2007 Plan")

The Company instituted the DRL 2007 Plan for all eligible employees in pursuance of the special resolution approved by the shareholders in the Annual General Meeting held on July 27, 2005. The DRL 2007 Plan became effective upon its approval by the Board of Directors on January 22, 2007. The DRL 2007 Plan covers all employees and directors (excluding promoter directors) of DRL and its subsidiaries (collectively, "eligible employees"). The Committee administers the DRL 2007 Plan and grants stock options to eligible employees. The Committee determines which eligible employees will receive the options, the number of options to be granted, the exercise price, the vesting period and the exercise period. The vesting period is determined for all options issued on the date of grant. The options issued under the DRL 2007 Plan vest in periods ranging between one and four years and generally have a maximum contractual term of five years from vesting date.

The DRL 2007 Plan provides for option grants in two categories:

Category A: 382,695 stock options out of the total of 1,530,779 stock options reserved for grant having an exercise price equal to the fair market value of the underlying equity shares on the date of grant; and

Category B: 1,148,084 stock options out of the total of 1,530,779 stock options reserved for grant having an exercise price equal to the par value of the underlying equity shares (i.e., Rs.5 per option).

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28. Share-based payments (continued)

Stock options activity under the DRL 2007 Plan for the above two categories of options during the years ended March 31, 2024 and 2023 was as follows:

	For the Year Ended March 31, 2024			
Category A — Fair Market Value Options	**Shares arising out of options**	**Range of exercise prices**	**Weighted average exercise price**	**Weighted average remaining useful life (months)**
Outstanding at the beginning of the year	356,181	Rs.1,982.00 to Rs.5,301.00	3,108.24	54
Granted during the year	81,009	4,907.00 to 5,856.00	4,933.11	96
Expired/forfeited during the year	(9,596)	3,679.00 to 5,301.00	4,281.78	-
Exercised during the year	(211,510)	1,982.00 to 3,679.00	2,611.73	-
Outstanding at the end of the year	**216,084**	**Rs.2,607.00 to Rs.5,856.00**	**4,226.26**	**72**
Exercisable at the end of the year	**24,723**	**Rs.2,607.00 to Rs.5,301.00**	**3,545.36**	**37**

	For the Year Ended March 31, 2023			
Category A — Fair Market Value Options	**Shares arising out of options**	**Range of exercise prices**	**Weighted average exercise price**	**Weighted average remaining useful life (months)**
Outstanding at the beginning of the year	266,214	Rs.1,982.00 to Rs.5,301.00	Rs. 2,823.04	56
Granted during the year	94,302	3,905.80	3,905.80	96
Exercised during the year	(4,335)	2,607.00 to 3,679.00	2,948.77	-
Outstanding at the end of the year	**356,181**	**Rs.1,982.00 to Rs.5,301.00**	**3,108.24**	**54**
Exercisable at the end of the year	**198,181**	**Rs.1,982.00 to Rs.5,301.00**	**Rs. 2,574.27**	**36**

The weighted average grant date fair value of options granted during the years ended March 31, 2024 and 2023 was Rs.1,811 and Rs.1,497 per option, respectively. The weighted average share prices on the date of allotment of options during the years ended March 31, 2024 and 2023 was Rs.5,670 and Rs.4,302 per share, respectively.

	For the Year Ended March 31, 2024			
Category B — Par Value Options	**Shares arising out of options**	**Range of exercise prices**	**Weighted average exercise price**	**Weighted average remaining useful life (months)**
Outstanding at the beginning of the year	**100,896**	**Rs. 5.00**	**Rs. 5.00**	**68**
Expired/forfeited during the year	(4,038)	5.00	5.00	-
Exercised during the year	(36,343)	5.00	5.00	-
Outstanding at the end of the year	**60,515**	**5.00**	**5.00**	**61**
Exercisable at the end of the year	**14,193**	**5.00**	**5.00**	**36**

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28. Share-based payments (continued)

	For the Year Ended March 31, 2023			
Category B — Par Value Options	**Shares arising out of options**	**Range of exercise prices**	**Weighted average exercise price**	**Weighted average remaining useful life (months)**
Outstanding at the beginning of the year	147,015	Rs. 5.00	**Rs.** 5.00	68
Granted during the year	51,270	5.00	5.00	95
Expired/forfeited during the year	(40,060)*	5.00	5.00	-
Exercised during the year	(57,329)	5.00	5.00	-
Outstanding at the end of the year	**100,896**	**Rs. 5.00**	**Rs. 5.00**	**68**
Exercisable at the end of the year	**12,467**	**Rs. 5.00**	**Rs. 5.00**	**39**

* Pursuant to approval by the Nomination, Governance and Compensation Committee, 37,268 granted options were cancelled on October 27, 2022.

The weighted average grant date fair value of options granted during the years ended March 31, 2024 and 2023 was Rs.0 and Rs.4,224, respectively. The weighted average share price on the date of allotment of options during the years ended March 31, 2024 and 2023 was Rs.5,505 and Rs.4,331 per share, respectively.

Dr. Reddy's Employees Stock Option Scheme, 2018 (the "DRL 2018 Plan")

The Company instituted the DRL 2018 Plan for all eligible employees pursuant to the special resolution approved by the shareholders at the Annual General Meeting held on July 27, 2018. The DRL 2018 Plan covers all employees and directors (excluding independent and promoter directors) of the parent company and its subsidiaries (collectively, "eligible employees"). Upon the exercise of options granted under the DRL 2018 Plan, the applicable equity shares may be issued directly by the Company to the eligible employee or may be transferred from the Dr. Reddy's Employees ESOS Trust (the "ESOS Trust") to the eligible employee. The ESOS Trust may acquire such equity shares through primary issuances by the Company and/or by way of secondary market acquisitions funded through loans from the Company. The Nomination, Governance and Compensation Committee of the Board of the parent company (the "Compensation Committee") administers the DRL 2018 Plan and grants stock options to eligible employees, but may delegate functions and powers relating to the administration of the DRL 2018 Plan to the ESOS Trust. The Compensation Committee determines which eligible employees will receive the options, the number of options to be granted, the exercise price, the vesting period and the exercise period. The vesting period is determined for all options issued on the date of grant. The options issued under the DRL 2018 Plan vest in periods ranging between the end of one and five years, and generally have a maximum contractual term of five years from vesting date.

The DRL 2018 Plan provides for option grants having an exercise price equal to the fair market value of the underlying equity shares on the date of grant as follows:

Particulars	**Number of securities to be acquired from secondary market**	**Number of securities to be issued by the Company**	**Total**
Options reserved against equity shares	2,500,000	1,500,000	4,000,000
Options reserved against ADRs	-	1,000,000	1,000,000
Total	**2,500,000**	**2,500,000**	**5,000,000**

The outstanding shares purchased from secondary market as of March 31, 2024 and 2023, are 289,791 and 371,144 shares for an aggregate consideration of Rs.991 and Rs.1,269, respectively.

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28. Share-based payments (continued)

Stock option activity under the DRL 2018 Plan during the years ended March 31, 2024 and 2023 was as follows:

	For the Year Ended March 31, 2024			
Fair Market Value Options	**Shares arising out of options**	**Range of exercise prices**	**Weighted average exercise price**	**Weighted average remaining useful life (months)**
Outstanding at the beginning of the year	366,877	Rs.2,607.00 to Rs.5,301.00	Rs. 3,574.91	69
Granted during the year	161,908	4,907.00 to 5,514.00	4,934.54	96
Expired/forfeited during the year	(29,979)	2,607.00 to 5,301.00	3,953.20	-
Exercised during the year	(81,353)	2,607.00 to 5,301.00	3,118.47	-
Outstanding at the end of the year	**417,453**	**Rs. 2,607.00 to 5,514.00**	**Rs. 4,164.02**	**70**
Exercisable at the end of the year	**77,222**	**Rs. 2,607.00 to 5,301.00**	**Rs. 3,168.59**	**36**

	For the Year Ended March 31, 2023			
Fair Market Value Options	**Shares arising out of options**	**Range of exercise prices**	**Weighted average exercise price**	**Weighted average remaining useful life (months)**
Outstanding at the beginning of the year	251,035	Rs.2,607.00 to Rs.5,301.00	Rs. 3,170.57	64
Granted during the year	189,289	3,905.80 to 4,338.00	3,931.91	95
Expired/forfeited during the year	(24,152)	2,607.00 to 5,310.00	3,510.83	-
Exercised during the year	(49,295)	2,607.00 to 3,679.00	2,918.78	-
Outstanding at the end of the year	**366,877**	**Rs.2,607.00 to Rs.5,301.00**	**Rs. 3,574.91**	**69**
Exercisable at the end of the year	**104,920**	**Rs.2,607.00 to Rs.5,301.00**	**Rs. 3,002.16**	**43**

The weighted average grant date fair value of options granted during the years ended March 31, 2024 and 2023 was Rs.1,808 and Rs.1,492 per option, respectively. The weighted average share price on the date of allotment of options during the years ended March 31, 2024 and 2023 was Rs.5,425 and Rs.4,388 per share, respectively.

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28. Share-based payments (continued)

Valuation of stock options:

The fair value of services received in return for stock options granted to employees is measured by reference to the fair value of stock options granted. The fair value of stock options granted under the DRL 2002 Plan, DRL 2007 Plan and the DRL 2018 Plan has been measured using the Black–Scholes-Merton model at the date of the grant.

The Black-Scholes-Merton model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. In respect of par value options granted, the expected term of an option (or "option life") is estimated based on the vesting term and contractual term, as well as the expected exercise behavior of the employees receiving the option. In respect of fair market value options granted, the option life is estimated based on the simplified method. Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of the Company's publicly traded equity shares. Dividend yield of the options is based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant. These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company's control.

As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in future periods, stock based compensation expense could be materially impacted in future years.

The estimated fair value of stock options is recognized in the consolidated income statement on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards.

The weighted average inputs used in computing the fair value of options granted were as follows:

	January 29, 2024
Expected volatility	25.15%
Exercise price	Rs. 5,856.00
Option life	4.5 Years
Risk-free interest rate	7.07%
Expected dividends	0.68%
Grant date share price	Rs. 5,843.70

	October 26, 2023	October 26, 2023
Expected volatility	26.12%	25.75%
Exercise price	Rs. 5,514.00	Rs. 5,514.00
Option life	5.0 Years	4.5 Years
Risk-free interest rate	7.39%	7.38%
Expected dividends	0.74%	0.74%
Grant date share price	Rs. 5,421.95	Rs. 5,421.95

	May 9, 2023	May 9, 2023
Expected volatility	27.15%	26.95%
Exercise price	Rs. 4,907.00	Rs. 4,907.00
Option life	5.5 Years	5.0 Years
Risk-free interest rate	7.02%	7.01%
Expected dividends	0.81%	0.81%
Grant date share price	Rs. 4,933.25	Rs. 4,933.25

	January 24, 2023	October 27, 2022	October 27, 2022
Expected volatility	27.73%	26.38%	28.13%
Exercise price	Rs. 4,338.00	Rs. 5.00	Rs. 4,443.00
Option life	5.0 Years	2.75 Years	5.0 Years
Risk-free interest rate	7.21%	7.09%	7.35%
Expected dividends	0.71%	0.67%	0.67%
Grant date share price	Rs. 4,253.00	Rs. 4,491.00	Rs. 4,491.00

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28. Share-based payments (continued)

	July 27, 2022	July 27, 2022
Expected volatility	28.41%	27.65%
Exercise price	Rs. 4,212.00	Rs. 5.00
Option life	5.0 Years	6.0 Years
Risk-free interest rate	7.13%	6.81%
Expected dividends	0.70%	0.70%
Grant date share price	Rs. 4,260.00	Rs. 4,260.00

	May 19, 2022	May 19, 2022	May 19, 2022
Expected volatility	28.27%	28.28%	28.32%
Exercise price	Rs. 3,906.00	Rs. 3,906.00	Rs. 3,906.00
Option life	5.5 Years	4.5 Years	5.0 Years
Risk-free interest rate	7.24%	7.13%	7.17%
Expected dividends	0.76%	0.76%	0.76%
Grant date share price	Rs. 3,929.00	Rs. 3,929.00	Rs. 3,929.00

Share-based payment expense

	For the Year Ended March 31,		
	2024	2023	2022
Equity settled share-based payment expense[1]	Rs.407	Rs.397	Rs.592
Cash settled share-based payment expense[2]	414	247	148
	Rs.821	**Rs.644**	**Rs.740**

[1] As of March 31, 2024 and 2023, there was Rs.469 and Rs.516, respectively, of total unrecognized compensation cost related to unvested stock options. This cost is expected to be recognized over a weighted-average period of 1.69 years and 1.87 years, respectively.

[2] Certain of the Company's employees are eligible to receive share based payment awards that are settled in cash. These awards vest only upon satisfaction of certain service conditions which range from 1 to 4 years. A category of these awards are also linked to the overall performance of the company. These awards entitle the employees to a cash payment on the vesting date. The amount of the cash payment is determined based on the share price of the Company at the time of vesting. As of March 31, 2024 and 2023, there was Rs.453 and Rs.222, respectively, of total unrecognized compensation cost related to unvested awards. This cost is expected to be recognized over a weighted-average period of 1.81 years and 1.99 years, respectively. This scheme does not involve dealing in or subscribing to or purchasing securities of the Company, directly or indirectly.

29. Related parties

The Company has entered into transactions with the following related parties:

Enterprises over which key management personnel have control or significant influence

- Green Park Hotel and Resorts Limited for hotel services;
- Green Park Hospitality Services Private Limited for catering and other services;
- Dr. Reddy's Foundation towards contributions for social development;
- Indus Projects Private Limited for engineering services relating to civil works;
- Dr. Reddy's Institute of Life Sciences for research and development services;
- AverQ Inc. for professional consulting services;
- Stamlo Industries Limited for hotel services;
- Iosynth Labs Private Limited for research and development services; and
- Araku Originals Private Limited for the purchase of coffee powder.

Joint Venture and Associates

- Kunshan Rotam Reddy Pharmaceuticals Company Limited for sales of goods and for research and development services provided and for dividend income received;
- DRES Energy Private Limited for the purchase of solar power and lease rentals received;
- O2 Renewable Energy IX Private Limited for an investment;

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29. Related parties (continued)

"Key management personnel" consists of the Company's Directors and members of the Company's Management Council. The Company has also entered into cancellable operating lease transactions with key management personnel and close members of their families.

Further, the Company contributes to the Dr. Reddy's Laboratories Gratuity Fund, which maintains the plan assets of the Company's Gratuity Plan for the benefit of its employees. See Note 27 of these consolidated financial statements for information on transactions between the Company and the Gratuity Fund.

The following is a summary of significant related party transactions:

	For the Year Ended March 31,		
	2024	2023	2022
Transactions with enterprises over which KMP have control or significant influence			
Contributions towards social development	Rs. 587	Rs. 482	Rs. 230
Catering expenses paid	454	367	319
Research and development services received	214	134	122
Purchase of solar power	123	121	124
Hotel expenses paid	67	35	18
Facility management services paid	46	39	36
Lease rentals paid	37	39	39
Salaries to relatives of key management personnel	15	16	12
Civil works	13	33	52
Lease rentals received	1	1	1
Others	1	5	-
Professional consultancy services paid	-	2	75
Transactions with Joint Venture and Associates			
Dividend income received	445	-	-
Research and development services provided	83	62	57
Sale of goods	21	110	21
Investment in associate	12	-	-

The Company had the following amounts due from related parties:

	As of March 31,	
	2024	2023
Kunshan Rotam Reddy Pharmaceuticals Company Limited	Rs. 49	Rs. -
Key management personnel and close members of their families	8	8
Other related parties	-	1

The Company had the following amounts due to related parties:

	As of March 31,	
	2024	2023
DRES Energy Private Limited	Rs. 14	Rs. 3
Green Park Hospitality Services Private Limited	4	9
Indus Projects Private Limited	4	3
Stamlo Industries Limited	1	-
Other related parties	1	2

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29. Related parties (continued)

The following table describes the components of compensation paid or payable to key management personnel for the services rendered during the applicable year ended:

	For the Year Ended March 31,		
	2024	2023	2022
Salaries and other benefits	Rs. 891	Rs. 912	Rs. 627
Contributions to defined contribution plans	36	30	30
Commission to directors	416	378	305
Share-based payments expense	182	194	214
	Rs. 1,525	**Rs. 1,514**	**Rs. 1,176**

Some of the key management personnel of the Company are also covered under the Company's Gratuity Plan along with the other employees of the Company. Proportionate amounts of gratuity accrued under the Company's Gratuity Plan have not been separately computed or included in the above disclosure.

30. Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments as of March 31, 2024 and 2023, respectively were as follows:

		As of March 31, 2024		As of March 31, 2023	
	Category	Total carrying value	Total fair value	Total carrying value	Total fair value
Assets:					
Cash and cash equivalents	Amortized cost	Rs. 7,107	Rs. 7,107	Rs. 5,779	Rs. 5,779
Other investments	Refer to Note 8	75,422	75,422	56,678	56,678
Trade and other receivables	Amortized cost	80,298	80,298	72,485	72,485
Derivative financial instruments	FVTPL	169	169	1,232	1,232
Other assets[1]	Amortized cost	3,594	3,594	5,678	5,678
Total		**Rs. 166,590**	**Rs. 166,590**	**Rs. 141,852**	**Rs. 141,852**
Liabilities:					
Trade and other payables	Amortized cost	Rs. 30,919	Rs. 30,919	Rs. 26,444	Rs. 26,444
Derivative financial instrument	FVTPL	468	468	137	137
Long-term borrowings	Amortized cost	7,297	7,297	6,082	6,082
Short-term borrowings	Amortized cost	12,723	12,723	7,390	7,390
Other liabilities and provisions[2]	See below discussion in this Note 30	30,575	30,575	26,210	26,210
Total		**Rs. 81,982**	**Rs. 81,982**	**Rs. 66,263**	**Rs. 66,263**

(1) Other assets that are not financial assets (such as receivables from statutory authorities, government incentives receivable, prepaid expenses, advances paid and certain other receivables) of Rs.20,598 and Rs.15,191 as of March 31, 2024 and 2023, respectively, are not included.

(2) Other liabilities and provisions that are not financial liabilities (such as statutory dues payable, deferred revenue, advances from customers and others) of Rs.21,735 and Rs.21,623 as of March 31, 2024 and 2023, respectively, are not included.

Other liabilities and provisions includes amount measured at amortized cost of Rs.30,388 and Rs.26,023 as of March 31, 2024 and 2023, respectively, and contingent consideration measured at FVTPL of Rs.187 and Rs.187 as of March 31, 2024 and 2023, respectively.

For trade receivables, trade payables, other assets and payables maturing within one year from the reporting date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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30. Financial instruments (continued)

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2024:

Particulars	Level 1	Level 2	Level 3	Total
FVTPL - Financial asset - Investments in units of mutual funds	Rs. 40,597	Rs. -	Rs. -	Rs. 40,597
FVTPL - Financial asset - Investment in limited liability partnership firm[2]	-	-	644	644
FVTPL - Financial asset - Investments in equity securities	135	-	1	136
FVTPL – Financial asset – Investments in others	-	-	166	166
FVTOCI - Financial asset - Investments in equity securities	249	-	-	249
Derivative financial instruments – net (loss)/gain on outstanding foreign exchange forward, option and swap contracts and interest rate swap contracts[1]	-	(299)	-	(299)

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2023:

Particulars	Level 1	Level 2	Level 3	Total
FVTPL - Financial asset - Investments in units of mutual funds	Rs. 38,180	Rs. -	Rs. -	Rs. 38,180
FVTPL - Financial asset - Investment in limited liability partnership firm[2]	-	-	378	378
FVTPL - Financial asset - Investments in equity securities	70	-	1	71
FVTOCI - Financial asset - Investments in equity securities	281	-	-	281
FVTOCI - Financial asset - Investments in market linked debentures	994	-	-	994
Derivative financial instruments – net gain/(loss) on outstanding foreign exchange forward, option and swap contracts and interest rate swap contracts[1]	-	1,095	-	1,095

(1) The Company enters into derivative financial instruments with various counterparties, principally financial institutions and banks. Derivatives which are valued using valuation techniques with market observable inputs are mainly interest rate swaps, foreign exchange forward option and swap contracts. The most frequently applied valuation techniques include forward pricing, swap models and Black-Scholes-Merton models (for option valuation), using present value calculations. The models incorporate various inputs, including foreign exchange forward rates, interest rate curves and forward rate curves.

(2) Fair value of these instruments is determined based on an independent valuation report, which uses the net asset value method.

As of March 31, 2024 and 2023, the changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

Derivative financial instruments

The Company had a derivative financial asset and derivative financial liability of Rs.169 and Rs.468, respectively, as of March 31, 2024, as compared to derivative financial asset and derivative financial liability of Rs.1,232 and Rs.137, respectively, as of March 31, 2023, towards these derivative financial instruments.

Details of gain/(loss) recognized in respect of derivative contracts

The following table presents details in respect of the gain/(loss) recognized in respect of derivative contracts to hedge highly probable forecast transactions during the applicable year ended:

	For the Year Ended March 31,		
	2024	2023	2022
Net (loss)/gain recognized in finance costs in respect of foreign exchange derivative contracts and cross currency interest rate swaps contracts	Rs. (9)	Rs. 62	Rs. 245
Net (loss)/gain recognized in OCI in respect of hedges of highly probable forecast transactions. (Net of amounts reclassified from OCI and recognized as component of revenue)	(470)	(905)	883
Net gain/(loss) reclassified from OCI and recognized as component of revenue upon occurrence of forecasted transaction	1,368	(4,375)	525

The net carrying amount of the Company's "hedging reserve" as a component of equity before adjusting for tax impact was a gain of Rs.91 as of March 31, 2024, compared to a gain of Rs.379 as of March 31, 2023.

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30. Financial instruments (continued)

Outstanding foreign exchange derivative contracts

The following table gives details in respect of the notional amount of outstanding foreign exchange derivative contracts as of March 31, 2024.

Category	Instrument	Currency[1]	Cross Currency[1]	Amounts	Buy/Sell
Hedges of recognized assets and liabilities	Forward contract	RUB	INR	RUB 1,227	Sell
	Forward contract	U.S.$	INR	U.S.$ 445	Sell
	Forward contract	ZAR	INR	ZAR 133	Sell
	Forward contract	GBP	INR	GBP 17	Sell
	Forward contract	AUD	INR	AUD 7	Sell
	Forward contract	EUR	INR	EUR 5	Sell
	Forward contract	U.S.$	BRL	U.S.$ 6	Buy
	Forward contract	U.S.$	CLP	U.S.$ 3	Buy
	Forward contract	U.S.$	COP	U.S.$ 11	Buy
	Forward contract	U.S.$	RON	U.S.$ 20	Buy
	Forward contract	EUR	U.S.$	EUR 99	Buy
	Forward contract	GBP	U.S.$	GBP 55	Buy
	Forward contract	U.S.$	AUD	U.S.$ 4	Buy
	Option contract	U.S.$	INR	U.S.$ 20	Sell
	Option contract	RUB	U.S.$	RUB 2000	Sell
	Currency Swap	EUR	BRL	EUR 7	Buy
Hedges of highly probable forecast transactions	Forward contract	U.S.$	INR	U.S.$ 11	Sell
	Forward contract	RUB	INR	RUB 1,500	Sell
	Option contract	U.S.$	INR	U.S.$ 903	Sell
	Option contract	RUB	U.S.$	RUB 1,050	Sell

The following table gives details in respect of the notional amount of outstanding foreign exchange derivative contracts as of March 31, 2023.

Category	Instrument	Currency[1]	Cross Currency[1]	Amounts	Buy/Sell
Hedges of recognized assets and liabilities	Forward contract	AUD	INR	AUD 10	Sell
	Forward contract	GBP	INR	GBP 13	Sell
	Forward contract	RUB	INR	RUB 2,614	Sell
	Forward contract	U.S.$	INR	U.S.$ 456	Sell
	Forward contract	U.S.$	MXN	U.S.$ 10	Buy
	Forward contract	ZAR	INR	ZAR 84	Sell
	Forward contract	U.S.$	RON	U.S.$ 21	Buy
	Forward contract	U.S.$	AUD	U.S.$ 4	Buy
	Forward contract	EUR	U.S.$	EUR 65	Buy
	Forward contract	GBP	U.S.$	GBP 52	Buy
	Forward contract	U.S.$	CLP	U.S.$ 3	Buy
	Forward contract	U.S.$	COP	U.S.$ 9	Buy
	Forward contract	U.S.$	BRL	U.S.$ 2	Buy
	Forward contract	EUR	INR	EUR 1	Sell
	Forward contract	CAD	INR	CAD 2	Sell
	Option contract	U.S.$	INR	U.S.$ 45	Sell
Hedges of highly probable forecast transactions	Forward contract	AUD	INR	AUD 4	Sell
	Forward contract	RUB	INR	RUB 3,380	Sell
	Forward contract	U.S.$	INR	U.S.$ 172	Sell
	Option contract	RUB	U.S.$	RUB 4,000	Sell
	Option contract	U.S.$	INR	U.S.$ 657	Sell

(1) "AUD" means Australian dollars, "BRL" means Brazilian reals, "CAD" means Canadian dollars, "COP" means Colombian pesos, "CLP" means Chilean pesos, "EUR" means Euros, "GBP" means U.K. pounds sterling, "INR" means Indian rupees, "MXN" means Mexican pesos, "RON" means Romanian new leus, "RUB" means Russian roubles, "U.S.$" means United States dollars and "ZAR" means South African rands.

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30. Financial instruments (continued)

The table below summarizes the periods when the cash flows associated with highly probable forecast transactions that are classified as cash flow hedges are expected to occur:

	As of March 31,	
	2024	2023
Cash flows in U.S dollars		
Not later than one month	Rs. 7,256	Rs. 5,505
Later than one month and not later than three months	14,512	11,011
Later than three months and not later than six months	19,267	16,516
Later than six months and not later than one year	34,279	30,568
	Rs. 75,315	**Rs. 63,600**
Cash flows in Russian roubles		
Not later than one month	Rs. 767	Rs. 560
Later than one month and not later than three months	1,535	1,665
Later than three months and not later than six months	-	4,545
Later than six months and not later than one year	-	1,030
	Rs. 2,302	**Rs. 7,800**
Cash flows in Australian dollars		
Not later than one month	Rs. -	Rs. -
Later than one month and not later than three months	-	28
Later than three months and not later than six months	-	55
Later than six months and not later than one year	-	149
	Rs. -	**Rs. 232**

Hedges of changes in the interest rates:

Consistent with its risk management policy, the Company uses interest rate swaps (including cross currency interest rate swaps) to mitigate the risk of changes in interest rates. The Company does not use them for trading or speculative purposes.

A net gain/(loss) of Rs.0 for each of the years ended March 31, 2024, 2023 and 2022, representing the changes in the fair value of interest rate swaps used as hedging instrument in a cash flow hedge is recognized in the statement of comprehensive income. For balance interest rate swaps, the changes in fair value (including cross currency interest rate swaps) are recognized as part of the finance costs. Accordingly, the Company has recorded, as part of finance cost, a net (loss)/gain of Rs.(77), Rs.0 and Rs.32 or the years ended March 31, 2024, 2023 and 2022, respectively.

31. Financial risk management

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

a. Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

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31. Financial risk management (continued)

Foreign exchange risk

The Company is exposed to exchange rate risk which arises from its foreign exchange revenues and expenses, primarily in U.S. dollars, U.K. pounds sterling, Russian roubles, Brazilian reals, Swiss francs, South African rands, Kazakhstan tenges, Romanian new leus, Australian dollars and Euros, and foreign currency debt in U.S. dollars, Russian roubles, Mexican pesos, Ukrainian hryvnias, Euro and Brazilian reals. A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues measured in Indian rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses both derivative and non-derivative financial instruments, such as foreign exchange forward contracts, option contracts, currency swap contracts and foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecast transactions and recognized assets and liabilities.

The details in respect of the outstanding foreign exchange forward contracts, option contracts and currency swaps are given in Note 30 to these consolidated financial statements.

In respect of the Company's forward, option contracts and currency swaps, a 10% decrease/increase in the respective exchange rates of each of the currencies underlying such contracts would have resulted in:

- a Rs.7,041/(7,269) increase/(decrease) in the Company's hedging reserve and a Rs.2,203/(2,315) increase/(decrease) in the Company's profit from such contracts, as of March 31, 2024;
- a Rs.5,902/(5,905) increase/(decrease) in the Company's hedging reserve and a Rs.3,118/(3,118) increase/(decrease) in the Company's profit from such contracts, as of March 31, 2023; and
- a Rs.3,169/(2,937) increase/(decrease) in the Company's hedging reserve and a Rs.5,378/(5,375) increase/(decrease) in the Company's profit from such contracts, as of March 31, 2022.

The following table analyzes foreign currency risk from non-derivative financial instruments as of March 31, 2024:

	U.S. dollars	Euro	Russian roubles	Others[1]	Total
Assets:					
Cash and cash equivalents	Rs. 336	Rs. 200	Rs. 70	Rs. 70	Rs. 676
Other investments	415	-	-	-	415
Trade and other receivables	60,435	246	1,161	279	62,121
Other assets	247	5	3	17	272
Total	**Rs. 61,433**	**Rs. 451**	**Rs. 1,234**	**Rs. 366**	**Rs. 63,484**
Liabilities:					
Trade and other payables	Rs. 10,700	Rs. 2,614	Rs. 468	Rs. 332	Rs. 14,114
Short-term borrowings	-	646	-	-	646
Long-term borrowings	1,165	207	16	78	1,466
Other liabilities and provisions	9,334	-	549	393	10,276
Total	**Rs. 21,199**	**Rs. 3,467**	**Rs. 1,033**	**Rs. 803**	**Rs. 26,502**

[1] Others primarily consists of Romanian new leus, Chinese yuans (Renminbi), U.K. pounds sterling and Japanese yen.

The following table analyzes foreign currency risk from non-derivative financial instruments as of March 31, 2023:

	U.S. dollars	Euro	Russian roubles	Others[1]	Total
Assets:					
Cash and cash equivalents	Rs. 2,613	Rs. 228	Rs. 60	Rs. 131	Rs. 3,032
Other investments	6,263	-	-	-	6,263
Trade and other receivables	51,106	266	978	294	52,644
Other assets	627	31	1,250	14	1,922
Total	**Rs. 60,609**	**Rs. 525**	**Rs. 2,288**	**Rs. 439**	**Rs. 63,861**
Liabilities:					
Trade and other payables	Rs. 9,745	Rs. 2,496	Rs. 530	Rs. 302	Rs. 13,073
Long-term borrowings	1,346	90	19	102	1,557
Other liabilities and provisions	8,433	81	104	540	9,158
Total	**Rs. 19,524**	**Rs. 2,667**	**Rs. 653**	**Rs. 944**	**Rs. 23,788**

[1] Others primarily consists of U.K. pounds sterling, Swiss francs, Romanian new leus, Chinese yuans (Renminbi), Canadian dollars and Ukrainian hryvnia.

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31. Financial risk management (continued)

For the years ended March 31, 2024 and 2023, every 10% depreciation/appreciation in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would affect the Company's net profit by Rs.3,698 and Rs.4,007, respectively.

Interest rate risk

As of March 31, 2024, the Company had loans with floating interest rates as follows:

(3) Rs.2,500 of loans carrying a floating interest rate of the 3 Months T-bill plus 5 bps;
(4) Rs.4,600 of loans carrying a floating interest rate of the 3 Months T-bill + 10 bps;
(5) Rs.3,800 of loans carrying a floating interest rate of the 3 Months T-bill + 84 bps;
(6) Rs.2,302 of loans carrying a floating interest rate of the Key Rate + 253 bps to 276 bps; and
(7) Rs.2,673 of loans carrying a floating interest rate of TIIE+1.35%.

As of March 31, 2023, the Company had Rs.648 of loans carrying a floating interest rate of CDI+1.2% and Rs.2,414 of loans carrying a floating interest rate of TIIE+1.15%.

For details of the Company's short-term and long-term loans and borrowings, including interest rate profiles, refer to Note 17 of these consolidated financial statements.

For the years ended March 31, 2024, 2023 and 2022, every 10% increase or decrease in the floating interest rate component applicable to its loans and borrowings would affect the Company's net profit by Rs.144, Rs.37 and Rs.89, respectively.

The carrying value of the Company's borrowings, interest component of which was designated in a cash flow hedge, was Rs.0 as of March 31, 2024 and 2023.
The Company's investments in term deposits (i.e., certificates of deposit) with banks and short-term liquid mutual funds are for short durations, and therefore do not expose the Company to significant interest rates risk.

Note that "Key rate" means the key interest rate published by the Central Bank of Russia, "TIIE" means the Equilibrium Inter-banking Interest Rate (Tasa de Interés Interbancaria de Equilibrio) and "T-bill" means India Treasury bill.

Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Company's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Company's active pharmaceutical ingredients business are generally more volatile. Cost of raw materials forms the largest portion of the Company's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of March 31, 2024, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

b. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

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31. Financial risk management (continued)

Details of financial assets – not due, past due and impaired

None of the Company's cash equivalents, including term deposits (i.e., certificates of deposit) with banks, were past due or impaired as of March 31, 2024 and March 31, 2023. The Company's credit period for trade and other receivables payable by its customers generally ranges from 20 - 180 days.

The aging of trade and other receivables is given below:

	As of March 31,	
Particulars	**2024**	**2023**
Neither past due nor impaired	Rs. 71,350	Rs. 65,528
Past due		
Less than 365 days	8,648	7,092
More than 365 days	412	-
Past due – impaired		
Less than 365 days	32	-
More than 365 days	1,307	1,123
	Rs. **81,749**	Rs. **73,743**
Less : Allowance for credit losses	(1,451)	(1,258)
Total	Rs. **80,298**	Rs. **72,485**

See Note 9 of these consolidated financial statements for the activity in the allowance for credit losses on trade and other receivables.

Other than trade and other receivables, the Company has no significant class of financial assets that is past due but not impaired.

c. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

As of March 31, 2024 and 2023, the Company had uncommitted lines of credit from banks of Rs.61,131 and Rs.68,516, respectively.

As of March 31, 2024, the Company had working capital of Rs.152,010, including cash and cash equivalents of Rs.7,107, investments in term deposits with banks, bonds and commercial papers of Rs.33,599 and investments in units of mutual funds of Rs.40,597.

As of March 31, 2023, the Company had working capital of Rs.121,095, including cash and cash equivalents of Rs.5,779, investments in term deposits with banks, bonds, market linked debentures and commercial papers, of Rs.17,739 and investments in units of mutual funds of Rs.38,180.

The table below provides details regarding the contractual maturities of significant financial liabilities (other than long-term borrowings and obligations under leases, which have been disclosed in Note 17 to these consolidated financial statements) as of March 31, 2024:

Particulars	**2025**	**2026**	**2027**	**2028**	**Thereafter**	**Total**
Trade and other payables	Rs. 30,919	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 30,919
Bank overdraft, short-term borrowings	12,723	-	-	-	-	12,723
Derivative financial instruments	468	-	-	-	-	468
Other liabilities and provisions	29,747	-	-	-	828	30,575

The table below provides details regarding the contractual maturities of significant financial liabilities (other than long-term borrowings and obligations under leases, which have been disclosed in Note 17 to these consolidated financial statements) as of March 31, 2023:

Particulars	**2024**	**2025**	**2026**	**2027**	**Thereafter**	**Total**
Trade and other payables	Rs. 26,444	Rs. -	Rs. -	Rs. -	Rs. -	Rs. 26,444
Bank overdraft, short-term borrowings	7,390	-	-	-	-	7,390
Derivative financial instruments	137	-	-	-	-	137
Other liabilities and provisions	25,394	-	-	-	816	26,210

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32. Contingencies

The Company is involved in disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, investigations and proceedings (collectively, "Legal Proceedings"), including patent and commercial matters that arise from time to time in the ordinary course of business. Most of the claims involve complex issues. Often, these issues are subject to uncertainties and therefore the probability of a loss, if any, being sustained and an estimate of the amount of any loss is often difficult to ascertain. Consequently, for a majority of these claims, it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings. This is due to a number of factors, including: the stage of the proceedings (in many cases trial dates have not been set) and the overall length and extent of pre-trial discovery; the entitlement of the parties to an action to appeal a decision; clarity as to theories of liability; damages and governing law; uncertainties in timing of litigation; and the possible need for further legal proceedings to establish the appropriate amount of damages, if any. In these cases, the Company, based on internal and external legal advice, assesses the need to make a provision or discloses information with respect to the nature and facts of the case.

The Company also believes that disclosure of the amount sought by plaintiffs, if that is known, would not be meaningful with respect to those legal proceedings.

Although there can be no assurance regarding the outcome of any of the Legal Proceedings referred to in this Note, the Company does not expect them to have a materially adverse effect on its financial position, results of operations or cash flows, as it believes that the likelihood of loss in excess of amounts accrued (if any) is not probable. However, if one or more of such Legal Proceedings were to result in judgments against the Company, such judgments could be material to its results of operations or cash flows in a given period.

Product and patent related matters

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32. Contingencies (continued)

Matters relating to National Pharmaceutical Pricing Authority

Norfloxacin, India litigation

The Company manufactures and distributes Norfloxacin, a formulations product, and in limited quantities, the active pharmaceutical ingredient norfloxacin. Under the Drugs (Prices Control) Order (the "DPCO"), the National Pharmaceutical Pricing Authority (the "NPPA") established by the Government of India had the authority to designate a pharmaceutical product as a "specified product" and fix the maximum selling price for such product. In 1995, the NPPA issued a notification and designated Norfloxacin as a "specified product" and fixed the maximum selling price. In 1996, the Company filed a statutory Form III before the NPPA for the upward revision of the maximum selling price and a writ petition in the Andhra Pradesh High Court (the "High Court") challenging the validity of the designation on the grounds that the applicable rules of the DPCO were not complied with while fixing the maximum selling price. The High Court had previously granted an interim order in favour of the Company; however, it subsequently dismissed the case in April 2004.

The Company filed a review petition in the High Court in April 2004 which was also dismissed by the High Court in October 2004. Subsequently, the Company appealed to the Supreme Court of India, New Delhi (the "Supreme Court") by filing a Special Leave Petition.

During the year ended March 31, 2006, the Company received a notice from the NPPA demanding the recovery of the price charged by the Company for sales of Norfloxacin in excess of the maximum selling price fixed by the NPPA, which was Rs.285 including interest.

The Company filed a writ petition in the High Court challenging this demand order. The High Court admitted the writ petition and granted an interim order, directing the Company to deposit 50% of the principal amount claimed by the NPPA, which was Rs.77. The Company deposited this amount with the NPPA in November 2005. In February 2008, the High Court directed the Company to deposit an additional amount of Rs.30, which was deposited by the Company in March 2008. In November 2010, the High Court allowed the Company's application to include additional legal grounds that the Company believed strengthened its defence against the demand.

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32. Contingencies (continued)

Norfloxacin, India litigation (continued)

For example, the Company added as grounds that trade margins should not be included in the computation of amounts overcharged, and that it was necessary for the NPPA to set the active pharmaceutical ingredient price before the process of determining the ceiling on the formulation price. In October 2013, the Company filed an additional writ petition before the Supreme Court challenging the inclusion of Norfloxacin as a "specified product" under the DPCO. In January 2015, the NPPA filed a counter affidavit stating that the inclusion of Norfloxacin was based upon the recommendation of a committee consisting of experts in the field. On July 20, 2016, the Supreme Court remanded the matters concerning the inclusion of Norfloxacin as a "specified product" under the DPCO back to the High Court for further proceedings. During the three months ended September 30, 2016, the Supreme Court dismissed the Special Leave Petition pertaining to the fixing of prices for Norfloxacin formulations.

During the three months ended December 31, 2016, a writ petition pertaining to Norfloxacin was filed by the Company with the Delhi High Court. In addition, the Company have filed writ petitions challenging the inclusion and designation of Theophylline/Doxofylline, Cloxacillin and Ciprofloxacin as "specified products" as per DPCO 1995 and the related Demand Notices issued thereunder. The matters are tagged along with the Norfloxacin matter and have been adjourned to July 19, 2024 for hearing.

Based on its best estimate, the Company has recorded a provision for potential liability for sale proceeds in excess of the notified selling prices, including the interest thereon, and believes that the likelihood of any further liability that may arise on account of penalties pursuant to this litigation is not probable.

Litigation relating to Cardiovascular and Anti-diabetic formulations

In July 2014, the NPPA, pursuant to the guidelines issued in May 2014 and the powers granted by the Government of India under the Drugs (Price Control) Order, 2013, issued certain notifications regulating the prices for 108 formulations in the cardiovascular and antidiabetic therapeutic areas. The Indian Pharmaceutical Alliance ("IPA"), in which the Company is a member, filed a writ petition in the Bombay High Court challenging the notifications issued by the NPPA on the grounds that they were ultra vires, ex facie and ab initio void. The Bombay High Court issued an order to stay the writ in July 2014. On September 26, 2016, the Bombay High Court dismissed the writ petition filed by the IPA and upheld the validity of the notifications/orders passed by the NPPA in July 2014. Further, on October 25, 2016, the IPA filed a Special Leave Petition with the Supreme Court, which was dismissed by the Supreme Court.

During the three months ended December 31, 2016, the NPPA issued show-cause notices relating to allegations that the Company exceeded the notified maximum prices for 11 of its products. The Company has responded to these notices.

On March 20, 2017, the IPA filed an application before the Bombay High Court for the recall of the judgment of the Bombay High Court dated September 26, 2016. This recall application filed by the IPA was dismissed by the Bombay High Court on October 4, 2017. Further, on December 13, 2017, the IPA filed a Special Leave Petition with the Supreme Court for the recall of the judgment of the Bombay High Court dated October 4, 2017, which was dismissed by Supreme Court on January 10, 2018.

During the three months ended March 31, 2017, the NPPA issued notices to the Company demanding payments relating to the foregoing products for the allegedly overcharged amounts, along with interest. On July 13, 2017, in response to a writ petition which the Company had filed, the Delhi High Court set aside all the demand notices of the NPPA and directed the NPPA to provide a personal hearing to the Company and pass a speaking order. A personal hearing in this regard was held on July 21, 2017. On July 27, 2017, the NPPA passed a speaking order along with the demand notice directing the Company to pay an amount of Rs.776. On August 3, 2017, the Company filed a writ petition challenging the speaking order and the demand notice. Upon hearing the matter on August 8, 2017, the Delhi High Court stayed the operation of the demand order and directed the Company to deposit Rs.100 and furnish a bank guarantee for Rs.676. Pursuant to the order, the Company deposited Rs.100 on September 13, 2017 and submitted a bank guarantee of Rs.676 dated September 15, 2017 to the Registrar General, Delhi High Court. On November 22, 2017, the Delhi High Court directed the Union of India to file a final counter affidavit within six weeks, subsequent to which the Company could file a rejoinder. On May 10, 2018, the counter affidavit was filed by the Union of India. The Company subsequently filed a rejoinder and both were taken on record by the Delhi High Court. The matter has been adjourned to July 31, 2024 for hearing.

Based on its best estimate, the Company has recorded a cumulative provision of Rs.437 (Rs.395 up to March 31, 2023) under "Selling, general and administrative expenses" as a potential liability for sale proceeds in excess of the notified selling prices, including the interest thereon, and believes that the likelihood of any further liability that may arise on account of penalties pursuant to this litigation is not probable.

However, if the Company is unsuccessful in such litigation, it will be required to remit the sale proceeds in excess of the notified selling prices to the Government of India with interest and could potentially include penalties, which amounts are not readily ascertainable.

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32. Contingencies (continued)

Other product and patent related matters

Ranitidine recall and litigation

On October 1, 2019, the Company initiated a voluntary nationwide recall (at the retail level for over-the-counter products and at the consumer level for prescription products) of its ranitidine medications sold in the United States due to the presence of N-Nitrosodimethylamine ("NDMA") above levels established by the U.S. FDA. On November 1, 2019, the U.S. FDA issued a statement indicating that it had found levels of NDMA in ranitidine from its testing generally that were "similar to the levels you would expect to be exposed to if you ate common foods like grilled or smoked meats." See https://www.fda.gov/news-events/press-announcements/statement-new-testing-results-including-low-levels-impurities-ranitidine-drugs . On April 1, 2020, the U.S. FDA issued a press release announcing that it was requesting manufacturers to withdraw all prescription and over-the-counter ranitidine drugs from the market immediately. See https://www.fda.gov/news-events/press-announcements/fda-requests-removal-all-ranitidine-products-zantac-market.

Individual federal court personal injury lawsuits, as well as various class actions, were transferred to the In re Zantac (Ranitidine) Products Liability Litigation Multidistrict Litigation in the Southern District of Florida, MDL-2924 ("MDL-2924"). The Company and/or one or more of its U.S. subsidiaries have been named as a defendant in over 3,275 lawsuits in MDL-2924. Approximately 3,000 of those cases have been filed since the MDL-2924 Court's Daubert ruling which triggered a deadline for filings by claimants in the census registry who agreed to file their lawsuits in federal court. The census registry established in MDL-2924 included tens of thousands of claimants who did not file complaints but preserved claims against the many pharmaceutical manufacturer, distributor and retailer defendants in MDL-2924. In August of 2022, the defendants exited all registry plaintiffs alleging non-designated cancers (i.e. types of cancers that are not being pursued by plaintiffs' leadership in the MDL-2924) and all registry plaintiffs alleging designated cancers who did not commit to filing a complaint in federal court. As a result, state court filings commenced. MDL-2924 also involves a proposed nationwide consumer class action and a proposed nationwide class action for medical monitoring. A third-party payor class action was dismissed without prejudice. On November 7, 2022, that dismissal was affirmed by the U.S. Court of Appeals for the Eleventh Circuit.

On December 31, 2020, the MDL-2924 Court ruled on multiple motions to dismiss in MDL-2924 and granted the generic manufacturers' (the Company is a generic manufacturer) motion to dismiss based on federal preemption. The plaintiffs' failure-to-warn and design defect claims against the Company were dismissed with prejudice, but the Court permitted plaintiffs to attempt to replead several claims/theories. Plaintiffs filed their amended complaints and the defendants, including the Company, filed motions to dismiss seeking dismissal of all claims against them on March 24, 2021. On July 8, 2021, the Court dismissed all claims, including the proposed nationwide consumer class action and proposed nationwide class action for medical monitoring, against the Company and other generic manufacturers with prejudice based on federal preemption. The MDL-2924 Court's dismissal decisions have been piecemeal appealed by plaintiffs to the U.S. Court of Appeals for the Eleventh Circuit, resulting in at least five rounds of appeals. Motions to dismiss rounds two and three of plaintiffs' appeals were filed, but no merits briefing or oral argument occurred. In addition, rounds two and three of plaintiffs' appeals were stayed in light of three separate bankruptcy proceedings involving co-defendants Par Pharmaceuticals (a subsidiary of Endo), Lannett Co. and Rite Aid.

While the generic manufacturer defendants were previously dismissed with prejudice from MDL-2924 on federal preemption grounds, the brand manufacturer defendants were not dismissed, and therefore continued to litigate. Following substantial briefing and argument, on December 6, 2022, the MDL-2924 Court entered an Omnibus Order on All Pending Daubert Motions and Defendants' Summary Judgment Motion. In so doing, the Court granted brand defendants' motions to exclude plaintiffs' expert witnesses and entered summary judgment in favor of the brand defendants as to all claims involving bladder, esophageal, gastric, liver, and pancreatic cancers (the "designated cancers"). The MDL-2924 Court then set a deadline of April 12, 2023 for plaintiffs to identify whether they plan to provide general causation expert reports as to any non-designated cancers. On July 14, 2023, the MDL-2924 Court entered an Order dismissing all non-designated cancer cases with prejudice as to all defendants (including generics) based on plaintiffs' failure to comply with prior Court Orders regarding the disclosure of experts. In addition, the MDL-2924 Court issued an order to show cause why summary judgment should not be entered for designated cancers as to all defendants and an order to show cause why summary judgment should not be entered against all plaintiffs for designated cancers, regardless of the date the case was filed. Briefing on the show cause orders took place in April and May of 2023. On May 15, 2023, the MDL-2924 Court issued an order entering summary judgment pursuant to rule 56(f), granting summary judgment on the basis of Daubert as to all defendants (including generics) in all cases alleging designated cancers filed before May 5, 2023. The MDL-2924 Court also issued a Third Order to Show Cause pertaining to the economic class action complaint, and dismissed all economic loss class action cases on July 26, 2023 for lack of standing. Since the MDL-2924 Court's Daubert decision, more than a thousand plaintiffs have filed Notices of Appeal. The MDL-2924 Court issued an indicative ruling, finding that, if the United States Court of Appeals for the 11th Circuit (the "11th Circuit") returns jurisdiction to the MDL-2924 District Court, it would grant summary judgment in favor of the generic defendants based on Daubert as to the designated cancers. In light of the indicative ruling, the non-brand defendants asked the 11th Circuit to remand the pending appeals back to the MDL-2924 Court, and the plaintiffs opposed. On September 8, 2023, the 11th Circuit severed the bankrupt defendant Par Pharmaceuticals and remanded all appeals of cases naming brands and generics ("mixed-use cases") in the second, third, and fourth round of appeals back to the MDL-2924 Court. On September 26, 2023, the MDL-2924 Court entered Rule 58 judgment in favor of all defendants (excluding severed bankrupt defendant Par Pharmaceuticals) as to all designated cancer cases. The Court ordered further briefing regarding entry of final judgment in non-designated cancer cases that were on appeal but now have been remanded. On November 14, 2023, the MDL-2924 Court entered Rule 58 judgment in favor of all non-brand defendants (except for bankrupt Par), in non-designated cancer cases that had been appealed and remanded following the indicative ruling. The 11th Circuit consolidated another set of appeals, representing a fifth round, under lead plaintiff Townsend. So far, the fifth round involves mostly brand-only cases along with a limited number of mixed-use cases.

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32. Contingencies (continued)

Other product and patent related matters (continued)

Ranitidine recall and litigation (continued)

The defendants have not yet moved to remand the mixed-use case appeals lead plaintiff Townsend. On December 26, 2023, the 11th Circuit consolidated the appeals arising from the MDL-2924 for disposition before the same panel. The Court ordered the parties to brief generic preemption separately, but on the same schedule with all the other issues on appeal.

Several ranitidine-related actions are currently pending against the Company in state courts. The New Mexico State Attorney General filed suit against the Company's U.S. subsidiary, and multiple other manufacturers and retailers. The State of New Mexico asserted claims of statutory and common law public nuisance and negligence against the Company. The Company joined in an effort to transfer the case from the Santa Fe County Court to MDL-2924, but the case was remanded by the MDL-2924 Court to the Santa Fe County Court. Plaintiff filed an amended complaint on April 16, 2021. The defendants' motions to dismiss, including the Company's federal preemption motion to dismiss, were denied. The case is currently in the discovery stage. Trial has been scheduled on or after September 15, 2025, however the parties filed a joint motion, not yet adjudicated, to continue scheduling order deadlines, including the September 15, 2025 trial date. In November 2020, the City of Baltimore filed a similar action against the Company's U.S. subsidiary, and multiple other manufacturers and retailers. The City of Baltimore asserted public nuisance and negligence claims against the Company. The City of Baltimore action also was transferred to MDL-2924 and subsequently was remanded to the Circuit Court of Maryland. The City of Baltimore filed an amended complaint, which the defendants moved to dismiss. The Company's federal preemption motion to dismiss was granted in February 2022 and it is not currently a defendant in the case. In January 2021, the Company was served in a Proposition 65 case filed by the Center for Environmental Health ("CFEH") in the Superior Court of Alameda County, California. The plaintiff purports to bring the case on behalf of the people of California and alleges that the Company violated Proposition 65, a California law requiring manufacturers to disclose the presence of carcinogens in consumer products. The Company and other defendants filed demurrers (motions to dismiss) in the case, and on May 7, 2021 the Court granted the generic manufacturer defendants' demurrers without leave to amend the pleadings. CFEH appealed that decision and appellate briefing is completed. Oral argument took place on March 1, 2023. On March 9, 2023, the appellate court affirmed dismissal of the generic manufacturer defendants. The plaintiff sought appellate review from the California Supreme Court. On June 21, 2023, the Supreme Court of California denied plaintiff's petition for review and plaintiff's request for depublication of the appellate court's decision.

As mentioned, a large number of claimants were exited from the MDL-2924 census registry by the defendants. As a result, more than 360 plaintiffs have filed suit against the Company in California, Illinois, New Jersey, New York, and Pennsylvania state courts. Generally, they allege, among other things, failure to warn, design defect and negligence. More state court filings could follow. The California cases were filed in Alameda County and will be transferred to the existing Judicial Council Coordination Proceedings ("JCCP") (which has been pending for years with respect to the brand defendants). A Master Complaint was filed in the JCCP on September 29, 2023. It does not name generics. Approximately 213 Short Form Complaints were filed in December 2023. An omnibus preemption demurrer was filed on February 23, 2024, and on April 23, 2024 the JCCP Court sustained the demurrer of the generic defendants with leave to amend. The Illinois cases have been filed in Madison, St. Clair, and Cook Counties and have been consolidated for pretrial purposes in Cook County. On August 17, 2023, the judge presiding over the consolidated state court proceedings granted the generics' motion to dismiss all claims in the Master Complaint with prejudice based on federal preemption. The Pennsylvania cases were filed in Philadelphia County and consolidated in the Philadelphia Complex Litigation Center. The Philadelphia Court granted the generic defendants' motion to dismiss based on preemption as to all claims in the Generic Long Form Complaint asserted under Pennsylvania law for design defect and failure to warn. In January 2024, five Short Form Complaints naming the Company were filed and three remain pending. Generic defendants filed preliminary objections as to the Short Form Complaints, and are awaiting plaintiffs' response. Oral argument as to the generic defendants' preliminary objections is scheduled for June 25, 2024.The New York cases were filed in New York and Suffolk Counties, and consolidated in New York County, but were voluntarily dismissed as to the generic defendants on July 21, 2023. The New Jersey cases were filed in Middlesex County, but were voluntarily dismissed as to the generic defendants on March 23, 2023.

The Company believes that all of the aforesaid complaints and asserted claims are without merit and it denies any wrongdoing and intends to vigorously defend itself against the allegations. Any liability that may arise on account of these claims is unascertainable at this time. Accordingly, no provision was made in these consolidated financial statements.

Class Action under the Canadian Competition Act filed in Federal Court in Toronto, Canada

On June 3, 2020, a Class Action Statement of Claim was filed by an individual consumer in Federal Court in Toronto, Canada, against the Company's U.S. and Canadian subsidiaries and 52 other generic drug companies. The Statement of Claim alleges an industry-wide, overarching conspiracy to violate Sections 45 and 46 of the Canadian Competition Act by conspiring to allocate the market, fix prices, and maintain the supply of generic drugs in Canada. The action is brought on behalf of a class of all persons, from January 1, 2012 to the present, who purchased generic drugs in the private sector. The Statement of Claim states that it seeks damages against all defendants on a joint and several basis, attorney's fees and costs of investigation and prosecution. An Amended Statement of Claim was served on the Company's U.S. and Canadian subsidiaries on January 15, 2021 and added an additional 20 generic drug companies. The Amended Statement of Claim also removed the identification of defendant companies with conspiracy allegations regarding specific generic drugs and alleges a conspiracy to allocate the North America Market as to all generic drugs in Canada. A Second Fresh as Amended Statement of Claim was served on the Company's U.S. and Canadian subsidiaries on August 24, 2022 and adds an additional 10 drug companies. The Second Fresh as Amended Statement of Claim reinstituted the identification of defendant companies with conspiracy allegations regarding specific generic drugs. On June 1, 2023, Plaintiffs served and filed a Motion Record for Certification of the proposed class action. In December 2023 Plaintiffs' counsel advised that they intend to further amend their Second Fresh as Amended Statement of Claim to clarify the proposed class. The Plaintiffs' further amended claim has not yet been delivered. The certification motion hearing has been set by the court for five days in the week of May 12, 2025. The deadline for the Company's responding evidence to the certification motion has been agreed upon between the parties as July 5, 2024, subject to court approval.

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32. Contingencies (continued)

Class Action under the Canadian Competition Act filed in Federal Court in Toronto, Canada (continued)

The Company believes that the asserted claims are without merit and intends to vigorously defend itself against the allegations. Any liability that may arise on account of this claim is unascertainable. Accordingly, no provision was made in these consolidated financial statements.

United States Antitrust Multi-District Litigations

Since November 2016, the *Generic Drug Price Fixing Antitrust Multi-District Litigation*, MDL 2724 (the "MDL 2724") has been pending in the United States District Court in Philadelphia, Pennsylvania. A multi-district litigation or MDL is a U.S. legal proceeding in which all cases relating to the same subject and claims filed anywhere in the United States are sent and consolidated into one legal proceeding in a single U.S. court for purposes of all pretrial activities, such as discovery (including document production and depositions), motions and other legal proceedings. These legal proceedings are administered on a joint or consolidated basis up until trial and then, when all pretrial proceedings have been concluded, cases are sent back to the courts where they were originally filed (if not originally filed in the MDL District) for trial purposes.

All cases filed in the MDL 2724 encompass claims that certain generic drug manufacturers/sellers in the United States (and certain named individual defendants) engaged in a conspiracy, beginning approximately in the year 2009, to agree on the prices at which each generic drug would be sold, and also on the market shares and customers that each manufacturer would have for a generic drug. They include alleged violations of federal antitrust laws and of state consumer protection and antitrust laws of numerous jurisdictions, as well as claims of unjust enrichment.

As of the date of this report, there are approximately 250 plaintiffs having filed a total of 206 cases. The claims in all the cases encompass a total of over 400 generic drugs sold during a period beginning approximately in the year 2009. The Company (through its U.S. subsidiary, Dr. Reddy's Laboratories, Inc.) is named specifically as a defendant with respect to 35 generic drugs that it sold during this period of time. In addition, even though each defendant (including the Company) did not sell all the drugs encompassed by the claims, the plaintiffs in all the cases assert that there was an "overarching conspiracy" among the generic manufacturers which encompassed an agreement and understanding throughout the industry that generic manufacturers would cooperate with each other on prices, customers and market shares on *all* generic drugs sold in the United States, and that each manufacturer would cooperate on the "fair share" conspiracy whenever it entered or sold a drug in a specific generic drug market. As a result of this alleged "overarching conspiracy" claim, the plaintiffs claim that each defendant (including the Company) is liable for not only the damages suffered with respect to the specific drugs that a defendant sold, but is also liable for *all* of the damages with respect to *all* of the drugs encompassed by the "overarching conspiracy" claim (*i.e.*, all the drugs in the cases), whether a manufacturer defendant sold that drug or not.

The plaintiffs seek "treble" damages (i.e., three times the actual damages sustained) and injunctive relief, plus attorney's fees and costs in the litigation. The plaintiffs also allege claims for disgorgement of alleged unjust enrichment of profits earned by each defendant, including the Company, and punitive damages as a result of the alleged violations. The plaintiffs in the cases fall into the following categories:

- The Attorneys General of 49 U.S. States, the District of Columbia and the U.S. territories of Puerto Rico, Virgin Islands and Guam, which all allege that they were injured by the price fixing conspiracy in their general economies and that there were injuries suffered by consumers in their jurisdictions, seeking the disgorgement of improper profits on the generic drugs, and damages suffered by governmental agencies (such as government hospitals, agencies and prisons) that purchased generic drugs, encompassing a total of 129 generic drugs. The Company is named as to seven drugs. In addition, each of the plaintiffs seek to enforce their own state antitrust laws, which enable them to impose fines on a defendant in addition to seeking treble damages and disgorgement of alleged unjust enrichment from each defendant;

- Class actions on behalf of all companies that directly purchased generic drugs from one or more of the defendants during a period beginning approximately in the year 2009 (the "Direct Purchaser Plaintiff" Class or "DPP" Class). This class action consists of all wholesaler/distributors, group purchasing organizations, and large pharmacies and retailers who purchased directly from one or more defendants. These claims encompass 148 drugs, of which the Company sold 11 drugs;

- Class actions on behalf of all companies that indirectly purchased generic drug and resold them during a period beginning approximately in the year 2009 (the "Indirect Reseller Plaintiff" Class or "IRP" Class). This class consists of all pharmacies and retailers that purchased generic drugs from a wholesaler/distributor and resold the drugs. These claims encompass 179 generic drugs, of which the Company sold 20 drugs;

- Class actions on behalf of all companies that were end payers for the purchase of generic drugs by consumers (the "End Payer Plaintiff Class" or "EPP" Class). This class consists of all health care plans, insurance companies and union welfare funds that paid for generic drugs purchased by their members (consumers). These claims encompass 152 generic drugs, of which the Company sold 12 drugs; and

- Approximately 200 individual companies (which have opted out of the class actions), consisting of pharmacy retailers, health insurers, hospitals, counties and other local governmental agencies, (the "Direct Action Plaintiffs" or "DAPs") have individually filed complaints and alleged claims. These claims encompass a total of more than 400 drugs, of which the Company sold 33 drugs.

All complaints in the MDL 2724 are being simultaneously litigated together, on a consolidated basis, for all discovery and pre-trial purposes. Discovery is still proceeding. The first three cases that have been designated for the first trials in the MDL 2724 (the so-called "bellwether" cases) do not involve the Company as a defendant.

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32. Contingencies (continued)

United States Antitrust Multi-District Litigations (Continued)

These bellwether cases encompass claims by the DPPs and EPPs as to two specific drugs that were not sold by the Company and claims by the Attorney Generals as to approximately 80 topical drugs and creams that were not sold by the Company. The trial dates in the bellwether cases have not yet been scheduled, but they are not anticipated to occur until 2025. After these bellwether cases are completed, it is expected that some of the DAPs will then proceed to trial on a fourth bellwether case against some of the defendants. The DAP bellwether has not yet been defined and is not expected to be completed until 2027.

In addition to the cases filed in the MDL 2724, approximately 150 companies (consisting primarily of health insurers and health plans) have filed three *praecipe* of actions in the Pennsylvania Court of Common Pleas in Philadelphia, Pennsylvania, against 52 generic drug companies, including the Company, giving notice of potential, unspecified antitrust claims against the named defendants. These *praecipes* of actions have been stayed pending the developments and potential completion of the cases in the MDL 2724.

The Company believes that all of the aforesaid complaints and asserted claims are without merit and it denies any wrongdoing and intends to vigorously defend itself against the allegations. Any liability that may arise on account of these claims is unascertainable at this time. Accordingly, no provision was made in these consolidated financial statements.

Civil litigation with Mezzion

On January 13, 2017, Mezzion Pharma Co. Ltd. and Mezzion International LLC (collectively, "Mezzion") filed a complaint in the New Jersey Superior Court against the Company and its wholly owned subsidiary in the United States. The complaint pertains to the production and supply of the active pharmaceutical ingredient ("API") for udenafil (a patented compound) and an udenafil finished dosage product during a period from calendar years 2007 to 2015. Mezzion alleges that the Company failed to comply with the U.S. FDA's current Good Manufacturing Practices ("cGMP") at the time of manufacture of the API and finished dosage forms of udenafil and, consequently, that this resulted in a delay in the filing of a NDA for the product by Mezzion. The Company filed a motion to dismiss Mezzion's complaint on the technical grounds that the Court lacks jurisdiction over the Company. In January 2018, the Court denied the Company's motion to dismiss the complaint on the jurisdictional matter. The Company's interlocutory appeal of said denial was also denied. The case is continuing in pretrial discovery.

The Company denies any wrongdoing or liability in this regard, and intends to vigorously defend against the claims asserted in Mezzion's complaint. Any liability that may arise on account of this claim is unascertainable. Accordingly, no provision was made in these consolidated financial statements.

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32. Contingencies (continued)

Revlimid® Antitrust Litigation

In 2023 and 2024, three lawsuits were filed against Dr. Reddy's Laboratories, Inc. ("DRL Inc.") and/or Dr. Reddy's Laboratories Ltd. ("DRL Ltd." and together with DRL Inc., "DRL")) in federal court in New Jersey concerning the drug product Revlimid® and generic equivalents. Litigation has been pending in that court since at least 2019 by various plaintiffs asserting antitrust claims and similar claims against Celgene Corporation ("Celgene") and Bristol-Myers Squibb Company ("BMS") related to Revlimid®, *In re Revlimid & Thalomid Purchaser Antitrust Litigation*, C.A. No. 19-cv-07532 (D.N.J.) Starting in 2022, certain plaintiffs also filed lawsuits in this litigation against Teva Pharmaceuticals USA Inc. ("Teva") and Natco Pharma Limited ("Natco") as well. Then, in 2023, plaintiffs Mayo Clinic and LifePoint Corporate Services, General Partnership filed a complaint against DRL Inc. as well as defendants Celgene, BMS, Natco, and Teva (C.A. No. 23-cv-22321 (D.N.J.)). In a second lawsuit in 2023 (C.A. No. 23-cv-22117 (D.N.J.)), plaintiff Intermountain Health, Inc. filed a complaint against DRL Inc. and the same group of defendants Celgene, BMS, Natco, and Teva (Mayo Clinic, LifePoint Corporate Services, General Partnership, and Intermountain Health, Inc., together, the "Hospital Plaintiffs"). In a third lawsuit, filed in 2024 (24-cv-00379 (D.N.J.)), plaintiffs Walgreen Co., Kroger Specialty Pharmacy, Inc., and CVS Pharmacy Inc. (together, the "Retailer Plaintiffs"), who previously had sued Celgene, BMS, Natco, and Teva, filed an additional complaint against DRL Inc. and DRL Ltd.

The allegations brought by the Hospital Plaintiffs and the Retailer Plaintiffs against DRL in these three cases are similar: they allege that the patent settlement agreement among DRL, Celgene and BMS concerning Revlimid® violated federal and state antitrust laws and state consumer protection laws by improperly delaying generic entry of Revlimid® through 2022 and then limiting generic competition of Revlimid® through 2026. The Hospital Plaintiffs' and Retailer Plaintiffs' claims against DRL Inc. and/or DRL Ltd. are also substantially similar to the claims these plaintiffs have brought against defendants Celgene, BMS, Natco, and Teva.

The lawsuits naming DRL as a defendant have been consolidated with the ongoing Revlimid-related antitrust litigation. Discovery is currently underway in the consolidated In re Revlimid action with expert discovery to follow. A trial date has not yet been scheduled. DRL has not yet responded to the complaints and its responses are stayed pending the resolution of certain motions to dismiss filed by defendants Celgene, BMS, Natco, and Teva. On June 6, 2024, the court issued an order on the pending motions to dismiss filed by other defendants, in which the court dismissed all claims, including claims challenging the litigation settlement agreements. The order allowed plaintiffs to file amended complaints. The Company intends to vigorously defend its positions. Any liability that may arise on account of this litigation is unascertainable. Accordingly, no provision has been made in the consolidated financial statements of the Company.

Other matters

Internal Investigation

The Company received an anonymous complaint in September 2020, alleging that healthcare professionals in Ukraine and potentially in other countries were provided with improper payments by or on behalf of the Company in violation of U.S. anti-corruption laws, specifically the U.S. Foreign Corrupt Practices Act. The Company disclosed the matter to the U.S. Department of Justice ("DOJ"), Securities and Exchange Commission ("SEC") and Securities Exchange Board of India. The Company engaged a U.S. law firm to conduct the investigation at the instruction of a committee of the Company's Board of Directors. On July 6, 2021 the Company received a subpoena from the SEC for the production of related documents, which were provided to the SEC.

During previous years, the Company made presentations to the SEC and the DOJ in relation to the investigation in the aforementioned countries, and in relation to its Global Compliance Framework, which includes enhancement initiatives undertaken by the Company. The Company continues to respond to the requests made by the SEC and the DOJ and is complying with its listing obligations as it relates to updating the regulatory agencies. While the findings from the aforesaid investigations could result in government or regulatory enforcement actions against the Company in the United States and/or foreign jurisdictions which can lead to civil and criminal sanctions under relevant laws, the outcomes, including liabilities, are not reasonably ascertainable at this time.

Environmental matters

Land pollution

The Indian Council for Environmental Legal Action filed a writ in 1989 under Article 32 of the Constitution of India against the Union of India and others in the Supreme Court of India for the safety of people living in the Patancheru and Bollaram areas of Medak district of the then existing undivided state of Andhra Pradesh. The Company has been named in the list of polluting industries. In 1996, the Andhra Pradesh District Judge proposed that the polluting industries compensate farmers in the Patancheru, Bollaram and Jeedimetla areas for discharging effluents which damaged the farmers' agricultural land. The compensation was fixed at Rs.0.0013 per acre for dry land and Rs.0.0017 per acre for wet land. Accordingly, the Company has paid a total compensation of Rs.3. The Andhra Pradesh High Court disposed of the writ petition on February 12, 2013 and transferred the case to the National Green Tribunal ("NGT"), Chennai, India. The interim orders passed in the writ petitions will continue until the matter is decided by the NGT. The NGT has, through its order dated October 30, 2015, constituted a Fact Finding Committee.

The NGT has also permitted the alleged polluting industries to appoint a person on their behalf in the Fact Finding Committee. However, the Company, along with the alleged polluting industries, has challenged the constitution and composition of the Fact Finding Committee. The NGT has directed that until all the applications challenging the constitution and composition of the Fact Finding Committee are disposed of, the Fact Finding Committee shall not commence its operation.

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32. Contingencies (continued)

Environmental matters (continued)

The NGT, Chennai in a judgment dated October 24, 2017, disposed of the matter. The Bulk Drug Manufacturers Association of India ("BDMAI"), in which the Company is a member, subsequently filed a review petition against the judgment on various aspects.

The NGT, Delhi, in a judgment dated November 16, 2017 in another case in which the Company is not a party, stated that the moratorium imposed in the Patancheru and Bollaram areas shall continue until the Ministry of Environment, Forest and Climate Change passes an order keeping in view the needs of the environment and public health. The Company filed an appeal challenging this judgment.

The High Court of Hyderabad heard the Company's appeal challenging this judgment in July 2018 and directed the respondents to file their response within a period of four weeks. During the three months ended September 30, 2018, the respondents filed counter affidavits and the matter has now been adjourned for final hearing.

The appeal came up for hearing before the High Court of Hyderabad on October 25, 2018 and has been adjourned for further hearing. The Hon'ble High Court has closed the matter in June 2022, by granting liberty for the Company to take proper recourse for remedies available under the NGT Act, 2010 before the Hon'ble Supreme Court of India.

On April 24, 2019, based upon the judgment of the NGT, Chennai dated October 24, 2017, the Government of Telangana has issued GO.Ms. No. 24 of 2019 that allows for expansion of production of all kinds of existing industrial units located within the stretch of Patancheru – Bollaram upon depositing an amount equivalent to 1% of the annual turnover of the respective unit for the concluded fiscal year, i.e., March 31, 2019. Accordingly, the Company made a provision of Rs.29.4, representing the probable cost of expansion, during the year ended March 31, 2019.

During the three months ended September, 2019, the Telangana State Pollution Control Board ("TSPCB") issued Operational Guidelines basis the NGT, Chennai Order dated October 24, 2017, G.O.Ms. No. 24 dated April 24, 2019 and G.O.Ms. No. 31 dated May 24, 2019 and sought to recover retrospectively an amount of 0.5% of the annual turnover from the fiscal years 2016-2017 to 2018-2019 for all the industrial units situated in Patancheru and Bollaram for the purposes of restoration of such affected area. The Company has four industrial units situated in Patancheru and Bollaram. The Consent For Operation ("CFO") for change of product mix application filed by one of the industrial unit of the Company has been recommended for issuance of CFO with change of product mix only upon payment of 0.5% of the annual turnover from the fiscal years 2016-2017 to 2018-2019 to the TSPCB. The Company intends to vigorously defend itself against the Operational Guidelines.

In November 2019, demand notices were issued by the TSPCB for collection of Corpus Fund of 0.5% as remediation fee on the previous year turnover as per Operational Guidelines dated August 3, 2019 issued by TSPCB under the guise of G.O.Ms No. 24 dated April 24, 2019 and G.O.Ms No. 31 dated May 24, 2019 and basis the judgment of NGT, Chennai dated October 24, 2017 for the fiscal years 2015-2016 to 2018-2019 received by CTO-1, CTO-2, CTO-3 and CTO-5 of the Company.

On November 22, 2019, The Hon'ble High Court of Judicature at Hyderabad issued an Interim Order which stayed the demand on the condition that the Company deposit Rs.60 as the remediation fee for the fiscal year 2018-2019 payable in the fiscal year 2019-2020. The deposit of Rs.60 was made and the Interim Order is continuing. Consequently the Hon'ble High Court has disposed of the matter with a liberty to the Company to approach the NGT, if necessary. The Company believes that any additional liability that might arise in this regard is not probable. Accordingly, no provision relating to these claims has been made in the consolidated financial statements.

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32. Contingencies (continued)

Fuel Surcharge Adjustments

The Andhra Pradesh Electricity Regulatory Commission (the "APERC") passed various orders approving the levy of Fuel Surcharge Adjustment ("FSA") charges for the period from April 1, 2008 to March 31, 2013 by power distribution companies from all the consumers of electricity in the then existing undivided state of Andhra Pradesh, India where the Company's headquarters and principal manufacturing facilities are located. Separate writ petitions filed by the Company for various periods, challenging and questioning the validity and legality of this levy of FSA charges by the APERC, are pending before the High Court of Andhra Pradesh and the Supreme Court of India.

The total amount approved by APERC for collection by the power distribution companies from the Company in respect of FSA charges for the period from April 1, 2008 to March 31, 2013 is Rs.482. After taking into account all of the available information and legal provisions, the Company has recorded Rs.219 as the potential liability towards FSA charges.

However, the Company has paid, under protest, an amount of Rs.354 as demanded by the power distribution companies as part of monthly electricity bills. The Company remains exposed to additional financial liability should the orders passed by the APERC be upheld by the Courts.

During the three months ended June 30, 2016, the Supreme Court of India dismissed the Special Leave Petition filed by the Company in this regard for the period from April 1, 2012 to March 31, 2013. As a result, for the quarter ended June 30, 2016, the Company recognized an expenditure of Rs.55 (by de-recognizing the payments under protest) representing the FSA charges for the period from April 1, 2012 to March 31, 2013.

Indirect taxes related matters

Value Added Tax ("VAT") matter

The Company has received various demand notices from the Government of Telangana's Commercial Taxes Department objecting to the Company's methodology of calculation of VAT input credit. The below table shows the details of each of such demand notice, the amount demanded and the current status of the Company's responsive actions.

Period covered under the notice	Amount demanded	Status
April 2006 to March 2009	Rs.66 plus 10% penalty	The State VAT Appellate Tribunal has remanded the matter to the assessing authority to re-compute the eligibility and penalty orders are set-aside. The Company filed appeal against the same with the High Court, Telangana.
April 2009 to March 2011	Rs.55 plus 10% penalty	The Company has filed an appeal before the Sales Tax Appellate Tribunal. The matter was remanded to the original adjudicating authority with a direction to re-calculate the eligibility for the year ended March 31, 2010.
April 2011 to March 2014	Rs.27 plus 10% penalty	The Appellate Deputy Commissioner issued an order partially in favour of the Company

The Company has recorded a provision of Rs.51 as of March 31, 2024 and believes that the likelihood of any further liability that may arise on account of the ongoing litigation is not probable.

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32. Contingencies (continued)

Notices from Commissioner of Goods and Services Tax, India

In January 2020, the Commissioner of Goods and Services Tax, India issued notices alleging that the Company has improperly availed input tax credit of Rs.307. The Company then received an order from the Additional Commissioner of Goods and Services Tax in favor of the Company's right to claim such input tax credit. Subsequently the tax authorities filed an appeal against the favorable order before the Commissioner of Goods and Services Tax (Appeals). The Commissioner of Goods and Service Tax (Appeals) passed an order rejecting the Company's right to claim such input tax credit availment. The Company has filed an Appeal against such order before Hon'ble High Court of Telangana. The Company believes that it has correctly distributed and availed the input tax credit within the provisions of the applicable Act and hence no additional liability will accrue in this regard.

With reference to availment of input tax credit relating to education cess, the Company has received order with tax demand of Rs.31 from the Goods and Service Tax ("GST") authorities of various states pursuant to which it has recorded a provision of Rs.31 as of March 31, 2024.

In February 2022, the Company paid under protest an amount of Rs.123 towards a reversed GST charge. In February 2024, the Company received a GST claim notice on Form DRC-01A from the Directorate General of GST Intelligence. The Company has responded to such notice and is awaiting a further hearing on it. The Company believes that such GST amount paid is not payable and the entire amount will be refundable to the Company upon the refund claim by the Company.

Other indirect tax related matters

Additionally, the Company is in receipt of various demand notices from the Indian Sales and Service Tax authorities. The disputed amount is Rs.463. The Company has responded to such demand notices and believes that the chances of any liability arising from such notices are less than probable. Accordingly, no provision is made in these consolidated financial statements as of March 31, 2024.

Others

Additionally, the Company is involved in other disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, investigations and proceedings, including patent and commercial matters that arise from time to time in the ordinary course of business. Except as discussed above, the Company does not believe that there are any such contingent liabilities that are expected to have any material adverse effect on its consolidated financial statements.

33. Merger of Dr. Reddy's Holdings Limited into Dr. Reddy's Laboratories Limited

The Board of Directors, at its meeting held on July 29, 2019, had approved the amalgamation of Dr. Reddy's Holdings Limited ("DRHL"), an entity held by the Promoter Group, which held 24.83% of Dr. Reddy's Laboratories Limited (the "Company"), into the Company (the "Scheme"). This Scheme was subject to the approval of shareholders, stock exchanges, the National Company Law Tribunal ("NCLT") and other relevant regulators as per the provisions of Section 230 to 232 and any other applicable provisions of the Companies Act, 2013.

The Scheme was intended to simplify the shareholding structure and reduction of shareholding tiers. The Promoter Group cumulatively was to continue to hold the same number of shares in the Company, pre and post the amalgamation. All costs, charges and expenses relating to the Scheme was borne out of the surplus assets of DRHL. Further, any expense, if exceeding the surplus assets of DRHL, will be borne directly by the Promoter Group.

During the fiscal year ended March 31, 2020, the Scheme was approved by the board of directors, members and unsecured creditors of the Company. The no-observation letters from the BSE Limited and National Stock Exchange of India Limited were received on the basis of no comments received from Securities and Exchange Board of India ("SEBI"). The petition for approval of the Scheme was filed with the Hon'ble NCLT, Hyderabad Bench.

The aforementioned Scheme was approved by the NCLT, Hyderabad Bench vide its Order dated April 5, 2022. Subsequently, the Company filed the NCLT order with the Ministry of Company Affairs on April 8, 2022. Pursuant to the Scheme of Amalgamation and Arrangement as approved by the NCLT, an aggregate of 41,325,300 equity shares, face value of Rs.5 each held by DRHL in the share capital of the Company have been cancelled and an equivalent 41,325,300 number of equity shares, face value of Rs.5 each were allotted to the shareholders of DRHL. There was no change in the total equity shareholding (Promoter/Public Shareholding) of the Company, on account of the allotment/ cancellation of equity shares pursuant to the approved Scheme.

The Scheme also provides that the Promoters of the Company will jointly and severally indemnify, defend and hold harmless the Company, its directors, employees, officers, representatives, or any other person authorized by the Company (excluding the Promoters) for any liability, claim, or demand, which may devolve upon the Company on account of this amalgamation.

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34. Geopolitical Conflicts

The Company considered the uncertainties relating to the escalation of conflict in the middle east, and duration of military conflict between Russia and Ukraine in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. The outcome of the conflict is difficult to predict, and it could have an adverse impact on the macroeconomic environment. Management has considered all potential impacts of the conflict including adherence to global sanctions and other restrictive measures against Russia and any retaliatory actions taken by Russia. For this purpose, the Company considered internal and external sources of information up to the date of approval of these consolidated financial statements.

The Company based on its judgments, estimates and assumptions including sensitivity analysis, expects to fully recover the carrying amount of receivables, inventory, goodwill, intangible assets, investments and other assets. Accordingly, during the year ended March 31, 2024, the impact of this conflict on the Company's operations and financial condition was not material. The Company will continue to closely monitor any material changes to future economic conditions.

35. Regulatory Inspection of facilities

Tabulated below are the details of the U.S. FDA inspections carried out at other facilities of the Company:

Month and year	Unit	Details of observations
March 2021	API Middleburgh Plant, New York, United States	Three observations were noted. In February 2022, an Establishment Inspection Report ("EIR") was issued by the U.S. FDA indicating the closure of the audit.
April 2021	Integrated Product Development Organization (IPDO), Bachupally, Hyderabad, India	No observations noted. EIR/Remote Record Review Summary was received on August 10, 2021 and the U.S. FDA concluded that this remote record review was closed.
October 2021	Formulations manufacturing facilities {Vizag SEZ plant 1 (FTO VII) and Vizag SEZ plant 2 (FTO IX)} at Duvvada, Visakhapatnam, India	Eight observations were noted. In February 2022, an EIR was issued by the U.S. FDA indicating the closure of the audit.
July 2022	Formulations manufacturing facility (FTO XI) at Srikakulam, India	Two observations were noted in the U.S. FDA inspection. The Company responded to the observations in July 2022. In August 2022, an EIR was issued by the U.S. FDA indicating the closure of audit.
May 2023	API Hyderabad plant 1, Bollaram, Hyderabad, India	One observation was noted. The Company responded to the observation on May 24, 2023. On August 3, 2023, an EIR was issued by the U.S. FDA indicating the closure of audit.
May 2023	Formulations Srikakulam (SEZ) plant 2, Andhra Pradesh, India	Four observations were noted. The Company responded to the observations on June 5, 2023. On June 16, 2023, an EIR was issued by the U.S. FDA indicating the closure of audit.
June 2023	API Hyderabad plant 3, Bollaram, Hyderabad, India	No observations were noted in the U.S. FDA inspection. On September 12, 2023, an EIR was issued by the U.S. FDA indicating the closure of audit.
July 2023	API Srikakulam plant (Unit 6), Andhra Pradesh, India	No observations were noted in the U.S. FDA inspection and the Company is awaiting the EIR.
October 2023	Biologics, Hyderabad, India	Nine observations were noted in the U.S. FDA inspection. The Company responded to the observations on November 2, 2023. A Complete Response Letter (CRL) received from agency on April 2024.
October 2023	Formulations Hyderabad Plant 3, Hyderabad, India	Ten observations were noted in the U.S. FDA inspection. The Company responded to the observations on November 20, 2023. On February 9, 2024, an EIR was issued by the U.S. FDA indicating the closure of audit.
December 2023	Integrated Product Development Organization (IPDO) at Bachupally, Hyderabad	Three observations were noted in the U.S. FDA inspection. The Company responded to the observations on January 2, 2024. On March 05, 2024, an EIR was issued by the U.S. FDA indicating the closure of audit.
May 2024	Formulations manufacturing facilities {Vizag SEZ plant 1 (FTO VII) and Vizag SEZ plant 2 (FTO IX)} at Duvvada, Visakhapatnam, India	Two observations were noted in the U.S. FDA inspection. The Company responded to the observations by June 7, 2024.
June 2024	API Srikakulam plant (Unit 6), Andhra Pradesh, India	Four observations were noted in the U.S. FDA inspection. The Company will respond to the observations by July 1, 2024.

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36. Subsequent events

Please refer to Notes 20, 32, 35 and 37 of these consolidated financial statements for the details of subsequent events relating to the proposed dividend, contingencies and Regulatory Inspection of facilities, and disposition of a subsidiary, respectively.

Agreement with Nestlé India

On April 25, 2024, the Company entered into a definitive agreement with Nestlé India Limited ("Nestlé India"), for manufacturing, developing, promoting, marketing, selling, distributing, and commercializing nutraceutical products and supplements in India and other geographies as may be agreed by the parties.

The aforesaid business activities shall be carried out through Dr. Reddy's Nutraceuticals Limited (the "Nutraceuticals subsidiary") which was incorporated on March 14, 2024. The present paid-up share capital of the Nutraceuticals subsidiary is entirely held by the Company.

The aforesaid definitive agreement is subject to certain closing conditions and is expected to become effective by the quarter ended September 30, 2024, upon infusion of funds by Nestlé India and completion of other closing conditions. Post completion, the Company will hold 51% and the Nestlé India will hold 49% of the paid-up share capital in the Nutraceuticals subsidiary with shareholder rights to voting, dividend distribution and other economic rights as agreed in the aforesaid definitive agreement.

Further, Nestlé India will have a call option to increase their shareholding in the Nutraceuticals subsidiary after six years up to 60% for a payment at fair market value. However, the Company shall continue to hold at least 40% of the shareholding after Nestlé India exercises its call option.

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37. Organizational structure

Dr. Reddy's Laboratories Limited is the parent company. Tabulated below is the list of subsidiaries, joint ventures and associates as of March 31, 2024:

Name of the subsidiary/joint venture/associate	Country of Incorporation	Percentage of Direct/Indirect Ownership Interest
Aurigene Discovery Technologies (Malaysia) Sdn. Bhd.	Malaysia	100%[3]
Aurigene Oncology Limited (*formerly Aurigene Discovery Technologies Limited*)	India	100%
Aurigene Pharmaceutical Services Limited	India	100%[3]
beta Institut gemeinnützige GmbH	Germany	100%[7]
betapharm Arzneimittel GmbH	Germany	100%[7]
Cheminor Investments Limited	India	100%
Cheminor Employees Welfare Trust	India	Refer to below footnote[13]
Chirotech Technology Limited	United Kingdom	100%[2][5]
Dr. Reddy's Research Foundation	India	Refer to below footnote[13]
Dr. Reddy's Employees ESOS Trust	India	Refer to below footnote[13]
Dr. Reddy's Farmaceutica Do Brasil Ltda.	Brazil	100%
Dr. Reddy's Laboratories (EU) Limited	United Kingdom	100%[8]
Dr. Reddy's Laboratories (Proprietary) Limited	South Africa	100%[8]
Dr. Reddy's Laboratories (UK) Limited	United Kingdom	100%[5]
Dr. Reddy's Laboratories Canada, Inc.	Canada	100%[8]
Dr. Reddy's Laboratories Chile SPA.	Chile	100%[8]
Dr. Reddy's Laboratories, Inc.	U.S.A.	100%[8]
Dr. Reddy's Laboratories Japan KK	Japan	100%[8]
Dr. Reddy's Laboratories Kazakhstan LLP	Kazakhstan	100%[8]
Dr. Reddy's Laboratories Louisiana, LLC	U.S.A.	100%[1]
Dr. Reddy's Laboratories Malaysia Sdn. Bhd.	Malaysia	100%[8]
Dr. Reddy's Laboratories New York, LLC	U.S.A.	100%[1]
Dr. Reddy's Laboratories Philippines Inc.	Philippines	100%[8]
Dr. Reddy's Laboratories Romania S.R.L.	Romania	100%[8]
Dr. Reddy's Laboratories SA	Switzerland	100%
Dr. Reddy's Laboratories Taiwan Limited	Taiwan	100%[8]
Dr. Reddy's Laboratories (Thailand) Limited	Thailand	100%[8]
Dr. Reddy's Laboratories LLC	Russia	100%[8]
Dr. Reddy's Laboratories, LLC	Ukraine	100%[8]
Dr. Reddy's New Zealand Limited	New Zealand	100%[8]
Dr. Reddy's S.R.L.	Italy	100%[9]
Dr. Reddy's Bio-Sciences Limited	India	100%
Dr. Reddy's Laboratories (Australia) Pty. Limited	Australia	100%[8]
Dr. Reddy's Laboratories S.A.S.	Colombia	100%[8]
Dr. Reddy's Research and Development B.V.	Netherlands	100%[10]
Dr. Reddy's Venezuela, C.A.	Venezuela	100%[8][14]
Dr. Reddy's (Beijing) Pharmaceutical Co. Limited	China	100%[8]
Dr. Reddy's Nutraceuticals Limited *(from March 14, 2024)*	India	100%
Dr. Reddy's Laboratories Jamaica Limited *(from September 25, 2023)*	Jamaica	100%
DRES Energy Private Limited	India	26%[12]
DRL Impex Limited	India	100%[11]
Dr. Reddy's Formulations Limited	India	100%
Idea2Enterprises (India) Private Limited	India	100%
Imperial Owners and Land Possessions Private Limited *(formerly, Imperial Credit Private Limited)*	India	100%
Industrias Quimicas Falcon de Mexico, S.A. de CV	Mexico	100%
Kunshan Rotam Reddy Pharmaceutical Co. Limited	China	51.33%[4]
Lacock Holdings Limited	Cyprus	100%[8]
Nimbus Health, GmbH	Germany	100%[7]

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37. Organizational structure (continued)

Name of the subsidiary/joint venture/associate	Country of Incorporation	Percentage of Direct/Indirect Ownership Interest
O2 Renewable Energy IX Private Limited	India	26%[12]
Promius Pharma, LLC	U.S.A.	100%[1]
Reddy Holding GmbH	Germany	100%[8]
Reddy Netherlands B.V.	Netherlands	100%[8]
Reddy Pharma Iberia S.A.U.	Spain	100%[8]
Reddy Pharma Italia S.R.L.	Italy	100%[6]
Reddy Pharma SAS	France	100%[8]
SVAAS Wellness Limited	India	100%

(1) Indirectly owned through Dr. Reddy's Laboratories, Inc.

(2) Entity under liquidation.

(3) Indirectly owned through Aurigene Oncology Limited.

(4)Kunshan Rotam Reddy Pharmaceutical Co. Limited is a subsidiary as per the Indian Companies Act, 2013, as the Company holds a 51.33% stake. However, the Company accounts for this investment by the equity method and d

(5) Indirectly owned through Dr. Reddy's Laboratories (EU) Limited.

(6) Indirectly owned through Lacock Holdings Limited.

(7) Indirectly owned through Reddy Holding GmbH.

(8) Indirectly owned through Dr. Reddy's Laboratories SA.

(9) Indirectly owned through Reddy Pharma Italia S.R.L.

(10) Indirectly owned through Reddy Netherlands B.V.

(11) Indirectly owned through Idea2Enterprises (India) Pvt. Limited.

(12) Accounted using equity method as per IAS 28 "Investments in Associates and Joint ventures."

(13) The Company does not have any equity interests in this entity, but has significant influence or control over it.

(14) The Company disposed of its entire stake in this entity subsequently on April 17, 2024.

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ITEM 19. EXHIBITS

Exhibit Number	Description of Exhibits	Footnotes
1.1	Memorandum and Articles of Association of the Registrant dated February 4, 1984.	(1)(3)(4)
1.2	Certificate of Incorporation of the Registrant dated February 24, 1984.	(1)(3)
1.3	Amended Certificate of Incorporation of the Registrant dated December 6, 1985.	(1)(3)
1.4	Amendment to Memorandum and Articles of Association of the Registrant dated June 12, 2009 (regarding an increase in our authorized share capital pursuant to the amalgamation of Perlecan Pharma Private Limited into Dr. Reddy's Laboratories Limited, its parent company).	(5)
1.5	Amendment to Memorandum and Articles of Association of the Registrant dated July 19, 2010 Order of the Hon'ble High Court of Andhra Pradesh, India dated July 19, 2010 (regarding Amendment to Memorandum and Articles of Association of the Registrant and capitalization or utilization of undistributed profit or retained earnings or security premium account or any other reserve or fund in connection with our bonus debentures).	(7)
1.6	Amended and Restated Articles of Association of the Registrant dated September 17, 2015.	(8)
1.7	Amendment to Memorandum and Articles of Association of the Registrant dated April 5, 2022, and Order of Hon'ble National Company Law Tribunal, Hyderabad Bench, dated April 5, 2022 (to effect an increase in the Registrant's authorized share capital pursuant to the amalgamation of Dr. Reddy's Holdings Limited into the Registrant).	(10)
2.1	Form of Deposit Agreement, including the form of American Depositary Receipt, among Registrant, Morgan Guaranty Trust Company as Depositary, and holders from time to time of American Depositary Receipts Issued there under, including the form of American Depositary.	(1)
2.2	Description of Securities registered under Section 12 of the Exchange Act.	
2.3	Dr. Reddy's Laboratories Limited Employee Stock Option Scheme, 2002.	(2)
2.4	Dr. Reddy's Employees ADR Stock Option Scheme, 2007.	(6)
2.5	Dr. Reddy's Employees Stock Option Scheme, 2018.	(9)
4.1	Agreement by and between Dr. Reddy's Laboratories Limited and Dr. Reddy's Research Foundation regarding the undertaking of research dated February 27, 1997.	(1)
8	List of subsidiaries, associates and joint ventures of the Registrant.	
11.1	Code of Business Conduct and Ethics	
11.2	Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons	
12.1	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
12.2	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
13.1	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
13.2	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
15.1	Consent of Independent Registered Public Accounting Firm (Ernst & Young Associates LLP).	
97	Dr. Reddy's Laboratories Limited Recovery Policy	

(1) Previously filed on March 26, 2001 with the SEC along with Form F-1.
(2) Previously filed on October 31, 2002 with the SEC along with Form S-8.
(3) Previously filed with the Company's Form 20-F for the fiscal year ended March 31, 2003.
(4) Previously filed with the Company's Form 20-F for the fiscal year ended March 31, 2006.
(5) Previously filed with the Company's Form 20-F for the fiscal year ended March 31, 2010.
(6) Previously filed on March 5, 2007 with the SEC along with Form S-8.
(7) Previously filed with the Company's Form 20-F for the fiscal year ended March 31, 2011.
(8) Incorporated by reference to Exhibit 99.1 to the Company's Form 6-K dated September 25, 2015.
(9) Previously filed on September 5, 2018 with the SEC along with Form S-8.
(10) Incorporated by reference to Exhibit 99.2 to the Company's Form 6-K dated June 2, 2022.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20–F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

DR. REDDY'S LABORATORIES LIMITED

By: /s/Erez Israeli
Erez Israeli
Chief Executive Officer

By: /s/Parag Agarwal
Parag Agarwal
Chief Financial Officer

June 12, 2024

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