

December 2, 2019

The General Manager,
Corporate Relations Department,
BSE Limited,
P. J. Towers,
Dalal Street, Mumbai – 400001

The Manager,
The Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza,
C-1, Block G, Bandra Kurla Complex,
Bandra East, Mumbai – 400051

Scrip Code: 500124

Symbol: DRREDDY - EQ

Dear Sir / Madam,

Subject: Notice published in newspapers with regard to the Meeting of the Unsecured Creditors of Dr. Reddy's Laboratories Limited to be convened pursuant to the directions of the Hon'ble National Company Law Tribunal, Hyderabad Bench ('Tribunal')

In accordance with SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015, please find enclosed herewith the copies of the advertisement of Notice of the Meeting of the Unsecured Creditors of Dr. Reddy's Laboratories Limited to be convened pursuant to the directions of the Hon'ble Tribunal, published in newspapers viz. Business Standard in the English language and Andhra Prabha in the Telugu language on December 2, 2019.

The copy of the said Notice is also available on the website of the Company at <https://www.drreddys.com/investors/investor-services/amalgamation/>.

This is for your information and records.

Thanking You,

Yours faithfully
For Dr. Reddy's Laboratories Limited


Sandeep Poddar
Company Secretary

Encl: as above

Notice for NCLT convened
Unsecured Creditors
meeting: Business Standard
02.12.2019

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, AT HYDERABAD
COMPANY SCHEME APPLICATION NO. C.A.(CAA) No. 231/230/HDB/2019
IN THE MATTER OF THE COMPANIES ACT, 2013**

**AND
IN THE MATTER OF THE SECTIONS 230-232 READ WITH SECTION 66 AND ALL OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013**

**AND
IN THE MATTER OF SCHEME OF AMALGAMATION AND ARRANGEMENT
AMONG**

**M/S. DR. REDDY'S HOLDINGS LIMITED
(THE 'AMALGAMATING COMPANY')
AND
M/S. DR. REDDY'S LABORATORIES LIMITED
(THE 'AMALGAMATED COMPANY')
AND
THEIR RESPECTIVE SHAREHOLDERS**

DR. REDDY'S LABORATORIES LIMITED

(CIN: L85195TG1984PLC004507),

Company Incorporated under the Companies Act, 1956

having its registered office at 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034

....Applicant/Amalgamated Company

**NOTICE OF THE MEETING OF THE UNSECURED CREDITORS OF DR. REDDY'S LABORATORIES LIMITED TO BE CONVENED PURSUANT TO THE
DIRECTIONS OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, HYDERABAD**

Notice is hereby given that by an Order dated November 22, 2019 (the 'Order'), the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad ('Tribunal'), has directed convening a Meeting of the Unsecured Creditors of Dr. Reddy's Laboratories Limited to be held for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Amalgamation and Arrangement between Dr. Reddy's Holdings Limited ('Amalgamating Company') and Dr. Reddy's Laboratories Limited ('Amalgamated Company') ('Company') and their respective shareholders ('Scheme') under sections 230 to 232 read with Section 66 of the Companies Act, 2013 ('Act') and the rules framed thereunder.

In pursuance of the said Order and as directed therein, a Meeting of the Unsecured Creditors of Company will be held at The Ballroom, Hotel Park Hyatt, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India on Thursday, the 2nd day of January, 2020 at 3.00 P.M.(IST) ('Meeting') at which time and place the Unsecured Creditors are requested to attend.

A copy of the Notice of the Meeting containing the Explanatory Statement under section 230-232 read with Section 102 of the Act and rules thereunder, Proxy Form, Attendance Slips and all other annexures including the Scheme can be obtained free of charge at the registered office of the Company at 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034, Telangana, India or can be downloaded from the website of the Company (<https://www.drreddys.com/investors/investor-services/amalgamation/>).

Unsecured Creditors entitled to attend and vote at the Meeting, may vote in person or by proxy, provided that the prescribed form of proxy, duly signed is deposited at the registered office of the Company at 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034, Telangana, India not later than 48 hours before the time fixed for the said Meeting.

The authorised representative of a Body Corporate, which is a registered Unsecured Creditor of the Company may attend and vote at the meeting, provided a certified true copy of the resolution of the Board of Directors or other governing body of such Body Corporate authorizing such a representative to attend and vote at the Meeting is deposited at the registered office of the Company not later than 48 hours before the time fixed for the said Meeting.

The Hon'ble Tribunal has appointed Mr. D. Narendar Nalk, Advocate as Chairperson of the Meeting including for any adjournment or adjournments thereof. The said Scheme, if approved by the Unsecured Creditors, shall be subject to the subsequent approval of the Hon'ble Tribunal.

As directed by the Hon'ble Tribunal, the Notice of Meeting has been sent to the Unsecured Creditors whose names appear on the Register of Unsecured Creditors and to whom the Company owes a debt of more than INR 5,00,000 (Rupees Five Lakhs) as on Saturday, August 31, 2019, ('cut-off date'). The said Unsecured Creditors will be considered for the purpose of voting at the Meeting.

As directed by the Hon'ble Tribunal, Ms. K. Sree Ramya Mulpalle, Advocate has been appointed as the Scrutinizer for the said meeting of the Unsecured Creditors for conducting the voting through Ballot/Polling Paper process in a fair and transparent manner. The Scrutinizer will submit her report to the Chairperson of the meeting after the completion of scrutiny, and the result of the voting shall be displayed at the registered office of the Company at 8-2-337, Road No.3, Banjara Hills, Hyderabad-500034, Telangana, India. The result would be intimated to the Stock Exchanges where the Company's securities are listed, and displayed on the Company's website <https://www.drreddys.com/investors/investor-services/amalgamation/> along with the Scrutinizer's report within 48 hours from the conclusion of the meeting.

Any queries in relation to the voting may be addressed to Mr. Sandeep Poddar, Company Secretary of the Applicant/Amalgamated Company at 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034, Telangana, India or through email at shares@drreddys.com or can also be contacted at 040-4900 2900. This notice is also available on the website of the Company, www.drreddys.com and on the website of the Stock Exchanges, www.bseindia.com and www.nseindia.com

Dated this 1st day of December, 2019
Hyderabad

Sd/-
D. Narendar Nalk
Chairperson appointed for the meeting

జాతీయ కంపెనీ లా ట్రిబ్యూనల్
హైదరాబాద్ బింగ్ నాం నమస్టంట్ హైదరాబాద్ పట్టణ
కంపెనీ పత్రం దరఖాస్తు నెం. సి.ఎ. (సిఎం) నెం. 331/2019/హైదరాబాద్/2019
కంపెనీల చట్టం, 2013 విషయంలో

పరియం
కంపెనీల చట్టం 2013 యొక్క సెక్షన్లు 230-232 విషయంలో, సెక్షన్ 86 మరియు అన్ని ఇతర వర్తించే నిబంధనలతో
పరియం
మెన్బర్స్ డా. రెడ్డిస్ ప్రైవేట్ లిమిటెడ్
(విలీనమవుతున్న కంపెనీ)
పరియం
మెన్బర్స్ డా. రెడ్డిస్ ల్యాబ్స్ లిమిటెడ్
(విలీనం చేయబడుతున్న కంపెనీ)
మరియు వారి సంబంధిత నామదాఖలు మరియు
విలీనం మరియు ఏర్పాటు పత్రం విషయంలో

డా. రెడ్డిస్ ల్యాబ్స్ లిమిటెడ్ (ఐఎస్ఐ: ఎన్5519662619844222204507),

కంపెనీల చట్టం 1956 క్రింద ఏర్పాటు చేయబడిన కంపెనీ, సమాచార కార్యాలయం 8-2-337, రోడ్డు నెం.3, బంజారా హిల్స్, హైదరాబాద్-500034.

... దరఖాస్తుదారు / విలీనం చేయబడుతున్న కంపెనీ

గౌరవనీయ జాతీయ కంపెనీ లా ట్రిబ్యూనల్, హైదరాబాద్ యొక్క నిర్దేశనాలకు అనుగుణంగా ఏర్పాటు చేయబడినప్పుడు డా. రెడ్డిస్ ల్యాబ్స్ లిమిటెడ్ యొక్క
హాజీరీ చేయబడతూ సమావేశం యొక్క ప్రకటన

అందువల్లగా తెలియజేయబడిన ఏమిటా గౌరవనీయ జాతీయ కంపెనీ లా ట్రిబ్యూనల్, హైదరాబాద్ బింగ్ నాం నమస్టంట్ హైదరాబాద్ (ట్రైబ్యూనల్) వారి ఉత్తర్వు తేదీ నవంబర్ 22, 2019 ("ఉత్తర్వు") ప్రకారం
కంపెనీల చట్టం 2013 ("చట్టం") మరియు అందులో పొందుపర్చబడిన ఏమిటావంటి యొక్క సెక్షన్ 86తో వరుసగానే సెక్షన్లు 230 నుండి 232 క్రింద డా. రెడ్డిస్ ప్రైవేట్ లిమిటెడ్ (విలీనమవుతున్న
కంపెనీ) మరియు డా. రెడ్డిస్ ల్యాబ్స్ లిమిటెడ్ (విలీనం చేయబడుతున్న కంపెనీ/కంపెనీ) మరియు వారి సంబంధిత నామదాఖలు మరియు విలీన మరియు ఏర్పాటు పత్రం పరిశీలించబడుతున్న మరియు
పరిశీలించబడిన ధారితర యొక్క పూర్తి (ఐ) లేదా లేకుండా అమోదించిన విషయం అధికారులు డా. రెడ్డిస్ ల్యాబ్స్ లిమిటెడ్ యొక్క హాజీరీ చేయబడతూ సమావేశం అనేకం ద్వారా.

పదమూడు ఉత్తర్వు మరియు అందులో నిర్దేశించిన దానికి అనుగుణంగా కంపెనీ యొక్క హాజీరీ చేయబడతూ సమావేశం (సమావేశం) ఏ ఛార్జ్ ద్వారా, ఛార్జ్ పేర్కొనబడిన, రోడ్డు నెం.3, బంజారా హిల్స్,
హైదరాబాద్-500034, తెలంగాణ, ఇండియా పట్ల గురువారం 22 రోజు అవధి, 2020 వరకు సు.గం. 3.00 (ఎన్ఎల్) అధికారులపై మరియు నిర్దేశించిన సమయం, ప్రకటన పట్ల హాజీరీ చేయబడతూ
హాజీరీ అవుతుందనిగా అభ్యర్థించబడినది.

చట్టం యొక్క సెక్షన్ 102లో వరుసగానే సెక్షన్లు 230, 232 మరియు అందులో పొందుపర్చబడిన ఏమిటావంటి క్రింద వివరాలతో సహా ఉన్న సమావేశం ప్రకటన యొక్క ప్రతి, ప్రాప్తి పొంద,
అంతేమై సెక్షన్లు, రెడ్డిస్ ల్యాబ్స్ పొంద మరియు పత్రంతో సహా అన్ని ఇతర అవసరమయ్యే 8-2-337, రోడ్డు నెం.3, బంజారా హిల్స్, హైదరాబాద్-500034, తెలంగాణ, ఇండియా పట్ల
గు. కంపెనీ యొక్క సమాచార కార్యాలయం నుండి ఉచితంగా పొందవచ్చు లేదా కంపెనీ యొక్క వెబ్సైట్ ([https://www.dreddy.com/investors/investor-services/ announcement/](https://www.dreddy.com/investors/investor-services/announcement/)) నుండి
డౌన్లోడ్ చేయబడవచ్చు.

పదమూడు సమావేశం అవసరమవుతున్న మరియు ఓటు చేయబడుతున్న హాజీరీ చేయబడతూ అప్పుడు, వారు స్వయంగా లేదా ప్రాప్తి ద్వారా ఓటు చేయవచ్చున అయితే అన్ని విధాలుగా సంతకం చేయబడిన
నిర్దేశ ప్రాప్తి పొందు సమయం సమావేశం కొరకు నిర్ణయించిన సమయానికి కనీసం 48 గంటల ముందు 8-2-337, రోడ్డు నెం.3, బంజారా హిల్స్, హైదరాబాద్-500034, తెలంగాణ, ఇండియా పట్ల
గు. కంపెనీ యొక్క సమాచార కార్యాలయం పట్ల అందజేయబడినది.

కంపెనీ యొక్క సమావేశం హాజీరీ చేయబడతూ కార్పొరేట్ చట్టం యొక్క అధికారుల ప్రకటన సమావేశం ద్వారా ఓటు చేయవచ్చున అయితే, ట్రైబ్యూనల్ రోడ్డు యొక్క కీలకంగా యొక్క చట్టానికి అనుగుణ
ప్రతి లేదా అనుబంధి కార్పొరేట్ చట్టం అనుబంధి అధికారుల ప్రకటన సమావేశం ద్వారా ఓటు చేయబడుతున్న పదమూడు సమావేశం కొరకు నిర్ణయించిన సమయానికి కనీసం 48 గంటల ముందు కంపెనీ
యొక్క సమాచార కార్యాలయం పట్ల అందజేయబడినది.

శ్రీ. డి. నరేందర్ నాయక్, అభ్యర్థి, గౌరవనీయ ట్రిబ్యూనల్ ఈ మీటింగ్ లేదా ఏదేని వాయిదా లేని మీటింగ్ ద్వారా సమయించబడినది. సమయ పత్రం ఉచిత హాజీరీ చేయబడతూ ఉచిత
అమోదించబడిన యొక్క అని గౌరవనీయ ట్రిబ్యూనల్ యొక్క తదుపరి అమోదానికి లోబడి ఉంటుంది.

గౌరవనీయ ట్రిబ్యూనల్ అధికారిణికి వివరాలు తెలియజేయబడినవి, అప్పుడు 31, 2019 ("కలెక్టర్ తేదీ") వారికి ఐఎస్ఐ 5,00,000 (అయితే అక్షరాల ద్వారా పాఠాన్ని) కంపెనీ చెల్లించబడినది మరియు హాజీరీ
లేని రుణదాతల యొక్క రెగ్యులర్ సెక్షన్ గల హాజీరీ చేయబడతూ సమావేశం యొక్క ప్రకటన పంపించబడినది. సమావేశం పట్ల ఓటింగ్ విషయం సమయం హాజీరీ చేయబడతూ పరిశీలించబడినది.

గౌరవనీయ ట్రిబ్యూనల్ అధికారిణికి వివరాలు తెలియజేయబడినవి ఏర్పాటు పత్రం ద్వారా మరియు పొందవచ్చు పత్రంతో కార్పొరేట్ / రోలింగ్ సేవ్ ప్రక్రియ ద్వారా ఓటింగ్ నిర్వహించబడుతున్న కొరకు హాజీరీ చేయబడతూ యొక్క సమయం
సమావేశం కొరకు పరిశీలించబడుతున్న వి.సి. టి. శ్రీ చట్టం మరియు అభ్యర్థి నియమించబడినది. పరిశీలించబడుతున్న అన్ని వివరాలు పరిశీలించబడుతున్న హాజీరీ చేయబడుతున్న మరియు సమావేశం
మోసిన సమయం నుండి 48 గంటల లోపల పరిశీలించబడుతున్న ఓటింగ్ యొక్క పరిణామ 8-2-337, రోడ్డు నెం.3, బంజారా హిల్స్, హైదరాబాద్-500034, తెలంగాణ, ఇండియా పట్ల
కంపెనీ యొక్క సమాచార కార్యాలయం పట్ల ప్రకటించబడతాయి. వివరాలు కంపెనీ యొక్క వెబ్సైట్ లో అభ్యర్థి స్టాక్ ఎక్స్చేంజీలకు తెలియజేయబడతాయి. మరియు కంపెనీ యొక్క వెబ్సైట్
(<https://www.dreddy.com/investors/investor-services/ announcement/>) పై ఉంచబడతాయి.

ఓటింగ్కు సంబంధించిన ఏదేని వివరాలు / సమావేశం కొరకు 8-2-337, రోడ్డు నెం.3, బంజారా హిల్స్, హైదరాబాద్-500034, తెలంగాణ, ఇండియా పట్ల గు. దరఖాస్తుదారు / విలీనం చేయబడుతున్న
కంపెనీ యొక్క కంపెనీ సెక్రటరీ శ్రీ నరేంద్ పార్థసారథి లేదా అతని/ఆమె ద్వారా తెలియజేయవచ్చు లేదా 040-4900 2900 పై కూడా సంభవించవచ్చు.

ఈ ప్రకటన కంపెనీ యొక్క వెబ్సైట్ www.dreddy.com మరియు స్టాక్ ఎక్స్చేంజీ వెబ్సైట్ www.bseindia.com మరియు www.nseindia.com పై కూడా అభ్యర్థించబడినది.

సం/-

తేదీ 12 రోజు నవంబర్, 2019

డి. నరేందర్ నాయక్

హైదరాబాద్

సమావేశం కొరకు నియమించబడిన నిర్దేశనం



DR. REDDY'S LABORATORIES LIMITED

CIN: L85195TG1984PLC004507

Registered Office: 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034,

Tel : +91 40 4900 2900 • **E-mail:** shares@drreddys.com • **Website:** www.drreddys.com

MEETING OF THE UNSECURED CREDITORS OF

DR. REDDY'S LABORATORIES LIMITED ("Company")

*(convened pursuant to an Order dated 22nd day of November, 2019 passed by
the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad)*

Meeting:

Day	Thursday
Date	January 2, 2020
Time	3.00 p.m.
Venue	The Ballroom, Hotel Park Hyatt, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India

INDEX		
Sr. No.	Contents	Page No.
1	Notice of meeting of the Unsecured Creditors of Dr. Reddy's Laboratories Limited to be convened by the Order of the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad dated 22nd day of November, 2019 under the provisions of Sections 230-232 and other applicable provisions of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.	4-6
2	Explanatory Statement under Sections 230(3), 232(1), 232(2) and 102 and other applicable provisions of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.	7-22
3	Annexure 1 Scheme of Amalgamation and Arrangement between Dr. Reddy's Holdings Limited ("Amalgamating Company") and Dr. Reddy's Laboratories Limited ("Amalgamated Company") and their respective shareholders pursuant to provisions of Sections 230-232 read with section 66 and other relevant provisions of the Companies Act, 2013 and rules framed thereunder.	23-42
4	Annexure 2 Share Exchange Report dated July 29, 2019 issued by N. S. Kumar & Co., Chartered Accountants.	43-48
5	Annexure 3 Fairness Opinion dated July 29, 2019 issued by Keynote Financial Services Limited on the Share Exchange Ratio.	49-52
6	Annexure 4 Complaints Report dated September 5, 2019 submitted by Dr. Reddy's Laboratories Limited to BSE Limited ("BSE").	53-54
7	Annexure 5 Complaints Report dated September 21, 2019 submitted by Dr. Reddy's Laboratories Limited to National Stock Exchange of India Limited ("NSE").	55-56
8	Annexure 6 Observation letter dated October 11, 2019 received from BSE Limited.	57-58
9	Annexure 7 Observation letter dated October 11, 2019 received from National Stock Exchange of India Limited.	59-60
10	Annexure 8 Report adopted by the Board of Directors of Dr. Reddy's Holdings Limited in its meeting held on July 29, 2019 pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013.	61-62
11	Annexure 9 Report adopted by the Board of Directors of Dr. Reddy's Laboratories Limited in its meeting held on July 29, 2019 pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013.	63-65
12	Annexure 10 Abridged prospectus providing information pertaining to the unlisted entity i.e. Dr. Reddy's Holdings Limited, Amalgamating Company involved in the scheme as per the format specified in Part E of Schedule VI of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the 'ICDR Regulations').	66-73
13	Annexure 11 Audited Financial Statements of Dr. Reddy's Holdings Limited as on March 31, 2019.	74-103
14	Annexure 12 Audited Standalone Financial Statements of Dr. Reddy's Laboratories Limited as on March 31, 2019.	104-195
15	Annexure 13 Unaudited Financial Statements of Dr. Reddy's Holdings Limited for the period ended September 30, 2019.	196-217
16	Annexure 14 Unaudited Standalone Financial Results of Dr. Reddy's Laboratories Limited for the quarter and half year ended September 30, 2019.	218-222
17	Proxy Form	223
18	Attendance Slip	225
19	Route map for the venue of the meeting	226

BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH AT HYDERABAD
COMPANY SCHEME APPLICATION NO. CA (CAA) No. 231/230/HDB/2019
IN THE MATTER OF THE COMPANIES ACT, 2013;

AND

IN THE MATTER OF THE SECTIONS 230-232 READ WITH SECTION 66 AND ALL OTHER APPLICABLE
PROVISIONS OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF SCHEME OF AMALGAMATION AND ARRANGEMENT

AMONG

M/S. DR. REDDY'S HOLDINGS LIMITED
(THE 'AMALGAMATING COMPANY')

AND

M/S. DR. REDDY'S LABORATORIES LIMITED
(THE 'AMALGAMATED COMPANY')

AND

THEIR RESPECTIVE SHAREHOLDERS

Dr. Reddy's Laboratories Limited

CIN: L85195TG1984PLC004507

Company incorporated under the Companies

Act, 1956, having its registered office at

8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034

..... Applicant/Amalgamated Company

**NOTICE CONVENING THE MEETING OF THE UNSECURED CREDITORS
OF DR. REDDY'S LABORATORIES LIMITED**

To,
**The Unsecured Creditors of
Dr. Reddy's Laboratories Limited
(the 'Applicant/Amalgamated Company'/'Company')**

Notice is hereby given that by an Order dated 22nd day of November, 2019 (the "**Order**"), the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad (**'NCLT'** or **'Tribunal'**) has directed a meeting to be held of the Unsecured Creditors of the Applicant/Amalgamated Company for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Amalgamation and Arrangement between Dr. Reddy's Holdings Limited (**'DRHL'** or the **'Amalgamating Company'**) and Dr. Reddy's Laboratories Limited (**'DRL'** or the **'Amalgamated Company'**) and their respective shareholders (**'Scheme'**).

In pursuance of the said Order and as directed therein, further notice is hereby given that a meeting of the Unsecured Creditors of the Applicant/Amalgamated Company will be held at The Ballroom, Hotel Park Hyatt, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India on Thursday, January 2, 2020 at 3.00 p.m. at which time and place you are requested to attend, consider and, if thought fit, to approve with or without modification(s), the following Resolution:

***"RESOLVED THAT** pursuant to the provisions of Sections 230-232 read with Section 66, of the Companies Act, 2013, read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable rules and regulations made thereunder, applicable provisions of the Securities and Exchange Board of India ("**SEBI**") Act, 1992 read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), applicable provisions of the Foreign Exchange Management Act, 1999 read with relevant rules and regulations thereon and other applicable provisions, if any, enabling provisions of the Memorandum and Articles of Association of the Company, subject to requisite approval of jurisdictional National Company Law Tribunal ("**NCLT'**/**Tribunal**"), and other regulatory or government bodies/tribunals or institutions as may be applicable, and subject to such conditions and modifications as may be prescribed or imposed by the Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors (**'Board'**) of the Company and subject to approval of Equity Shareholders, the arrangement embodied in the Scheme of Amalgamation and Arrangement between Dr. Reddy's Holdings Limited (the **'Amalgamating Company'**) and Dr. Reddy's Laboratories Limited (the **'Amalgamated Company'**) and their respective shareholders (**'Scheme'**) placed before this meeting and initialled by the Chairperson of the meeting for the purpose of identification, be and is hereby approved by the Unsecured Creditors of the Company.*

***RESOLVED FURTHER THAT** the Board or any other person authorized by the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT and/or other authorities while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and/or making such adjustments in the books of accounts as considered necessary in giving effect to the Scheme, as the Board may deem fit and proper"*

TAKE FURTHER NOTICE THAT you may attend and vote at the said meeting in person or by proxy provided that the prescribed form of proxy, duly signed by you, is deposited at the registered office of the Applicant/Amalgamated Company at 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034, Telangana, India, not later than 48 (forty eight) hours before the time fixed for the aforesaid meeting. The form of proxy, if required, can be obtained free of charge from the registered office of the Applicant/Amalgamated Company or can be downloaded from the website of the Applicant/Amalgamated Company.

The Hon'ble Tribunal has appointed Mr. D. Narendar Naik, Advocate, to be the Chairperson of the said meeting including for any adjournment or adjournments thereof.

The Scheme, if approved in the aforesaid meeting, will be subject to the subsequent approval by the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad.

Copies of the Scheme and of the Explanatory Statement, under Sections 230(3), 232(1), 232(2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with the enclosures as indicated in the Index, can be obtained free of charge at the registered office of the Applicant/Amalgamated Company at 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034, Telangana, India.

Sd/-

D. Narendar Naik

Chairperson appointed for the meeting

Dated this 26th day of November, 2019

Place: Hyderabad

Notes:

1. The statement pursuant to Sections 230(3), 232(1), 232(2) and 102, any other applicable provisions of the Act, the rules made thereunder, SEBI Listing Regulations stating all material facts and the reasons thereof for the proposed resolution, forming part of this Notice, is annexed herewith.
2. AN UNSECURED CREDITOR ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY/PROXIES SO APPOINTED NEED NOT BE AN UNSECURED CREDITOR OF THE COMPANY. THE FORM OF THE PROXY DULY COMPLETED SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE AFORESAID MEETING.
3. Form of Proxy is annexed to this Notice and can also be obtained from the registered office of the Company or downloaded from the website of the company.
4. All alterations made in the Form of Proxy should be initialled.
5. An Unsecured Creditor or his proxy or authorized representative, as the case may be, attending the meeting, is requested to bring the copy of the notice to the meeting and produce the Attendance Slip, duly completed and signed at the entrance of the meeting venue.
6. An individual Unsecured Creditor or the authorized representative of the Unsecured Creditor (in case such Unsecured Creditor is a body corporate) or the proxy should carry a copy of their valid and legible identity proof (i.e. PAN Card/Aadhaar Card/Passport/Driving License/Voter ID Card) to the meeting.
7. The authorised representative of a Body Corporate, which is a registered Unsecured Creditor of the Company may attend and vote at the meeting, provided a certified true copy of the resolution of the Board of Directors or other governing body of such Body Corporate authorizing such a representative to attend and vote at the meeting is deposited at the registered office of the Company not later than 48 hours before the scheduled time of the commencement of the meeting.
8. Unsecured Creditors whose names appear on the Register of Unsecured Creditors and to whom the Company owes a debt of more than INR 5,00,000 (Rupees Five Lakhs) as on Saturday, August 31, 2019, ("**cut-off date**") will be considered for the purpose of voting.
9. The voting rights of Unsecured Creditors shall be in proportion to the principal amount due to the Unsecured Creditors as on the cut-off date.
10. In accordance with the provisions of Section 230 read with Section 232 of the Companies Act, 2013, the Scheme shall be acted upon only if majority of persons representing three-fourth in value of the Unsecured Creditors of the Company, voting by way of Ballot/Polling papers at the meeting, agree to the Scheme.
11. The Notice convening the aforesaid meeting will be published through advertisement in newspapers as directed by the Hon'ble Tribunal.
12. As directed by the Tribunal, Ms. K. Sree Ramya Munipalle, Advocate has been appointed as the Scrutinizer for the said meeting of the Unsecured Creditors for conducting the voting through Ballot/Polling Paper process in a fair and transparent manner. The Scrutinizer will submit her report to the Chairperson of the meeting after the completion of scrutiny, and the result of the voting shall be displayed at the registered office of the Company at 8-2-337, Road No.3, Banjara Hills, Hyderabad-500034, Telangana, India. The result would be intimated to the Stock Exchanges where the Company's securities are listed, and displayed on the Company's website <https://www.drreddys.com/investors/investor-services/amalgamation/> along with the Scrutinizer's report within 48 hours from the conclusion of the meeting.
13. The material documents, referred to in the Explanatory Statement will be available for inspection at the registered office of the Company during working hours on all working days from the date of dispatch of the Notice up to the date of the meeting.
14. Any queries/grievances in relation to the voting may be addressed to Mr. Sandeep Poddar, Company Secretary of the Applicant/Amalgamated Company at 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034, Telangana, India or through email at shares@drreddys.com or can also be contacted at 040-4900 2900.

BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH AT HYDERABAD
COMPANY SCHEME APPLICATION NO. CA (CAA) No. 231/230/HDB/2019
IN THE MATTER OF THE COMPANIES ACT, 2013;

AND

IN THE MATTER OF THE SECTIONS 230-232 READ WITH SECTION 66 AND ALL OTHER APPLICABLE
PROVISIONS OF THE COMPANIES ACT, 2013

AND

IN THE MATTER OF SCHEME OF AMALGAMATION AND ARRANGEMENT

AMONG

M/S. DR. REDDY'S HOLDINGS LIMITED
(THE 'AMALGAMATING COMPANY')

AND

M/S. DR. REDDY'S LABORATORIES LIMITED
(THE 'AMALGAMATED COMPANY')

AND

THEIR RESPECTIVE SHAREHOLDERS

Dr. Reddy's Laboratories Limited

CIN: L85195TG1984PLC004507

Company incorporated under the Companies

Act, 1956, having its registered office at 8-2-337,

Road No. 3, Banjara Hills, Hyderabad - 500034

.... Applicant/Amalgamated Company

EXPLANATORY STATEMENT UNDER SECTION 230(3), 232(1) AND 232(2) AND 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

1. Pursuant to the Order dated 22nd day of November, 2019, passed by the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad (the 'NCLT'/'Tribunal'), in Company Scheme Application No. CA (CAA) No. 231/230/HDB/2019 ('Order'), a meeting of the Unsecured Creditors of Dr. Reddy's Laboratories Limited is being convened at The Ballroom, Hotel Park Hyatt, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India on Thursday, January 2, 2020 at 3.00 p.m., for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Amalgamation and Arrangement between Dr. Reddy's Holdings Limited (hereinafter referred to as 'DRHL' or 'Amalgamating Company' as the context may admit) and Dr. Reddy's Laboratories Limited (hereinafter referred to as 'DRL' or 'Amalgamated Company' or 'Applicant/Amalgamated Company' as the context may admit) and their respective shareholders (the "Scheme") under Sections 230-232 and other applicable provisions of the Companies Act, 2013. DRHL and DRL are together referred to as the 'Companies'. A copy of the Scheme, which has been, *inter alia*, approved by the Board of Directors of the Applicant/Amalgamated Company at its meeting held on July 29, 2019, is enclosed herewith.

Capitalized terms used herein but not defined shall have the meaning assigned to them in the Scheme, unless otherwise stated.

2. In terms of the said Order, the quorum for the meeting of the Unsecured Creditors of the Applicant/Amalgamated Company is fixed at 30, present in person or proxy. Further, in terms of the said Order, Hon'ble Tribunal has appointed Mr. D. Narendar Naik as the Chairperson of the said meeting, including for any adjournment thereof.
3. The Order further directs the convening of the meeting of the Equity Shareholders of the Applicant/Amalgamated Company at The Ballroom, Hotel Park Hyatt, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India on Thursday, January 2, 2020 at 11.00 a.m. to consider the Scheme.
4. This statement is being furnished under sections 230(3), 232(1) and 232(2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
5. The Chairperson shall have all powers under the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in relation to the conduct of the meeting, including for deciding procedural questions that may arise before or at any adjournment thereof or any other matter including an amendment to the Scheme or resolution, if any, proposed at the meeting by any person(s).
6. In accordance with the provisions of sections 230-232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority in number representing three-fourths in value of the Unsecured Creditors of the Applicant/Amalgamated Company, voting in person, or proxy, as the case may be, agree to the Scheme.

PARTICULARS OF DR. REDDY'S HOLDINGS LIMITED ("DRHL"/"AMALGAMATING COMPANY")

7. Dr. Reddy's Holdings Limited, a public company limited by shares, was incorporated under the Companies Act, 1956 on July 12, 1994, under corporate identity number U67120TG1994PLC017906 and having its registered office at 7-1-27, Ameerpet, Hyderabad - 500016, Telangana, India. The Amalgamating Company was initially incorporated as a private limited company by the name of "*Dr. Reddy's Holdings Private Limited*". Further, it became a public limited company with effect from May 4, 2009 and the name of the Amalgamating Company was changed to "*Dr. Reddy's Holdings Limited*". DRHL is engaged *inter alia*, in business of holding investments. Further, it holds 24.88% (as on March 31, 2019) of the equity share capital of the Amalgamated Company. There has been no further change in the name of DRHL in the last five (5) years. The Permanent Account Number of the Amalgamating Company is AAACD7741A. Email id of the Amalgamating Company is sanjeevarg@drreddys.com. The equity shares of DRHL are not listed on any stock exchanges.
8. The objects for which the Amalgamating Company has been established are set out in its Memorandum of Association. The main objects of Amalgamating Company are, *inter alia*, as follows:
 - "1. To manufacture, refine, purchase, sell, prepare, import, export all classes and kinds of drugs Including pharmaceutical preparations and formulations, fine chemicals, raw materials and intermediaries for drugs and all other pharmaceuticals such as tablets, injectables, syrups, powers, ointments, aerosols, capsules and liquids for human consumption.
 2. To carry on the business of manufacture, buy sell, export, import and treat and deal in kinds of chemicals, biological, cosmetics, insecticides, agrochemicals, pesticides, dyestuffs and other intermediaries.
 3. To carry on research, undertake, develop, promote engage in all kinds of research and development and setup laboratories and other facilities by maintaining the resting and to develop new products and substitute for imported products and render all technical assistance either monetary or otherwise as may be required for that purpose.
 4. To carry on the business of an investment and holding company without prejudice to the generality of the foregoing to buy, underwrite, invest in and acquire and hold, sell and deal in shares, stocks, debentures, debenture - stock, bonds obligations and securities issued or guaranteed by any company constituted or carrying on business in India or elsewhere and debenture - stock, bonds obligations and securities, issued or guaranteed by any company constituted or carrying on business in India or elsewhere and debenture - stock, bonds obligations and securities, issued or guaranteed by any Government. State dominions, Sovereign, Rules, Commissioners , Public body of authority, Supreme, Municipal, local are otherwise, firm or person whether in India or elsewhere and to deal with and turn to account the same, provided always that no purchase or investment imposing unlimited liability on the company shall be made.
 5. To buy, sell, market or otherwise deal in shares, stocks, securities, bonds, debentures, deposits, certificates, units of other investment or saving instrument and make investment in such and related business."

9. The Authorised, Issued, Subscribed and Paid up Share Capital of Amalgamating Company as on March 31, 2019 was as under:

Particulars	Amount (INR)
Authorized Capital	
25,00,000 Equity Shares of INR 100 each	25,00,00,000
Total	25,00,00,000
Issued, Subscribed and Paid-up	
8,04,080 Equity Shares of INR 100 each	8,04,08,000
Total	8,04,08,000

Subsequent to March 31, 2019, there has been no change in the authorized, issued, subscribed and paid-up share capital of Amalgamating Company.

10. Amalgamating Company holds 4,13,25,300 (Four Crores Thirteen Lakhs Twenty Five Thousand and Three Hundred) equity shares of INR 5 each (24.88%) in DRL. Upon amalgamation of Amalgamating Company and Amalgamated Company, these equity shares will stand cancelled and 4,13,25,300 (Four Crores Thirteen Lakhs Twenty Five Thousand and Three Hundred) fully paid up equity shares of the face value of INR 5 each of the Applicant/Amalgamated Company shall be issued and allotted as fully paid up equity shares to the equity shareholders of the Amalgamating Company, in proportion to their holding of 8,04,080 fully paid up equity shares of the face value of INR 100 each in the Amalgamating Company as provided in the Scheme.

PARTICULARS OF DR. REDDY'S LABORATORIES LIMITED ("DRL"/"AMALGAMATED COMPANY")

11. Dr. Reddy's Laboratories Limited is a public company, limited by shares, incorporated under the Companies Act, 1956 on February 24, 1984, under corporate identity number L85195TG1984PLC004507 and having its registered office at 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034, Telangana, India. It was initially incorporated as a private limited company by the name of "*Dr. Reddy's Laboratories Private Limited*". Further, it became a public limited company pursuant to the fresh certificate of incorporation dated December 6, 1985 and the name of the Amalgamated Company was changed to "*Dr. Reddy's Laboratories Limited*". There has been no further change in the name of DRL in the last five (5) years. The Permanent Account Number of the Applicant/Amalgamated Company is AAACD7999Q. Email id of the Applicant/Amalgamated Company is shares@drreddys.com. The equity shares of the Applicant/Amalgamated Company are listed on the BSE and the NSE and its American Depository Receipts are listed on the New York Stock Exchange Inc. ("NYSE"). DRL is an integrated pharmaceutical company, committed to providing affordable and innovative medicines for healthier lives. Through its three businesses - pharmaceutical services and active ingredients, global generics and proprietary products, DRL offers a portfolio of products and services including active pharmaceutical ingredients, custom pharmaceutical services, generics, biosimilars and differentiated formulations.
12. The objects for which Applicant/Amalgamated Company has been established are set out in its Memorandum of Association which *inter alia* are as follows:
- To carry on the business of manufacture, sell, deal, export and import in all types of Chemicals, Drugs, Pharmaceuticals, Pesticides and Dyestuffs and other intermediaries.*
 - To carry on the research and developmental activities to develop new products and substitute for imported products and to develop and maintain testing house and laboratory for own use and for others.*
 - To carry on the business of Consulting Engineers in chemical, Pharmaceutical and Dyestuff Industries.*
 - To carry on the business of Manufacturer, Exporter, Importer, Whole Sale and Retails Sellers, Dealers in and to do Research and Development in Dermocosmetic products and its intermediates.*
 - To carry on and undertake the business of investing its funds in equity and preference shares, stocks, bonds debentures (convertible and non-convertible) of new projects and securities of all kinds and every description of well established and sound companies, to subscribe to capital issues of joint stock companies, ventures, industries, units, trading concerns whether old or new as the company may think fit and to assist them by granting financial accommodation by way of loans/advances to industrial concerns and to assist Industrial enterprises in creation, expansion and modernisation upon terms whatsoever and to act as finance brokers, merchants and commission agents and to deal in Govt. securities including Govt. bonds, loans, National savings certificates, post office, saving schemes, units of investments, etc., including units of Unit Trust of India.*

6. *To promote industrial finance, deposit or lend money, securities and properties to or with any company body corporate, firm, person or association whether falling under the same management or otherwise, in accordance with and to the extent permissible under the provisions contained in Sections 370 & 372 of the Companies Act, 1956, with or without security and on such terms as may be determined from time to time. However, the Company shall not carry on the business of Banking as defined under the Banking Regulation Act, 1949; and to carry on and undertake the business of finance, investment and trading, hire purchase, leasing and to finance lease operations of all kinds, purchasing, selling, hiring or letting on hire of all kinds of plant and machinery and equipment that the Company may think fit and to assist in financing operations of all and every kind of description of hire purchase or deferred payment or similar transactions and to subsidise finance or assist in subsidising or financing the sale and maintenance of any goods, articles, or commodities of all and every kind of description upon any terms whatsoever and to purchase or otherwise deal in all forms of immovable and movable property including lands and buildings, plant and machinery, Equipment, ships, aircraft, automobiles computers and all consumer, commercial and industrial items and to lease or otherwise deal with them in any manner whatsoever including release thereof regardless of whether the property purchase and lease be new and/or used.*
7. *To provide a package of investment/merchant banking services by acting as managers to Public Issue Securities, by underwriting Securities, act as Issue House and to carry on the business of Registrars to investment schemes, Money Managers to secure and extend market support by conducting surveys, collecting data, information and reports and to act as general traders and agents, to carry on the agency business and warehousing indenting and dealership of business.*
8. *To carry on the business of manufacturing, buying, selling, importing, exporting of and generally dealing in all types of surgical, medical, dental and scientific equipment, instruments and accessories, and diagnostic kits and Re-agents diagnostic equipments, healthcare aids and accessories, healthcare products and instruments and to carry on research and development of healthcare including diagnostic systems.*
9. *To establish, run and maintain hospitals, diagnostic centers, nursing homes, mobile medical service centers and any medical and healthcare institutions and to promote research and development in these areas.*
10. *To carry on the business as exporters and dealers in all kinds of electronic and electrical equipments, devices, and components including computers, video terminals, computer peripherals, data processing systems, export systems, uninterruptible power supply systems medical equipments and all kinds of electronic assemblies, sub-assemblies and components; telecommunication equipments devices and accessories used in communication; all types of office equipments including photocopiers, airconditioners, water and aircoolers, fire and burglar alarms accounting machines, cash registers and electronic point of sales systems and domestic appliances like radios televisions, refrigerators; heaters, cooking range etc., and to develop systems software and provide consultancy, maintenance and service support and to promote research and development in all the above fields.”*

There has been no change in the Objects clause of DRL in the last 5 years.

13. The Authorised, Issued, Subscribed and Paid up Share Capital of the Applicant/Amalgamated Company as on March 31, 2019 was as under:

Particulars	Amount (INR)
Authorized Capital	
24,00,00,000 Equity Shares of INR 5 each	120,00,00,000
Total	120,00,00,000
Issued Capital	
16,60,66,148 equity shares of INR 5 each	83,03,30,740
Total	83,03,30,740
Subscribed and Paid-up Capital	
16,60,65,948 equity shares of INR 5 each	83,03,29,740
Total	83,03,29,740

As on March 31, 2019, the issued and paid-up share capital includes 2,34,37,729 equity shares represented by 2,34,37,729 American Depositary Receipts. The American Depositary Receipts are listed on the NYSE.

As on March 31, 2019, the Applicant/Amalgamated Company has 5,31,356 outstanding employee stock options, the exercise of which may result in an increase in the issued and paid-up share capital of the Applicant/Amalgamated Company.

14. RATIONALE OF THE SCHEME:

It is proposed to amalgamate DRHL with DRL by this Scheme, as a result of which the shareholders of DRHL viz. Promoters (*as defined in the Scheme*) shall directly hold shares in DRL.

The Amalgamation will lead to simplification of the shareholding structure and reduction of shareholding tiers and demonstrate direct commitment to and engagement with DRL of/by the Promoters. Further, the Amalgamation shall have no adverse implications for DRHL, DRL, or public shareholders of DRL.

The Promoter Group (*as defined in the Scheme*) cumulatively will continue to hold the same number of shares in DRL, pre and post the amalgamation.

All costs, charges and expenses relating to the Scheme will be borne out of the Surplus Assets (*as defined in the Scheme*) of DRHL. Further, any expense, if exceeding the Surplus Assets of DRHL would be borne directly by the Promoters.

The Scheme also provides that the Promoters/Indemnifying Parties (*as defined in the Scheme*) will jointly and severally indemnify, defend and hold harmless the Amalgamated Company, its directors, employees, officers, representatives, or any other person authorized by the Amalgamated Company (excluding the Promoters) for any liability, claim, or demand, which may devolve upon the Amalgamated Company on account of this amalgamation.

15. SALIENT FEATURES OF THE SCHEME:

15.1 The Scheme is presented under Sections 230 - 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and relevant rules made thereunder as may be applicable for the amalgamation of Dr. Reddy's Holdings Limited with Dr. Reddy's Laboratories Limited;

15.2 "**Appointed Date**" means April 1, 2019 or such other date as may be approved by Hon'ble National Company Law Tribunal at Hyderabad Bench, Hyderabad, for the purposes of this Scheme and Income-tax Act, 1961;

15.3 "**Effective Date**" means the date on which the Scheme shall become effective pursuant to Clause 13 of the Scheme. Any references in the Scheme to "*upon this Scheme becoming effective*" or "*effectiveness of this Scheme*" or "*after this Scheme becomes effective*" means and refers to the Effective Date;

15.4 The Scheme further, *inter alia*, provides that upon the Scheme becoming effective and with effect from the Appointed Date:

- (i) all assets of the Amalgamating Company, as are movable in nature including but not limited to sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances, cash in hand, deposits, investments (including investments in securities of other companies whether, shares, stocks, debentures, units, or other similar instruments) if any, shall without any further act, instrument or deed, become the property of the Amalgamated Company;
- (ii) all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheets of the Amalgamating Company, shall, be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Amalgamated Company;
- (iii) all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses in relation to the Amalgamating Company, shall be in full force and effect on the Amalgamated Company and may be enforced as fully and effectually as if, instead of the Amalgamating Company, the Amalgamated Company had been a party thereto;
- (iv) any pending suit/appeal or other proceedings of whatsoever nature relating to the Amalgamating Company, whether by or against the Amalgamating Company, shall continue and any prosecution shall be enforced by or against the Amalgamated Company in the same manner and to the same extent as they would or might have been continued, prosecuted and/or enforced by or against the Amalgamating Company, as if this Scheme had not been made;
- (v) all employees of the Amalgamating Company, who are on its pay roll shall be engaged by the Amalgamated Company, on such terms and conditions as are no less favourable than those on which they are currently engaged by the Amalgamating Company, without any interruption of service as a result of this amalgamation and transfer;

- (vi) all statutory licenses, permissions or approvals or consents held by the Amalgamating Company required to carry on its operations shall stand transferred to and be vested in the Amalgamated Company without any further act or deed, and shall, as may be required, be appropriately mutated by the statutory authorities concerned therewith in favor of the Amalgamated Company;
 - (vii) any and all registrations, goodwill, licenses appertaining to the Amalgamating Company shall stand transferred to and vested in the Amalgamated Company;
 - (viii) all taxes payable by the Amalgamating Company, if any, including all or any refunds of claims shall be treated as the tax liability or refunds/claims as the case may be of the Amalgamated Company;
- 15.5 Conduct of the Amalgamating Company till the Effective Date:
- (i) All the profits or income accruing or arising to the Amalgamating Company or expenditure or losses arising or incurred or suffered by it with effect from Appointed Date shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure, as the case may be, of the Amalgamated Company respectively, unless otherwise provided in the Scheme;
 - (ii) Until the effectiveness of the Scheme, in the event the Amalgamated Company declares and distributes dividends (including interim dividends) or undertakes any Corporate Action (such as bonus issue/rights issue etc.), the Amalgamating company shall be duly entitled to the same;
 - (iii) Notwithstanding anything contained in the Scheme, in the event any dividends are declared by the Amalgamated Company before the Scheme becoming effective, the Amalgamating Company being entitled to the same due to its shareholding in the Amalgamated Company, shall ensure that such entitlements are immediately distributed amongst its shareholders by way of dividends.
- 15.6 Upon the coming into effect of the Scheme, and in consideration of the amalgamation of the Amalgamating Company with the Amalgamated Company, the Amalgamated Company shall, without any further act or deed and without any further payment, basis the Share Exchange Report, issue and allot to the shareholders of Amalgamating Company (whose name is recorded in the register of members of the Amalgamating Company as on Record Date) equal number of equity shares as held by the Amalgamating Company in the Amalgamated Company in the following manner:
- “4,13,25,300 (Four Crores Thirteen Lakhs Twenty Five Thousand and Three Hundred) fully paid up equity shares of the face value of INR 5 each of the Applicant/Amalgamated Company shall be issued and allotted as fully paid up equity shares to the equity shareholders of the Amalgamating Company, in proportion to their holding of 8,04,080 fully paid up equity shares of the face value of INR 100 each in the Amalgamating Company.”
- 15.7 All equity shares held by the Amalgamating Company in the share capital of the Amalgamated Company as on the Effective Date (i.e. 4,13,25,300 equity shares), shall stand cancelled, without any further act or deed, upon this Scheme becoming effective. Accordingly, the share capital of Amalgamated Company shall stand reduced to the extent of the face value of shares held by the Amalgamating Company in the Amalgamated Company.
- 15.8 On coming into effect of this Scheme, the authorized share capital of the Amalgamating Company shall be deemed to have been reclassified into equity shares of INR 5 (Rupees Five only) each and shall stand transferred to and be amalgamated with the authorized share capital of the Amalgamated Company without any requirement of any further act, instrument or deed on the part of the Amalgamated Company, including payment of stamp duty and fees payable to the relevant Registrar of Companies. Clause V.a. of the Memorandum of Association of the Amalgamated Company shall respectively stand substituted by virtue of the Scheme to read as follows:
- “The authorized share capital of the Company is INR 145,00,00,000 (Rupees One Hundred and Forty-Five Crores only) divided into 29,00,00,000 (Twenty-Nine Crores) equity shares of INR 5/- (Rupees Five only) each”
- 15.9 On the Scheme becoming effective, the Amalgamated Company shall account for the Scheme in its books of accounts with effect from the Effective Date in accordance with applicable Indian Accounting Standards notified under the provisions of Section 133 and other applicable provisions of the Companies Act.

- 15.10 Upon this Scheme becoming effective, the Amalgamating Company shall stand dissolved, without following the procedure of winding up prescribed under the Insolvency and Bankruptcy Code, 2016, as may be applicable.
- 15.11 All costs, charges and expenses relating to the Scheme will be borne out of the Surplus Assets (as defined in the Scheme) of DRHL. Further, any expense, if exceeding the Surplus Assets of DRHL would be borne directly by the Promoters.
- 15.12 The Scheme is conditional upon and subject to:
- (i) The approval by the requisite majorities in number and value of the classes of persons, including shareholders, creditors of the Amalgamating Company and Amalgamated Company as may be directed by the NCLT under Sections 230 - 232 of the Companies Act
 - (ii) The approval by the public shareholding through e-voting in terms of paragraphs 1(A)(9)(a) and 1(A)(9)(b) of Annexure 1 of SEBI circular CFD/DIL3/CIR/2017/21 dated 10th March, 2017 (including any modification or revisions thereof) and the Scheme shall be acted upon only if the votes cast by the public shareholder in favour of the Scheme are more than the number of votes cast by the public shareholders against it;
 - (iii) The sanctioning of this Scheme by the NCLT, whether or not with any modifications or amendments as NCLT may deem fit or otherwise;
 - (iv) The filing of the certified copies of the Orders of the NCLT with the Registrar of Companies, by the Amalgamating Company and Amalgamated Company, as the case may be;
 - (v) Compliance with such other conditions as may be imposed by NCLT;
 - (vi) The requisite consent, approval or permission of the Central Government or any Governmental Authorities including Stock Exchanges, Reserve Bank of India, which by law may be necessary for the implementation of this Scheme;
 - (vii) Any other sanctions and orders as may be directed by the NCLT in respect of the Scheme.

The aforesaid are only the salient features of the Scheme. You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof.

16. CORPORATE APPROVALS

- 16.1 The proposed Scheme was placed before the Audit Committee of the Applicant/Amalgamated Company at its meeting held on July 29, 2019. The Audit Committee of Applicant/Amalgamated Company in their meeting recommended the Scheme to the Board of Directors of Applicant/Amalgamated Company.
- 16.2 The Scheme was placed before the Board of Directors of Applicant/Amalgamated Company, at its meeting held on July 29, 2019. The report of the Audit Committee was also submitted to the Board of Directors of Applicant/Amalgamated Company. Based on the aforesaid, the Board of Directors of Applicant/Amalgamated Company approved the Scheme. The meeting of the Board of Directors of Applicant/Amalgamated Company, held on July 29, 2019, was attended by all of its directors. None of the Directors of Applicant/Amalgamated Company who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the Directors of Applicant/Amalgamated Company who attended and voted at the meeting.
- 16.3 The Scheme was placed before the Board of Directors of Amalgamating Company, at its meeting held on July 29, 2019. The Board of Directors of Amalgamating Company unanimously approved the Scheme. The meeting of the Board of Directors of Amalgamating Company, held on July 29, 2019, was attended by all of its directors. None of the Directors of Amalgamating Company who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the Directors of Amalgamating Company who attended and voted at the meeting.

17. APPROVALS AND ACTIONS TAKEN IN RELATION TO THE SCHEME

- 17.1 Pursuant to the SEBI Circular read with Regulation 37 of the SEBI Listing Regulations, the Applicant/Amalgamated Company had filed the necessary applications before the BSE and NSE seeking their no-objections to the Scheme. The Applicant/Amalgamated Company has received the observation letters from BSE and NSE dated October 11, 2019 conveying their no-objection to the Scheme ("**Observation Letters**"). Copies of the aforesaid Observation Letters are enclosed herewith.

- 17.2 As required by the SEBI Circular, the Applicant/Amalgamated Company has filed the Complaints Reports with the BSE and NSE on September 5, 2019 and September 21, 2019 respectively. A copy of the aforementioned Complaints Reports are enclosed herewith.
- 17.3 The Companies would obtain such necessary approvals/sanctions/no objection(s) from the regulatory or other governmental authorities in respect of the Scheme in accordance with law, if so required.
- 17.4 The applications along with the annexures thereto (which includes the Scheme) were filed by the Companies with the Hon'ble Tribunal on October 30, 2019.

18. CAPITAL STRUCTURE PRE AND POST AMALGAMATION AND ARRANGEMENT

- 18.1 The pre-amalgamation and arrangement capital structure of the Applicant/Amalgamated Company is mentioned in paragraph 13 above. Post the amalgamation and arrangement, the issued, subscribed and paid-up share capital of the Applicant/Amalgamated Company would not be impacted by the Scheme, since, post amalgamation and arrangement, the equity shares held by the Amalgamating Company shall stand cancelled and as a consideration for the amalgamation same number of shares will be issued to the equity shareholders of the Amalgamating Company.
- 18.2 The pre-amalgamation and arrangement capital structure of the Amalgamating Company is mentioned in paragraph 9 above. Post the amalgamation and arrangement, the Amalgamating Company shall stand dissolved without being wound-up.

19. PRE AND POST AMALGAMATION AND ARRANGEMENT SHAREHOLDING PATTERN

- 19.1 The pre and post amalgamation and arrangement shareholding pattern of the Applicant/Amalgamated Company is as follows:

Particulars as on March 31, 2019			Pre-amalgamation and arrangement		Post- amalgamation and arrangement (expected)	
Sr. No.	Description	Name of Shareholder	No. of shares	%	No. of shares	%
(A)	Shareholding of Promoter and Promoter Group					
1	Indian					
(a)	Individuals/ Hindu Undivided Family	Mr. G V Prasad	11,17,940	0.67	11,17,940	0.67
		G V Prasad HUF	-	-	14,25,478	0.86
		K Satish Reddy HUF	-	-	55,23,677	3.33
		Mr. Satish Reddy	8,98,432	0.54	9,01,002	0.54
		Mrs. G. Anuradha	1,496	0.00	9,205	0.01
		Mrs. G.V. Sanjana Reddy	-	-	5,140	0.00
		Mrs. K. Deepti Reddy	-	-	5,140	0.00
		Mrs. K. Samrajyam	11,15,360	0.67	11,20,499	0.67
		Ms. G. Mallika Reddy	-	-	5,139	0.00
(b)	Central Government/ State Government(s)		-	-	-	-
(c)	Bodies Corporate	Dr. Reddy's Holdings Limited	4,13,25,300	24.88	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any Others	APS Trust*	-	-	3,43,45,308	20.68
	Sub Total(A)(1)		4,44,58,528	26.77	4,44,58,528	26.77

Particulars as on March 31, 2019			Pre-amalgamation and arrangement		Post- amalgamation and arrangement (expected)	
Sr. No.	Description	Name of Shareholder	No. of shares	%	No. of shares	%
2	Foreign		-	-	-	-
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)		-	-	-	-
(b)	Bodies Corporate		-	-	-	-
(c)	Institutions		-	-	-	-
(d)	Any Others		-	-	-	-
	Sub Total(A)(2)		-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A) (1)+(A)(2)		4,44,58,528	26.77	4,44,58,528	26.77
(B)	Public shareholding					
1	Institutions					
(a)	Mutual Funds/ UTI		1,51,32,031	9.11	1,51,32,031	9.11
(b)	Financial Institutions/ Banks		3,41,114	0.21	3,41,114	0.21
(c)	Central Government/ State Government(s)		-	-	-	-
(d)	Venture Capital Funds		-	-	-	-
(e)	Insurance Companies		81,74,052	4.92	81,74,052	4.92
(f)	Foreign Institutional Investors		5,13,71,769	30.94	5,13,71,769	30.94
(g)	Foreign Venture Capital Investors		-	-	-	-
(h)	Any Other – Alternate Investment Funds		4,70,455	0.28	4,70,455	0.28
	Sub-Total (B)(1)		7,54,89,421	45.46	7,54,89,421	45.46

Particulars as on March 31, 2019			Pre-amalgamation and arrangement		Post- amalgamation and arrangement (expected)	
Sr. No.	Description	Name of Shareholder	No. of shares	%	No. of shares	%
2	Non-institutions					
(a)	Bodies Corporate		57,25,223	3.45	57,25,223	3.45
(b)	Individuals					
I	Individuals i. Individual shareholders holding nominal share capital up to INR 1 lakh		1,22,16,818	7.36	1,22,16,818	7.36
II	ii. Individual shareholders holding nominal share capital in excess of INR 1 lakh.		8,16,135	0.49	8,16,135	0.49
(c)	Any Other		39,22,094	2.36	39,22,094	2.36
	Sub-Total (B)(2)		2,26,80,270	13.66	2,26,80,270	13.66
	Total Public Shareholding (B)= (B)(1)+(B)(2)		9,81,69,691	59.12	9,81,69,691	59.12
	TOTAL (A)+(B)		14,26,28,219	85.89	14,26,28,219	85.89
(C)	Shares held by Custodians and against which ADRs have been issued		2,34,37,729	14.11	2,34,37,729	14.11
	GRAND TOTAL (A)+(B)+(C)		16,60,65,948	100.00	16,60,65,948	100.00

* Mr. G V Prasad and Mr. K Satish Reddy are the Trustees of APS Trust. Further, Mr. G V Prasad, Mr. K Satish Reddy, Mrs. G Anuradha, Mrs. Deepti Reddy and their bloodline descendants are the beneficiaries of APS Trust.

The Promoters and Promoters Group (as defined in the Scheme) cumulatively will continue to hold the same number of shares in DRL, pre and post the amalgamation.

- 19.2 The pre and post amalgamation and arrangement shareholding pattern of the Amalgamating Company is as follows:

Particulars as on March 31, 2019		Pre-amalgamation and arrangement	
Description	Name of Shareholder	No. of shares	%
Shareholding of Promoter and Promoter Group			
Individuals/Hindu Undivided Family	Mrs. G. Anuradha	150	0.02
	Mrs. K. Deepti Reddy	100	0.01
	Mrs. K. Samrajyam	100	0.01
	Mr. K Satish Reddy	50	0.01
	Mrs. G V Sanjana Reddy	100	0.01
	Ms. G. Mallika Reddy	100	0.01
	G V Prasad HUF	27,736	3.45
	K Satish Reddy HUF	1,07,476	13.37
Any other	APS Trust*	6,68,268	83.11
TOTAL		8,04,080	100.00

* Mr. G V Prasad and Mr. K Satish Reddy are the Trustees of APS Trust. Further, Mr. G V Prasad, Mr. K Satish Reddy, Mrs. G Anuradha, Mrs. Deepti Reddy and their bloodline descendants are the beneficiaries of APS Trust.

Post the Scheme becoming effective, Dr. Reddy's Holdings Limited shall amalgamate with Dr. Reddy's Laboratories Limited and hence, post shareholding pattern of Dr. Reddy's Holdings Limited is not applicable.

20. EXTENT OF SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL ('KMP'):

- 20.1 The Directors, KMP and their relatives of the Amalgamating and Applicant/Amalgamated Company may be affected only to the extent of their shareholding in the Amalgamating and/or Applicant/Amalgamated Company, or to the extent that the said Directors or KMP are the partners, directors, members of the companies, firms, association of persons, bodies corporates and/or beneficiary of Trust that hold shares in the Amalgamating and/or Applicant/Amalgamated Company, if any. Save as aforesaid, none of the Directors/KMP or their relatives of the Amalgamating and/or Applicant/Amalgamated Company have any material interest in the Scheme.
- 20.2 The details of the present Directors and KMP of the Applicant/Amalgamated Company and their respective shareholdings in the Applicant/Amalgamated Company and Amalgamating Company as on the date of this notice are as follows:

Name of Director/KMP	Designation	Equity Shares of INR 5/- each in the Applicant/ Amalgamated Company	Equity Shares of INR 100/- each in the Amalgamating Company
Mr. K Satish Reddy	Chairman and Whole Time Director	8,98,432	50
Mr. G V Prasad	Co-Chairman and Managing Director	11,17,940	-
Mr. Bharat N Doshi	Independent Director	1,000	-
Dr. Bruce L A Carter (ADRs)	Independent Director	7,800	-
Mrs. Kalpana Morparia	Independent Director	10,800	-
Mr. Prasad R Menon	Independent Director	-	-
Mr. Sridar Iyengar	Independent Director	-	-
Mr. Leo Puri	Independent Director	-	-
Mrs. Shikha Sanjaya Sharma	Independent Director	-	-

Name of Director/KMP	Designation	Equity Shares of INR 5/- each in the Applicant/ Amalgamated Company	Equity Shares of INR 100/- each in the Amalgamating Company
Mr. Allan Grant Oberman	Independent Director	-	-
Mr. Erez Israeli	Chief Executive Officer	-	-
Mr. Saumen Chakraborty	Chief Financial Officer	45,125	-
Mr. Sandeep Poddar	Company Secretary	2,800	-

- 20.3 The details of the present Directors and KMP of the Amalgamating Company and their respective shareholdings in the Amalgamating Company and Applicant/Amalgamated Company as on the date of this notice are as follows:

Name of Director/KMP	Designation	Equity Shares of INR 100/- each in the Amalgamating Company	Equity Shares of INR 5/- each in the Applicant/ Amalgamated Company
Mr. G V Prasad	Director	-	11,17,940
Mr. K Satish Reddy	Director	50	8,98,432
Mrs. G. Anuradha	Director	150	1,496
Mrs. K. Deepti Reddy	Director	100	-
Mrs. Shikha Sabharwal	Company Secretary	-	-

21. GENERAL

- 21.1 The Applicant/Amalgamated Company and the Amalgamating Company have made a joint application before the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad for the sanction of the Scheme under Section 230-232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and other relevant rules thereunder.
- 21.2 The Applicant/Amalgamated Company does not have any Secured Creditors as on August 31, 2019. Further, the amount due by the Applicant/Amalgamated Company to its Unsecured Creditors as on August 31, 2019 is INR 22,70,42,40,306.
- 21.3 The Amalgamating Company does not have any Secured and Unsecured Creditors as on September 30, 2019.
- 21.4 The Unsecured Creditors of the Applicant/Amalgamated Company whose names are appearing in the records of the Applicant/Amalgamated Company and to whom the Company owes a debt of more than INR 5,00,000 (Rupees Five Lakhs) as on Saturday, August 31 2019, shall be eligible to attend and vote at the meeting, either in person or by proxies convened as per the directions of the Tribunal.
- 21.5 The rights and interests of Unsecured Creditors of Applicant/Amalgamated Company will not be affected by the Scheme as no sacrifice or waiver is, at all called from them nor their rights sought to be modified in any manner and post the Scheme, the Applicant/Amalgamated Company will be able to meet its liabilities as they arise in the ordinary course of business.
- 21.6 The latest audited financial statements for the year ended March 31, 2019 and unaudited financial results for the period ended September 30, 2019 of the Applicant/Amalgamated Company indicates that it is in a solvent position and would be able to meet liabilities as they arise in the course of business. There is no likelihood that any Unsecured Creditors of the Applicant/Amalgamated Company would lose or be prejudiced as a result of this Scheme being passed since no sacrifice or waiver is at all called for from them nor are their rights sought to be adversely modified in any manner. Hence, the amalgamation and arrangement will not cast any additional burden on the shareholders or creditors of the Applicant/ Amalgamated Company, nor will it adversely affect the interest of any of the shareholders or creditors.
- 21.7 There are no winding up proceedings pending against the Applicant/Amalgamated Company as of date;
- 21.8 No investigation or proceedings are pending or are likely to be pending under the provisions of Chapter XIV of the Companies Act, 2013 or under the provisions of the Companies Act, 1956 in respect of the Applicant/Amalgamated Company.

- 21.9 A copy of the proposed Scheme has been filed by the respective Companies before the concerned Registrar of Companies.
- 21.10 The Applicant/Amalgamated Company and the Amalgamating Company are required to seek approvals/sanctions/no-objections from certain regulatory and governmental authorities for the Scheme such as the Registrar of Companies, Regional Director and Income-tax authorities. These approvals/sanctions/no-objections will be obtained by the Applicant/Amalgamated Company and the Amalgamating Company at the relevant time.
- 21.11 In the event that the Scheme is withdrawn in accordance with its terms, the Scheme shall stand revoked, cancelled and be of no effect and null and void.
- 21.12 Names and addresses of the Directors and Promoters of the Applicant/Amalgamated Company as on the date of this notice are as under:

Sr. No.	Name of Director	Address	DIN
1.	Mr. G V Prasad	H.No. 8-2-579/A/1/2, Plot No 32, Road No 8, Banjara Hills, Hyderabad - 500034	00057433
2.	Mr. K Satish Reddy	H. No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034	00129701
3.	Mr. Bharat N Doshi	Flat No. 8, St. Helens Court Peddar Road, Opposite Jaslok Hospital, Cumballa Hill, Mumbai - 400026	00012541
4.	Dr. Bruce L A Carter	3915, NE Surber, DR Seattle - 98105 US	02331774
5.	Ms. Kalpana Morparia	A52 Ahuja Tower CHS, Rajabhau Desai Marg, Prabhadevi, Mumbai - 400025	00046081
6.	Mr. Prasad R Menon	264/A, Road No. 12 M.L.A, Colony, Banjara Hills, Hyderabad - 500034	00005078
7.	Mr. Sridar Iyengar	85, Fair Oaks Lane, Atherton - 94027 US	00278512
8.	Mr. Leo Puri	Condominium, 37 D-L, Jagamohandas Marg, Napean Sea Road, Mumbai - 400037	01764813
9.	Ms. Shikha Sanjaya Sharma	4402, The Imperial Tower, South Tower, Tardeo, Mumbai - 400034	00043265
10.	Mr. Allan Grant Oberman	7071, Bayview Avenue, Suite P112, Thornhill Ontario, L3T7Y8 CA	08393837

Sr. No.	Name of Promoter	Address
1.	Mr. G V Prasad*	H.No. 8-2-579/A/1/2, Plot No 32, Road No 8, Banjara Hills, Hyderabad - 500034
2.	Mr. K Satish Reddy*	H.No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034
3.	Mrs. G Anuradha*	H.No. 8-2-579/A/1/2, Plot No 32, Road No 8, Banjara Hills, Hyderabad - 500034
4.	Mrs. K Samrajyam*	H.No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034
5.	Dr. Reddy's Holdings Limited*	7-1-27, Ameerpet, Hyderabad - 500016
6.	G V Prasad HUF	H.No. 8-2-579/A/1/2, Plot No 32, Road No 8, Banjara Hills, Hyderabad - 500034
7.	K Satish Reddy HUF	7-1-27, Ameerpet, Hyderabad - 500016
8.	Mrs. K. Deepti Reddy	H.No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034
9.	Mrs. G.V. Sanjana Reddy	H.No. 8-2-579/A/1/2, Plot No 32, Road No 8, Banjara Hills, Hyderabad - 500034
10.	Ms. G. Mallika Reddy	H.No. 8-2-579/A/1/2, Plot No 32, Road No 8, Banjara Hills, Hyderabad - 500034

Sr. No.	Name of Promoter	Address
11.	APS Trust	H.No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034
12.	VSD Holdings & Advisory LLP	7-1-27, Ameerpet, Hyderabad - 500016
13.	Mr. G Sharathchandra Reddy	H.No. 8-2-579/A/1/2, Plot No 32, Road No 8, Banjara Hills, Hyderabad - 500034
14.	Ms. K Shravya Reddy	H.No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034
15.	Mr. K Vishal Reddy	H.No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034
*Holding shares in Dr. Reddy's Laboratories Limited		

21.13 Names and addresses of the Directors and Promoters of the Amalgamating Company as on the date of this notice are as under:

Sr. No.	Name of Director	Address	DIN
1.	Mr. G V Prasad	H. No. 8-2-579/A/1/2, Plot No 32, Road No 8, Banjara Hills, Hyderabad - 500034	00057433
2.	Mr. K Satish Reddy	H. No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034	00129701
3.	Mrs. G Anuradha	H. No. 8-2-579/A/1/2, Plot No 32, Road No 8, Banjara Hills, Hyderabad - 500034	00337663
4.	Mrs. K. Deepti Reddy	H. No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034	01259238

Sr. No.	Name of Promoter	Address
1.	Mr. G V Prasad	H. No. 8-2-579/A/1/2, Plot No 32, Road No 8, Banjara Hills, Hyderabad - 500034
2.	Mr. K Satish Reddy*	H. No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034
3.	Mrs. G Anuradha*	H. No. 8-2-579/A/1/2, Plot No 32, Road No 8, Banjara Hills, Hyderabad - 500034
4.	Mrs. K Samrajyam*	H. No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034
5.	G V Prasad HUF*	H. No. 8-2-579/A/1/2, Plot No 32, Road No 8, Banjara Hills, Hyderabad - 500034
6.	K Satish Reddy HUF*	H. No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034
7.	Mrs. K. Deepti Reddy*	H. No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034
8.	Mrs. G.V. Sanjana Reddy*	H. No. 8-2-579/A/1/2, Plot No 32, Road No 8, Banjara Hills, Hyderabad - 500034
9.	Ms. G. Mallika Reddy*	H. No. 8-2-579/A/1/2, Plot No 32, Road No 8, Banjara Hills, Hyderabad - 500034
10.	APS Trust*	H. No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034
11.	VSD Holdings & Advisory LLP	7-1-27, Ameerpet, Hyderabad - 500016
12.	Mr. G Sharathchandra Reddy	H. No. 8-2-579/A/1/2, Plot No 32, Road No 8, Banjara Hills, Hyderabad - 500034
13.	Ms. K Shravya Reddy	H. No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034
14.	Mr. K Vishal Reddy	H. No. 8-2-576/1, Road No 7, Banjara Hills, Hyderabad - 500034
*Holding shares in Dr. Reddy's Holdings Limited		

- 21.14 Details of Directors of the Applicant/Amalgamated Company who voted in favour/against/did not participate on resolution passed at the meeting of the Board of Directors of the Applicant/Amalgamated Company held on July 29, 2019 are given below:

Sr. No.	Name of Director	Votes for the Resolution	Votes Against the Resolution	Did not Vote or Participate
1.	Mr. G V Prasad	-	-	✓
2.	Mr. K Satish Reddy	-	-	✓
3.	Mr. Bharat N Doshi	✓	-	-
4.	Dr. Bruce L A Carter	✓	-	-
5.	Ms. Kalpana Morparia	✓	-	-
6.	Mr. Prasad R Menon	✓	-	-
7.	Mr. Sridar Iyengar	✓	-	-
8.	Mr. Leo Puri	✓	-	-
9.	Ms. Shikha Sanjaya Sharma	✓	-	-
10.	Mr. Allan Grant Oberman	✓	-	-
11.	Dr. Omkar Goswami*	✓	-	-

(*) Term as an Independent director ended with effect from July 30, 2019

- 21.15 Details of Directors of the Amalgamating Company who voted in favour/against/did not participate on resolution passed at the meeting of the Board of Directors of the Amalgamating Company are given below:

Sr. No.	Name of Director	Votes for the Resolution	Votes Against the Resolution	Did not Vote or Participate
1.	Mr. G V Prasad	✓	-	-
2.	Mr. K Satish Reddy	✓	-	-
3.	Mrs. G Anuradha	✓	-	-
4.	Mrs. K. Deepti Reddy	✓	-	-

- 21.16 For the purpose of the amalgamation and arrangement of the Amalgamating Company with the Applicant/Amalgamated Company, a Share Exchange Report dated July 29, 2019 has been obtained from N. S. Kumar & Co., Chartered Accountants, describing the methodology adopted by them in arriving at the share exchange ratio. Keynote Financial Services Limited, a Category I Merchant Banker after having reviewed the Share Exchange Report of N. S. Kumar & Co Chartered Accountants and Registered Valuers and on consideration of all the relevant factors and circumstances, opined that in their view the independent valuer's proposed share exchange ratio is fair.
- 21.17 In compliance with the provisions of Section 232(2)(c) of the Act, the Board of Directors of Amalgamating Company and the Applicant/Amalgamated Company in their separate meetings held on July 29, 2019 respectively, have adopted a report, *inter alia*, explaining effect of the Scheme on each class of shareholders, KMP, promoters and non-promoter shareholders among others. The Amalgamating Company and the Applicant/Amalgamated Company does not have any depositors, deposit trustee and debenture trustee. There will be no adverse effect on account of the Scheme as far as the employees and creditors of the Amalgamating Company and the Applicant/Amalgamated Company are concerned.
- 21.18 The following documents will be open for inspection by the Unsecured Creditors of the Applicant/Amalgamated Company at its registered office at 8-2-337, Road No. 3, Banjara Hills, Hyderabad-500034, Telangana, India during working hours on all working days (except Saturdays, Sundays and public holidays) up to the date of the meeting :
- Copy of the Order passed by NCLT in Company Scheme Application No. CA (CAA) No. 231/230/HDB/2019 dated 22nd day of November, 2019 directing the Applicant/Amalgamated Company to, *inter alia*, convene the meeting of its Equity Shareholders and Unsecured Creditors;
 - Copy of Company Scheme Application No. CA (CAA) No. 231/230/HDB/2019 along with annexures filed by the Applicant/Amalgamated Company before NCLT;
 - Copy of the Scheme;
 - Copy of Audit Committee Report dated July 29, 2019 of Applicant/Amalgamated Company;

- (v) Copy of the Report dated July 29, 2019 adopted by the Board of Directors of the Applicant/ Amalgamated Company and Amalgamating Company, pursuant to the provisions of section 232(2)(c) of the Act;
 - (vi) Copy of the resolutions dated July 29, 2019 passed by the Board of Directors of Applicant/ Amalgamated Company and Amalgamating Company approving the Scheme;
 - (vii) Copy of the Share Exchange Report dated July 29, 2019 issued by N. S. Kumar & Co., Chartered Accountants, describing the methodology adopted by them in arriving at the share exchange ratio;
 - (viii) Copy of the Fairness Opinion dated July 29, 2019 issued by Keynote Financial Services Limited;
 - (ix) Copy of the Statutory Auditors' certificate dated July 29, 2019 issued by S.R. Batliboi & Associates LLP., Chartered Accountants to Applicant/Amalgamated Company, confirming the compliance of the accounting treatment as specified by Central Government in Section 133 of the Companies Act, 2013;
 - (x) Copy of abridged prospectus providing information pertaining to the unlisted entity i.e. Amalgamating Company, involved in the scheme as per the format specified in Part E of Schedule VI of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 along with a copy of certificate from the Merchant Banker confirming the adequacy and accuracy of the information contained in above document on unlisted company in terms of Para 3(a) of Part I(A) of the SEBI circular dated March 10, 2017;
 - (xi) Copy of Complaints Report dated September 5, 2019 of the Applicant/Amalgamated Company filed with the BSE in terms of Para 6(a) of Part I(A) of the SEBI circular dated March 10, 2017;
 - (xii) Copy of Complaints Report dated September 21, 2019 of the Applicant/Amalgamated Company filed with the NSE in terms of Para 6(a) of Part I(A) of the SEBI circular dated March 10, 2017;
 - (xiii) Copy of the Observation letter dated October 11, 2019 issued by the BSE to Applicant/ Amalgamated Company;
 - (xiv) Copy of the Observation letter dated October 11, 2019 issued by the NSE to Applicant/ Amalgamated Company;
 - (xv) Copy of Form No. GNL-1 filed by the Applicant/Amalgamated Company with the concerned Registrar of Companies along with challan evidencing filing of the Scheme with the concerned Registrar of Companies;
 - (xvi) List of Equity Shareholders of the Applicant/Amalgamated Company as on Friday, November 15, 2019;
 - (xvii) Copy of the Memorandum and Articles of Association of the Applicant/Amalgamated Company and Amalgamating Company;
 - (xviii) Copy of the annual reports of Applicant/Amalgamated Company and Amalgamating Company for the financial years ended March 31, 2017, March 31, 2018 and March 31, 2019;
 - (xix) Copy of the Audited Financial Statements of Applicant/Amalgamated Company and Amalgamating Company, for the year ended on March 31, 2019;
 - (xx) Copy of unaudited financial results of the Applicant/Amalgamated Company for the period ended September 30, 2019;
 - (xxi) Copy of unaudited financial statements of the Amalgamating Company for the period ended September 30, 2019; and
 - (xxii) Copy of the Register of Directors and KMP and shareholding maintained under Section 170 of the Companies Act, 2013, of Applicant/Amalgamated Company.
- 21.19 This statement may be treated as an Explanatory Statement under Sections 230(3), 232(1), 232(2) and 102 and any other applicable provisions of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

Sd/-
D. Narendar Naik
Chairperson appointed for the meeting

Dated this 26th day of November, 2019.

Registered office:

8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034.

SCHEME OF AMALGAMATION AND ARRANGEMENT

AMONG

DR. REDDY'S HOLDINGS LIMITED
(Amalgamating Company)

AND

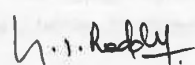
DR. REDDY'S LABORATORIES LIMITED
(Amalgamated Company)

AND

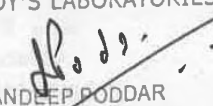
THEIR RESPECTIVE SHAREHOLDERS

(Under Sections 230 - 232 read with Section 66 of the Companies Act, 2013 and rules framed thereunder)

For Dr. Reddy's Holdings Limited


Authorized Signatory

For Dr. REDDY'S LABORATORIES LTD.


SANDEEP DOODAR
COMPANY SECRETARY

PREAMBLE

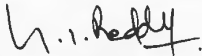
This Scheme of Amalgamation and Arrangement ("**Scheme**") is presented pursuant to the provisions of Sections 230 - 232 read with Section 66 and other relevant provisions of the Companies Act, 2013, as may be applicable, and Section 2(1B) and other relevant provisions of the Income-tax Act, 1961, as applicable for the:

- (i) Amalgamation (*as defined hereinafter*) of the Amalgamating Company (*as defined hereafter*) with the Amalgamated Company (*as defined hereafter*);
- (ii) the reduction of equity share capital to the extent held by the Amalgamating Company in the Amalgamated Company and corresponding issue of shares by the Amalgamated Company to the shareholders of Amalgamating Company pursuant to the Amalgamation; and
- (iii) various other matters incidental, consequential or otherwise integrally connected therewith.

(A) DESCRIPTION OF THE COMPANIES

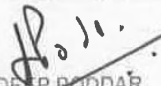
1. Dr. Reddy's Holdings Limited is a public company, limited by shares, incorporated under the Companies Act (*as defined hereunder*) on July 12, 1994, under corporate identity number U67120TG1994PLC017906 and having its registered office at 7-1-27, Ameerpet, Hyderabad – 500016, Telangana, India (hereinafter referred to as "**DRHL**" or the "**Amalgamating Company**"). The Amalgamating Company was initially incorporated as a private limited company by the name of "*Dr. Reddy's Holdings Private Limited*". Further, it became a public limited company with effect from May 4, 2009 and the name of the Amalgamating Company was changed to "*Dr. Reddy's Holdings Limited*". DRHL is engaged *inter alia*, in business of holding investments. Further, it holds 24.88% (*as on March 31, 2019*) of the equity share capital of the Amalgamated Company.
2. Dr. Reddy's Laboratories Limited is a public company, limited by shares, incorporated under the Companies Act (*as defined hereunder*) on February 24, 1984, under corporate identity number L85195TG1984PLC004507 and having its registered office at 8-2-337, Road No. 3, Banjara Hills, Hyderabad – 500034, Telangana, India (hereinafter referred to as "**DRL**" or the "**Amalgamated Company**"). It was initially incorporated as a private limited company by the name of "*Dr. Reddy's Laboratories Private Limited*". Further, it became a public limited company pursuant to the fresh certificate of incorporation dated December 06, 1985 and the name of the Amalgamated Company was changed to "*Dr. Reddy's Laboratories Limited*". The equity shares of the Amalgamated Company are listed on the BSE Limited (Bombay Stock Exchange) ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**") (hereinafter collectively referred to as the "**Stock Exchanges**") and its American Depository Receipts (*as defined hereinafter*) are listed on the New York Stock Exchange Inc. ("**NYSE**"). DRL is an integrated pharmaceutical company, committed to providing affordable and innovative medicines for healthier lives. Through its three businesses - pharmaceutical services and active ingredients, global generics and

For Dr. Reddy's Holdings Limited


Authorised Signatory

Page 2 of 20

For Dr. REDDY'S LABORATORIES LTD.


SANDEEP PODDAR
COMPANY SECRETARY

proprietary products, DRL offers a portfolio of products and services including active pharmaceutical ingredients, custom pharmaceutical services, generics, biosimilars and differentiated formulations.

(B) RATIONALE AND SALIENT FEATURES OF THE SCHEME

It is proposed to amalgamate DRHL with DRL by this Scheme, as a result of which the shareholders of DRHL viz. Promoters (*as defined hereinafter*) shall directly hold shares in DRL.

The Amalgamation will lead to simplification of the shareholding structure and reduction of shareholding tiers and demonstrate direct commitment to and engagement with DRL of / by the Promoters. Further, the Amalgamation shall have no adverse implications for DRHL, DRL, or public shareholders of DRL.

The Promoter Group cumulatively will continue to hold the same number of shares in DRL, pre and post the amalgamation.

All costs, charges and expenses relating to the Scheme will be borne out of the Surplus Assets (*as defined hereinafter*) of DRHL. Further, any expense, if exceeding the Surplus Assets of DRHL would be borne directly by the Promoters.

The Scheme also provides that the Promoters / Indemnifying Parties (*as defined hereinafter*) will jointly and severally indemnify, defend and hold harmless the Amalgamated Company, its directors, employees, officers, representatives, or any other person authorized by the Amalgamated Company (excluding the Promoters) for any liability, claim, or demand, which may devolve upon the Amalgamated Company on account of this amalgamation.

(C) PARTS OF THE SCHEME OF AMALGAMATION AND ARRANGEMENT

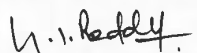
This Scheme of Amalgamation and Arrangement is divided into the following parts:

Part I: Definitions, Interpretation and Capital Structure;

Part II: Amalgamation of DRHL/Amalgamating Company with DRL/Amalgamated Company;

Part III: General terms and conditions applicable to the Scheme.

For Dr. Reddy's Holdings Limited


Authorised Signatory

Page 3 of 20

For Dr. REDDY'S LABORATORIES LTD.


SANDEEP PODDAR
COMPANY SECRETARY

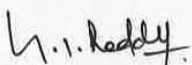
PART I: DEFINITIONS, INTERPRETATION AND CAPITAL STRUCTURE

1. DEFINITIONS

In this Scheme (*as defined hereinafter*), unless repugnant to the meaning or context thereof, the following expressions shall have the meaning mentioned herein below:

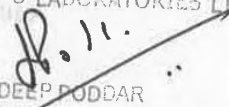
- 1.1 **“Act” or “Companies Act”** means the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable rules and regulations, for time being in force, if any or applicable provisions of the erstwhile Companies Act, 1956 (*as the case may be*) including any statutory modification or re-enactment thereof. References in this Scheme to particular provisions of the Act shall be deemed to mean and include references to particular provisions of the Companies Act, 2013 unless stated otherwise.
- 1.2 **“Amalgamated Company”** shall have the meaning ascribed to it in Paragraph (A)(2) of the Preamble above.
- 1.3 **“Amalgamating Company”** shall have the meaning ascribed to it in Paragraph (A)(1) of the Preamble above.
- 1.4 **“Amalgamation”** means the amalgamation of the Amalgamating Company with the Amalgamated Company, pursuant to Sections 230 – 232 read with Section 66 and other relevant provisions of the Companies Act, and applicable provisions of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other relevant rules and regulations, and Section 2 (1B) and other relevant provisions of the Income-tax Act, 1961.
- 1.5 **“American Depository Receipts”** shall mean the depository receipts of the Amalgamated Company listed on NYSE.
- 1.6 **“Applicable Law(s)”** means any statute, law, regulation, ordinance, rule, judgment, order, decree, by-law, approval from the concerned authority, Governmental Authority resolution, order, directive, guideline, policy, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or adjudication having the force of law of any of the foregoing, by any concerned authority having jurisdiction over the matter in question.
- 1.7 **“Appointed Date”** means April 01, 2019 or such other date as may be approved by National Company Law Tribunal at Hyderabad Bench, Hyderabad, for the purposes of this Scheme and Income-tax Act, 1961.
- 1.8 **“Board of Directors” or “Board”** in relation to the Amalgamating Company and/or the Amalgamated Company, as the case may be, shall, unless it be repugnant to the context or otherwise, include a committee of directors or any person authorized by the board of directors or such committee as may be constituted by the board of directors.

For Dr. Reddy's Holdings Limited


Authorised Signatory

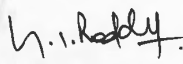
Page 4 of 20

For Dr. REDDY'S LABORATORIES LTD.


SANDEEP PODDAR
COMPANY SECRETARY

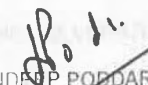
- 1.9 “**Clause**” and “**sub-Clause**” means the relevant clauses and sub-clauses set out in this Scheme.
- 1.10 “**Companies**” shall mean jointly referring to the Amalgamating Company and the Amalgamated Company.
- 1.11 “**Corporate Action**” shall mean sub-division, consolidation, or re-organization or any other type of capital restructuring activities including but not limited to issue of bonus/right shares excluding grant of employee’s stock options and consequent allotment, by the Amalgamated Company until the effectiveness of the Scheme which would impact the shareholding interest of the Amalgamating Company in the Amalgamated Company in any way whatsoever.
- 1.12 “**Effective Date**” means the date on which the Scheme shall become effective pursuant to Clause 13 of the Scheme. Any references in this Scheme to “*upon this Scheme becoming effective*” or “*effectiveness of this Scheme*” or “*after this Scheme becomes effective*” means and refers to the Effective Date.
- 1.13 “**Governmental Authority**” means any government authority, statutory authority, government department, agency, commission, board, tribunal or court or other law, rule or regulation making entity having or purporting to have jurisdiction on behalf of the Republic of India or any state or other subdivision thereof or any municipality, district or other subdivision thereof.
- 1.14 “**Indemnified Persons**” shall mean to include Amalgamated Company, its directors, employees, officers, representatives, or any other person authorized by the Amalgamated Company, however, excluding the Promoters.
- 1.15 “**Indemnifying Parties**” shall mean to include Promoters / Promoter Group and Stamlo Industries Limited, a company incorporated under the Companies Act on May 14, 1996, under corporate identity number U73100TG1996PLC024085 and having registered office at 4th Floor, Hotel Green Park, 7-1-26 Greenlands, Begumpet, Hyderabad (*a company in which Promoters hold 100% equity shares*).
- 1.16 “**NCLT**” means the National Company Law Tribunal, Hyderabad Bench at Hyderabad having jurisdiction over the Amalgamated Company and the Amalgamating Company.
- 1.17 “**New Equity Shares**” shall mean the equity shares of Amalgamated Company to be issued and allotted to members of Amalgamating Company in a manner detailed under Clause 10.1 of the Scheme.
- 1.18 “**Promoters**” / “**Promoter Group**” shall mean such persons who are included in the category of promoter and promoter group as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 for the purposes of DRL.

For Dr. Reddy's Holdings Limited


Authorised Signatory

Page 5 of 20

For Dr. REDDY'S LABORATORIES LTD.


SANDEEP PODDAR
COMPANY SECRETARY

- 1.19 **“Record Date”** shall mean the date to be fixed by the Board of Directors of the Amalgamating Company and the Amalgamated Company for the purpose of determining the members of the Amalgamating Company to whom equity shares of Amalgamated Company will be allotted pursuant to this Scheme.
- 1.20 **“RoC”** means the Registrar of Companies at Hyderabad having jurisdiction over the Amalgamating Company and the Amalgamated Company.
- 1.21 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Amalgamation and Arrangement among the Amalgamating Company and the Amalgamated Company and their respective shareholders pursuant to the provisions of Sections 230 - 232 read with Section 66 and other relevant provisions of the Companies Act, 2013, as may be applicable, and Section 2(1B) and other relevant provisions of the Income-tax Act, 1961, as applicable, in its present form (including any annexures, schedules, etc., annexed/attached hereto), along with such modifications and amendments as may be made from time to time.
- 1.22 **“SEBI”** shall mean Securities and Exchange Board of India.
- 1.23 **“SEBI Scheme Circular”** shall mean the SEBI Circular dated March 10, 2017, bearing reference number CFD/DIL3/CIR/2017/21, as amended or replaced from time to time.
- 1.24 **“Share Exchange Report”** shall mean the registered valuer report on the share exchange ratio dated July 29, 2019 issued by N.S. Kumar & Co., Independent Chartered Accountants and Registered Valuer.
- 1.25 **“Surplus Assets”** shall mean all net assets of the Amalgamating Company (including cash and cash equivalents) other than the investments made in the Amalgamated Company.

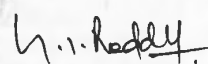
2. INTERPRETATION

- 2.1 The terms “*hereof*”, “*herein*”, “*hereby*”, “*hereto*” and derivative or similar words used in this Scheme refers to this entire Scheme.
- 2.2 The terms, words and expressions, which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the regulations made there under), the Depositories Act, 1996 and other applicable laws, rules, regulations, guidelines, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

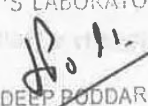
The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT shall be effective from the Appointed Date but *shall be operative from the Effective Date*.

For Dr. Reddy's Holdings Limited


Authorised Signatory

Page 6 of 20

For Dr. REDDY'S LABORATORIES LTD.


SANDEEP BODDAR
COMPANY SECRETARY

4. SHARE CAPITAL

4.1 The share capital of the Amalgamating Company as on March 31, 2019 is as follows:

Particulars	Amount (in INR)
Authorized Capital	
25,00,000 equity shares of INR 100 each	25,00,00,000
Total	25,00,00,000
Issued, Subscribed and Paid-up Capital	
8,04,080 equity shares of INR 100 each	8,04,08,000
Total	8,04,08,000

Subsequent to March 31, 2019, there has been no change in the authorized, issued, subscribed and paid-up capital of Amalgamating Company.

4.2 The share capital of Amalgamated Company as on March 31, 2019 is as follows:

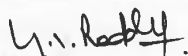
Particulars	Amount (in INR)
Authorized Capital	
24,00,00,000 equity shares of INR 5 each	120,00,00,000
Total	120,00,00,000
Issued Capital	
16,60,66,148 equity shares of INR 5 each	83,03,30,740
Total	83,03,30,740
Subscribed and Paid-up Capital	
16,60,65,948 equity shares of INR 5 each	83,03,29,740
Total	83,03,29,740

The equity shares of the Amalgamated Company are listed on the Stock Exchanges.

As on March 31, 2019, the issued and paid-up share capital includes 2,34,37,729 equity shares represented by 2,34,37,729 American Depository Receipts. The American Depository Receipts are listed on the NYSE.

As on March 31, 2019, the Amalgamated Company has 5,31,356 outstanding employee stock options, the exercise of which may result in an increase in the issued and paid-up share capital of the Amalgamated Company.

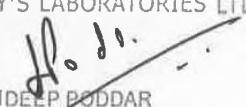
For Dr. Reddy's Holdings Limited



Authorized Signatory

Page 7 of 20

For Dr. REDDY'S LABORATORIES LTD.


SANDEEP BODDAR
COMPANY SECRETARY

**PART II: AMALGAMATION OF AMALGAMATING COMPANY WITH
AMALGAMATED COMPANY**

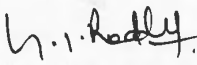
5. TRANSFER AND VESTING OF AMALGAMATING COMPANY

5.1 With effect from the Appointed Date, and upon the Scheme becoming effective, the Amalgamating Company shall stand transferred to and be vested in the Amalgamated Company, as a going concern, without any further deed or act, together with all the properties, assets, rights, liabilities, benefits and interest therein as detailed below.

5.2 Subject to the provisions of the Scheme in relation to the modalities of transfer and vesting, on occurrence of the Effective Date, the whole of the business, personnel, property, assets, investments, rights, benefits and interest therein of the Amalgamating Company shall, with effect from the Appointed Date, stand transferred to and be vested in the Amalgamated Company, without any further act or deed, and by virtue of the order passed by the NCLT. Without prejudice to the generality of the above, and in particular, the Amalgamating Company shall stand transferred to and be vested in the Amalgamated Company in the manner provided below:

- (i) all assets of the Amalgamating Company, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by vesting pursuant to this Scheme, if any, shall stand vested in the Amalgamated Company;
- (ii) all movable properties of the Amalgamating Company, other than those specified in sub- clause (i) above, including but not limited to sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances, cash in hand, deposits, investments (including investments in securities of other companies whether, shares, stocks, debentures, units, or other similar instruments) if any, shall without any further act, instrument or deed, become the property of the Amalgamated Company;
- (iii) all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheets of the Amalgamating Company, shall, be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Amalgamated Company and the Amalgamated Company undertakes to meet, discharge and satisfy the same unless otherwise stated in this Scheme;
- (iv) all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses in relation to the Amalgamating Company, shall be in full force and effect on the Amalgamated Company and may be enforced as fully and effectually as if, instead of the Amalgamating Company, the Amalgamated Company had been a party thereto;
- (v) any pending suit/appeal or other proceedings of whatsoever nature relating to the

For Dr. Reddy's Holdings Limited


Authorised Signatory

Page 8 of 20

For Dr. REDDY'S LABORATORIES LTD.


SANDEEP PODDAR
COMPANY SECRETARY

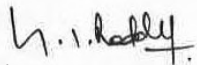
Amalgamating Company, whether by or against the Amalgamating Company, shall not abate or be discontinued or in any way prejudicially affected by reason of the amalgamation of the Amalgamating Company or of anything contained in this Scheme, but the proceedings shall continue and any prosecution shall be enforced by or against the Amalgamated Company in the same manner and to the same extent as they would or might have been continued, prosecuted and/or enforced by or against the Amalgamating Company, as if this Scheme had not been made. The Amalgamated Company shall file necessary application for transfer of all pending suit/appeal or other proceedings of whatsoever nature relating to Amalgamating Company;

- (vi) all employees of the Amalgamating Company, who are on its pay roll shall be engaged by the Amalgamated Company, on such terms and conditions as are no less favourable than those on which they are currently engaged by the Amalgamating Company, without any interruption of service as a result of this amalgamation and transfer. With regard to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees of the Amalgamating Company, upon this Scheme becoming effective, the Amalgamated Company shall stand substituted for the Amalgamating Company for all purposes whatsoever, in accordance with the provisions of applicable laws and in terms of this Scheme. It is hereby clarified that upon this Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the transferred employees and the services of all the transferred employees of the Amalgamating Company for such purpose, shall be treated as having been continuous;
- (vii) all statutory licenses, permissions or approvals or consents held by the Amalgamating Company required to carry on its operations shall stand transferred to and be vested in the Amalgamated Company without any further act or deed, and shall, as may be required, be appropriately mutated by the statutory authorities concerned therewith in favor of the Amalgamated Company. The benefit of all statutory and regulatory permissions, approvals and consents of the Amalgamating Company shall vest in and become available to the Amalgamated Company pursuant to the Scheme;
- (viii) any and all registrations, goodwill, licenses appertaining to the Amalgamating Company shall stand transferred to and vested in the Amalgamated Company; and
- (ix) all taxes payable by the Amalgamating Company, if any, including all or any refunds of claims shall be treated as the tax liability or refunds/claims as the case may be of the Amalgamated Company.

6. TAX

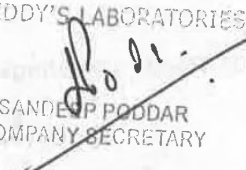
- 6.1 Any tax liabilities under the Income-tax Act, 1961 or other applicable laws/regulations dealing with taxes/ duties/ levies allocable or related to the business of Amalgamating

For Dr. Reddy's Holdings Limited


Authorised Signatory

Page 9 of 20

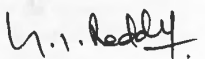
For Dr. REDDY'S LABORATORIES LTD.


SANDEEP PODDAR
COMPANY SECRETARY

Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Amalgamated Company.

- 6.2 Any surplus in the provision for taxation/ duties/ levies account including but not limited to the advance tax, tax deducted at source by the customers and MAT credit, CENVAT credit, Goods and Services Tax credit as on the date immediately preceding the Appointed Date will also be transferred to Amalgamated Company. Any refund under the Income-tax Act, 1961 or other applicable laws/ regulations dealing with taxes/ duties/ levies allocable or related to the business of Amalgamating Company or due to Amalgamating Company, consequent to the assessment made in respect of Amalgamating Company, for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date, shall also belong to and be received by Amalgamated Company.
- 6.3 The tax payments (including without limitation income tax, tax on distribution of dividends, service tax, excise duty, central sales tax, Goods and Services Tax, applicable state value added tax or any other taxes as may be applicable from time to time) whether by way of tax deducted at source by the customers, advance tax or otherwise howsoever, by Amalgamating Company after the Appointed Date, shall be deemed to be paid by Amalgamated Company and shall, in all proceedings, be dealt with accordingly. Notwithstanding the above, any tax deducted at source by either the Amalgamating Company or the Amalgamated Company on account of intercompany transactions between Amalgamated Company and Amalgamating Company post the Appointed Date, shall be deemed to be advance tax paid by the Amalgamated Company and shall, in all proceedings, be dealt with accordingly.
- 6.4 Upon the Scheme becoming Effective, with effect from the Appointed Date, Amalgamating Company and Amalgamated Company are expressly permitted to prepare and/or revise, as the case may be, their financial statements and returns along with the prescribed forms, filings and annexure under the Income-tax Act, 1961, central sales tax, applicable state value added tax, service tax laws, Goods and Services Tax and other tax laws, if required, to give effects to provisions of the Scheme.
- 6.5 All tax assessment proceedings/appeals of whatsoever nature by or against the Amalgamating Company pending and/or arising at the Appointed Date and relating to Amalgamating Company shall be continued and/or enforced until the Effective Date as desired by Amalgamated Company. As and from the Effective Date, the tax proceedings/appeals shall be continued and enforced by or against Amalgamated Company (for and on behalf of the Amalgamating Company) in the same manner and to the same extent as would or might have been continued and enforced by or against Amalgamating Company. Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of Amalgamating Company with Amalgamated Company or anything contained in the Scheme.
- 6.6 Upon the Scheme coming into effect, any obligation for deduction of tax at source on any payment made by or to be made by Amalgamating Company shall be made or deemed to

For Dr. Reddy's Holdings Limited


Authorised Signatory

Page 10 of 20

For Dr. REDDY'S LABORATORIES LTD.


SANDEEP PODDAR
COMPANY SECRETARY

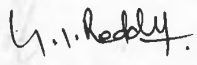
have been made and duly complied with by the Amalgamated Company.

- 6.7 Upon the Scheme becoming effective, the Amalgamated Company is expressly entitled to revise its direct or indirect tax returns and related withholding certificates and shall be entitled to claim refund, advance tax credits pertaining to Amalgamating Company with effect from the Appointed Date, if any.
- 6.8 The provisions of this Scheme as they relate to the amalgamation of Amalgamating Company into and with Amalgamated Company have been drawn up to comply with the conditions relating to "amalgamation" as defined under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income-tax Act, 1961, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modification will, however, not affect the other parts of the Scheme.

7. CONDUCT OF THE AMALGAMATING COMPANY TILL THE EFFECTIVE DATE

- 7.1 With effect from the Appointed Date and up to and including the Effective Date:
- (i) The Amalgamating Company shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets for and on account of and in trust for Amalgamated Company;
 - (ii) The Amalgamating Company hereby undertakes to hold its assets with utmost prudence until the Effective Date;
 - (iii) The Amalgamating Company shall carry on its business and activities with reasonable diligence, business prudence in the ordinary course of business and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any additional liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of its affiliates or associates or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal, in any of its properties/ assets, except: (a) when the same is expressly provided in this Scheme; or (b) when the same is in the ordinary course of business as carried on by it as on the date of filing of this Scheme in the NCLT (excluding sale, transfer, alienate, charge, mortgage or encumber or deal with its investments in DRL); or (c) when a prior written consent of the Amalgamated Company has been obtained in this regard;
 - (iv) Except by mutual consent of the Board of Directors of the Amalgamating Company and the Amalgamated Company and subject to changes pursuant to

For Dr. Reddy's Holdings Limited


Authorised Signatory

Page 11 of 20

For Dr. REDDY'S LABORATORIES LTD.


SANDEEP PODDAR
COMPANY SECRETARY

commitments, obligations or arrangements prior to the Appointed Date or as part of this Scheme, pending sanction of this Scheme by the NCLT, the Amalgamating Company shall not make any change in its capital structure either by any increase (by issue of equity shares, bonus shares, preference shares, convertible debentures or otherwise), decrease, reduction, reclassification, sub-division or consolidation, re-organisation or in any other manner, which would have the effect of reorganisation of capital of the Amalgamating Company;

- (v) The Amalgamating Company shall not vary or alter, except in the ordinary course of its business or pursuant to any pre-existing obligations, undertaken prior to the date of approval of the Scheme by the Board of Directors of the Amalgamating Company, the terms and conditions of employment of any of its employees except with the written concurrence of the Amalgamated Company;
- (vi) The Amalgamating Company shall not alter or expand its business except with the written concurrence of the Amalgamated Company; and
- (vii) The Amalgamating Company shall not amend its memorandum of association and / or its articles of association, except with the written concurrence of the Amalgamated Company.

7.2 All the profits or income accruing or arising to the Amalgamating Company or expenditure or losses arising or incurred or suffered by it with effect from Appointed Date shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure, as the case may be, of the Amalgamated Company respectively, unless otherwise provided in this Scheme.

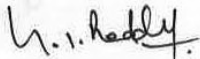
7.3 With effect from the Effective Date, the Amalgamated Company shall commence and carry on and shall be authorized to carry on the business of the Amalgamating Company.

7.4 Upon this Scheme becoming effective, the Amalgamating Company shall stand dissolved, without following the procedure of winding up prescribed under the Insolvency and Bankruptcy Code, 2016, as may be applicable.

7.5 For the purpose of giving effect to the amalgamation order passed under Sections 230 - 232 and other applicable provisions of the Companies Act in respect of the Scheme by NCLT, the Amalgamated Company shall, at any time pursuant to the order on the Scheme, be entitled to get the recordal of the change in the legal right(s) upon the amalgamation of the Amalgamating Company, in accordance with the provisions of Sections 230 - 232 of the Companies Act.

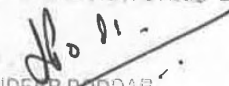
7.6 For the avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name of the bank accounts of the Amalgamating Company have been replaced with that of the Amalgamated Company, the Amalgamated Company shall be entitled to operate the bank accounts of the Amalgamating Company in the name of the Amalgamating Company in so far as may be necessary. All cheques and negotiable instruments, payment

For Dr. Reddy's Holdings Limited


Authorised Signatory

Page 12 of 20

For DR. REDDY'S LABORATORIES LTD.


SANDEEP DODDAR
COMPANY SECRETARY

orders received or presented for encashment which are in the name of the Amalgamating Company after the Effective Date shall be accepted by the bankers of the Amalgamated Company and credited to the account of the Amalgamated Company, if presented by the Amalgamated Company. Similarly, till the time any regulatory registrations of the Amalgamating Company are closed / suspended and regulatory filings are required to be done on such registrations, the Amalgamated Company shall be entitled to do so to comply with the relevant regulations.

7.7 Until the effectiveness of the Scheme, in the event the Amalgamated Company declares and distributes dividends (including interim dividends) or undertakes any Corporate Action (such as bonus issue / rights issue etc.), the Amalgamating company shall be duly entitled to the same.

7.8 Notwithstanding anything contained herein, in the event any dividends are declared by the Amalgamated Company before the Scheme becoming effective, the Amalgamating Company being entitled to the same due to its shareholding in the Amalgamated Company, shall ensure that such entitlements are immediately distributed amongst its shareholders by way of dividends.

8. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and obligations pertaining /relating to the Amalgamating Company, pursuant to this Scheme, and the continuance of the proceedings by or against the Amalgamated Company, under this Scheme shall not affect any transactions or proceedings already completed by the Amalgamating Company, on and after the Appointed Date to the end and intent that Amalgamated Company accepts all acts, deeds and things done and executed by and/ or on behalf of the Amalgamating Company, as acts, deeds and things done and executed by and on behalf of Amalgamated Company.

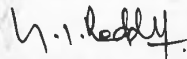
9. COMBINATION OF AUTHORISED SHARE CAPITAL

9.1 On coming into effect of this Scheme:

(i) The authorized share capital of the Amalgamating Company shall be deemed to have been reclassified into equity shares of INR 5 (Rupees Five only) each and shall stand transferred to and be amalgamated with the authorized share capital of the Amalgamated Company without any requirement of any further act, instrument or deed on the part of the Amalgamated Company, including payment of stamp duty and fees payable to the relevant Registrar of Companies;

(ii) The authorized share capital of the Amalgamated Company shall automatically stand increased without any further act or deed on the part of the Amalgamated Company, including payment of stamp duty and RoC fees. The Memorandum of Association and Articles of Association of the Amalgamated Company accordingly without any further act or deed be and stand altered, modified and amended, and the consent of the shareholders of the Amalgamated Company shall be deemed to be sufficient for

For Dr. Reddy's Holdings Limited


Authorised Signatory

Page 13 of 20

For DR. REDDY'S LABORATORIES LTD.


SANDEEP PODDAR
COMPANY SECRETARY

the purposes of effecting this amendment, and no further resolution(s) under Section 13, Section 61 or any other applicable provisions of the Companies Act, would be required to be separately passed. For this purpose, the filing fees and stamp duty already paid by the Amalgamating Company towards their authorized share capital shall be utilized and applied to the increased authorized share capital of the Amalgamated Company, and shall be deemed to have been so paid by the Amalgamated Company on such combined authorized share capital and, accordingly, the Amalgamated Company shall not be required to pay any fees/ stamp duty on the authorized share capital so increased.; and

- (iii) Pursuant to the Scheme and after the Scheme becomes effective, the authorized share capital of the Amalgamated Company will be INR 145,00,00,000 (Rupees One Hundred and Forty Five Crores only).

- 9.2 It is clarified that the approval of the members of the Amalgamated Company to the Scheme shall be deemed to be their consent/approval also to the alteration of the Memorandum and Articles of Association of the Amalgamated Company as may be required under the Act, and Clause V.a. of the Memorandum of Association of the Amalgamated Company shall respectively stand substituted by virtue of the Scheme to read as follows:

Clause V.a. of the Memorandum of Association of the Amalgamated Company:

"The authorized share capital of the Company is INR 145,00,00,000 (Rupees One Hundred and Forty-Five Crores only) divided into 29,00,00,000 (Twenty-Nine Crores) equity shares of INR 5/- (Rupees Five only) each"

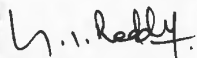
10. CONSIDERATION

- 10.1 Upon the coming into effect of the Scheme, and in consideration of the amalgamation of the Amalgamating Company with the Amalgamated Company, the Amalgamated Company shall, without any further act or deed and without any further payment, basis the Share Exchange Report, issue and allot to the shareholders of Amalgamating Company (whose name is recorded in the register of members of the Amalgamating Company as on Record Date) equal number of equity shares as held by the Amalgamating Company in the Amalgamated Company in the following manner:

"4,13,25,300 (Four Crores Thirteen Lakhs Twenty Five Thousand and Three Hundred) fully paid up equity shares of the face value of INR 5 each of the Amalgamated Company shall be issued and allotted as fully paid up equity shares to the equity shareholders of the Amalgamating Company, in proportion to their holding of 8,04,080 fully paid up equity shares of the face value of INR 100 each in the Amalgamating Company"

- 10.2 In the event that the New Equity Shares entitled to be issued result in fractional entitlements, the Board of Directors of the Amalgamated Company shall be empowered to consolidate and/or round off such fractional entitlements into whole number of equity

For Dr. Reddy's Holdings Limited


Authorised Signatory

Page 14 of 20

For Dr. REDDY'S LABORATORIES LTD.


SANDEEP PODDAR
COMPANY SECRETARY

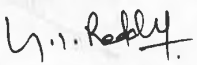
shares to an integer in a manner to ensure that only 4,13,25,300 (Four Crores Thirteen Lakhs and Twenty Five Thousand and Three Hundred) number of fully paid equity shares of INR 5/- (Rupees Five only) each to be issued to the shareholders of the Amalgamating Company.

- 10.3 Pursuant to issuance of New Equity Shares, the shareholders of the Amalgamating Company shall become the shareholders of the Amalgamated Company.
- 10.4 Since the equity shares of the Amalgamated Company are dematerialized, the shareholders of the Amalgamating Company shall be issued New Equity Shares in dematerialized form.
- 10.5 The New Equity Shares of the Amalgamated Company issued in terms of this Scheme will be listed and/ or admitted to trading on the Stock Exchanges where the shares of the Amalgamated Company are listed and/or admitted to trading subject to necessary approvals under SEBI regulations and from the Stock Exchanges and all necessary applications and compliances being made in this respect by the Amalgamated Company.
- 10.6 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Amalgamating Company, the Board of Directors of the Amalgamated Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties, after the effectiveness of this Scheme.
- 10.7 The New Equity Shares to be issued to the members of the Amalgamating Company above shall be subject to the Memorandum and Articles of Association of the Amalgamated Company and shall rank *pari passu* with the existing equity shares of the Amalgamated Company in all respects.
- 10.8 In the event that the Amalgamated Company change their capital structures by way of any Corporate Action, the share exchange ratio mentioned in Clause 10.1 shall further be suitably modified/adjusted to give effect to such Corporate Actions.
- 10.9 For the purpose of issue of the New Equity Shares to the shareholders of the Amalgamating Company, the Amalgamated Company shall be deemed to be in compliance with necessary compliances under relevant provisions of Companies Act for the issue and allotment by the Amalgamated Company of New Equity Shares to the members of the Amalgamating Company under the Scheme.

11. REDUCTION OF EQUITY SHARE CAPITAL OF AMALGAMATED COMPANY

- 11.1 All equity shares held by the Amalgamating Company in the share capital of the Amalgamated Company as on the Effective Date (i.e. 4,13,25,300 equity shares), shall stand cancelled, without any further act or deed, upon this Scheme becoming effective. Accordingly, the share capital of Amalgamated Company shall stand reduced to the extent of the face value of shares held by the Amalgamating Company in the Amalgamated Company.

For Dr. Reddy's Holdings Limited


Authorised Signatory

Page 15 of 20

For Dr. REDDY'S LABORATORIES LTD.


SANDEEP PODDAR
COMPANY SECRETARY

11.2 The reduction in the share capital of the Amalgamated Company as contemplated in Clause 11.1 above shall be effected as an integral part of this Scheme in accordance with the provisions provided under Explanation to Section 230 and any other applicable provisions of the Companies Act. The order of NCLT sanctioning this Scheme shall also include approval and confirmation on the reduction of share capital of the Amalgamated Company which shall be deemed to be an order under Section 66 of the Companies Act confirming the reduction and pursuant to provisions under Explanation to Section 230, no separate sanction shall be necessary.

11.3 The reduction as contemplated above would not involve either a diminution of liability in respect of unpaid share capital, if any or payment to any shareholder of any unpaid share capital.

11.4 The Amalgamated Company shall not be required to add the words “and reduced” as a suffix to its name consequent upon such reduction.

12. ACCOUNTING TREATMENT IN THE BOOKS OF THE AMALGAMATED COMPANY

On the Scheme becoming effective, the Amalgamated Company shall account for the Scheme in its books of accounts with effect from the Effective Date in accordance applicable Indian Accounting Standards notified under the provisions of Section 133 and other applicable provisions of the Companies Act.

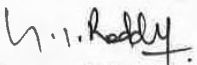
PART III: GENERAL TERMS AND CONDITIONS

13. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- (i) The Stock Exchanges issuing their observation/ no-objection letters, wherever required under applicable laws and SEBI issuing its comments on the Scheme, to the Amalgamated Company, as required under the SEBI Scheme Circular and other applicable laws;
- (ii) The approval by the requisite majorities in number and value of the classes of persons, including shareholders, creditors of the Amalgamating Company and Amalgamated Company as may be directed by the NCLT under Sections 230 - 232 of the Companies Act;
- (iii) The approval by the public shareholding through e-voting in terms of paragraphs 1(A)(9)(a) and 1(A)(9)(b) of Annexure 1 of SEBI circular CFD/DIL3/CIR/2017/21 dated 10th March, 2017 (including any modification or revisions thereof) and the Scheme shall be acted upon only if the votes cast by the public shareholder in favour of the Scheme are more than the number of votes cast by the public shareholders against it;

For Dr. Reddy's Holdings Limited


Authorised Signatory

Page 16 of 20

For Dr. REDDY'S LABORATORIES LTD.


SANDEEP PODDAR
COMPANY SECRETARY

- (iv) The sanctioning of this Scheme by the NCLT, whether or not with any modifications or amendments as NCLT may deem fit or otherwise;
- (v) The filing of the certified copies of the orders of the NCLT with the RoC, by the Amalgamating Company and Amalgamated Company, as the case may be;
- (vi) Compliance with such other conditions as may be imposed by NCLT;
- (vii) The requisite consent, approval or permission of the Central Government or any Governmental Authorities including Stock Exchanges, Reserve Bank of India, which by law may be necessary for the implementation of this Scheme; and
- (viii) Any other sanctions and orders as may be directed by the NCLT in respect of the Scheme.

14. APPLICATION TO THE NCLT

14.1 The Amalgamating Company and Amalgamated Company shall, with all reasonable dispatch, make necessary applications to the NCLT where the respective registered offices of the Amalgamating Company and the Amalgamated Company are situated, for convening and/or seeking exemption to convene meetings of shareholders/ creditors and for sanctioning this Scheme under Sections 230 – 232 of the Act, for an order thereof, for carrying this Scheme into effect and for dissolution of Amalgamating Company without winding up.

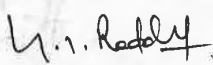
14.2 The Amalgamated Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required under any law for such approvals which the Amalgamated Company may require to own the undertaking of the Amalgamating Company and to carry on the business of the Amalgamating Company.

15. MODIFICATIONS/AMENDMENTS TO THE SCHEME

15.1 The Amalgamating Company and the Amalgamated Company (acting through their respective Boards of Directors) may assent to any modifications or amendments to this Scheme, which the NCLT and/or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out this Scheme. The Amalgamating Company and the Amalgamated Company (acting through its respective Boards of Directors) be and is hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions, whether by reason of any order of the NCLT or of any directive or order of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.

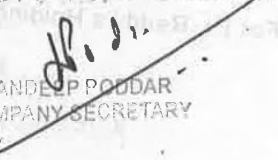
15.2 The Board of Directors of the Amalgamating Company and the Amalgamated Company shall be entitled, in a mutually agreeable manner, to revoke, cancel and declare the Scheme of no effect if they are of view that the coming into effect of the Scheme could have adverse implications on Amalgamating Company and/or Amalgamated Company.

For Dr. Reddy's Holdings Limited


 Authorised Signatory

Page 17 of 20

For Dr. REDDY'S LABORATORIES LTD.


 SANDEEP PODDAR
 COMPANY SECRETARY

15.3 In the event of any of the conditions that may be imposed by the NCLT or other authorities which the Amalgamating Company and the Amalgamated Company may find unacceptable for any reason, then the Amalgamating Company and/or Amalgamated Company are at liberty to withdraw the Scheme in accordance with the procedures prescribed to do so.

15.4 If any issue arises as whether any asset, liability pertains to the Amalgamating Company and/or the Amalgamated Company, or not under this Scheme, the same shall be decided by the Board of Directors of the Amalgamating Company and/or Amalgamated Company, as relevant, on the basis of relevant books of account and other evidence that they may deem relevant for said purposes.

16. WINDING UP OF AMALGAMATING COMPANY

16.1 On the Scheme becoming effective, the Amalgamating Company shall stand dissolved without being wound up without any further act by the parties.

16.2 On and with effect from the Effective Date, the name of the Amalgamating Company shall be struck-off from the records of the RoC. The Amalgamated Company shall make all necessary filings in this regard.

16.3 Any obligations/ steps which need to be undertaken by the Amalgamating Company pursuant to the sanction of this Scheme shall be fulfilled by the Amalgamated Company.

17. EFFECT OF NON-RECEIPT OF APPROVALS

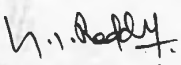
17.1 In the event that the Scheme is not sanctioned by the NCLT or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in the Scheme are not obtained or complied with or for any other reason, the Scheme cannot be implemented, the Scheme shall become null and void, the Amalgamating Company and / or Promoters shall bear the costs, charges and expenses in connection with the Scheme.

17.2 The non – receipt of any sanctions or approvals for a particular asset or liability forming part of the Amalgamating Company getting transferred pursuant to this Scheme, shall not affect the effectiveness of the respective section of the Scheme, if the Boards of Directors of the Amalgamating Company and/or Amalgamated Company so decide. The transfer of such asset or liability shall become effective from the Appointed Date as and when the said requisite approvals are received and the provisions of the Scheme shall apply appropriately to the said transfer.

18. COSTS, CHARGES & EXPENSES

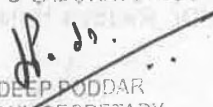
18.1 All costs, charges, levies and expenses in relation to or in connection with or incidental to this Scheme and its implementation, including but not limited to expenditure relating to registration and stamping of orders passed by NCLT, obtaining regulatory approvals, revocation or withdrawal of the Scheme (if undertaken by the Companies) will be borne

For Dr. Reddy's Holdings Limited


Authorised Signatory

Page 18 of 20

For Dr. REDDY'S LABORATORIES LTD.


SANDEEP PODDAR
COMPANY SECRETARY

by the Amalgamating Company from its Surplus Assets. Where the Surplus Assets available with the Amalgamating Company are not sufficient to cover such costs, charges and expenses, such additional costs, charges and expenses will be borne directly by the Promoters.

- 18.2 Provided that where such costs and expenses are incurred by the Amalgamated Company for any reason whatsoever, the same shall be reimbursed by the Amalgamating Company or the Promoters.

19. INDEMNIFICATION

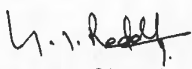
Notwithstanding anything contained in this Scheme, the Indemnifying Parties shall jointly and severally, indemnify and hold harmless the Indemnified Persons for any and all liabilities and obligations including all demands, claims, charges, suits, proceedings whether existing or contingent in nature and the like which may be made or instituted by any party including any Governmental Authority against the Indemnified Persons which are relatable to the Amalgamating Company which may devolve on Amalgamated Company on account of or pursuant to the Amalgamation irrespective of the fact that the liability arises and/or becomes payable after the Amalgamation. Further, the Indemnifying Parties shall secure, deposit or pay, as the case may be, any legal demand raised by any party including any Governmental Authority within the time frame provided therein. For avoidance of any doubts, it is hereby clarified that all payments to the Indemnified Persons shall be grossed up to include any and all taxes payable with respect to the said payments. Notwithstanding anything to the contrary contained in this Scheme, the provisions of this Clause shall survive the revocation, cancellation or withdrawal of this Scheme for any reason whatsoever.

As part of such indemnification, the Indemnifying Parties shall also provide a bank guarantee for such amount as shall be required by the Board of Directors of the Amalgamated Company.

20. MISCELLANEOUS

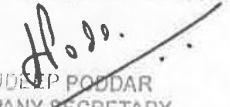
- 20.1 The Amalgamated Company and the Amalgamating Company hereby state and confirm that to the best of their knowledge, (i) the offer for the New Equity Shares to be issued pursuant to the Amalgamation as per Clause 10.1 has been and is made solely to persons in India and not made to any persons in the United States of America ("USA"), (ii) at the time of the approval of this Scheme by the Board of Directors of the Amalgamating Company and the Amalgamated Company, and on the Effective Date of the Amalgamation, each recipient of the New Equity Shares was outside the USA, (iii) no activity was undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the USA market for any of the New Equity Shares, and (iv) the offering of the New Equity Shares was directed solely into India to residents thereof and was made in accordance with the local laws and customary practices and documentation generally followed in the Republic of India.

For Dr. Reddy's Holdings Limited


Authorised Signatory

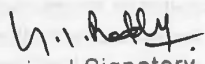
Page 19 of 20

For Dr. REDDY'S LABORATORIES LTD.

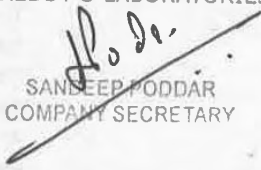

SANDEEP PODDAR
COMPANY SECRETARY

20.2 If any part of this Scheme hereof is invalid, ruled illegal by any NCLT of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Amalgamating Company and Amalgamated Company that such Part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such Part shall cause this Scheme to become materially adverse to Amalgamating Company and/or Amalgamated Company, in which case the Amalgamating Company and Amalgamated Company shall attempt to bring about a modification in the Scheme, as will best preserve for the Amalgamating Company and Amalgamated Company the benefits and obligations of the Scheme, including but not limited to such Part.

For Dr. Reddy's Holdings Limited


Authorised Signatory

For Dr. REDDY'S LABORATORIES LTD.


SANJEEP PODDAR
COMPANY SECRETARY



N S KUMAR & CO.
Chartered Accountants

Date: 29 July 2019

To,
The Board of Directors,
Dr. Reddy's Laboratories Limited,
8-2-337, Road No. 3,
Banjara Hills, Hyderabad-500034

To,
The Board of Directors,
Dr. Reddy's Holdings Limited,
7-1-27, Ameerpet,
Hyderabad-500016

Subject: Recommendation of fair share exchange ratio for the proposed amalgamation/merger of Dr. Reddy's Holdings Limited into Dr. Reddy's Laboratories Limited

Dear Sir/ Madam,

We refer to our engagement letter whereby Dr. Reddy's Laboratories Limited (hereinafter referred to as 'DRL') and Dr. Reddy's Holdings Limited (hereinafter referred to as 'DRHL') have requested N S KUMAR & CO. (hereinafter referred to as 'NSK'), to recommend fair share exchange ratio for the proposed amalgamation/ merger of DRHL with DRL.

Please find enclosed the report (containing 6 pages) detailing our recommendation of fair share exchange ratio for the proposed amalgamation/ merger of DRHL with DRL, the methodologies employed and the assumptions used in our analysis.

This report sets out our scope of work, background, source of information, procedures performed by us and our opinion on the fair share exchange ratio.

SCOPE AND PURPOSE OF THIS REPORT

DRHL is a public limited company incorporated on 12 July 1994. It was formed with the purpose of holding investments. DRHL is the promoter holding company of DRL and holds 4,13,25,300 equity shares of DRL as at this report date. DRHL's paid up share capital consists of 8,04,080 fully paid up equity shares of the face value of INR 100 each.

DRL is a public limited company incorporated on 24 February 1984 and is an integrated pharmaceutical company, committed to providing affordable and innovative medicines for healthier lives. Through its three businesses - pharmaceutical services and active ingredients, global generics and proprietary products, DRL offers a portfolio of products and services including active pharmaceutical ingredients, custom pharmaceutical services, generics, biosimilars and differentiated formulations. Shares of DRL are listed on National Stock Exchange of India Limited and BSE Limited, and its American Depositary Receipts are listed on New York Stock Exchange Inc.

With an intention to simplify the shareholding structure, reduction of multiple shareholding tiers of DRL in an efficient manner, demonstrate direct commitment to and engagement with DRL by Promoters Group, we understand that the management of DRL and DRHL (together hereinafter referred to as 'the Management') intends to merge DRHL with DRL under Sections 230-232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and rules made thereunder under a scheme of amalgamation and arrangement (the 'Scheme').

It is in this regard, the Management has appointed NSK to submit a report, recommending a fair share exchange ratio for the proposed transaction. The Management has requested NSK to determine the fair share exchange ratio as at this report date ('Valuation Date').

The scope of our services is to conduct a relative (and not absolute) valuation exercise as at the Valuation Date to determine the fair share exchange ratio using internationally accepted valuation methodologies as may be applicable to the subject case and report on the same in accordance with generally accepted professional standards including in compliance with the Indian Valuation Standards (IVS) notified by the Institute of Chartered Accountants of India (ICAI).

This report is our deliverable for the said engagement and is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, this report is to be read in totality and in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

A. Company specific information:

In connection with the valuation exercise, we have used the following information obtained from the Management and/ or gathered from public domain:

- Unaudited financial statements of DRHL for the year ended 31 March 2019;
- Latest shareholding pattern of DRL and DRHL; and
- Such other information and explanations as we required and which have been provided by the Management.

B. Industry and economy information:

- Information available in public domain and databases such as Moneycontrol, Capitaline, Bombay Stock Exchange (BSE), National Stock Exchange (NSE) etc.
- Such other information and documents as provided by Management.

We have also considered/ obtained such other analysis, review, explanations and information considered reasonably necessary for our exercise, from the Management. Besides the above listing, there may be other information provided by the Management which may not have been perused by us in detail, if not considered relevant for our defined scope.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us.

This report, its contents and the results herein are specific and subject to:

- the purpose of valuation agreed as per the terms of this engagement;
- the date of this report;
- shareholding pattern of the concerned entities;
- no additional outflow towards liabilities other than those recorded in the books of accounts of the concerned entities; and
- data detailed in the section – 'Sources of Information'.

A value analysis of this nature is based on information made available to us as of the date of this report, events occurring after that date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The ultimate analysis will have to be tempered by the exercise of judicious discretion by the valuer and judgment taking into account the relevant factors. The recommendation(s) rendered in this report only represents our recommendation(s) based upon information furnished by the Management till the date of this report and other sources, and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

The determination of fair value is not a precise science and the conclusions arrived at in many cases, will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single fair value. While we have provided our recommendation of the fair share exchange ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion.

In the course of our analysis, we were provided with both written and verbal information, including market, technical, financial and operating data including information as detailed in the section – 'Sources of Information'.

In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification of:

- the accuracy of information made available to us by the Management, which formed a substantial basis for this report; and
- the accuracy of information that was publicly available.

N S KUMAR & CO.
Chartered Accountants

Recommendation of Fair Share Exchange Ratio
for the proposed amalgamation of DRHL with DRL



Page 3 of 6

We have not carried out a due diligence or audit or review of the companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided.

We are not legal or regulatory advisors with respect to legal and regulatory matters for the transaction. We do not express any form of assurance that the financial information or other information as prepared and provided by the Management is accurate. Also, with respect to explanations and information sought from the advisors, we have been given to understand by the Management that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt.

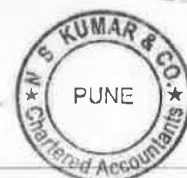
Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions and information given by/ on behalf of the Management. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our recommendation. Accordingly, we assume no responsibility for any errors in the information furnished by the Management and their impact on this report. Also, we assume no responsibility for technical information (if any) furnished by the Management. However, nothing has come to our attention to indicate that the information provided was misstated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

This report assumes that the companies comply fully with relevant laws and regulations applicable in all their areas of operations and that the companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this report has given no consideration on to matters of a legal nature, including issues of legal title and compliance with local laws and litigation and other contingent liabilities that are not recorded in the audited financial statements of the companies.

This report does not look into the business/ commercial reasons behind the transaction nor the likely benefits arising out of the same. Similarly, this report does not address the relative merits of the transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This report is restricted to estimation of fair share exchange ratio for the proposed transaction outlined above. The fee for our engagement is not contingent upon the results reported herein.

We owe responsibility only to the Board of Directors of DRL and DRHL who have appointed us, and nobody else. We do not accept any liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion.

This valuation report is subject to the laws of Republic of India.



N S KUMAR & CO.
Chartered Accountants

Recommendation of Fair Share Exchange Ratio
for the proposed amalgamation of DRHL with DRL

Page 4 of 6

Neither this report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the purpose of determining the fair share exchange ratio for the proposed transaction, without our prior written consent.

BASIS FOR DETERMINATION OF RATIO

As per publicly available information, DRHL currently holds 4,13,25,300 equity shares of DRL. Upon amalgamation of DRHL with DRL, the shareholders of DRHL would be entitled to 4,13,25,300 shares of DRL for 8,04,080 shares held by them in DRHL. Pursuant to the amalgamation, there would be no change in the paid-up capital of DRL.

Upon the Scheme becoming effective, there is no additional consideration being discharged under the Scheme except for shares of DRL being issued to the shareholders of DRHL in lieu of equal number of shares as held by DRHL in DRL which is being duly cancelled. Thus, for every fresh issue of share of DRL to the shareholders of DRHL, there is a corresponding cancellation of an existing DRL share as held by DRHL. Since there is no issuance of additional shares by DRL, we are of the opinion that the pricing provisions of chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 are not applicable in the subject case and we have therefore, not considered the same for our analysis. Further, the Scheme shall not have any adverse implications for DRHL, DRL or public shareholders of DRL.

As informed by the Management, all transaction related expenses including merger related costs, charges, taxes including stamp duties, levies and all other related expenses are to be borne by DRHL. Thus, DRL will not bear any expenses pursuant to the amalgamation. Further, we understand that these expenses are expected to be met out of the assets of DRHL (including cash and cash equivalents) other than the investments made in DRL ('Surplus Assets') and we have therefore, not considered the same for the purposes of our analysis. Any additional expenses over and above the Surplus Assets as stated above, would be borne by the promoters of DRL.

Further, we understand that promoters of DRL would jointly and severally indemnify, defend and hold harmless DRL (and any of its directors, officers, key managerial personnel, employees or any other person authorized by it, excluding the promoters) for losses, liabilities, costs, charges, expenses (whether or not resulting from third party claims), including those paid or suffered pursuant to any actions, proceedings, claims and including interests and penalties discharged by DRL which may devolve on DRL on account of amalgamation of DRHL with DRL but would not have been payable by DRL otherwise, in the form and manner as may be agreed amongst DRL and the shareholders of DRHL.

We have not considered any dividend income that DRHL may earn during the course of implementation of scheme for the purpose of our valuation analysis.

N S KUMAR & CO.
Chartered Accountants

Recommendation of Fair Share Exchange Ratio
for the proposed amalgamation of DRHL with DRL



Page 5 of 6

Also, there would be no change in the aggregate promoters' shareholding in DRL and the proposed transaction shall not adversely affect the interest of DRHL, DRL or other public shareholders of DRL.

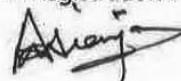
Further, valuation approaches and formats given for display of the workings, relative fair value per share and fair share exchange ratio under National Stock Exchange of India Limited circular number NSE/CML/2017/12 dated 01 June 2017 and BSE Limited circular number LIST/COMP/02/2017-18 dated 29 May 2017 have not been undertaken herein as they are not relevant in the instant case as there would merely be a cancellation and re-issue of same number of shares and thus, have not been reported in the format prescribed by the aforementioned circulars.

CONCLUSION

In light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above we recommend the share exchange ratio of **4,13,25,300** fully paid up equity shares of the face value of INR 5 each of **DRL** shall be issued and allotted as fully paid up equity shares to the equity shareholders of **DRHL**, in proportion to their holding of **8,04,080** fully paid up equity shares of the face value of INR 100 each in **DRHL**.

Respectfully Submitted,

N S KUMAR & CO.
Chartered Accountants
Firm Registration No. 139792W



Niranjan Kumar
Proprietor
Membership No. 121635
UDIN: 19121635AAAAAZ9453



Date: 29 July 2019
Place: Pune

KEYNOTE

25
YEARS
OF CREATING
VALUE
THROUGH
RELATIONSHIPS
AND
TRUST

29th July 2019

The Board of Directors,
Dr. Reddy's Laboratories Limited
8-2-337, Road No.3, Banjara Hills,
Hyderabad – 500 034, Telangana.

The Board of Directors,
Dr. Reddy's Holdings Limited
7-1-27, Ameerpet,
Hyderabad – 500 016, Telangana.

Dear Sir/Madam,

Reg: Fairness Opinion in connection with the proposed amalgamation of Dr. Reddy's Holdings Limited (the "Amalgamating Company" or "DRHL") with Dr. Reddy's Laboratories Limited (the "Amalgamated Company" or "DRL")

Keynote Financial Services Limited ("Keynote" or "we" or "us") is a Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We understand that the Management of DRL and DRHL are contemplating amalgamation of DRHL with DRL wherein it is considering a Scheme of Amalgamation and Arrangement ("Scheme") under Sections 230 - 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.

In consideration of the amalgamation of DRHL with DRL pursuant to the Scheme, 4,13,25,300 fully paid up equity shares of the face value of INR 5 each of DRL shall be issued and allotted as fully paid up equity shares to the equity shareholders of DRHL, in proportion to their holding of 8,04,080 fully paid up equity shares of the face value of INR 100 each in DRHL (referred to as the "Share Exchange Ratio").

In connection with the aforesaid, we have been requested by the Management of DRL and DRHL to issue a Fairness Opinion as of the date hereof, as to the fairness of the Share Exchange Ratio to the Equity Shareholders of DRHL. We have perused the documents/ information provided by you in respect of the said Amalgamation and the Valuation Report as issued by N S Kumar & Co., Chartered Accountants ("NSK") dated July 29, 2019 and state as follows:

Company Profiles:

Dr. Reddy's Holdings Limited is a public limited company incorporated on 12 July 1994. It is formed for the purpose of holding investments. DRHL is the promoter holding company of DRL and holds 4,13,25,300 (24.88%) equity shares of DRL as at the report date.

Dr. Reddy's Laboratories Limited is a public limited company incorporated on 24 February 1984 and is an integrated pharmaceutical company, committed to providing affordable and innovative medicines for healthier lives. Through its three businesses - pharmaceutical services and active ingredients, global

Page 1 of 4

Keynote Financial Services Limited

(formerly known as Keynote Corporate Services Limited)

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028

Tel.: 91 22 6826 6000 · Fax: 91 22 6826 6088 Email: info@keynoteindia.net · Website: www.keynoteindia.net

CIN-L67120MH1993PLC072407

KEYNOTE

25
— YEARS —
OF CREATING
VALUE
THROUGH
RELATIONSHIPS
AND
TRUST

generics and proprietary products, DRL offers a portfolio of products and services including active pharmaceutical ingredients, custom pharmaceutical services, generics, biosimilars and differentiated formulations. The equity shares of the DRL are listed on the BSE Limited and the National Stock Exchange of India Limited, and its American Depository Receipts are listed on the New York Stock Exchange Inc.

Rationale of the Report:

It is proposed to amalgamate DRHL with DRL by this Scheme, as a result of which the shareholders of DRHL viz. Promoters shall directly hold shares in DRL.

The Amalgamation will lead to simplification of the shareholding structure and reduction of shareholding tiers. The said Amalgamation shall, demonstrate direct commitment to and engagement with DRL of / by the Promoters.

The Promoter Group cumulatively would continue to hold the same number of shares in DRL, pre and post the amalgamation.

Sources of Information:

For arriving at the Fairness Opinion set forth below, we have relied upon the following sources of information:

- Draft Scheme of Amalgamation and Arrangement between DRHL and DRL and their respective shareholders under Sections 230 - 232 read with Section 66, and other applicable provisions under Companies Act, 2013;
- Valuation Report by NSK dated July 29, 2019; and
- Audited Financial Statements of DRHL and DRL for year ending March 31, 2019;

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

Our Recommendation:

NSK has recommended the following share exchange ratio:

"4,13,25,300 fully paid up equity shares of the face value of INR 5 each of DRL shall be issued and allotted as fully paid up equity shares to the equity shareholders of DRHL, in proportion to their holding of 8,04,080 fully paid up equity shares of the face value of INR 100 each in DRHL"

The aforesaid amalgamation and arrangement shall be undertaken pursuant to the Draft Scheme of Amalgamation and Arrangement, and shall be subject to receipt of approval from the jurisdictional National Company Law Tribunal or such other competent authority as may be applicable and other statutory approvals as may be required.

Page 2 of 4

Keynote Financial Services Limited

(formerly known as Keynote Corporate Services Limited)

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028

Tel.: 91 22 6826 6000 • Fax: 91 22 6826 6088 Email: info@keynoteindia.net • Website: www.keynoteindia.net

CIN-L67120MH1993PLC072407

KEYNOTE

The Share Exchange Ratio as recommended by N S Kumar & Co., Chartered Accountants in relation to the proposed Draft Scheme of Amalgamation and Arrangement is Fair and Reasonable to the equity shareholders of DRHL and DRL in our opinion.

Exclusions and Limitations:

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by DRL and DRHL for the purpose of this opinion. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of DRL and DRHL. We have solely relied upon the information provided to us by DRL and DRHL. We have not reviewed any books or records of DRL and DRHL (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of DRL and DRHL and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of DRL and DRHL. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by DRL and DRHL for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on this opinion. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of DRL and DRHL with respect to these matters. In addition, we have assumed that the Draft Scheme of Amalgamation and Arrangement will be approved by the regulatory authorities and that the proposed Transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Amalgamation and Arrangement.

We understand that the management of DRL and DRHL would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Draft Scheme of Amalgamation and Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the Transaction that DRL and DRHL may have contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extraordinary transaction involving DRL, DRHL or any of their assets, nor did we negotiate with any other party in this regard.

In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may at any time

Page 3 of 4

Keynote Financial Services Limited

(formerly known as Keynote Corporate Services Limited)

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028

Tel.: 91 22 6826 6000 • Fax: 91 22 6826 6088 Email: info@keynoteindia.net • Website: www.keynoteindia.net

CIN-L67120MH1993PLC072407

KEYNOTE

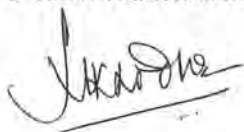
hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Transaction.

The Fairness Opinion is addressed to the Board of Directors of DRL and DRHL and is for the purpose of submission to the Stock Exchanges under the SEBI Circular. Further, the Fairness Opinion may be disclosed on the websites of DRL and DRHL and the Stock Exchanges and also be made part of the explanatory statement to be circulated to the shareholders and/ or creditors of the DRL and DRHL (in case of meetings of shareholders and/ or creditors are conducted). The Fairness Opinion should be read in totality and not in parts. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without Keynote's prior written consent. If this Fairness Opinion is used by any person other than whom it is addressed or for any purpose other than the purpose state hereinabove, then we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to DRL's and DRHL's underlying decision to effect to the proposed Transaction or as to how the holders of equity shares or preference shares or secured or unsecured creditors of DRL and DRHL should vote at their respective meetings, if any, held in connection with the Transaction. We do not express and should not be deemed to have expressed any views on any other terms of Transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of DRL will trade following the announcement of the Transaction or as to the financial performance of DRL following the consummation of the Transaction.

In no circumstances however, will Keynote Corporate Services Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Keynote Financial Services Limited or its associates, directors or employees by any third party, DRL and DRHL and their affiliates shall indemnify them.

For KEYNOTE FINANCIAL SERVICES LTD



Keynote Financial Services Limited
SEBI Registration No. INM000003606
(Category – I Merchant Banker)

Page 4 of 4

Keynote Financial Services Limited

(formerly known as Keynote Corporate Services Limited)

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028

Tel.: 91 22 6826 6000 • Fax: 91 22 6826 6088 Email: info@keynoteindia.net • Website: www.keynoteindia.net

CIN-L67120MH1993PLC072407



Dr. Reddy's Laboratories Ltd.
8-2-337, Road No. 3, Banjara Hills,
Hyderabad - 500 034, Telangana,
India.
CIN : L85195TG1984PLC004507

Tel : +91 40 4900 2900
Fax : +91 40 4900 2999
Email : mail@drreddys.com
www.drreddys.com

September 5, 2019

To,
The Secretary,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

Sub: Submissions of Complaints Report as per SEBI Circular No. CFD/DIL/CIR/2017/21 dated March 10, 2017 (as amended from time to time) for the proposed Scheme of Amalgamation and Arrangement between Dr. Reddy's Holdings Limited and Dr. Reddy's Laboratories Limited and their respective shareholders pursuant to the provisions of Sections 230 - 232 read with Section 66 and other relevant provisions of the Companies Act, 2013

Dear Sir,

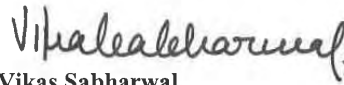
This is in reference to our application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed Scheme of Amalgamation and Arrangement ("Scheme") between Dr. Reddy's Holdings Limited and Dr. Reddy's Laboratories Limited and their respective shareholders. In accordance with SEBI Circular No. CFD/DIL/CIR/2017/21 dated March 10, 2017, as amended from time to time, ("SEBI Circular"), please find enclosed the Complaints Report in the format prescribed, indicating "NIL" complaints received on the Scheme during the period of 21 days from the date of hosting of the draft scheme and other documents on the website of the Stock Exchange i.e. August 13, 2019.

Also, note that the Complaints Report is being uploaded on the website of the Company at <https://www.drreddys.com/investors/investor-services/amalgamation/>, as required under the SEBI circular.

We request you to please take the same on record and provide us the in-principle approval / no objection letter for the abovementioned Scheme of Amalgamation and Arrangement.

Thanking You,

Yours faithfully,
For Dr. Reddy's Laboratories Limited


Vikas Sabharwal
Assistant Company Secretary



Complaints Report

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Not Applicable
5.	Number of complaints pending	Not Applicable

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
Not Applicable			

For Dr. Reddy's Laboratories Limited



Vikas Sabharwal
Assistant Company Secretary



Dr. Reddy's Laboratories Ltd.
8-2-337, Road No. 3, Banjara Hills,
Hyderabad - 500 034, Telangana,
India.
CIN : L85195TG1984PLC004507

Tel : +91 40 4900 2900
Fax : +91 40 4900 2999
Email : mail@drreddys.com
www.drreddys.com

September 21, 2019

To,

Manager - Listing Compliance
National Stock Exchange of India Limited
'Exchange Plaza'. C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051

Sub: Submissions of Complaints Report as per SEBI Circular No. CFD/DIL/CIR/2017/21 dated March 10, 2017 (as amended from time to time) for the proposed Scheme of Amalgamation and Arrangement between Dr. Reddy's Holdings Limited and Dr. Reddy's Laboratories Limited and their respective shareholders pursuant to the provisions of Sections 230 - 232 read with Section 66 and other relevant provisions of the Companies Act, 2013

Dear Sir,

This is in reference to our application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed Scheme of Amalgamation and Arrangement ("Scheme") between Dr. Reddy's Holdings Limited and Dr. Reddy's Laboratories Limited and their respective shareholders. In accordance with SEBI Circular No. CFD/DIL/CIR/2017/21 dated March 10, 2017, as amended from time to time, ("SEBI Circular"), please find enclosed the Complaints Report in the format prescribed, indicating "NIL" complaints received on the Scheme during the period of 21 days from the date of hosting of the draft Scheme and other documents on the website of the Stock Exchange i.e. August 30, 2019.

Also, note that the Complaints Report is being uploaded on the website of the Company at <https://www.drreddys.com/investors/investor-services/amalgamation/>, as required under the SEBI circular.

We request you to please take the same on record and provide us the in-principle approval / no objection letter for the abovementioned Scheme of Amalgamation and Arrangement.

Thanking You,

Yours faithfully,
For **Dr. Reddy's Laboratories Limited**


Vikas Sabharwal
Assistant Company Secretary



Complaints Report

Period for Complaint Report: August 31, 2019 to September 20, 2019

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Not Applicable
5.	Number of complaints pending	Not Applicable

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
Not Applicable			

For Dr. Reddy's Laboratories Limited



Vikas Sabharwal
Assistant Company Secretary
Date: September 21, 2019





DCS/AMAL/SV/R37/1601/2019-20

October 11, 2019

The Company Secretary,
Dr. Reddy's Laboratories Ltd
 8-2-337, Road No. 3, Banjara Hills,
 Hyderabad, Telangana, 500034

Sir,

Sub: Observation letter regarding the Draft Scheme of Amalgamation and Arrangement of Dr. Reddy's Holdings Ltd with Dr. Reddy's Laboratories Ltd and their respective shareholders and creditors.

We are in receipt of Draft Scheme of Amalgamation and Arrangement of Dr. Reddy's Holdings Ltd with Dr. Reddy's Laboratories Ltd and their respective shareholders and creditors filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated October 10, 2019 has inter alia given the following comment(s) on the draft scheme of amalgamation and arrangement:

- "Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
- "Company shall duly comply with various provisions of the Circular."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any



BSE Limited (Formerly Bombay Stock Exchange Ltd.)
 Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India
 T: +91 22 2272 1234/33 | E: corp.comm@bseindia.com | www.bseindia.com
 Corporate Identity Number : L67120MH2005PLC155188

contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

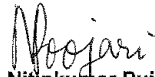
Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

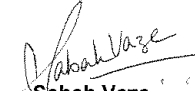
Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,


Nitinkumar Pujari
Senior Manager


Sabah Vaze
Manager



National Stock Exchange Of India Limited

Ref: NSE/LIST/21615

October 11, 2019

The Company Secretary
Dr. Reddy's Laboratories Limited
8-2-337, Road No.3, Banjara Hills,
Hyderabad-500034

Kind Attn.: Mr. Sandeep Poddar

Dear Sir,

Sub: Observation Letter for Draft Scheme of Arrangement among Dr. Reddy's Holdings Limited (Amalgamating Company) and Dr. Reddy's Laboratories Limited (Amalgamated Company) and their respective shareholders

We are in receipt of the Draft Scheme of Arrangement among Dr. Reddy's Holdings Limited (Amalgamating Company) and Dr. Reddy's Laboratories Limited (Amalgamated Company) and their respective shareholders vide application dated August 13, 2019.

Based on our letter reference no Ref: NSE/LIST/21021 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated October 10, 2019, has given following comments:

- a. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange and from the date of the receipt of this letter is displayed on the website of the listed company.*
- b. *The Company shall duly comply with various provisions of the Circular.*
- c. *The Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*
- d. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/ representations.*

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/ representations.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the Scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our "No-objection" in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

This Document is Digitally Signed



Signer: Rajendra P Bhosale
Date: Fri, Oct 11, 2019 15:32:58 IST
Location: NSE

National Stock Exchange of India Limited | Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051,
India +91 22 26598100 | www.nseindia.com | CIN U67120MH1992PLC069769



Continuation Sheet

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from October 11, 2019, within which the scheme shall be submitted to NCLT.

Yours faithfully,
For National Stock Exchange of India Limited

Rajendra Bhosale
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL
http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed



Signer: Rajendra P Bhosale
Date: Fri, Oct 11, 2019 15:32:58 IST
Location: NSE

DR. REDDY'S HOLDINGS LTD.

7-1-27, Ameerpet,
Hyderabad - 500 016, Telangana, India.

Tel : 91 40 4900 2900
Fax : 91 40 4900 2999

CIN : U67120TG1994PLC017906

REPORT UNDER SECTION 232(2)(C) OF THE COMPANIES ACT, 2013 ADOPTED BY THE BOARD OF DIRECTORS OF DR. REDDY'S HOLDINGS LIMITED AT ITS MEETING HELD ON JULY 29, 2019 AT THE REGISTERED OFFICE EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION AND ARRANGEMENT ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS, NON-PROMOTER SHAREHOLDERS

The Board of Directors ("Board") of Dr. Reddy's Holdings Limited ("Company" or "DRHL") at its board meeting held on July 29, 2019 has approved the Scheme of Amalgamation and Arrangement pursuant to the provisions of Sections 230 - 232 read with Section 66 and other applicable provisions, if any, of the Companies Act, 2013 among DRHL and Dr. Reddy's Laboratories Limited ("DRL") and their respective shareholders ("Scheme"). The Scheme is subject to requisite approval(s) of the jurisdictional National Company Law Tribunal and other regulatory authorities.

While deliberating on the Scheme, the Board of Directors of the Company had, *inter alia*, considered the following:

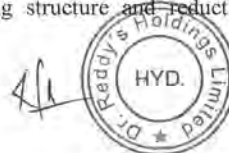
- (a) Draft Scheme duly initialled by Chairman of the Board Directors of the Company for the purpose of identification;
- (b) Share Exchange Report dated July 29, 2019 issued by N.S. Kumar & Co., Independent Chartered Accountants and Registered Valuer, having Registration No. 139792W providing the share exchange ratio for the amalgamation of DRHL with DRL under the Scheme; and
- (c) Fairness Opinion dated July 29, 2019 issued by Keynote Corporate Services Limited, a SEBI Registered (Category - I) Merchant Banker, having SEBI Registration No. INM000003606 providing the fairness opinion on the share exchange ratio recommended by N.S. Kumar & Co., Independent Chartered Accountants and Registered Valuer as referred above, in connection with amalgamation of DRHL with DRL under the Scheme.

After considering the documents referred above, the Board of Directors of the Company approved the Scheme.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Board of Directors of the Company explaining effect of the Scheme on shareholders, key managerial personnel, promoters and non-promoter shareholders is required to be circulated to the members or class of members or creditors or class of creditors, as the case may be, for the meeting of the members or class of members or creditors or class of creditors, as the case may be, along with the notice convening such meeting.

Accordingly, as per Section 232(2)(c) of the Companies Act, 2013, the Board of Directors of the Company in its meeting held on July 29, 2019 took on record the following impact of the Scheme on equity shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company:

- (a) The Amalgamation will result in the Promoters (as defined in the Scheme) directly holding shares in DRL, which will lead to simplification of the shareholding structure and reduction of



shareholding tiers. The said Amalgamation shall, demonstrate direct commitment to and engagement with DRL by the Promoters;

- (b) The Promoter Group (as defined in the Scheme) cumulatively would continue to hold the same number of shares in DRL, pre and post the amalgamation;
- (c) All costs, charges and expenses relating to the Scheme will be borne out of the surplus assets of DRHL. Further, any expense, if exceeding the surplus assets of DRHL would be directly borne by the Promoters;
- (d) The Scheme also provides that Promoters and Stamlo Industries Limited (a company in which Promoters hold 100% equity shares) shall jointly and severally indemnify, defend and hold harmless DRL, its directors, employees, officers, representatives, or any other person authorized by it (excluding the Promoters) for any liability, claim, or demand, which may devolve on DRL on account of this amalgamation;
- (e) The Scheme provides that upon the Scheme becoming effective and in consideration of the amalgamation of DRHL with DRL, DRL shall issue 4,13,25,300 (Four Crores Thirteen Lakhs Twenty Five Thousand Three Hundred) fully paid up Equity Shares of the face value of INR 5 each to the shareholders of DRHL in the proportion of the number of equity shares held such shareholders in DRHL and consequently, the share capital of DRL shall stand reduced to the extent of face value of shares held by DRHL in DRL, without any further act or deed, upon this Scheme becoming effective;
- (f) New Equity Shares issued by DRL to the shareholders of DRHL pursuant to the Scheme will be listed for trading on the stock exchanges where the shares of DRL are listed and shall rank *pari passu* with the existing equity shares of DRL in all respects;
- (g) Share Exchange Report dated July 29, 2019 issued by N.S. Kumar & Co., Chartered Accountants and Registered Valuer, having Registration No. 139792W recommending the share exchange ratio for issuance of equity shares by DRL does not mention any special difficulties faced in the valuation; and
- (h) Upon the Scheme being effective, DRHL shall stand dissolved without following the procedure of ending up as prescribed under the applicable laws.

All the directors and key managerial personnel of the Company and their relatives, to the extent of their share interest, if any, in the Company, are concerned or interested, financially in the Scheme.

There will be no adverse effect of the said Scheme on the equity shareholders, key managerial personnel, promoter and non-promoter shareholders of the Company.

For and on behalf of the Board of Directors of
Dr. Reddy's Holdings Limited



K Satish Reddy
Director; DIN - 00129701

Place: Hyderabad
Date: July 29, 2019

Dr. Reddy's Laboratories Ltd.
8-2-337, Road No. 3, Banjara Hills,
Hyderabad - 500 034, Telangana,
India.
CIN : L85195TG1984PLC004507

Tel : +91 40 4900 2900
Fax : +91 40 4900 2999
Email : mail@drreddys.com
www.drreddys.com

REPORT UNDER SECTION 232(2)(C) OF THE COMPANIES ACT, 2013 ADOPTED BY THE BOARD OF DIRECTORS OF DR. REDDY'S LABORATORIES LIMITED AT ITS MEETING HELD ON JULY 29, 2019 AT THE REGISTERED OFFICE OF THE COMPANY EXPLAINING THE EFFECT OF THE SCHEME OF AMALGAMATION AND ARRANGEMENT ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS, NON-PROMOTER SHAREHOLDERS

The Board of Directors ("Board") of Dr. Reddy's Laboratories Limited ("Company" or "DRL") at its board meeting held on July 29, 2019 has approved the Scheme of Amalgamation and Arrangement ("Scheme") pursuant to the provisions of Sections 230 - 232 read with Section 66 and other applicable provisions, if any, of the Companies Act, 2013, among Dr. Reddy's Holdings Limited ("DRHL") and the Company. The Scheme is subject to requisite approval(s) of the jurisdictional National Company Law Tribunal, Securities and Exchange Board of India, stock exchanges and other regulatory authorities.

While deliberating on the Scheme, the Board of Directors of the Company had, *inter alia*, considered the following:

- (a) Draft Scheme duly initialled by Company Secretary of the Company for the purpose of identification;
- (b) Share Exchange Report dated July 29, 2019 issued by N.S. Kumar & Co., Independent Chartered Accountants and Registered Valuer, having Registration No. 139792W providing the share exchange ratio for the amalgamation of DRHL with the Company under the Scheme;
- (c) Fairness Opinion dated July 29, 2019 issued by Keynote Corporate Services Limited, a SEBI Registered (Category - I) Merchant Banker, having SEBI Registration No. INM000003606 providing the fairness opinion on the share exchange ratio recommended by N.S. Kumar & Co., Independent Chartered Accountants and Registered Valuer as referred above, in connection with amalgamation of DRHL with the Company under the Scheme; and
- (d) Report of the Audit Committee dated July 29, 2019, recommending the draft Scheme for favourable consideration by the Board of Directors.

After considering the documents referred above, the Board of Directors of the Company approved the Scheme.

As per Section 232(2)(c) of the Companies Act, 2013, a report adopted by the Board of Directors of the Company explaining effect of the Scheme on shareholders, key managerial personnel, promoters and non-promoter shareholders is required to be circulated to the members or class of members or creditors or class of creditors, as the case may be, for the meeting of the members or class of members or creditors or class of creditors, as the case may be, along with the notice convening such meeting.

Accordingly, as per Section 232(2)(c) of the Companies Act, 2013, the Board of Directors of the Company in its meeting held on July 29, 2019 took on record the following impact of the Scheme on equity shareholders, key managerial personnel, promoters and non-promoter shareholders of the Company:

- (a) The amalgamation will lead to simplification of the shareholding structure and reduction of shareholding tiers;
- (b) The Promoter Group (as defined in the Scheme) cumulatively will continue to hold the same number of shares in the Company, pre and post the amalgamation;
- (c) All costs, charges and expenses relating to the Scheme will be borne out of the surplus assets of DRHL. Further, any expense, if exceeding the surplus assets of DRHL will be borne directly by the Promoters;
- (d) The Scheme also provides that the Promoters of the Company (as defined in the Scheme) 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. In addition, the Promoters and / or Stamlo Industries Limited (a company in which Promoters hold 100% equity shares) shall provide a bank guarantee in favour of the Company towards such indemnity;
- (e) The Scheme provides that upon the Scheme becoming effective and in consideration of the amalgamation of DRHL with the Company, the Company shall issue 4,13,25,300 (Four Crores Thirteen Lakhs Twenty Five Thousand Three Hundred) fully paid up Equity Shares of the face value of INR 5 each to the shareholders of DRHL in the proportion of the number of equity shares held by such shareholders in DRHL and consequently, the share capital of the Company shall stand reduced to the extent of face value of shares held by DRHL in the Company, without any further act or deed, upon this Scheme becoming effective;
- (f) New Equity Shares issued by the Company to the shareholders of DRHL pursuant to the Scheme will be listed for trading on the stock exchanges (subject to trading permission being granted by the stock exchanges) where the shares of the Company are listed and shall rank *pari passu* with the existing equity shares of the Company in all respects;
- (g) Share Exchange Report dated July 29, 2019 issued by N. S. Kumar & Co., Chartered Accountants and Registered Valuer, having Registration No. 139792W recommending the share exchange ratio for issuance of equity shares by the Company does not mention any special difficulties faced in the valuation;
- (h) The pre-amalgamation and post-amalgamation shareholding pattern of the Company¹ based on the share exchange ratio shall be as under:

Particulars	Pre-Amalgamation		Post-Amalgamation	
	Total No. of Equity Shares held	Shareholding Percentage	Total No. of Equity Shares held	Shareholding Percentage
Promoter and Promoter Group (A)	4,44,58,528	26.77%	4,44,58,528	26.77%
Total Public Shareholding (B)	12,16,07,420	73.23%	12,16,07,420	73.23%
Total (C=A+B)	16,60,65,948	100.00%	16,60,65,948	100.00%

¹ Based on shareholding of the Company as on March 31, 2019

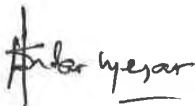
- (i) DRHL is held by the Promoters of the Company in the manner provided below. Pursuant to the amalgamation, the following Promoters shall be issued and allotted shares in the Company in proportion to such Promoters' shareholding in DRHL.

Name of the Shareholder	Shareholding Percentage
G.V. Prasad HUF	3.45%
Satish Reddy HUF	13.37%
Mr. Satish Reddy	0.01%
Mrs. G. Anuradha	0.02%
Ms. G.V. Sanjana Reddy	0.01%
Mrs. K. Deepthi Reddy	0.01%
Mrs. K. Samrajyam	0.01%
Ms. G. Mallika Reddy	0.01%
APS Trust ²	83.11%
Total	100.00%

Except Mr. G V Prasad and Mr. K Satish Reddy and their relatives, none of the other directors, key managerial personnel or their relatives, except being shareholder of the companies involved in the Scheme, is concerned, or interested financially or otherwise in the Scheme.

There will be no adverse effect of the said Scheme on the equity shareholders, key managerial personnel, promoter and non-promoter shareholders of the Company.

For and on behalf of the Board of Directors of
Dr. Reddy's Laboratories Limited



Sridar Iyengar
Independent Director

Place: Hyderabad
Date: July 29, 2019

² Mr. G V Prasad and Mr. K Satish Reddy are the Trustees of APS Trust. Further, Mr. G V Prasad, Mr. K Satish Reddy, Mrs. G Anuradha, Mrs. Deepthi Reddy and their bloodline descendants are the beneficiaries of APS Trust.

KEYNOTE

25
YEARS
OF CREATING
VALUE
THROUGH
RELATIONSHIPS
AND
TRUST

Date: 26th November 2019

The Board of Directors
Dr. Reddy's Holdings Limited
7-1-27, Ameerpet,
Hyderabad – 500016,
Telangana.

The Board of Directors
Dr. Reddy's Laboratories Limited
8-2-37, Road No 3,
Banjara Hills, Hyderabad – 500034,
Telangana.

Dear Sir/Madam,

Ref: Abridged Prospectus of Dr. Reddy's Holdings Limited

Subject: Due Diligence Certificate for the Abridged Prospectus of Dr. Reddy's Holdings Limited

Scheme of Amalgamation and Arrangement under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and rules framed thereunder among Dr. Reddy's Holdings Limited ('DRHL' or 'Amalgamating Company') and Dr. Reddy's Laboratories Limited ('DRL' or 'Amalgamated Company') and their respective shareholders ("Scheme") in terms of requirement specified in SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular").

This is with reference to our engagement with Dr. Reddy's Holdings Limited for *inter-alia* certifying the accuracy and adequacy of disclosures pertaining to DRHL made in the abridged prospectus dated 22nd November 2019, prepared by DRHL to be sent to the shareholders and creditors (both secured as well as unsecured) of DRL pursuant to the Scheme of Amalgamation and Arrangement.

We, as SEBI registered Merchant Banker(s) state and confirm as follows in respect of above proposed Scheme of Amalgamation and Arrangement:

- (1) We have examined various documents including those relating to outstanding litigation, claims and regulatory actions and other material in connection with the finalization of the Abridged Prospectus as mentioned above;
- (2) On the basis of such examination and the discussions with DRHL, its directors and other officers, other agencies, and independent verification of the statements concerning the objects of the Scheme of Amalgamation and Arrangement and the contents of the documents and other papers furnished by DRHL, we confirm that:
 - (a) the Abridged Prospectus is in conformity with the documents, materials and papers relevant to the Scheme;
 - (b) all the legal requirements relating to the Scheme of Amalgamation and Arrangement issued by the SEBI, the Central Government and any other competent authority in this behalf have been duly complied with; and



Keynote Financial Services Limited

(formerly known as Keynote Corporate Services Limited)

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028

Tel.: 91 22 6826 6000 · Fax: 91 22 6826 6088 Email: info@keynoteindia.net · Website: www.keynoteindia.net

CIN-L67120MH1993PLC072407

KEYNOTE

25
YEARS
OF CREATING
VALUE
THROUGH
RELATIONSHIPS
AND
TRUST

- (c) the disclosures made in the Abridged Prospectus are true, fair and adequate to enable the investors to make a well informed decision as to the proposed Scheme of Amalgamation and Arrangement and such disclosures are in accordance with the requirements of the Companies Act, 2013, SEBI Circular Number CFD/DIL3/CIR/2017/21 dated March 10, 2017, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and other applicable provisions / legal requirements.

The above confirmation is based on the information furnished and explanations provided to us by the management of DRHL assuming the same is complete and accurate in all material aspects on an as is basis. We have relied upon financials, information and representations furnished to us on an as is basis and have not carried out an audit of such information. Our scope of work does not constitute an audit of financial information and accordingly we are unable to and do not express an opinion on the fairness of any such financial information referred to in the Abridged Prospectus. This certificate is based on the information as at November 22, 2019. This certificate is a specific purpose certificate issued in terms of the SEBI Circular and hence, it should not be used for any other purpose or transaction. The certificate is not, nor should it be construed to be, a certification of compliance of the Scheme of Amalgamation and Arrangement with the provisions of the applicable Law including company, taxation and securities markets related laws or as regards to any legal implications or issues arising thereon, except for the purpose expressly mentioned herein.

We express no opinion whatsoever and make no recommendation at all as to DRHL's underlying decision to effect the Scheme or as to how the holders of equity shares are secured or how the equity shareholders and unsecured creditors of DRL should vote at their respective meetings held in connection with the Proposed Scheme of Amalgamation and Arrangement. We do not express and should not be deemed to have expressed any views on any other terms of the Scheme or its success. We also express no opinion, and accordingly, accept no responsibility for or as to the financial performance of the DRHL and DRL following the consummation of the Scheme. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether shareholders/ investors should buy, sell or hold any stake in DRHL or any of its related parties (holding company/ subsidiaries/ associates etc.)

For Keynote Financial Services Limited



Name: Mr. Uday Patil
Designation: Director – Investment Banking
SEBI Registration Number: INM000003606



Keynote Financial Services Limited

(formerly known as Keynote Corporate Services Limited)

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028

Tel.: 91 22 6826 6000 - Fax: 91 22 6826 6088 Email: info@keynoteindia.net • Website: www.keynoteindia.net

CIN-L67120MH1993PLC072407

DR. REDDY'S HOLDINGS LTD.

7-1-27, Ameerpet,
Hyderabad - 500 016, Telangana, India.

Tel : 91 40 4900 2900
Fax : 91 40 4900 2999

CIN : U67120TG1994PLC017906

APPLICABLE INFORMATION IN THE FORMAT SPECIFIED FOR ABRIDGED PROSPECTUS (AS PROVIDED IN PART E OF SCHEDULE VI OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENT) REGULATIONS, 2018)

This Document contains information pertaining to unlisted entity involved in the proposed Scheme of Amalgamation and Arrangement among Dr. Reddy's Holdings Limited ('DRHL' or 'Amalgamating Company') and Dr. Reddy's Laboratories Limited ('DRL' or 'Amalgamated Company') and their respective shareholders pursuant to Sections 230-232 read with Section 66 of the Companies Act, 2013 and rules framed thereunder ('Scheme'). This Abridged Prospectus has been prepared in terms of the requirements specified in SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular"). Copies of the documents as mentioned under the title "Any Other Important Information of DRHL" on page 5 shall be available for inspection at DRL's Registered Office situated at 8-2-337, Road No 3, Banjara Hills, Hyderabad – 500034, Telangana, India, during working hours on all working days from the date of this Abridged Prospectus till the amalgamation.

THIS ABRIDGED PROSPECTUS CONTAINS 6 PAGES
PLEASE MAKE SURE YOU HAVE RECEIVED ALL THE PAGES

Dr. Reddy's Holdings Limited Registered Office: 7-1-27, Ameerpet, Hyderabad – 500016, Telangana, India. Telephone: +9140 4900 2900; Fax: +9140 4900 2999; Email: sanjeevarg@drreddys.com CIN: U67120TG1994PLC017906 Contact Person: Sanjeeva Reddy
PROMOTERS OF DR. REDDY'S HOLDING LIMITED The promoters of Dr. Reddy's Holdings Limited are G V Prasad HUF, K Satish Reddy HUF, Mr. K Satish Reddy, Mr. G V Prasad*, Mrs. G Anuradha, Ms. G V Sanjana Reddy, Mrs. K Deepti Reddy, Mrs. K Samrajyam, Ms. G Mallika Reddy, APS Trust, VSD Holdings & Advisory LLP*, Mr. G Sharathchandra Reddy*, Ms. K Shravya Reddy*, Mr. K Vishal Reddy* (* not holding shares in Dr. Reddy's Holdings Limited)
SCHEME DETAILS, LISTING AND PROCEDURE The Scheme of Amalgamation and Arrangement provides for amalgamation of DRHL with DRL under the provisions of Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and rules framed thereunder. As a consideration for the amalgamation and arrangement, equity shares would be issued by DRL to the shareholders of DRHL in lieu of equal number of shares as held by DRHL in DRL being cancelled. Such equity shares (issued by the Amalgamated Company to the relevant equity shareholders of the Amalgamating Company) will be listed and admitted for trading on the Stock Exchanges. PROCEDURE The procedure with respect to public issue/offer would not be applicable as the Scheme does not involve issue of any equity shares to public at large. The issue of equity shares by the Amalgamated Company is only to the shareholders of the Amalgamating Company, in accordance with the Scheme. Hence, the procedure with respect to GID (General Information Document) is Not Applicable.
STATUTORY AUDITORS OF DRHL Satyanarayana & Co. Chartered Accountants, Firm Registration No. 003680 S Address: 5-5-88/5, 1st Floor, Amar Mansion, Ranigunj, Secunderabad – 500 003. Phone: 040 – 2771 5028



ELIGIBILITY FOR THE ISSUE
Whether the company is compulsorily required to allot at least 75% of the net public offer to public, to qualified institutional buyers – Not Applicable
INDICATIVE TIMELINE
The Abridged Prospectus is issued pursuant to the Scheme and is not an offer to public at large. The time frame cannot be established with absolute certainty, as the Scheme is subject to approvals from regulatory authorities, including the National Company Law Tribunal, Hyderabad Bench at Hyderabad ('NCLT').
GENERAL RISKS
Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in the equity of the Issuing Company unless they can afford to take the risk of losing their entire investment. Shareholders are advised to read the risk factors carefully before taking an investment decision in relation to the Scheme. For taking an investment decision, shareholders must rely on their own examination of the Company and the Scheme including the risks involved. The equity shares being offered in the Scheme have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of the Abridged Prospectus. The Scheme does not envisage any issue to the public at large. Shareholders are advised to refer the title "Internal Risk Factors" on Page 5 of the Abridged Prospectus before making an investment in this Scheme.
PRICE INFORMATION OF DRHL
In the present case, the same number of shares of DRL are being issued to the shareholders of DRHL, therefore pricing provisions are not applicable. Upon the Scheme becoming effective, pursuant to the approval of NCLT, the only consideration that is being discharged under the Scheme is shares of DRL being issued to the shareholders of DRHL in lieu of equal number of shares as held by DRHL in DRL being cancelled. Thus, for every fresh issue of share of DRL to the shareholder of DRHL, there is a corresponding cancellation of an existing DRL share as held by DRHL. Therefore, Promoters cumulatively would continue to hold the same number of shares in DRL, pre and post the amalgamation.

INDEX CONTENT		
Sr. No.	Particulars	Page No.
1	Promoter of DRHL	2
2	Business Model/Business Overview and Strategy	3
3	Board of Directors of DRHL	3
4	Objects Pursuant to the Scheme	4
5	Shareholding Pattern of DRHL (Pre Amalgamation) & DRL (Pre and Post Amalgamation)	4
6	Audited Financials of DRHL	5
7	Internal Risk Factors	5
8	Summary of Outstanding Litigations, Claims and Regulatory Action	5
9	Any Other Important Information of DRHL	5
10	Declaration	6

PROMOTERS OF DRHL

The promoters of Dr. Reddy's Holdings Limited are G V Prasad HUF, K Satish Reddy HUF, Mr. K Satish Reddy, Mr. G V Prasad*, Mrs. G Anuradha, Mr. G V Sanjana Reddy, Mrs. K Deepti Reddy, Mrs. K Samrajyam, Ms. G Mallika Reddy, APS Trust, VSD Holdings & Advisory LLP*, Mr. G Sharathchandra Reddy*, Ms. K Shravya Reddy*, Mr. K Vishal Reddy* (* not holding shares in Dr. Reddy's Holdings Limited)



BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY

Dr. Reddy's Holdings Limited ("DRHL") is a public company, limited by shares, incorporated under the Companies Act on July 12, 1994 under corporate identity number U67120TG1994PLC017906 and having registered office at 7-1-27, Ameerpet,

Hyderabad – 500016, Telangana, India. DRHL was initially incorporated as a private company by the name of "Dr. Reddy's Holding Private Limited". Further, it became a public limited company with effect from May 4, 2009 and the name was changed to "Dr. Reddy's Holdings Limited".

DRHL is engaged *inter alia*, in the business of holding investments. Further, it holds 24.88% (as on March 31, 2019) of the equity share capital of DRL. The company is currently not engaged in any other business activity other than holding investments.

BOARD OF DIRECTORS OF DRHL

Board of Directors of DRHL:

Sr. No.	Name and Designation	Qualification	Experience including current / past position held in other firms
1	Mrs. G Anuradha Director DIN: 00337663	B.Sc.	Mrs. G. Anuradha one of the Director of Dr. Reddy's Holdings Limited., holds a bachelor degree in Science. Anuradha runs a social enterprise in education and livelihoods – Dr. Reddy's Foundation ("DRF"). In the capacity of Managing Trustee, she provides direction and ratifies strategy, approves budget, builds key partnerships and manages the executive team. DRF runs four primary schools and fifteen senior secondary schools serving neighbourhoods that do not have access to high quality education at affordable levels. There are about 10,600 students who have direct benefit from DRF activities in these schools. Anuradha also founded and runs a cultural center called Saptaparni, which works to promote the performing arts from India's heritage.
2	Mr. K Satish Reddy Director, DIN: 00129701	B. Tech (Chemical Engineering), M. Tech (Medicinal Chemistry)	Mr. K Satish Reddy holds a degree in Chemical Engineering from Osmania University, Hyderabad and a Masters in Medicinal Chemistry from Purdue University, USA. He has held various positions such as Executive Director, Vice-Chairman & Managing Director in DRL. Mr. Reddy led the company's transition from a uni-focused manufacturer of Active Pharmaceutical Ingredients (APIs) to a company that moved up the value chain with a diverse product portfolio of finished dosage formulations. He oversaw the expansion and the establishment of a strong footprint for DRL finished dosage products in Russia, CIS countries and other emerging markets.
3	Mr. G V Prasad Director DIN: 00057433	B. Tech (Chemical Engineering), M.S. in Industrial Administration	Mr. G V Prasad holds a degree in Chemical Engineering from the Illinois Institute of Technology, Chicago, USA and a Masters in Industrial Administration from Purdue University, USA. Mr. G V Prasad leads the core team at DRL that has contributed significantly to its transformation from a mid-sized domestic operation into a global pharmaceutical major. He was listed in the prestigious 'Medicine Maker 2018 Power List' of most inspirational professionals shaping the future of drug development, and one of 'India's Greatest 50 CEOs Ever' by Outlook magazine in 2017.
4	Mrs. K Deepti Reddy Director DIN:01259238	PGDM	Mrs. K Deepti Reddy holds an MBA degree from Vignana Jyothi Institute of Management (VJIM). She was among the pioneers in online media, launching WOW as an online city magazine. The very same magazine resulted in her launching a print magazine, Wow! Hyderabad, 17 years ago. She is currently the Managing Editor and Director of the company, Shravya Publications Private Limited which publishes Wow! Hyderabad. She was also member with Young President Organization and Young Entrepreneur Organization. The Young President Organization works for global leadership community of chief executives driven by their belief that the world needs better leaders.



OBJECTS PURSUANT TO THE SCHEME

The Scheme shall achieve the following:

- The Shareholders of DRHL viz. Promoters shall directly hold shares in DRL.
- The amalgamation shall lead to simplification of shareholding structure and reduction of shareholding tiers and demonstrate direct commitment to and engagement with DRL of / by the promoters.
- The Promoter Group cumulatively will continue to hold the same number of shares in DRL, pre and post the amalgamation.

SHAREHOLDING PATTERN OF DRHL (Pre Amalgamation)

Shareholding pattern of DRHL Pre Amalgamation as on 31st March, 2019:

Sr. No.	Particular	Number of Equity Shares Held	% of Holding
1.	G V Prasad HUF	27,736	3.45%
2.	K Satish Reddy HUF	1,07,476	13.37%
3.	Mr. K Satish Reddy	50	0.01%
4.	Mrs. G Anuradha	150	0.02%
5.	Ms. G V Sanjana Reddy	100	0.01%
6.	Mrs. K Deepti Reddy	100	0.01%
7.	Mrs. K Samrajyam	100	0.01%
8.	Ms. G Mallika Reddy	100	0.01%
9.	APS Trust*	6,68,268	83.11%
	Total	8,04,080	100.00%

*Mr. G V Prasad and Mr. K Satish Reddy are the Trustees of APS Trust. Further, Mr. G V Prasad, Mr. K Satish Reddy, Mrs. G Anuradha, Mrs. Deepthi Reddy and their bloodline descendants are the beneficiaries of APS Trust.

SHAREHOLDING PATTERN OF DRL (Pre and Post Amalgamation)

Shareholding pattern of DRL Pre Amalgamation as on 31st March, 2019:

Sr. No.	Particular	Pre - Amalgamation		Post – Amalgamation (Expected)	
		Number of Equity Shares Held	% of Holding	Number of Equity Shares Held	% of Holding
	<i>Promoter and Promoter Group</i>				
1.	Mr. G V Prasad	11,17,940	0.67%	11,17,940	0.67%
2.	G V Prasad HUF	0	0.00%	14,25,478	0.86%
3.	Mr. K Satish Reddy	8,98,432	0.54%	9,01,002	0.54%
4.	K Satish Reddy HUF	0	0.00%	55,23,677	3.33%
5.	Mrs. G Anuradha	1,496	0.00%	9,205	0.01%
6.	Mrs. K Samrajyam	11,15,360	0.67%	11,20,499	0.67%
7.	DRHL	4,13,25,300	24.88%	0	0.00%
8.	Ms. G V Sanjana Reddy	0	0.00%	5,140	0.00%
9.	Mrs. K Deepti Reddy	0	0.00%	5,140	0.00%
10.	Ms. G Mallika Reddy	0	0.00%	5,139	0.00%
11.	APS Trust	0	0.00%	3,43,45,308	20.68%
	Total Promoter and Promoter Group	4,44,58,528	26.77%	4,44,58,528	26.77%
12.	Mutual Fund/UTI	1,51,32,031	9.11%	1,51,32,031	9.11%
13.	Financial Institution/Banks	3,41,114	0.21%	3,41,114	0.21%
14.	Insurance Companies	81,74,052	4.92%	81,74,052	4.92%
15.	Foreign Institutional Investors	5,13,71,769	30.94%	5,13,71,769	30.94%
16.	Any Other – AIF	4,70,455	0.28%	4,70,455	0.28%
17.	Bodies Corporate	57,25,223	3.45%	57,25,223	3.45%
18.	Individuals	1,30,32,953	7.85%	1,30,32,953	7.85%
19.	Any Other Non-Institutional Investor	39,22,094	2.36%	39,22,094	2.36%
20.	Shares held by custodians and against which ADRs have been issued	2,34,37,729	14.11%	2,34,37,729	14.11%
	Total	16,60,65,948	100.00%	16,60,65,948	100.00%



AUDITED FINANCIALS OF DRHL

Standalone (Figures in INR Lacs)	Half Year ended Sep-19	FY2018-19	FY2017-18	FY2016-17	FY2015-16	FY2014-15
Total Income**	8,331	8,333	8,181	8,250	8,091	7,475
Profit/(Loss) before Extraordinary Items and Tax	8,258	8,244	8,128	7,988	7,822	(1,416)
Profit/(Loss) after Extraordinary Items and Tax	8,258	8,244	8,128	7,912	7,822	6,702
Equity Share Capital	804	804	804	804	804	804
Reserves and Surplus	78,732	78,738	70,494	62,365	54,454	46,632
Net Worth	79,536	79,542	71,298	63,169	55,258	47,436
Basic Earnings per share (Rs.)	1,027	1,025	1,011	993	973	833
Diluted Earnings per Share (Rs.)	1,027	1,025	1,011	993	973	833
Return on Net Worth (%)	13%	10%	11%	13%	14%	14%
Net Asset Value per share	9,892	9,893	8,867	7,856	6,872	5,937

**Total Income consists of income earned from Dividends from DRL and Other Dividends and Profits from Redemption of Mutual Funds

INTERNAL RISK FACTORS

Implementation of the Scheme completely depends upon the approval of the regulatory authorities. Any modification / revision by the competent authorities may delay the completion of the process.

DRHL's income is mainly from dividends that may be receivable on the investments held by it. Any adverse impact on the earning of the entities of which securities are held by DRHL, may have an adverse bearing on the earnings of DRHL.

DRHL is an investment company hence, political instability or a change in economic liberalisation and derogation policies could seriously harm business and economic conditions in India generally.

Pursuant to the Scheme, all assets and liabilities of DRHL are being transferred to DRL. There may be potential risks regarding business, financial, tax and regulatory matters in DRHL which may have an adverse impact on DRL. The Promoters of DRL have provided an indemnity to DRL towards future liabilities, if any.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

A. Total number of outstanding litigations against and by DRHL and amount involved are as under –

Type of Cases	Number of cases	Amount involved (Rs Lakhs)
Civil and Economic Matters	0	0
Criminal Matters	0	0
Labour Claims, Winding up petitions or closure	0	0
Overseas Litigation matters	0	0
SEBI or other regulatory matters	0	0
Security Matters	0	0
Statutory Obligations	0	0
Total	0	0

ANY OTHER IMPORTANT INFORMATION OF DRHL

- **Authority for the issue** – The Scheme was approved by the Board of Directors of DRL in their meeting held on July 29, 2019 and DRHL on July 29, 2019. The Scheme is subject to approval from the SEBI, Shareholders, Stock Exchanges, National Company Law Tribunal, etc.
- **Expert Opinion obtained, if any** – Share Exchange Report and Fairness Opinion
- **Material Contracts and Documents for Inspection:**
 1. Memorandum & Articles of Association
 2. Financial Statements & latest Shareholding Pattern
 3. Draft Scheme of Amalgamation and Arrangement
 4. Share Exchange Ratio Report and Fairness Opinion pursuant for the Scheme



DECLARATION

We hereby declare that all relevant provisions of the Companies Act, 1956 & Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this abridged prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this Abridged Prospectus are true & correct.

For Dr. Reddy's Holdings Limited


K Satish Reddy
Director



Place: Hyderabad
Date: 26th November 2019



Satyanarayana & Co.
CHARTERED ACCOUNTANTS

5-5-88/5, 1st FLOOR, AMAR MANSION,
RANIGUNJ, SECUNDERABAD - 500 003.

PHONES OFF : 2771 5028, 2771 8992
G. VENKATA RATNAM RES : 2780 0569
RAMESH BALARAM
E-MAIL : satco.ca@gmail.com

INDEPENDENT AUDITORS' REPORT

To
The Members of
Dr. Reddy's Holdings Limited

Report on the audit of the financial statements

Opinion

We have audited the Companying Standalone IND-AS financial statements of Dr. Reddy's Holdings Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, the changes in equity and cash flows for the year ended as on that date.

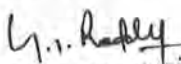
Basis for opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.


CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited


Authorised Signatory



Satyanarayana & Co.
CHARTERED ACCOUNTANTS

5-5-88/5, 1st FLOOR, AMAR MANSION,
RANIGUNJ, SECUNDERABAD - 500 003.

PHONES OFF : 2771 5028, 2771 8992
G. VENKATA RATNAM RES : 2780 0569
RAMESH BALARAM
E-MAIL : satco.ca@gmail.com

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

The Company's board of directors is responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the **Companies (Indian Accounting Standards) Rules, 2015** and Companies (Indian Accounting Standards) Rules, 2016, as amended from time to time, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors are also responsible for overseeing the Company's financial reporting process.

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited

Authorized Signatory



Satyanarayana & Co.
CHARTERED ACCOUNTANTS

5-5-88/5, 1st FLOOR, AMAR MANSION,
RANIGUNJ, SECUNDERABAD - 500 003.

PHONES OFF : 2771 5028, 2771 8992
G. VENKATA RATNAM RES : 2780 0569
RAMESH BALARAM
E-MAIL : satco.ca@gmail.com

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

CERTIFIED TRUE COPY

For Dr. Reddy's Laboratories Limited

(Signature)

Authorised Signatory



Satyanarayana & Co.
CHARTERED ACCOUNTANTS

5-5-88/5, 1st FLOOR, AMAR MANSION,
RANIGUNJ, SECUNDERABAD - 500 003.

PHONES OFF : 2771 5028, 2771 8992
G. VENKATA RATNAM RES : 2780 0569
RAMESH BALARAM
E-MAIL : satco.ca@gmail.com

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, no remuneration is paid by the Company to its directors during the year; and

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited


Authorised Signatory



Satyanarayana & Co.
CHARTERED ACCOUNTANTS

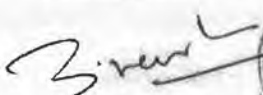
5-5-88/5, 1st FLOOR, AMAR MANSION,
RANIGUNJ, SECUNDERABAD - 500 003.

PHONES OFF : 2771 5028, 2771 8992
G. VENKATA RATNAM RES : 2780 0569
RAMESH BALARAM
E-MAIL : satco.ca@gmail.com

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

- a. The Company does not have any pending litigations which would impact its financial position;
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- c. There are no amounts that require to be transferred to the Investor Education and Protection Fund.

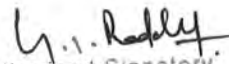
For Satyanarayana & Co.,
Chartered Accountants
Firm Registration No.003680S




G. Venkat Rathnam
Partner
Membership No. 019455
UDIN : 19017455AAAAAY4668.
Place: Hyderabad
Date:18/07/2019

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited


Authorised Signatory



Satyanarayana & Co.
CHARTERED ACCOUNTANTS

5-5-88/5, 1st FLOOR, AMAR MANSION,
RANIGUNJ, SECUNDERABAD - 500 003.

PHONES OFF : 2771 5028, 2771 8992
G. VENKATA RATNAM RES : 2780 0569
RAMESH BALARAM
E-MAIL : satco.ca@gmail.com

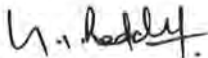
"Annexure A" to be Independent Auditor's Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended 31st March 2019:

- 1) (a) The Company has maintained proper records showing full particulars, Including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The company has no inventories . Therefore clause (b) does not apply
- 3) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under Section 189 of the Act, Accordingly, the provisions of clauses 3(iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies rules framed there under with regards to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited


Authorized Signatory



Satyanarayana & Co.
CHARTERED ACCOUNTANTS

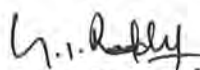
5-5-88/5, 1st FLOOR, AMAR MANSION,
RANIGUNJ, SECUNDERABAD - 500 003.

PHONES OFF : 2771 5028, 2771 8992
G. VENKATA RATNAM RES : 2780 0569
RAMESH BALARAM
E-MAIL : satco.ca@gmail.com

- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable.
- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not taken any loan either from banks or financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, no managerial remuneration has been paid or provided during the year.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited


Authorised Signatory



Satyanarayana & Co.
CHARTERED ACCOUNTANTS

5-5-88/5, 1st FLOOR, AMAR MANSION,
RANIGUNJ, SECUNDERABAD - 500 003.

PHONES OFF : 2771 5028, 2771 8992
G. VENKATA RATNAM RES : 2780 0569
RAMESH BALARAM
E-MAIL : satco.ca@gmail.com

- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company and hence not commented upon.

For Satyanarayana & Co.,
Chartered Accountants
Firm Registration No.003680S

G. Venkat Rathnam
Partner

Membership No. 019455
UDIN : 19019455AAAAAY4668.
Place: Hyderabad
Date:18/07/2019



CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited

Authorised Signatory

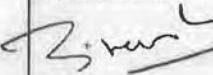
BALANCE SHEET FOR THE PERIOD ENDING 31 ST MARCH 2019			
Particulars	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets			
Stock In Trade			
Non-current investments	2.1	76925,68,390	71199,27,323
Long-term loans and advances		-	-
Other non-current assets - Deposits		-	-
		76925,68,390	71199,27,323
Current Assets			
Current investments	2.2	2603,05,680	74,08,918
Inventories			
Trade Receivables			
Cash and cash equivalents	2.3	15,65,496	25,84,080
Short term loans and advances	2.4	37,410	60,135
Other current assets			
		2619,08,586	100,53,133
TOTAL		79544,76,976	71299,80,456
EQUITY AND LIABILITIES			
Shareholders' funds			
Equity of Share capital	2.5	804,08,000	804,08,000
Other Equity	2.6	78737,79,653	70493,60,229
		79541,87,653	71297,68,229
Non Current Liabilities			
Long Term Borrowings		-	-
Deferred Tax Liabilities (Net)		-	-
Other Long term Liabilities		-	-
Long-term provisions		-	-
Current Liabilities			
Short-term borrowings		-	-
Trade payables		-	-
Other current liabilities	2.7	8,000	-
Short term provisions	2.8	2,81,323	2,12,227
		2,89,323	2,12,227
TOTAL		79544,76,976	71299,80,456
Significant Accounting Policies	1		
Notes to accounts	2		

The accompanying notes are an integral part of financial statements.

As per our report attached
for Satyanarayana & Co

Chartered Accountants

Firm Registration No.: 003680/S


G. Venkataratnam

Partner

Membership No.: 19455

Place: Hyderabad

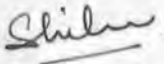
Date: 18/07/2019



for DR.REDDY'S HOLDINGS LIMITED.

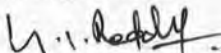

K.SATISH REDDY
DIRECTOR


G.V.PRASAD
DIRECTOR

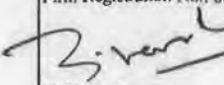
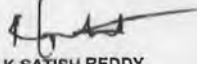
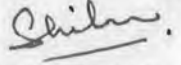

SHIKHA SABHARWAL
COMPANY SECRETARY

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited

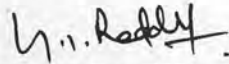


Authorised Signatory

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE PERIOD 31 ST MARCH 2019			
Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from Operations		-	-
Other Income	2.09	8333,00,526	8180,50,180
Total Revenue		8333,00,526	8180,50,180
Expenses			
Employee benefits expense	2.10	14,58,428	13,73,237
Finance costs	2.11	3,717	16,733
Depreciation and amortization expense			
Other expenses	2.12	74,18,957	38,28,213
Total expenses		88,81,102	52,18,183
Profit before exceptional and extraordinary items and tax		8244,19,424	8128,31,997
Exceptional items			-
Profit before extraordinary items and tax		8244,19,424	8128,31,997
Extraordinary Items			-
Profit before tax		8244,19,424	8128,31,997
Tax expense			
Current tax		-	-
Deferred tax		-	-
Profit for the period		8244,19,424	8128,31,997
Earning Per Share		1,025	1,011
Significant Accounting Policies	1		
Notes to accounts	2		
The accompanying notes are an integral part of financial statements.			
As per our report attached for Satyanarayana & Co Chartered Accountants Firm Registration No.: 003680 S			
for DR.REDDYS HOLDINGS LIMITED.			
 G. Venkataratnam Partner Membership No.: 19455 Place: Hyderabad Date: 18/07/2019   K.SATISH REDDY DIRECTOR  G.V.PRASAD DIRECTOR  SHIKHA SABHARWAL COMPANY SECRETARY			

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited


Authorised Signatory

DR REDDYS HOLDINGS LIMITED CASH FLOW STATEMENT		
CASH FLOW STATEMENT	2018-19	2017-18
A: CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax as per Profit and Loss Statement	8244,19,424	8128,31,997
Adjusted for :		
Depreciation and Amortisation Expenses		-
Effect of Exchange Rate Change		
Profit on sale of land		
Net Advance Tax Adjustment		
Profit on sale of Investments		
Dividends		
Provision for decline in the value of investments		-
Writeoff of Asset		-
Operating Profit before Working Capital Changes	8244,19,424	8128,31,997
Adjusted for :		
Trade and Other Receivables		
Inventories		
Short Term Loans and Advances	22,725	(55,310)
Trade and Other Payables	8,000	
Other Current Liabilities	-	(276,71,815)
Short Term Provisions	69,096	(14,595)
Cash Generated from Operations	8245,19,245	7850,90,277
Taxes Paid	-	
Net Cash from Operating Activities	8245,19,245	7850,90,277
B : CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets / Intangibles	-	-
Proceeds from sale of agricultural land		-
Additional Investment		
Additional Investment in mutual funds/ shares	(8255,37,829)	(7871,68,009)
Proceeds from sale of Investments		
Dividends		
Net Cash (used in) Investing Activities	(8255,37,829)	(7871,68,009)
C : CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Share Capital	-	-
Proceeds from Issue/Purchase of Share Capital to Minority		
Net Cash (used in) / from Financing Activities	-	-
Net Increase in Cash and Cash Equivalents(A+B+C)	(10,18,584)	(20,77,732)
Opening Balance of Cash and Cash Equivalents	25,84,080	46,61,812
Add : Upon addition of Subsidiaries		
Closing Balance of Cash and Cash Equivalents	15,65,496	25,84,080

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited

U. V. Reddy

Authorised Signatory

2.1: Non Current Investments

Particulars	As at 31 MARCH 2019			As at 31 March 2018		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<u>Associates</u>						
17877730 Equity Shares of Rs.5/- fully paid up of DRL(along with 1713900 Equity Shares with Rs.80/- Premium Fully Paid up of DRL including bonus issue and purchase of Shares) (41325300 Total Equity Shares)	76925,68,390	0	76925,68,390	71199,27,323	0	71199,27,323
Total	76925,68,390	0	76925,68,390	71199,27,323	0	71199,27,323

2018-19

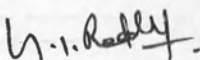
Aggregate amount of quoted investments Rs. 7692568390
Market Value thereof Rs. 114894665325/-

2017-18

Aggregate amount of quoted investments Rs. 7119927323
Market Value thereof Rs. 85554334575/-

CERTIFIED TRUE COPY

for Dr. Reddy's Holdings Limited


Authorised Signatory

2.2: Current Investments

Particulars	As at 31 March 2019	As at 31 March 2018
Current Investments (Valued at cost and fair Value, Unless Stated Otherwise) Quoted Mutual Funds		
4494.372 Units of ICICI Prudential Liquid Plan Growth	12,37,834	9,08,284
634022.630 units of L&T Arbitrage Opportunities Fund	65,29,165	65,00,634
24212256.829 Units of Jm Liquid Fund	2525,38,681	0
	2603,05,680	74,08,918

2.3: Cash and Cash Equivalents

Particulars	As at 31 March 2019	As at 31 March 2018
Cash on hand	607	13,654
Bank balances		
In current Accounts	15,64,889	25,70,426
In Fixed Deposits	-	-
	15,65,496	25,84,080

2.4: Short-Term Loans and Advances

Particulars	As at 31 March 2019	As at 31 March 2018
Prepaid Expenses	6250	4975
Advances	30000	54000
Advance Tax	1160	1160
	37,410	60,135

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited

G. V. Reddy

Authorised Signatory

DR.REDDY'S HOLDINGS LIMITED
Note 2 :Notes to Accounts

2.5 : Share Capital

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised		
2500000 equity shares of Rs.100/- each	2500,00,000	2500,00,000
	2500,00,000	2500,00,000
Issued, Subscribed and Paid up		
804080 equity shares of Rs.100/- each	804,08,000	804,08,000
	804,08,000	804,08,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of reporting period

Particulars	31 March 2019	31 March 2018
Number of shares at the beginning of the period	8,04,080	8,04,080
Issued during the period	-	-
Outstanding at the end of the period	8,04,080	8,04,080

(b) Terms/rights attached to shares

The holders of equity shares are entitled to one vote per share.

(c) Details of shareholders holding more than 5% shares in the company

	31 March 2019		31 March 2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Mr.K.Sarish Reddy(HUF)	107476	13.37	107476	13.37
APS Trust	668268	83.11	668268	83.11

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited

W. I. Reddy
Authorised Signatory

Note 2.06 STATEMENT OF CHANGES IN EQUITY

	Other components of Equity							Total Equity
	Equity	Reserves and surplus						
		Share Capital	Securities Premium	Share- based payment Reserve	Capital Reserve	Capital redemption reserve	General reserve	
Particulars								
Balance As on 1 April 2017	80408000	967138500	0	10548300	0	311224830	4947616602	6316936232
Profit for the year	0		0	0	0	0	812831997	812831997
Balance As at 31 March 2018	80408000	967138500	0	10548300	0	311224830	5760448599	7129768229
Profit for the Period	0	0						
Balance As at 31 March 2019	80408000	967138500	0	10548300	0	311224830	824419424	824419424

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited

N.V. Reddy

Authorised Signatory

2.7 : Other Current Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Other Payables	8,000	-
	8,000	-

2.8 : Short-Term Provisions

Particulars	As at 31 March 2019	As at 31 March 2018
Gratuity Payable	1,52,823	1,34,477
Audit fee payable	29,500	29,500
EL Payable	99,000	48,250
Provision for income tax	-	-
	2,81,323	2,12,227

2.9 Other Income

Particulars	For the Period ended 31 March 2019	For the year ended 31 March 2018
Profit on Redemption of MF (Short Term)	27,04,563	15,77,529
Dividends	8216,70,000	8151,47,298
Profit on redemption of MF (Long Term With STT)	-	12,95,582
Dividend Received On Mutual Funds	88,47,434	-
MTM Profit	78,529	29,771
	8333,00,526	8180,50,180

2.10 Employee Benefit Expenses

Particulars	For the Period ended 31 March 2019	For the year ended 31 March 2018
Salaries and Wages	11,82,000	10,93,000
Contribution to provident fund	96,332	89,332
Other Benefits	1,80,096	1,90,905
	14,58,428	13,73,237

2.11 Interest and Financial Cost

Particulars	For the Period ended 31 March 2019	For the year ended 31 March 2018
Bank Charges	3,717	16,733
	3,717	16,733

2.12: Other Expenses

Particulars	For the Period ended 31 March 2019	For the year ended 31 March 2018
Printing & Stationary	20625	39042
Travelling Expenses	13536	16744
General Expenses	127669	277595
Conveyance	229450	302062
DP STT & Transaction Charges	488939	393479
Professional Charges	5510600	2215638
Rates & Taxes	932760	360
Staff Welfare expenses	28709	54877
Audit Fee - As Auditors	29500	29500
Telephone Expenses	8503	8061
Service Tax Paid	0	324096
Office Maintenance	28666	166759
	7418957	38,28,213

CERTIFIED TRUE COPY

For Qs. Reddy's Holdings Limited

H. V. Reddy
Authorised Signatory

DR. REDDY'S HOLDINGS LIMITED

I. SIGNIFICANT ACCOUNTING POLICIES

1. Corporate Information

Dr Reddy's Holdings Limited is Public Limited Company registered under the Companies Act, 1956. It was incorporated on 12/07/1994, having its registered office at 7-1-27, Ameerpet, Hyderabad – 500016. The Company is into the business of Investments.

2. Basis of preparation

The financial statements are separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

3. Significant Accounting Policies:

(a) Revenue Recognition

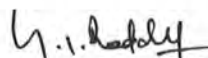
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principle in all of its revenue arrangements since it is the primary obligation in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Interest Income

Interest Income, including income arising from other financial instruments, is recognize using the effective interest rate method.

CERTIFIED TRUE COPY

Dr. Reddy's Holdings Limited



Authorised Signatory

(b) Property, Plant and Equipment

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). All significant costs relating to the acquisition and installation of property, plant and equipment are capitalized. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation for identified components is computed on straight line method based on useful lives, determined based on internal technical evaluation. Freehold land is carried at cost.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(c) Intangible Assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. The company amortizes Computer software using the straight-line method over the period of 6 years.

(d) Depreciation and amortization

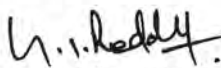
Depreciation is provided on the straight-line method over the useful lives are prescribed under Part C of Schedule II of the Companies Act 2013. Depreciation for assets purchased/sold during a period is proportionately charged.

(e) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited


Authorised Signatory

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a Liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The Company classifies all other liabilities as non-current.

(f) Financial assets:

Financial assets comprise of cash and cash equivalents.

Initial recognition:

All financial assets are recognized initially at fair value. Purchases or sales of financial asset that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the company commits to purchase or sell the assets.

Subsequent Measurement:

(i) Financial assets measured at amortized cost: Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the Statement of Profit and Loss.

The Company while applying above criteria has classified the following at amortized cost:

- Trade receivable
- Cash and cash equivalents
- Other Financial Asset

Impairment of Financial Assets:

Financial assets are tested for impairment based on the expected credit losses.

De-recognition of financial assets:

CERTIFIED TRUE COPY

For Dr. Reddy's Laboratories Limited

U. V. Reddy
Authorised Signatory

A financial asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(g) Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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.

(h) Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials/traded goods and components, stores and spares and loose tools are valued at lower of cost and net realizable value.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Cost of work-in-progress and finished good/Traded goods are determined on a weighted average basis. Scrap is valued at net realizable value.

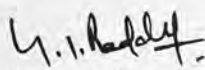
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(i) Financial liabilities

Initial recognition and measurement:

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortized cost. A preference share that provides for mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability.

CERTIFIED TRUE COPY
For Dr. Reddy's Holdings Limited


Authorized Signatory

Subsequent measurement:

These liabilities include borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. 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 EIR. The EIR amortization is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

De-recognition of financial liabilities:

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(k) 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 respective asset. All other borrowing cost are expensed in the period they occur. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other costs that an entity incurs in connection with the borrowing of funds. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

(l) Employee Benefits

Employee benefits are charged to the Statement of profit and loss for the year.

Provident fund

Retirement benefits in the form of Provident Fund are defined contribution scheme and such contributions are recognized, when the contributions to the respective funds are due. There are no other obligation other than the contribution payable to the respective funds.

Gratuity

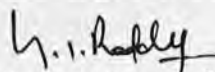
The Company has not created any gratuity fund. However adequate provisions have been made in the accounts for gratuity liability. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognized on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees.

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited


Authorised Signatory

Short-term employee benefits

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

(m) Income Taxes

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income. Current income taxes for the current period, including any adjustments to tax payable in respect of previous years, are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax

Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax base using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the end of reporting period. Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income.

Minimum Alternative Tax (MAT)

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendation contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent that company will pay normal Income Tax during the specified period.

(n) Leases

As a lessee

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited

U. V. Reddy

Authorized Signatory

to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Lease-hold land:

Leasehold land that normally has a finite economic life and title which is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a lease hold land is accounted for as leasehold land use rights (referred to as prepaid lease payments in Ind AS17 "Leases") and is amortized over the lease term in accordance with the pattern of benefits provided.

(o) Provisions, contingent assets and contingent liabilities

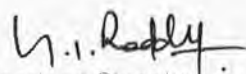
Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

CERTIFIED TRUE COPY
For Dr. Reddy's Holdings Limited


Authorised Signatory

(p) Fair value measurement

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date. Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the 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 financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

(q) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

4. Significant accounting judgments, estimates and assumptions

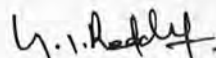
The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgments, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Judgments

In the process of applying the accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

- i) Classification of property The Company determines whether a property is classified as investment property or inventory property:

CERTIFIED TRUE COPY
For Dr. Reddy's Holdings Limited


Authorised Signatory

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- i) **Classification of leases –**
The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.
- ii) **Useful lives of depreciable/amortizable assets**
Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.
- iii) **Fair value measurements**
Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

c) Recent Amendments

Standards issued but not yet effective

- i) **Ind AS 115-Revenue from Contracts with Customers**-The Ministry of Corporate Affairs (MCA) on March 28, 2018 has notified new Indian Accounting Standard as mentioned above. The new standard will come into force from accounting period commencing on or after April 01, 2018. It replaces existing recognition guidance, including Ind AS 18 Revenue and Ind AS 11 Construction contract. The standard is likely to affect the

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited

H. V. Reddy
Authorized Signatory

measurement, recognition and disclosure of revenue. The Company has evaluated and there is no material impact of this amendment on the Financial Statement of the Company except disclosure. The Company will adopt the Ind AS 115 on the required effective date wherever applicable.

- ii) Ind AS 21, The Effect of Changes in Foreign Exchange Rates – The amendments to Ind AS 21 addresses issue to determine the date of transactions for the purpose of determining the exchange rate to be used on initial recognition of related assets, expenses or income when entity has received or paid advances in foreign currencies by incorporating the same in Appendix B to Ind AS 21. The amendment will come into force from accounting period commencing on or after April 01, 2018. The Company has evaluated this amendment and impact of this amendment will not be material.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

2. NOTES TO ACCOUNTS:

2.14 Dues to Micro, small and Medium Enterprises Nil.

2.15 Enterprises in which Key Managerial Personnel are able to exercise significant influence.

<u>Name of the Related Party</u>	<u>Relation Ship</u>
----------------------------------	----------------------

a). Dr. Reddy's Laboratories Limited.	Associates
---------------------------------------	------------

b) Key Management Personnel represented on the Board of the Company

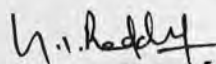
- | | |
|-------|--------------------------------|
| (i) | Mr. G.V.Prasad, Director |
| (ii) | Mrs. G.Anuradha, Director |
| (iii) | Mr. K. Satish Reddy, Director |
| (iv) | Mrs. K. Deepti Reddy, Director |

© Transactions with related parties:		2018-19	2017-18
1. Dr. Reddy's Laboratories Ltd			
Dividend Received		82,16,70,000	81,25,40,000
2.16 Contingent liabilities not provided for		2018-19	2017-18
Estimated amount of contracts remaining to be executed on capital account and not provided for	--	NIL	NIL
	--	NIL	NIL

2.17 FAIR VALUE MEASUREMENTS

A. Accounting classification and fair values .

CERTIFIED TRUE COPY
For Dr. Reddy's Holdings Limited


Authorised Signatory

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value in the carrying amount is a reasonable approximation of fair value.

There are no financial assets and liabilities designated at Fair Value through other Comprehensive Income

(INR in lakhs)

Financial Assets and Liabilities as at March 31,2019	Carrying Value		Routed through Profit and Loss				Carried at amortised cost			
	Non Current	Current	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial Assets										
Current Investments	-	2603.05	2603.05	2603.05	---	---	2603.05	--	---	---
Cash and Cash equivalents	-	15.65	15.65	---	---	---	---	--	---	15.65
Short Term Loans And advances	-	0.37	0.37	---	---	---	---	--	---	0.37
Total	-	2619.07	2619.07	2603.05	--	---	2603.05	--	---	16.02

(INR in lakhs)

Financial Assets and Liabilities as at March 31,2019	Carrying Value		Routed through Profit and Loss				Carried at amortised cost			
	Non Current	Current	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Liabilities										
Short term provisions	-	2.81	2.81	---	---	---	--	---	---	2.81
Other Current Liabilities	-	0.08	0.08	---	---	---	---	--	---	0.08
Total	-	2.89	2.89	2	--	---	--	---	---	2.89

2.18. FINANCIAL RISK MANAGEMENT

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

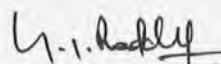
The Company's financial risk management is an integral part of how to plan and execute its business strategies.

The Company has exposure to the following risk arising from financial instruments;

- Credit risk
- Liquidity risk and
- Market risk

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited


Authorized Signatory

(A) 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 trade and other receivables.

The carrying amount of financial assets represent the maximum credit risk exposure.

i. Short term Loans and Advances.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of such customer. However credit risk with regards to short term loans and advances is almost negligible for the company.

Therefore no impairment is observed on the carrying value.

ii. Cash and Bank balances

The company held cash and cash equivalent and other bank balance of INR.15,65,496/- at March 31,2019, INR 25,84,080 at March,2018,

iii. Others

Other than short term loans and advances reported above, the Company has no other financial assets which carries any significant credit risk.

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

(C) Market Risk

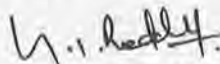
Market risk is risk that changes in market prices, such as foreign exchange rates (currency risk) and interest rates (interest rates risk), will affect the company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i) Foreign currency risk:

The company is not exposure to such risks.

CERTIFIED TRUE COPY

For M. Reddy's Holdings Limited



Authorised Signatory

ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is 'NIL' as there are no debt obligations.

- 2.19 For the purpose of Company's capital management, capital includes issued equity share capital, securities premium all other equity reserves attributable to the equity shareholders of the company and borrowings. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximizes shareholders value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plans. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during year ended March 31,2019.

The company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-borrowings less cash and cash equivalents, Equity comprises all components of equity including share premium and all other equity reserves attributable to the equity share holders.

The company has no debts.

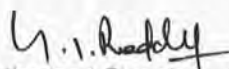
- 2.20 Previous year figures have been regrouped / rearranged, wherever necessary to facilitate comparison.

2.21 FVTOCI financial assets

Under Indian GAAP, the Company accounted for long-term investments in quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires GVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognized as a separate component of equity, in the retained earnings, net of related deferred taxes.

CERTIFIED TRUE COPY

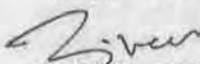
For Dr. Reddy's Holdings Limited


Authorised Signatory

2.22 Mutual Funds

Under Indian GAAP, Investments in mutual funds are accounted for as short term investments and accordingly they are carried at lower of cost and fair value. Under IndAs, the company has designated such investments as FVTPL investments. IndAS requires FVTPL Investments to be measured at fair Value. At the date of transition to Ind AS, difference between the investments fair value and Indian GAAP carrying amount has been recognized as a separate component of equity, in the retained earnings, net of related deferred taxes.

Vide our report of even date
For SATYANARAYANA & CO.,
Chartered Accountants
(Reg.No.003680S)

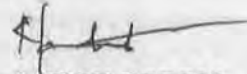

(G.VENKATARATNAM)
Partner

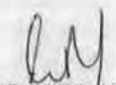
M.No:19455

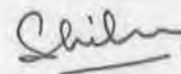
Place: Hyderabad

Date:18/07/2019

for and on behalf of the board

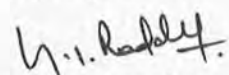

(K. SATISH REDDY)
DIRECTOR


(G.V.PRASAD)
DIRECTOR


SHIKHA SABHARWAL
Company Secretary

CERTIFIED TRUE COPY

For Dr. Reddy's Holdings Limited


Authorised Signatory

Annexure - 12

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

Tablespace, 6th Floor
Western Aqua Building
Whitefields, Hitech City
Hyderabad - 500 081, India
Tel : +91 40 6141 6000

INDEPENDENT AUDITOR'S REPORT

To the Members of Dr. Reddy's Laboratories Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Dr. Reddy's Laboratories Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Key Audit Matters

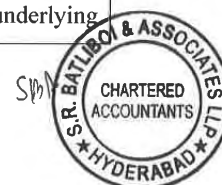
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

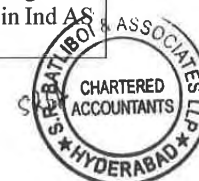


S.R. Batliboi & Associates LLP, a Limited Liability Partnership with LLP Identity No. AAB-4295
Regd. Office : 22, Camac Street, Block 'B', 3rd Floor, Kolkata-700 016

Key audit matters	How our audit addressed the key audit matter
Carrying value of intangible assets, intangible assets under development and goodwill (as described in note 1.3(f) and 1.3 (i) of the significant accounting policies, and note 2.3 and 2.2 for details and movement in goodwill and intangible assets respectively in the standalone Ind AS financial statements)	
As at March 31, 2019, the Company has Rs. 7,000 million of intangible assets and Rs. 323 million of goodwill. The carrying value of these intangible assets are based on future cash flows and there is a risk that the assets may be impaired if cash flows are not in line with projections. Valuation of goodwill and intangible assets is subject to management's assessment of recoverable amount, being the higher of the value in use and fair value less costs to sell, involving significant judgment and are based on number of variables and estimates including projection of future sales, operating costs and profit margins; appropriate discount rate and terminal value growth rate; and probability of technical and regulatory success factors in applying discounted cash flow valuation methodology.	Our audit procedures included the following: • We evaluated the design and tested the operating effectiveness of management's controls in assessing the carrying value of goodwill and intangible assets. • We assessed the Company's methodology applied in determining the CGUs to which goodwill is allocated. • We assessed the Company's valuation methodology applied in deriving the recoverable value. • We evaluated the assumptions applied to key inputs such as discount rates, sales volume and prices, long term growth rates and terminal values, which included comparing these inputs with assumptions made by the management in prior years. • We discussed potential changes in key drivers as compared to previous year / actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. • We tested the arithmetical accuracy of the models. • We also assessed the recoverable value headroom by performing sensitivity testing of key assumptions used. • We evaluated the adequacy of financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.
Contingencies, including litigations and tax (as described in note 1.3(k) of the significant accounting policies, and note 2.30(A) containing details of contingencies in the standalone Ind AS financial statements)	
The Company is involved in disputes, lawsuits, claims, anti-trust, governmental and / or regulatory inspections, inquiries, investigations and proceedings, including patent, tax and commercial matters that arise from time to time in the ordinary course of business. Most of the claims involve complex issues. The Company, assisted by their external legal counsel assesses the need to make provision or disclose a contingency on a case-to-case basis considering the underlying facts of each litigation. The aforesaid assessment may result in an incorrect disclosure or provision in the books of account.	Our audit procedures included the following: • We evaluated the design and tested the operating effectiveness of controls relating to identification and evaluation of claims, proceedings and investigations at different levels in the Company, and the measurement of provisions for disputes, potential claims and litigation, contingent liabilities and disclosures. • We obtained a list of ongoing litigations from the Company's in house legal counsel. We selected a sample of litigations based on materiality and performed inquiries with the said counsel on the legal evaluation of these litigations. We have compared the said evaluation with the provision or disclosure in the standalone Ind AS financial statements. We have tested the underlying



Key audit matters	How our audit addressed the key audit matter
This area is significant to our audit, since the accounting and disclosure for contingent legal and tax liabilities is complex and judgmental (due to the difficulty in predicting the outcome of the matter and estimating the potential impact if the outcome is unfavorable), and the amounts involved are, or can be, material to the standalone Ind AS financial statements.	computation of the management in relation to the measurement of provision or the contingency. • We solicited legal letters from the Company's external legal advisors with respect to the matters included in the summary. Where appropriate we examined correspondences connected with the cases. • We obtained the details of tax assessments and demands as at the year ended March 31, 2019. We inspected relevant communication with tax authorities. We involved tax experts in assessing the nature and amount of the tax exposures and assessed management's conclusions on whether exposures are probable, contingent or remote. Where exposures are assessed as probable, we evaluated the amounts provided with respect to those exposures. • We also evaluated the adequacy of disclosures in the standalone Ind AS financial statements.
Rebates, discounts, returns etc in Revenue (as described in note 1.3(l) of the significant accounting policies of standalone Ind AS financial statements and note 2.11 of the standalone Ind AS financial statements)	
Revenue is recognized net of accrual for sales returns, rebates & discounts, etc. The estimates relating to the accruals are important given the significance of revenue and considering the distinctive terms of arrangement with customers. These estimates are complex and requires significant judgement and estimation by the Company for establishing an appropriate accrual. Accuracy of revenues may deviate because change in judgements and estimates. Accordingly, the same has been considered as a key audit matter.	Our audit procedures included the following: • We assessed and performed test of controls over the completeness, recognition and measurement of accruals. • We obtained Management's calculations for accruals and assessed the assumptions used by reference to the company's stated commercial policies, the terms of the applicable contracts. • We assessed management analysis of the historical pattern of accruals to validate management's assumption for creation of such provisions. • We compared the assumptions to contracted prices, historical rebates, discounts, allowances and returns, where relevant and to current payment trends. We also considered the historical accuracy of the management's estimates in prior years. • We have also performed procedures to test recording of revenue in appropriate period which includes: ◦ Verifying sample sales transactions near period-end ◦ Evaluating the level of returns following the period end and compared to previous periods.
Recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (as described in note 1.3(a) of the significant accounting policies of standalone Ind AS financial statements)	
The Company has adopted Ind AS 115 "Revenue from Contracts with Customers" starting 1 April 2018. The adoption of the new revenue accounting	Our audit procedures included the following: • We considered the Company's revenue recognition accounting policies based on the principles in Ind AS 115.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Key audit matters	How our audit addressed the key audit matter
key principles relating to identification of performance obligations, determination of transaction price of the identified performance obligations, the timing of transfer of control for recognition of revenue or the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains new disclosures.	- We evaluated the design, implementation and effective operation of the internal controls relating to implementation of the new revenue accounting standard. - We selected samples of continuing and new contracts and performed the following procedures: - Read, analysed and identified the distinct performance obligations in these contracts. - Compared these performance obligations with that identified and recorded by the Company. - Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue. - Evaluated management assessment of point of recognition of revenue based on transfer of control or satisfaction of obligations over time. - We evaluated the adequacy of financial statement disclosures, pursuant to new revenue accounting standard.

Other Information

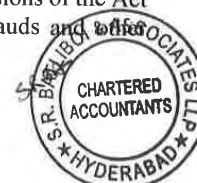
The Company's Board of Directors is responsible for the other information. The other information comprises, Statutory reports, corporate governance and Board's report included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and Corporate Overview and letter from Chairman and Co-Chairman included in the Annual report, which is expected to be made available to us after that date.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

SM



S.R. BATLIBOI & ASSOCIATES LLP

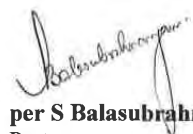
Chartered Accountants

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 2.30(A) to the standalone Ind AS financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per S Balasubrahmanyam

Partner

Membership Number: 053315

Place of Signature: Hyderabad

Date: May 17, 2019



**ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
STANDALONE IND AS FINANCIAL STATEMENTS OF DR. REDDY'S LABORATORIES
LIMITED**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2019 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a company in which the Director is interested to which provisions of section 185 of the Companies Act, 2013 apply and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has made investments and given guarantees/provided security which is in compliance with the provisions of section 186 of the Companies Act, 2013.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

S/A



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as set out in Appendix 1.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to banks or government. There are no dues which are payable to financial institutions. The Company did not have any debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3 (xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

S.R.



S.R. BATLIBOI & ASSOCIATES LLP

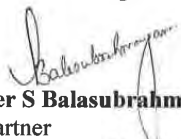
Chartered Accountants

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per S Balasubrahmanyam
Partner
Membership Number: 053315



Place of Signature: Hyderabad

Date: May 17, 2019

Appendix 1 as referred to in paragraph vii(c) of Annexure 1 to Independent Auditors' Report

Name of the Statute	Nature of the dues	Disputed Amount in Rs Million	Amount Paid under protest in Rs Million	Period to which the amount relates	Forum where dispute is Pending
Central Excise Act, 1944	Excise Duty, Interest and Penalty	1,726	178	2001-2017	Appellate Authority – upto Commissioners
		510		1998-2017	CESTAT
		58		2002-2008	High Court
Customs Act, 1962	Customs Duty	37	6	2010-2011	Appellate Authority – upto Commissioners
		6		2004-2005	High Court
Finance Act, 1994	Cenvat Credit of Service Tax, Interest and Penalty	863	155	2005- 2016	CESTAT
		639		2005- 2016	Appellate Authority – upto Commissioners
	Service Tax and Penalty	177		2010-2015	CESTAT
		231		2015-2017	Appellate Authority – upto Commissioners
Central Sales Tax Act and Sales Tax Acts of various States	Sales Tax and Penalty	103	211	2002-2018	Sales Tax Appellate Tribunal.
		203		2003-2018	Appellate Tribunal - Upto Commissioner.
		75		2007-2014	High Court.
Income Tax Act, 1961	Income Tax	2	-	2002-2003	High Court.

S/Sd



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF DR. REDDY'S LABORATORIES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Dr. Reddy's Laboratories Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.



Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements 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 standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

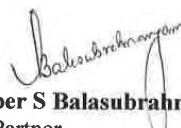
Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per S Balasubrahmanyam
Partner
Membership Number: 053315
Place of Signature: Hyderabad
Date: May 17, 2019



Dr. Reddy's Laboratories Limited

Balance Sheet

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Particulars	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	39,504	39,790
Capital work-in-progress		4,001	6,750
Goodwill	2.2	323	323
Other intangible assets	2.3	7,000	7,060
Financial assets			
Investments	2.4 A	18,191	19,537
Trade receivables	2.4 B	113	169
Loans	2.4 C	332	1,991
Other financial assets	2.4 D	447	437
Deferred tax assets, net	2.25	-	931
Tax assets, net		3,106	3,518
Other non-current assets	2.5 A	126	112
		73,143	80,618
Current assets			
Inventories	2.6	20,156	18,568
Financial assets			
Investments	2.4 A	21,144	16,828
Trade receivables	2.4 B	37,177	42,038
Derivative instruments		335	17
Cash and cash equivalents	2.4 E	1,132	1,207
Other financial assets	2.4 D	692	509
Other current assets	2.5 B	8,696	11,218
		89,332	90,385
Total assets		162,475	171,003
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	830	830
Other equity		126,011	117,248
		126,841	118,078
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.8 A	3,454	4,880
Provisions	2.9 A	547	533
Deferred tax liabilities, net	2.25	555	-
Other non-current liabilities	2.10 A	285	313
		4,841	5,726
Current liabilities			
Financial liabilities			
Borrowings	2.8 B	5,463	21,008
Trade payables	2.8 C		
Total outstanding dues of micro enterprises and small enterprises		77	93
Total outstanding dues of creditors other than micro enterprises and small enterprises		10,239	10,517
Derivative instruments		45	85
Other financial liabilities	2.8 D	10,160	11,386
Provisions	2.9 B	1,847	1,734
Other current liabilities	2.10 B	2,962	2,376
		30,793	47,199
Total equity and liabilities		162,475	171,003

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

for **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **S. Balasubrahmanyam**

Partner

Membership No.: 53115



Place: Hyderabad

Date: 17 May 2019

for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories Limited**

K Satish Reddy
Chairman

Saumen Chakraborty
Chief Financial Officer

G V Prasad
Co-Chairman & Chief Executive Officer

Sandeep Poddar
Company Secretary



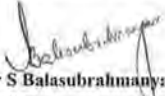
Dr. Reddy's Laboratories Limited
Statement of Profit and Loss
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Sales	2.11	104,667	92,468
Service income and License fees	2.11	1,062	558
Other operating income	2.12	526	567
Total revenue from operations		106,255	93,593
Other income	2.13	2,384	2,040
Total income		108,639	95,633
Expenses			
Cost of materials consumed		21,032	20,110
Purchase of stock-in-trade		8,686	6,716
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.14	660	(516)
Employee benefits expense	2.15	19,319	18,430
Depreciation and amortisation expense	2.16	7,806	7,741
Finance costs	2.17	568	628
Selling and other expenses	2.18	33,561	35,554
Total expenses		91,632	88,663
Profit before tax		17,007	6,970
Tax expense	2.25		
Current tax		2,818	1,381
Deferred tax		1,416	(80)
Profit for the year		12,773	5,669
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss		(1)	43
Income tax on items that will not be reclassified subsequently to profit or loss		3	(16)
		2	27
Items that will be reclassified subsequently to profit or loss		209	(133)
Income tax on items that will be reclassified subsequently to profit or loss		(73)	46
		136	(87)
Total other comprehensive income/(loss) for the year, net of tax		138	(60)
Total comprehensive income for the year		12,911	5,609
Earnings per share:	2.21		
Basic earnings per share of ₹ 5/- each		76.98	34.19
Diluted earnings per share of ₹ 5/- each		76.85	34.12

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004


S. Balasubrahmanyam
Partner
Membership No.: 53315



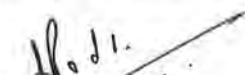
Place: Hyderabad
Date: 17 May 2019

for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories Limited**


K. Satish Reddy
Chairman


G. V. Prasad
Co-Chairman & Chief Executive Officer


Saumen Chakraborty
Chief Financial Officer


Sandeep Poddar
Company Secretary

Dr. Reddy's Laboratories Limited

Statement of changes in equity

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Statement of changes in equity

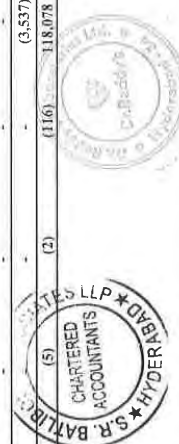
Particulars	Equity share capital	Reserves and surplus					Other components of equity				Total equity
		Treasury shares ⁽¹⁾	Securities premium ⁽²⁾	Share-based payment reserve ⁽³⁾	Capital redemption reserve ⁽⁴⁾	General reserve ⁽⁵⁾	Retained earnings	Cash flow hedge reserve ⁽⁷⁾	FVTOCI equity of instruments ⁽⁸⁾	Remeasurements of the net defined benefits plan ⁽⁹⁾	
Balance as at 1 April 2018 (A)	830	-	5,211	826	267	25	20,302	90,740	(5)	(116)	118,078
Profit for the year	-	-	-	-	-	-	-	12,773	-	-	12,773
Net change in fair value of FVTOCI** equity instruments, net of tax benefit of ₹ Nil	-	-	-	-	-	-	-	-	8	-	8
Effective portion of changes in fair value of cash flow hedges, net of tax expense of ₹ 73 (Refer note 2.28)	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit of ₹ 3 (Refer note 2.24)	-	-	-	-	-	-	-	-	136	-	136
Total comprehensive income (B)	-	-	-	-	-	-	-	-	-	(6)	(6)
Transactions with owners of the Company	-	-	-	-	-	-	-	12,773	136	8	12,911
Contributions and distributions	-	-	-	-	-	-	-	-	-	-	-
Issue of equity shares on exercise of options (Refer note 2.7)	-	-	-	-	-	-	-	-	-	-	-
Share-based payment expense (Refer note 2.23)	-	-	420	(420)	-	-	-	-	-	-	-
Purchase of treasury shares	-	(535)	-	389	-	-	-	-	-	-	389
Dividend paid (including dividend distribution tax)	-	-	-	-	-	-	-	-	-	-	(535)
Total contributions and distributions	-	(535)	420	(31)	-	-	(4,002)	-	-	-	(4,002)
Changes in ownership interests	-	-	-	-	-	-	(4,002)	-	-	-	(4,148)
Total transactions with owners of the Company (C)	-	(535)	420	(31)	-	-	(4,002)	-	-	-	(4,148)
Balance as at 31 March 2019 [(A)+(B)+(C)]	830	(535)	5,631	795	267	25	20,302	99,511	131	6	126,841

*Rounded off to millions.

Other components of equity

Particulars	Equity share capital	Reserves and surplus					Other components of equity				Total equity
		Treasury shares ⁽¹⁾	Securities premium ⁽²⁾	Share-based payment reserve ⁽³⁾	Capital redemption reserve ⁽⁴⁾	General reserve ⁽⁵⁾	Retained earnings	Cash flow hedge reserve ⁽⁷⁾	FVTOCI equity of instruments ⁽⁸⁾	Remeasurements of the net defined benefits plan ⁽⁹⁾	
Balance as at 1 April 2017 (A)	829	-	4,779	804	267	25	20,302	89,063	82	3	116,006
Profit for the year	-	-	-	-	-	-	-	5,669	-	(148)	5,669
Net change in fair value of FVTOCI** equity instruments, net of tax benefit of ₹ Nil	-	-	-	-	-	-	-	-	(5)	-	(5)
Effective portion of changes in fair value of cash flow hedges, net of tax benefit of ₹ 46 (Refer note 2.28)	-	-	-	-	-	-	-	-	(87)	-	(87)
Actuarial gain/(loss) on post-employment benefit obligations, net of tax expense of ₹ 16 (Refer note 2.24)	-	-	-	-	-	-	-	-	-	32	32
Total comprehensive income (B)	-	-	-	-	-	-	-	-	(87)	(5)	5,609
Transactions with owners of the Company	-	-	-	-	-	-	-	-	-	-	-
Contributions and distributions	-	-	-	-	-	-	-	-	-	-	-
Issue of equity shares on exercise of options (Refer note 2.7)	1	-	432	(432)	-	-	-	-	-	-	1
Share-based payment expense (Refer note 2.23)	-	-	-	454	-	-	-	-	-	-	454
Dividend paid (including dividend distribution tax)	-	-	-	-	-	-	(3,992)	-	-	-	(3,992)
Total contributions and distributions	1	-	432	22	-	-	(3,992)	-	-	-	(3,537)
Changes in ownership interests	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Company (C)	1	-	432	22	-	-	(3,992)	-	-	-	(3,537)
Balance as at 31 March 2018 [(A)+(B)+(C)]	830	-	5,211	826	267	25	20,302	90,740	(5)	(116)	118,078

** FVTOCI represents fair value through other comprehensive income.



(1) Pursuant to the special resolution approved by the shareholders in the Annual General Meeting held on 27 July 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, including through secondary market acquisitions, equity shares which are used for issuance to eligible employees upon exercise of stock options thereunder. Refer note 2.23 of these financial statements for further details on the Dr. Reddy's Employees Stock Option Scheme, 2018.

(2) Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.

(3) Share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees as part of their remuneration. Refer note 2.23 for further details of these plans.

(4) The Company recognises profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve.

(5) As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of Section 69 of the Companies Act, 2013.

(6) The general reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to statement of profit and loss.

(7) The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the hedged transaction occurs.

(8) This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income (FVTOCI), net of amounts reclassified to retained earnings when those assets have been disposed off.

(9) Remeasurements of the net defined benefits plan reserve comprises the cumulative net gains/ losses on actuarial valuation of post-employment obligations. Refer note 2.24 for further details.

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
for **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **S Balasubrahmanyam**
Partner

Membership No.: 53315

Place: Hyderabad

Date: 17 May 2019



for and on behalf of the Board of Directors of Dr. Reddy's Laboratories Limited

K Satish Reddy
Chairman

Satish Chakraborty
Chief Financial Officer

G V Prasad
Co-Chairman & Chief Executive Officer

Sandeep Reddy
Company Secretary



Dr. Reddy's Laboratories Limited

Statement of Cash Flows

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from/(used in) operating activities		
Profit before taxation	17,007	6,970
Adjustments:		
Depreciation and amortisation expense	7,806	7,741
Impairment loss on other intangible assets	24	53
Equity settled share-based payment expense	389	454
Fair value gain on financial instruments at fair value through profit or loss	(221)	(33)
Foreign exchange loss / (gain), net	2,455	(665)
(Profit)/Loss on sale/disposal of property, plant and equipment and other intangible assets, net	(400)	55
Interest income	(812)	(649)
Finance costs	568	628
Profit on sale of mutual funds, net	(448)	(779)
Refund liability	1,090	1,105
Inventory write-downs	2,085	1,965
Allowances for credit losses, net	212	(12)
Allowances for doubtful advances, net	(351)	(36)
Loss on sale of non-current investments	-	341
Provision/(reversal of provision) relating to non-current investments	359	(525)
<i>Changes in operating assets and liabilities:</i>		
Trade receivables	3,457	3,361
Inventories	(3,673)	(2,436)
Trade payables	(201)	2,738
Other assets and other liabilities, net	663	(3,150)
Cash generated from operations	30,009	17,126
Income taxes paid, net	(2,388)	(1,740)
Net cash from operating activities	27,621	15,386
Cash flows from/(used in) investing activities		
Proceeds from sale of property, plant and equipment	879	124
Expenditures on property, plant and equipment	(5,775)	(7,689)
Expenditures on other intangible assets	(753)	(293)
Purchase of investments	(77,267)	(60,620)
Proceeds from sale of investments	74,786	56,278
Loans and advances repaid by subsidiaries	1,800	63
Interest income received	821	338
Net cash used in investing activities	(5,509)	(11,799)
Cash flows from/(used in) financing activities		
Proceeds from issuance of equity shares	-*	1
Proceeds from/(repayment of) short-term loans and borrowings, net (Refer note 2.8 (d))	(17,049)	1,654
Proceeds from/(repayment of) long-term loans and borrowings, net (Refer note 2.8 (d))	-	(1)
Dividends paid (including corporate dividend tax)	(4,002)	(3,992)
Purchases of treasury shares	(535)	-
Interest paid	(645)	(706)
Net cash used in financing activities	(22,231)	(3,044)
Net increase / (decrease) in cash and cash equivalents	(119)	543
Effect of exchange rate changes on cash and cash equivalents	44	(3)
Cash and cash equivalents at the beginning of the year (Refer note 2.4 E)	1,207	667
Cash and cash equivalents at the end of the year (Refer note 2.4 E)	1,132	1,207

*Rounded off to millions.

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per **S. Balasubrahmanyam**
Partner
Membership No.: 53315



Place: Hyderabad
Date: 17 May 2019

for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories Limited**

K Satish Reddy
Chairman

Saumen Chakraborty
Chief Financial Officer

G V Prasad
Co-Chairman & Chief Executive Officer

Sandeep Poddar
Company Secretary

Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies

1.1 Description of the Company

Dr. Reddy's Laboratories Limited ("Dr. Reddy's" or "the Company") is a leading India-based pharmaceutical company headquartered and having its registered office in Hyderabad, Telangana, India. Through its three businesses - Pharmaceutical Services and Active Ingredients, Global Generics and Proprietary Products – the Company offers a portfolio of products and services, including Active Pharmaceutical Ingredients ("APIs"), Custom Pharmaceutical Services ("CPS"), generics, biosimilars and differentiated formulations.

The Company's principal research and development facilities are located in the states of Telangana and Andhra Pradesh in India; its principal manufacturing facilities are located in the states of Telangana, Andhra Pradesh and Himachal Pradesh in India; and its principal markets are in India, Russia, the United States, the United Kingdom and Germany. The Company's shares trade on the Bombay Stock Exchange and the National Stock Exchange in India and also on the New York Stock Exchange in the United States.

1.2 Basis of preparation of financial statements

a) Statement of compliance

The financial statements of the Company as at and for the year ended 31 March 2019 have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date, 31 March 2019. These financial statements were authorised for issuance by the Company's Board of Directors on 17 May 2019.

b) Basis of measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

- derivative financial instruments are measured at fair value;
- financial assets are measured either at fair value or at amortised cost depending on the classification;
- employee defined benefit assets/(liability) are recognised as the net total of the fair value of plan assets, adjusted for actuarial gains/ (losses) and the present value of the defined benefit obligation;
- long-term borrowings, except obligations under finance leases, are measured at amortised cost using the effective interest rate method;
- assets held for sale are measured at fair value less costs to sell; and
- share-based payments are measured at fair value;

c) Functional and presentation currency

These financial statements are presented in Indian rupees, which is the functional currency of the parent company. All financial information presented in Indian rupees has been rounded to the nearest million.

d) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 recognised in the financial statements is included in the following notes:

- Note 1.2 (c) — Assessment of functional currency;
- Note 1.3 (c) — Financial instruments;
- Note 1.3 (d) — Business combinations;
- Notes 1.3 (e) and 1.3 (f) — Useful lives of property, plant and equipment and intangible assets;
- Note 1.3 (h) — Valuation of inventories;
- Note 1.3 (i) — Measurement of recoverable amounts of cash-generating units;
- Note 1.3 (j) — Assets and obligations relating to employee benefits;
- Note 1.3 (j) — Share-based payments;
- Note 1.3 (k) — Provisions and other accruals;
- Note 1.3 (l) — Measurement of transaction price in a revenue transaction (Sales returns, rebates and chargeback provisions)
- Note 1.3 (n) — Evaluation of recoverability of deferred tax assets; and
- Note 1.3 (k) — Contingencies

e) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, *Presentation of Financial Statements*.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within twelve months after the reporting date; or
- d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets and liabilities include the current portion of non-current assets and liabilities respectively. All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

1.3 Significant accounting policies

a) New Standards adopted by the Company

Ind AS 115, *Revenue from Contracts with Customers*

In March 2018, the Ministry of Corporate Affairs ("MCA") has notified Ind AS 115, *Revenue from Contracts with Customers*, which is effective for accounting periods beginning on or after 1 April 2018. This comprehensive new standard supersedes Ind AS 18, *Revenue*, Ind AS 11, *Construction contracts* and related interpretations. The new standard amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Company adopted Ind AS 115 effective as of 1 April 2018. The impacts of the adoption of the new standard are summarised below:

Revenue

The Company's revenue is derived from sale of goods, service income and income from licensing arrangements, each as more particularly described below. Most of such revenue (approximately 98.5%) is generated from the sale of goods.

Sale of goods

Revenue from sale of goods consists of the sale of generic and branded products and the sale of active pharmaceutical ingredients and intermediates. Revenue from sale of goods is recognised where control is transferred to the Company's customers at the time of shipment to or receipt of goods by the customers. There was no change in the point of recognition of revenue upon adoption of Ind AS 115.

Service income

Service income, which primarily relates to revenue from contract research, is recognised as and when the underlying services are performed. There was no change in the point of recognition of revenue upon adoption of Ind AS 115. Upfront non-refundable payments received under these arrangements continue to be deferred and are recognised over the expected period that related services are to be performed.

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 recognised when control transfers to the third party and the Company's performance obligations are satisfied. The adoption of Ind AS 115 did not significantly change the timing or amount of revenue recognised by the Company from these arrangements, nor did it change accounting for these royalty arrangements, as the standard's royalty exception is applied for intellectual property licenses. Upfront non-refundable payments received under these arrangements continue to be deferred and are recognised over the expected period that related services are to be performed.

Profit share revenues and milestone payments

Revenues from sale of goods also include revenues from profit sharing arrangements with business partners for sales of the Company's products in certain markets. Furthermore, the Company receives milestone payments related to out-licensing of the intellectual property. Under Ind AS 115, the profit share amount is recognised only to the extent that it is highly probable that a significant reversal in the amount of profit share will not occur when the uncertainty associated with the profit share is subsequently resolved. The adoption of Ind AS 115 did not significantly change the timing or amount of revenue recognised by the Company under these arrangements.

The Company applied the modified retrospective method upon adoption of Ind AS 115 on 1 April 2018. This method requires the recognition of the cumulative effect of initially applying Ind AS 115 to retained earnings and not to restate prior years.

Overall, the application of this standard did not have a material impact on the Company's revenue streams from the sale of goods, service income, license fees, profit share revenues and milestone payments, and associated rebates and sales returns provisions.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

b) Foreign currency

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. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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 recognised in the statement of profit and loss in the period in which they arise.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income ("OCI"):

- certain debt instruments classified as measured at fair value through other comprehensive income;
- certain equity instruments where the Company had made an irrevocable election to present in other comprehensive income subsequent changes in the fair value;
- a financial liability designated as a hedge of the net investment in a foreign operation, to the extent that the hedge is effective; 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.

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 recognised 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 (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company's trade receivables do not contain any significant financing component and hence are measured at the transaction price measured under Ind AS 115.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- 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.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. 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:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit and loss. Interest earned while holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Equity investments

All equity investments within the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on 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 recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity investments designated as FVTOCI are not subject to impairment assessment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

Investments in subsidiaries and joint venture:

Investments in subsidiaries and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries and joint ventures at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1 April 2015.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- 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 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 recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises 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.

Impairment of trade receivables and other financial assets

In accordance with Ind AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset.

For this purpose, the Company follows a 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of this simplified approach does not require the Company to track changes in credit risk. Rather, it recognises 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 analysed.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised 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.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Derivative financial instruments

The Company is exposed to exchange rate risk which arises from its foreign exchange revenues and expenses, primarily in US dollars, UK pounds sterling, Russian roubles, Brazilian reals, South African rands ("ZAR"), Romanian new leu ("RON") and Euros, and foreign currency debt in US dollars, Russian roubles, Ukrainian hryvnias and Euros.

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.

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 Company's hedging reserve as a component of equity and re-classified to the statement of profit and loss as part of the hedged item in the period corresponding to the occurrence of the forecasted transactions. The ineffective portion of such cash flow hedges is recorded in the statement of profit and loss as finance costs immediately.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

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. Remeasurement gain/ loss on such non-derivative financial liabilities is recorded in the Company's hedging reserve as a component of equity and reclassified to the statement of profit and loss as part of the hedged item in the period corresponding to the occurrence of the forecasted transactions.

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 recognised in other comprehensive income, remains there until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in the statement of profit and loss.

Hedges of recognised assets and liabilities

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, are recognised in the statement of profit and loss. The changes in fair value of such derivative contracts, as well as the foreign exchange gains and losses relating to the monetary items, are recognised in the statement of profit and loss. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit and loss.

Hedges of changes in the interest rates

Consistent with its risk management policy, the Company uses interest rate swaps to mitigate the risk of changes in interest rates. The Company does not use them for trading or speculative purposes.

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 that are repayable on demand form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

d) Business combinations

In accordance with the provisions of Ind AS 101, *First time adoption of Indian Accounting Standards*, the Company has elected to apply the accounting for business combinations prospectively from transition date i.e., 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward.

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed.

When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised immediately in the OCI and accumulates the same in equity as capital reserve where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase else the gain is directly recognised in equity as capital reserve. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to the settlement of pre-existing relationships. Any goodwill that arises on account of such business combination is tested annually for impairment.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and the settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recorded in the statement of profit and loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

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. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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 recognised in the statement of profit and loss.

The cost of replacing part of an item of property, plant and equipment is recognised 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 recognised in the statement of profit and loss as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

Depreciation

Depreciation is recognised in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

Leasehold improvements are depreciated over the period of the lease agreement or the useful life, whichever is shorter.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The estimated useful lives are as follows:

Particulars	Years
Buildings	
- Factory and administrative buildings	20 to 30
- Ancillary structures	3 to 10
Plant and machinery	5 to 10
Furniture, fixtures and office equipment	3 to 8
Vehicles	4 to 5



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

Schedule II to the Companies Act, 2013 ("Schedule") prescribes the useful lives for various classes of tangible assets. For certain class of assets, based on the technical evaluation and assessment, the Company believes that the useful lives adopted by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Company are different from those prescribed in the Schedule.

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, including consultancy charges for implementing the software, is capitalised as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognised as expense as incurred. The capitalised costs are amortised over the estimated useful life of the software or the remaining useful life of the tangible fixed asset, whichever is lower.

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 as such under other non-current assets. Assets not ready for use are not depreciated but are tested for impairment.

f) Goodwill and other intangible assets

Recognition and measurement

Goodwill	Goodwill represents the excess of consideration transferred, together with the amount of non-controlling interest in the acquiree, over the fair value of the Company's share of identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses. 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.
Other intangible assets	Other intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.
Research and development	Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised in the statement of profit and loss when incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalised 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 capitalised include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognised in the statement of profit and loss as incurred. As of 31 March 2019, none of the development expenditure amounts has met the aforesaid recognition criteria.
Separate acquisition of intangible assets	Payments to third parties that generally take the form of up-front payments and milestones for in-licensed products, compounds and intellectual property are capitalised. The Company's criteria for capitalisation of such assets are consistent with the guidance given in paragraph 25 of Indian Accounting Standard 38 ("Ind AS 38") (i.e., the receipt of economic benefits embodied in each intangible asset separately purchased or licensed in the transaction is considered to be probable).
In-Process Research and Development assets ("IPR&D") or Intangible assets under development	Acquired research and development intangible assets that are under development are recognised as In-Process Research and Development assets ("IPR&D") or Intangible assets under development. IPR&D assets are not amortised, 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 statement of profit and loss.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

Subsequent expenditure

Other intangible assets	Subsequent expenditures are capitalised 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 recognised in the statement of profit and loss as incurred.
In-Process Research and Development assets ("IPR&D") or Intangible assets under development	Subsequent expenditure on an IPR&D project acquired separately or in a business combination and recognised as an intangible asset is: a) recognised as an expense when incurred, if it is research expenditure; b) recognised as an expense when incurred, if it is development expenditure that does not satisfy the criteria for recognition as an intangible asset in paragraph 57 of Ind AS 38; and c) added to the carrying amount of the acquired in-process research or development project, if it is development expenditure that satisfies the recognition criteria in paragraph 57 of Ind AS 38.

Amortisation

Amortisation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets that are not available for use are amortised from the date they are available for use.

The estimated useful lives are as follows:

Particulars	Years
Product related intangibles	3 to 15
Customer related intangibles	2 to 5
Other intangibles	3 to 5

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date.

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 recognised immediately in the statement of profit and loss.

De-recognition of intangible assets

Intangible assets are de-recognised 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 statement of profit and loss, 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

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

Finance leases

A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Other leases are operating leases, and the leased assets are not recognised on the Company's balance sheet. Payments made under operating leases are recognised in the statement of profit and loss on a straight-line basis over the term of the lease.

Operating lease incentives received from the landlord are recognised as a reduction of rental expense on a straight line basis over the lease term.

h) Inventories

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, 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 realisable 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, ageing 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 of 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 asset's recoverable amount is estimated. 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 31 March.

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").

The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

An impairment loss is recognised in the statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognised 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 recognised 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 the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

j) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised 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.

Defined contribution plans

The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

Defined benefit plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market interest rates on government bonds are used. The current service cost of the defined benefit plan, recognised in the statement of profit and loss in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised immediately in the statement of profit and loss. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in OCI in the period in which they arise.

When the benefits under a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. The Company recognises gains or losses on the settlement of a defined benefit plan obligation when the settlement occurs.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

Termination benefits

Termination benefits are recognised as an expense in the statement of profit and loss when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense in the statement of profit and loss if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

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. Re-measurements are recognised in the statement of profit and loss 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 unutilised compensated absences and utilise 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.

Equity settled share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, in the statement of profit and loss, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and performance conditions at the vesting date. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under "share-based payment reserve". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest.

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 recognised 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 recognised in the statement of profit and loss.

k) Provisions

A provision is recognised in the statement of profit and loss 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 recognised as a finance cost.

Restructuring

A provision for restructuring is recognised in the statement of profit and loss when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

Onerous contracts

A provision for onerous contracts is recognised in the statement of profit and loss 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 recognises any impairment loss on the assets associated with that contract.

Reimbursement rights

Expected reimbursements for expenditures required to settle a provision are recognised in the statement of profit and loss only when receipt of such reimbursements is virtually certain. Such reimbursements are recognised as a separate asset in the balance sheet, with a corresponding credit to the specific expense for which the provision has been made.

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 recognised in the 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 recognised in the period in which the change occurs.

1) 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.

Accounting policies relating to revenue for the periods after 31 March 2018 are as follows:

Sale of goods

Revenue is recognised 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, 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 recognised 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.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

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

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 purchase price is recognised in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognised 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.

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 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 components, the Company accounts for the delivered item (for example, the transfer of title to the intangible asset) 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 recognised over the period in which the Company has pending performance obligations. Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, 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 recognised 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. Provisions for such chargebacks are accrued and estimated based on 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.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

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 are accrued when the prices of certain products decline as a result of increased competition upon the expiration of limited competition or exclusivity periods. 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.

Sales Returns

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 sales returns, levels of inventory in the distribution channel, estimated shelf life, 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 recognising the refund liability the Company also recognises an asset (i.e., 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, 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.

Services

Revenue from services rendered, which primarily relate to contract research, is recognised in the statement of profit and loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised 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 intellectual property, and other licensing and supply arrangements with various parties. Revenue from license fees is recognised 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 recognised in the period in which the Company completes all its performance obligations.

Accounting policies relating to revenue for period ending on or prior to 31 March 2018 are as follows:

Revenue

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue from the sale of goods includes relevant taxes and is measured at the fair value of the consideration received or receivable, net of returns, sales tax and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

Revenue from sales of generic products in India is recognised upon delivery of products to distributors by clearing and forwarding agents of the Company. Significant risks and rewards in respect of ownership of generic products are transferred by the Company when the goods are delivered to distributors from clearing and forwarding agents. Clearing and forwarding agents are generally compensated on a commission basis as a percentage of sales made by them. Revenue from sales of active pharmaceutical ingredients and intermediates in India is recognised on delivery of products to customers (generally formulation manufacturers), from the factories of the Company.

Revenue from export sales and other sales outside of India is recognised when the significant risks and rewards of ownership of products are transferred to the customers. Such transfer occurs upon delivery of the products to the customers unless the terms of the applicable contract provide for specific revenue generating activities to be completed, in which case revenue is recognised once all such activities are completed.

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 purchase price is recognised in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognised as revenue in the period which corresponds to the ultimate sales of the products made by business partners only when the collectability of the profit share becomes probable and a reliable measurement of the profit share is available. Otherwise, recognition is deferred to a subsequent period pending satisfaction of such collectability and measurability requirements. In measuring the amount of profit share revenue to be recognised for each period, the Company uses all available information and evidence, including any confirmations from the business partner of the profit share amount owed to the Company, to the extent made available before the date the Company's Board of Directors authorises the issuance of its financial statements for the applicable period.

Milestone payments and out licensing arrangements

Revenues include amounts derived from product out-licensing agreements. These arrangements typically consist of an initial up-front payment on inception of the license and subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Non-refundable up-front license fees received in connection with product out-licensing agreements are deferred and recognised over the period in which the Company has continuing performance obligations. Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period the Company has continuing performance obligations, if the milestones are not considered substantive. 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.

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. Provisions for such chargebacks are accrued and estimated based on 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.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

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 are accrued when the prices of certain products decline as a result of increased competition upon the expiration of limited competition or exclusivity periods. 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.

Sales Returns

The Company accounts for sales returns accrual by recording an allowance for sales returns concurrently with the recognition of revenue at the time of a product sale. This allowance 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 sales returns, levels of inventory in the distribution channel, estimated shelf life, 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.

Services

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

Export entitlements

Export entitlements from government authorities are recognised in the statement of profit and loss as a reduction from "Cost of material consumed" when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

License fee

The Company from time to time enters into certain dossier sales, licensing and supply arrangements with various parties. Income from licensing arrangements is generally recognised over the term of the contract. Some of these arrangements include certain performance obligations by the Company. Revenue from such arrangements is recognised in the period in which the Company completes all its performance obligations.

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 and other expenses.

m) Other income and finance cost

Other income consists of interest income on funds invested, dividend income and gains on the disposal of assets. Interest income is recognised in the statement of profit and loss as it accrues, using the effective interest method. Dividend income is recognised in the statement of profit and loss 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 recognised in the statement of profit and loss using the effective interest method. The associated cash flows are classified as financing activities in the statement of cash flows.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

Foreign currency gains and losses are reported on a net basis within other income and / or selling and other expenses. 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.

n) Income tax

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. 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 recognised 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 recognised for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising upon the initial recognition of goodwill.

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 by 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 realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that the future taxable profits will allow the deferred tax assets to be recovered.

Any deferred tax asset or liability arising from deductible or taxable temporary differences in respect of unrealised inter-company profit or loss on inventories held by the Company in different tax jurisdictions is recognised using the tax rate of the jurisdiction in which such inventories are held. Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

o) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

p) Government grants

The Company recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are presented as a reduction to the carrying amount of the related asset. Grants related to income are deducted in reporting the related expense in the statement of profit and loss.

Export entitlements from government authorities are recognised in the statement of profit and loss as a reduction from "Cost of materials consumed" when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

q) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the securities premium.

r) Recent accounting pronouncements

Standards issued but not yet effective and not early adopted by the Company.

Ind AS 116, Leases

On 30 March 2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, *Leases* as part of the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, *Leases* with effect from accounting periods beginning on or after 1 April 2019.

Upon adoption, a portion of the annual operating lease expense will be recognised as finance expense. Further, a portion of the annual lease payments recognised in the cash flow statement as reduction of lease liability will be recognised as outflow from financing activities, which are currently fully recognised as an outflow from operating activities.

The undiscounted and non-cancellable operating lease commitments are ₹ 232 and ₹ 276 as at 31 March 2019 and 31 March 2018, respectively, as disclosed in note 2.26 provide an indicator of the impact of the implementation of Ind AS 116 on the financial statements of the company. Accordingly, the Company believes that the adoption of Ind AS 116 will not have a material impact on its financial statements.

Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12, Income Taxes

On 30 March 2019, the Ministry of Corporate Affairs (MCA) made certain amendments to Ind AS 12, *Income taxes* by including Appendix C, *Uncertainty over Income Tax Treatments*. This appendix clarifies how the recognition and measurement requirements of Ind AS 12 are applied where there is uncertainty over income tax treatments.

Appendix C explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the applicable tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under applicable tax law. The amendment provides specific guidance in several areas where previously Ind AS 12 was silent. Appendix C applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

The amendment is effective for annual reporting periods beginning on or after 1 April 2019. An entity can, on initial application, elect to apply this amendment either:

- retrospectively applying Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, if possible without the use of hindsight; or
- retrospectively, with the cumulative effect of initially applying the interpretation recognised at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate).

The Company believes that the adoption of amendments to Ind AS 12 in the form of Appendix C will not have a material impact on its financial statements.

s) Rounding of amounts

All amounts in Indian Rupees disclosed in the financial statements and notes have been rounded off to the nearest million unless otherwise stated.

1.4 Determination of fair values

The Company's accounting policies and disclosures require the determination of fair value, for certain financial and 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.

a) Property, plant and equipment

Property, plant and equipment, if acquired in a business combination or through an exchange of non-monetary assets, is measured at fair value on the acquisition date. For this purpose, fair value is based on appraised market values and replacement cost.

b) 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 realise those benefits.

c) 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.

d) Investments 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.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

e) 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.

f) 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. For finance leases the market rate of interest is determined by reference to similar lease agreements. In respect of the Company's borrowings that have floating rates of interest, their fair value approximates carrying value.

g) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes-Merton valuation model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historical volatility), expected life of the instrument (based on historical experience), expected dividends, and the risk free interest rate (based on government bonds).



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.1 Property, plant and equipment

Particulars	Land	Buildings	Plant and machinery	Furniture, fixtures and office equipment	Vehicles		Total
					Owned	Leasehold	
Gross carrying value							
Balance as at 1 April 2017	1,353	16,384	53,178	3,834	122	24	74,895
Additions	324	899	4,798	359	10	-	6,390
Disposals	(7)	(75)	(995)	(96)	(4)	(24)	(1,201)
Balance as at 31 March 2018	1,670	17,208	56,981	4,097	128	-	80,084
Balance as at 1 April 2018	1,670	17,208	56,981	4,097	128	-	80,084
Additions	3	1,372	5,233	535	30	-	7,173
Disposals ⁽¹⁾	(3)	(147)	(1,774)	(250)	(4)	-	(2,178)
Balance as at 31 March 2019	1,670	18,433	60,440	4,382	154	-	85,079
Accumulated Depreciation							
Balance as at 1 April 2017	-	3,471	28,068	2,828	71	24	34,462
Depreciation for the year	-	699	5,682	497	18	-	6,896
Disposals	-	(37)	(912)	(87)	(4)	(24)	(1,064)
Balance as at 31 March 2018	-	4,133	32,838	3,238	85	-	40,294
Balance as at 1 April 2018	-	4,133	32,838	3,238	85	-	40,294
Depreciation for the year	-	770	5,726	498	23	-	7,017
Disposals ⁽¹⁾	-	(68)	(1,421)	(244)	(3)	-	(1,736)
Balance as at 31 March 2019	-	4,835	37,143	3,492	105	-	45,575
Net carrying value							
As at 31 March 2018	1,670	13,075	24,143	859	43	-	39,790
As at 31 March 2019	1,670	13,598	23,297	890	49	-	39,504

⁽¹⁾ During the year ended 31 March 2019, the Company sold one of its API manufacturing business units located in Jeedimetla, Hyderabad to Therapiva Private Limited. This sale was done by way of slump sale (as defined under section 2(42C) of Indian Income Tax Act, 1961) including all related property, plant and equipment, current assets, current liabilities, and transfer of employees. An amount of ₹ 423 representing the profit on sale of such business unit was included under the heading "other income".

As of 31 March 2019 and 31 March 2018, the Company was committed to spend ₹ 2,423 and ₹ 3,477, respectively, under agreements to purchase property, plant and equipment. This amount is net of capital advances paid in respect of such purchase commitments.

During the years ended 31 March 2019 and 31 March 2018, the Company capitalised interest cost of ₹ 74 and ₹ 71, respectively, with respect to qualifying assets. The rate for capitalisation of interest cost for the years ended 31 March 2019 and 31 March 2018 was approximately 3.21% and 2.76% respectively.

Depreciation for the year includes an amount of ₹ 634 (31 March 2018: ₹ 640) pertaining to assets used for research and development. During the year, the Company incurred ₹ 677 (31 March 2018: ₹ 419) towards capital expenditure for research and development. (Refer note 2.35)

2.2 Goodwill

Goodwill arising upon business combinations is not amortised 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.

Particulars	As at 31 March 2019	As at 31 March 2018
Gross carrying value		
Opening balance	323	323
Additions	-	-
Disposals	-	-
Closing balance	323	323
Impairment loss		
Opening balance	-	-
Impairment loss	-	-
Disposals	-	-
Closing balance	-	-
Net carrying value	323	323

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 carrying amount of goodwill was allocated to the cash generating units as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Global Generics-Branded Formulations	323	323



Dr. Reddy's Laboratories Limited
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.2 Goodwill (continued)

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 6.97% to 13.74% for various cash generating units. The pre-tax discount rates range from 7.56% to 16.63%.

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.

2.3 Other intangible assets

Particulars	Product related intangibles	Customer related intangibles	Others	Total
Gross carrying value				
Balance as at 1 April 2017	10,442	243	851	11,536
Additions	216	-	77	293
Disposals/ De- recognitions	-	-	-	-
Balance as at 31 March 2018	10,658	243	928	11,829
Balance as at 1 April 2018	10,658	243	928	11,829
Additions	226	-	527	753
Disposals/ De- recognitions	-	-	-	-
Balance as at 31 March 2019	10,884	243	1,455	12,582
Amortisation/impairment loss				
Balance as at 1 April 2017	3,258	243	370	3,871
Amortisation for the year	641	-	204	845
Impairment loss ⁽¹⁾	53	-	-	53
Disposals/ De- recognitions	-	-	-	-
Balance as at 31 March 2018	3,952	243	574	4,769
Balance as at 1 April 2018	3,952	243	574	4,769
Amortisation for the year	543	-	246	789
Disposals/ De- recognitions	-	-	-	-
Impairment loss ⁽¹⁾	24	-	-	24
Balance as at 31 March 2019	4,519	243	820	5,582
Net carrying value				
As at 31 March 2018	6,706	-	354	7,060
As at 31 March 2019	6,365	-	635	7,000

⁽¹⁾As a result of the Company's decision to discontinue a few products pertaining to its Global Generics segment, product related intangibles of ₹ 24 and ₹ 53 was recorded as impairment loss for the years ended 31 March 2019 and 31 March 2018, respectively under "Selling and other expenses" in the statement of profit and loss.

Amortisation for the year includes an amount of ₹ 44 (31 March 2018: ₹ 82) pertaining to assets used for research and development. During the year, the Company incurred ₹ 22 (31 March 2018: ₹ 36) towards capital expenditure for research and development. (Refer note 2.35)

Details of significant intangible assets as at 31 March 2019:

Particulars	Acquired from	Carrying Cost
Select portfolio of dermatology, respiratory and pediatric ANDAs	UCB India Private Limited and affiliates	5,578
	Gland Pharma Limited	332



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.4 Financial assets

2.4 A. Investments

Investments consist of investments in units of equity securities, mutual funds, bonds, commercial paper, and term deposits with banks (i.e., certificates of deposit having an original maturity period exceeding 3 months).

Particulars	As at 31 March 2019	As at 31 March 2018
Investments at FVTOCI		
Quoted equity shares (fully paid-up)		
120,000 (31 March 2018: 120,000) equity shares of ₹ 1/- each of State Bank of India	38	30
Total investments at FVTOCI (A)	38	30
Investments carried at cost		
Unquoted equity shares (fully paid-up)		
I. In subsidiary companies		
105,640,410 (31 March 2018: 105,640,410) equity shares of CHF 1 each of Dr. Reddy's Laboratories SA, Switzerland	13,515	13,515
2,499,826 (31 March 2018: 2,499,826) equity shares of ₹ 10/- each of Idea2Enterprises India Private Limited, India	1,537	1,537
90,544,104 (31 March 2018: 90,544,104) equity shares of ₹ 10/- each of Aurigene Discovery Technologies Limited, India	974	974
36,249,230 (31 March 2018: 36,249,230) shares of Real \$ 1 each of Dr. Reddy's Farmaceutica Do Brasil Ltda., Brazil	825	825
140,526,270 (31 March 2018: 140,526,270) Series "A" shares of Peso 1 each of Industrias Quimicas Falcon de Mexico S.A. de C.V., Mexico	709	709
54,022,070 (31 March 2018: 54,022,070) equity shares of ₹ 10/- each of Dr. Reddy's Bio-sciences Limited, India	466	466
20,050,000 (31 March 2018: 20,050,000) equity shares of ₹ 1/- each of Regkinetics Services Limited, India (formerly known as Dr. Reddy's Pharma SEZ Limited, India)	201	201
6,342,047 (31 March 2018: 1,131,646) equity shares of US\$ 1 each of Reddy Antilles N.V., Netherlands	411	52
123,000 (31 March 2018: 123,000) equity shares of ₹ 100/- each of Imperial Credit Private Limited, India	31	31
134,513 (31 March 2018: 134,513) equity shares of ₹ 10/- each of Cheminor Investments Limited, India	1	1
	18,670	18,311
Less: Impairment		
Dr. Reddy's Farmaceutica Do Brasil Ltda., Brazil	(622)	(622)
Reddy Antilles N.V., Netherlands	(411)	(52)
Total unquoted investments in equity shares of subsidiary companies, net (I)	17,637	17,637
II. In joint ventures		
Equity shares held in Kunshan Rotam Reddy Pharmaceutical Co. Limited, China ⁽¹⁾	429	429
8,580,000 (31 March 2018: 8,580,000) equity shares of ₹ 10/- each of DRES Energy Private Limited, India	86	86
Nil (31 March 2018: Nil) equity shares of ₹ 10/- each of DRSS Solar Power Private Limited, India ⁽²⁾	-	-
Total unquoted investments in equity shares of joint ventures, net (II)	515	515
Total investments carried at cost (I+II)(B)	18,152	18,152

⁽¹⁾Shares held in Kunshan Rotam Reddy Pharmaceutical Co. Limited, China are not denominated in number of shares as per the laws of the country.

⁽²⁾Liquidated during the year ended 31 March 2018.



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

Particulars	As at 31 March 2019	As at 31 March 2018
Investments at FVTPL		
I. Investment in unquoted equity shares		
8,859 (31 March 2018: 8,859) equity shares of ₹ 100/- each of Jeedimetla Effluent Treatment Limited, India	1	1
Ordinary shares of Biomed Russia Limited, Russia ⁽¹⁾	-	-
200,000 (31 March 2018: 200,000) equity shares of ₹ 10/- each of Altek Engineering Limited, India	-	-
24,000 (31 March 2018: 24,000) equity shares of ₹ 100/- each of Progressive Effluent Treatment Limited, India	-	-
20,250 (31 March 2018: 20,250) equity shares of ₹ 10/- each of Shivalik Solid Waste Management Limited, India ⁽²⁾	-	-
Total unquoted trade investments in equity shares of other companies, net (I)	1	1
 II. Investment in unquoted mutual funds	 14,900	 13,317
Total investments at FVTPL (I + II) (C)	14,901	13,318
 Investments carried at amortised cost		
I. Investments in term deposit accounts with banks (original maturity more than 3 months)	513	-
II. Investments in bonds	5,272	4,633
III. Investments in commercial paper	459	232
Total investments carried at amortised cost (D)	6,244	4,865
 Total investments (A+B+C+D)	 39,335	 36,365
 Current	 21,144	 16,828
Non-current	18,191	19,537
	39,335	36,365
 Aggregate book value of quoted investments	38	30
Aggregate market value of quoted investments	38	30
Aggregate value of unquoted investments	40,330	37,009
Aggregate amount of impairment in the value of investments in the unquoted equity shares	1,033	674



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.4 B. Trade receivables

Particulars	As at	As at
	31 March 2019	31 March 2018
Trade receivables from other parties	8,999	7,846
Receivables from subsidiaries (Refer note 2.22)	28,291	34,361
	37,290	42,207
Details of security		
Considered good, unsecured	37,368	42,207
Credit impaired	389	3,943
	37,757	46,150
Less: Allowance for credit losses	(467)	(3,943)
	37,290	42,207
Current	37,177	42,038
Non-current ⁽¹⁾	113	169
	37,290	42,207

⁽¹⁾Represents amounts receivable pursuant to an out-licensing arrangement with a customer. As these amounts are not expected to be realised within twelve months from the end of the reporting date, they are disclosed as non-current.

In accordance with Ind AS 109, 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 Ind AS 115. 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 year ended 31 March 2019 and 31 March 2018 are as follows:

Particulars	For the year ended	For the year ended
	31 March 2019	31 March 2018
Balance at the beginning of the year	3,943	3,938
Provision made during the year, net of reversals	212	(12)
Trade receivables written off during the year	(3,933)	(1)
Effect of changes in the foreign exchange rates	245	18
Balance at the end of the year	467	3,943

The amount of credit loss as at 31 March 2018 includes provision for doubtful debts from Venezuela operations which has been written off during the year ended 31 March 2019.



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.4 C. Loans

Particulars	As at 31 March 2019	As at 31 March 2018
Considered good, unsecured		
Loans and advances to wholly owned subsidiaries ⁽¹⁾	332	1,991
	332	1,991
Considered doubtful, unsecured		
Loans and advances to wholly owned subsidiaries ⁽¹⁾	-	338
Others	-	8
	332	2,337
Less : Allowance for doubtful loans and advances	-	(346)
	332	1,991

⁽¹⁾Loans and advances to wholly owned subsidiaries comprise:

	Balance as at		Maximum amount outstanding at any time during the year ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Wholly owned subsidiaries				
Industrias Quimicas Falcon de Mexico S.A. de C.V., Mexico	-	1,669	1,798	1,725
Reddy Antilles N.V., Netherlands	-	338	386	340
Dr. Reddy's Farmaceutica Do Brasil Ltda., Brazil	320	311	365	397
DRL Impex Limited, India	11	11	11	11
Chemisor Investments Limited, India ⁽²⁾	-	-	-	-
Dr. Reddy's Bio-sciences Limited, India ⁽²⁾	1	-	1	-
	332	2,329		

⁽²⁾ Rounded off to millions in the note above.

Loans and advances to wholly owned subsidiaries are given for the purpose of working capital and other business requirements, settlement of which is neither planned nor likely to occur in the next twelve months. Loans given to DRL Impex Limited, India, Chemisor Investments Limited, India, and Dr. Reddy's Bio-sciences Limited, India are interest free. Other loans carry the following rates of interest:

Loan to	Interest rate per annum
Industrias Quimicas Falcon de Mexico S.A. de C.V., Mexico	9%
Dr. Reddy's Farmaceutica Do Brasil Ltda., Brazil	6%

The details of changes in allowance for doubtful loans and advances during the year ended 31 March 2019 and 31 March 2018 are as follows:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Balance at the beginning of the year	346	412
Provision made/(reversed) during the year, net	(359)	(65)
Loans and advances written off during the year	(8)	-
Effect of changes in the foreign exchange rates	21	(1)
Balance at the end of the year	-	346



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.4 D. Other financial assets

Particulars	As at 31 March 2019	As at 31 March 2018
I. Non-current assets		
<i>Considered good, unsecured</i>		
Security deposits	447	437
	447	437
II. Current assets		
<i>Considered good, unsecured</i>		
Claims receivable	91	223
Interest accrued but not due on investments	292	113
Receivables from subsidiary companies including step down subsidiaries:		
Dr. Reddy's Bio-sciences Limited, India	54	54
Dr. Reddy's Laboratories SA, Switzerland	44	34
Others	25	27
Other assets	186	58
<i>Unsecured, considered doubtful</i>		
Receivables from subsidiary companies including step down subsidiaries:		
Reddy Antilles N.V., Netherlands	2	19
	694	528
Less: Allowance for doubtful advances	(2)	(19)
	692	509

2.4 E. Cash and cash equivalents

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks		
In current accounts	981	240
In EEFC accounts	26	1
In term deposits with banks (original maturities less than 3 months)	-	879
Cash on hand	1	1
Other bank balances (restricted)		
In unclaimed dividend accounts	84	56
In unclaimed fractional share pay order accounts	1	1
In unclaimed debentures and debenture interest account	27	15
LC and Bank guarantee margin money	12	14
Cash and cash equivalents in the balance sheet	1,132	1,207
Less: Bank overdraft used for cash management purposes	-	-
Cash and cash equivalents in the statement of cash flow (including restricted cash)	1,132	1,207



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.5 Other assets

Particulars	As at 31 March 2019	As at 31 March 2018
A. Non-current assets		
<i>Considered good, unsecured</i>		
Capital advances	72	86
Dues from joint ventures and other related parties	54	26
	126	112
B. Current assets		
<i>Considered good, unsecured</i>		
Balances and receivables from statutory authorities ⁽¹⁾	3,857	6,098
Export benefits receivable ⁽²⁾	2,363	2,842
Advances to material suppliers	596	1,152
Prepaid expenses	482	383
Dues from other related parties	41	14
Others	1,357	729
<i>Considered doubtful, unsecured</i>		
Other advances	92	82
	8,788	11,300
Less: Allowance for doubtful advances	(92)	(82)
	8,696	11,218

⁽¹⁾Balances and receivables from statutory authorities primarily consist of amounts receivable from the goods and service tax ("GST"), excise duty, value added tax and customs authorities of India and the unutilised GST input tax credits, excise duty, service tax and value added tax input credits (subsumed under GST input tax credits effective as of 1 July 2017) on purchases. These are regularly utilised to offset the GST liability (or, prior to 1 July 2017, liability for excise duty, value added tax, etc.) on goods produced by and services provided by the Company. Accordingly, these balances have been classified as current assets.

⁽²⁾Export benefits receivables primarily consist of amounts receivable from various government authorities of India towards incentives on export sales made by the Company.

2.6 Inventories

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials (includes in transit ₹ 43; 31 March 2018: ₹ 14)	7,829	5,692
Work-in-progress	5,630	6,278
Finished goods	3,070	2,912
Stock-in-trade	1,357	1,527
Packing materials, stores and spares	2,270	2,159
	20,156	18,568

During the year ended 31 March 2019, the Company recorded inventory write-down of ₹ 2,085 (31 March 2018: ₹ 1,965) in the statement of profit and loss.



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.7 Share capital

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised share capital		
240,000,000 equity shares of ₹ 5/- each (31 March 2018: 240,000,000)	1,200	1,200
Issued equity capital		
166,066,148 equity shares of ₹ 5/- each fully paid-up (31 March 2018: 165,911,107)	830	830
Subscribed and fully paid-up		
166,065,948 equity shares of ₹ 5/- each fully paid-up (31 March 2018: 165,910,907)	830	830
Add: Forfeited share capital (e)	-	-
	830	830

(a) Reconciliation of the equity shares outstanding is set out below:

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
	No. of shares	Amount	No. of shares	Amount
Opening number of equity shares/share capital	165,910,907	830	165,741,713	829
Add: Equity shares issued pursuant to employee stock option plan ⁽¹⁾	155,041	-	169,194	1
Closing number of equity shares/share capital	166,065,948	830	165,910,907	830
Treasury shares ⁽²⁾	217,976	535		

*Rounded off to millions.

⁽¹⁾During the years ended 31 March 2019 and 31 March 2018, 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 Dr. Reddy's Employees Stock Option Plan, 2007. All of the options exercised had an exercise price of ₹ 5, being equal to the par value of the underlying shares. Upon the exercise of such options, the amount of compensation cost (computed using the grant date fair value) previously recognised in the "share-based payment reserve" was transferred to "securities premium" in the statement of changes in equity.

⁽²⁾Pursuant to the special resolution approved by the shareholders in the Annual General Meeting held on 27 July 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, including through secondary market acquisitions, equity shares which are used for issuance to eligible employees upon exercise of stock options thereunder. As at 31 March 2019, the ESOS Trust purchased 217,976 shares from secondary market for an aggregate consideration of ₹ 535. Refer note 2.23 of these financial statements for further details on the Dr. Reddy's Employees Stock Option Scheme, 2018.

(b) Terms / rights attached to the equity shares

The Company has only one class of equity shares having a par value of ₹ 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.

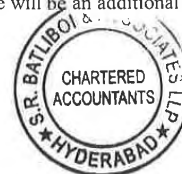
Should the Company declare and pay any dividends, such dividends will be paid in Indian rupees to each holder of equity shares in proportion to the number of shares held to the total equity shares outstanding as on that date. Indian law on foreign exchange governs the remittance of dividends outside 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) 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:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Dividend per share (in absolute ₹)	20	20
Dividend distribution tax on the dividend paid	682	675
Dividend paid during the year	3,320	3,317

At the Company's Board of Directors' meeting held on 17 May 2019, the Board proposed a dividend of ₹ 20 per share and aggregating to ₹ 3,321, which is subject to the approval of the Company's shareholders. Upon such approval, there will be an additional cash outflow of ₹ 683 for payment of dividend distribution tax thereon.



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.7 Share capital (continued)

(c) Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Dr. Reddy's Holdings Limited	41,325,300	24.88	41,083,500	24.76
First State Investments Management (UK) Limited, Commonwealth Bank of Australia, Stewart Investors and their associates*	11,838,598	7.13	10,726,942	6.47

* Does not include ADR holding

(d) 270,141 (31 March 2018: 320,544) stock options are outstanding and are to be issued by the Company upon exercise of the same in accordance with the terms of exercise under the "Dr. Reddy's Employees Stock Option Plan, 2002", 261,215 (31 March 2018: 107,308) stock options are outstanding and are to be issued by the Company upon exercise of the same in accordance with the terms of exercise under the "Dr. Reddy's Employees ADR Stock Option Plan, 2007" and 229,600 (31 March 2018: Nil) stock options are outstanding and are to be issued by the Company upon exercise of the same in accordance with the terms of exercise under the "Dr. Reddy's Employees Stock Option Scheme, 2018". (Refer note 2.23)

(e) Represents 200 equity shares of ₹ 5/- each, amount paid-up ₹ 500/- (rounded off to millions in the note above) forfeited due to non-payment of allotment money.

(f) During the year ended 31 March 2017, the Company bought-back and extinguished 5,077,504 equity shares under the buy-back of equity shares plan approved by the shareholders on 1 April 2016.

Aggregate number of shares bought-back during the period of five years immediately preceeding the reporting date:

Particulars	Year ended 31 March				
	2019	2018	2017	2016	2015
Ordinary shares of ₹ 5 each	-	-	5,077,504	-	-



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.8 Financial liabilities

2.8 A. Non-current borrowings

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured		
Long-term loans from banks (a)	3,454	4,880
	3,454	4,880

2.8 B. Current borrowings

Particulars	As at 31 March 2019	As at 31 March 2018
From Banks		
Unsecured		
Pre-shipment credit (b)	5,463	21,008
	5,463	21,008

(a) Represents External Commercial Borrowing, carrying interest rate of 1 Month LIBOR plus 82.7 bps and is repayable in three equal installments in the years ending 31 March 2020 and 31 March 2021. Current maturity of the same is shown under note 2.8 D of the financial statements.

As per the loan arrangement, the Company is required to comply with certain financial covenants and the Company was in compliance with such covenants as at 31 March 2019.

The aggregate maturities of long-term loans and borrowings, based on contractual maturities, as of 31 March 2019 and 31 March 2018 were as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Maturing in the year ending 31 March⁽¹⁾		
2019	-	-
2020	1,729	1,627
2021	3,458	3,261
2022	-	-
2023	-	-
Thereafter	-	-
	5,187	4,888

⁽¹⁾ Long-term debt obligations disclosed in the above table does not reflect any netting of transaction costs amounting to ₹ 4 and ₹ 8 as at 31 March 2019 and 31 March 2018, respectively.

(b) Packing credit loans for the year ended 31 March 2019, comprised of US\$ denominated loans carrying interest rates of 1 Month LIBOR plus 25 to 40 bps and are repayable within 6 to 12 months from the date of drawdown. Packing credit loans for the year ended 31 March 2018, comprised of US\$ denominated loans carrying interest rates of 1 Month LIBOR minus 30 to plus 30 bps, RUB denominated loans carrying fixed interest rate of 6.75%, and INR denominated loans carrying fixed interest rate of 6.00% and are repayable within 6 to 12 months from the date of drawdown.

(c) The Company uncommitted lines of credit of ₹ 33,327 and ₹ 14,209 as of 31 March 2019 and 31 March 2018, respectively, from its banks for working capital requirements. The Company has the right to draw upon these lines of credit based on its working capital requirements.

(d) Reconciliation of liabilities arising from financing activities

Particulars	Non-current borrowings ⁽¹⁾	Current borrowings	Total
Opening balance at the beginning of the year	4,880	21,008	25,888
Borrowings made during the year	-	16,410	16,410
Borrowings repaid during the year	-	(33,459)	(33,459)
Effect of changes in foreign exchange rates	299	1,504	1,803
Others	4	-	4
Closing balance at the end of the year	5,183	5,463	10,646

⁽¹⁾ Does not include movement in bank overdraft and includes current portion.



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.8 C Trade payables

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payables to third parties		
Due to micro, small and medium enterprises ⁽¹⁾	77	93
Other parties	9,716	10,018
Trade payables to subsidiaries including step down subsidiaries (Refer note 2.22)	523	499
	10,316	10,610

⁽¹⁾(i) The principal amount remaining unpaid as at 31 March 2019 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" (MSMED) is ₹ 77 (31 March 2018: ₹ 93). The interest amount computed based on the provisions under Section 16 of the MSMED is ₹ 0.00 (31 March 2018: ₹ 0.00) is remaining unpaid as of 31 March 2019. The interest amount of ₹ 0.00 that remained unpaid as at 31 March 2018 was paid fully during the current year.

(ii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act is ₹ Nil (31 March 2018: Nil).

(iii) The list of undertakings covered under MSMED was determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.

For details regarding the Company's exposure to currency and liquidity risks, see note 2.29 of the financial statements under "Liquidity risk".

2.8 D Other financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Accrued expenses	5,058	5,262
Payable to subsidiary companies including step down subsidiaries (Refer note 2.22)	2,116	3,655
Current maturity of long term borrowings	1,729	-
Due to capital creditors	778	2,266
Unclaimed dividends, debentures and debenture interest ⁽¹⁾	111	71
Trade and security deposits received	72	74
Interest accrued but not due on loans	2	8
Others	294	50
	10,160	11,386

⁽¹⁾Unclaimed amounts are transferred to Investor Protection and Education Fund after seven years from the due date.



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.9 Provisions

Particulars	As at 31 March 2019	As at 31 March 2018
A. Non-current provisions		
Provision for employee benefits (Refer note 2.24)		
Compensated absences	498	484
Long service award benefit plan	49	49
	<u>547</u>	<u>533</u>
B. Current provisions		
Provision for employee benefits (Refer note 2.24)		
Compensated absences	323	313
Gratuity	26	49
Long service award benefit plan	14	13
Other provisions (a)		
Refund liability	899	837
Others	585	522
	<u>1,847</u>	<u>1,734</u>

(a) Details of changes in other provisions during the year ended 31 March 2019 are as follows:

Particulars	Refund liability ⁽¹⁾	Others ⁽²⁾
Balance as at beginning of the year	837	522
Provision made during the year, net of reversals	1,090	63
Provision used during the year	(1,028)	-
Balance as at end of the year	<u>899</u>	<u>585</u>

⁽¹⁾Refund liability is accounted for by recording a provision based on the Company's estimate of expected sales returns. See note 1.3(l) of these financial statements for the Company's accounting policy on refund liability.

⁽²⁾Primarily consists of provision recorded towards the potential liability arising out of a litigation relating to cardiovascular and anti-diabetic formulations. Refer note 2.30 of these financial statements under "Product and patent related matters - Matters relating to National Pharmaceutical Pricing Authority - Litigation relating to Cardiovascular and Anti-diabetic formulations" for further details.

2.10 Other liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
A. Non-current liabilities		
Deferred revenue	283	313
Others	2	-
	<u>285</u>	<u>313</u>
B. Current liabilities		
Salary and bonus payable	1,907	1,420
Due to statutory authorities	433	655
Advance from customers	517	192
Deferred revenue	105	109
	<u>2,962</u>	<u>2,376</u>



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.11 Revenue from contracts with customers and trade receivables

Revenue from contracts with customers:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sales ⁽¹⁾	104,667	92,468
Service income	503	198
License fees	559	360
	105,729	93,026
Excise duty included in revenues	-	173

⁽¹⁾ Effective 1 July 2017, Goods and Services Tax ("GST") was introduced in India. Following the principles of Ind AS 115, *Revenue from Contracts with Customers*, sales is disclosed net of GST. For periods prior to 1 July 2017, the excise duty amount was recorded as part of revenues. Accordingly, sales for the year ended 31 March 2019 are not comparable with those of the previous year presented.

Analysis of revenues by segments:

The following table shows the analysis of revenues (excluding other operating income) by segments:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Global Generics	85,853	75,975
Pharmaceutical Services and Active Ingredients	19,574	16,941
Proprietary Products	302	110
	105,729	93,026

Details of refund liabilities:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Balance at the beginning of the year	837	879
Provision made during the year, net of reversals	1,090	1,105
Provision used during the year	(1,028)	(1,147)
Balance at the end of the year	899	837
Current	899	837
Non-current	-	-
	899	837

Details of contract asset:

As mentioned in the accounting policies for refund liability, the Company recognises an asset i.e., right to the returned goods (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, including any potential decreases in the value of the returned goods. Along with remeasuring 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 on 31 March 2019 and 31 March 2018, the Company has ₹ 16 and ₹ 17, respectively as contract asset representing the right to the returned goods.

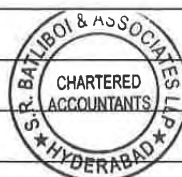
Details of deferred revenue:

Tabulated below is the reconciliation of deferred revenue for the years ended 31 March 2019 and 31 March 2018:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Balance at the beginning of the year	422	524
Revenue recognised during the year	(122)	(109)
Milestone payment received during the year	88	7
Balance at the end of the year	388	422
Current	105	109
Non-current	283	313
	388	422

Details of contract liabilities :

Particulars	As at 31 March 2019	As at 31 March 2018
Advance from customers	517	192
	517	192



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.12 Other operating income

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of spent chemicals	356	297
Scrap sales	161	160
Miscellaneous income	9	110
	526	567

2.13 Other income

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income		
On fixed deposits	27	118
On loans to subsidiaries	93	164
Others	692	367
Profit on sale of mutual funds, net	448	779
Profit on disposal of property, plant and equipment and other intangibles, net ⁽¹⁾	400	-
Foreign exchange gain, net	288	349
Fair value gain on financial instruments measured at fair value through profit or loss	221	33
Miscellaneous income, net	215	230
	2,384	2,040

⁽¹⁾During the year ended 31 March 2019, the Company sold one of its API manufacturing business units located in Jeedimetla, Hyderabad to Therapiva Private Limited. This sale was done by way of slump sale basis (as defined under section 2(42C) of Indian Income Tax Act, 1961) including all related property, plant and equipment, current assets, current liabilities, and transfer of employees. Gain on disposal of assets includes an amount of ₹ 423 representing the profit on sale of such business unit. (Refer note 2.1 of these financial statements for further details).



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.14 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
<i>Opening</i>				
Work-in-progress	6,278		6,039	
Finished goods	2,912		2,428	
Stock-in-trade	1,527	10,717	1,734	10,201
<i>Closing</i>				
Work-in-progress	5,630		6,278	
Finished goods	3,070		2,912	
Stock-in-trade	1,357	10,057	1,527	10,717
		660		(516)

2.15 Employee benefits expense

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
Salaries, wages and bonus	16,435		15,617	
Contribution to provident and other funds	1,076		1,093	
Staff welfare expenses	1,406		1,266	
Share-based payment expenses	402		454	
	19,319		18,430	

2.16 Depreciation and amortisation expense

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
Depreciation of property, plant and equipment	7,017		6,896	
Amortisation of intangible assets	789		845	
	7,806		7,741	

2.17 Finance costs

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
Interest on long-term borrowings	172		113	
Interest on other borrowings	396		515	
	568		628	



Dr. Reddy's Laboratories Limited

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.18 Selling and other expenses

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Consumption of stores, spares and other materials	4,242	5,080
Clinical trial expenses	1,270	2,662
Other research and development expenses	3,819	4,312
Advertisements	56	147
Commission on sales	162	163
Carriage outward	2,587	2,091
Other selling expenses	8,860	8,534
Legal and professional	2,991	3,141
Power and fuel	2,958	2,973
Repairs and maintenance		
Buildings	255	367
Plant and machinery	706	677
Others	1,420	1,780
Insurance	185	182
Travel and conveyance	766	786
Rent	162	154
Rates and taxes	329	228
Corporate Social Responsibility and donations ⁽¹⁾	444	494
Allowance for credit losses, net (Refer note 2.4 B)	212	(12)
Allowance for doubtful advances, net	(351)	(36)
Non-Executive Directors' remuneration	80	61
Auditors' remuneration (Refer note 2.20)	15	15
Loss on sale of non-current investments	-	341
Provision/(reversal of provision) relating to non-current	359	(525)
Loss on sale/disposal of property, plant and equipment and other intangibles, net	-	55
Other general expenses	2,034	1,884
	33,561	35,554

⁽¹⁾ Details of Corporate Social Responsibility expenditure in accordance with section 135 of the Companies Act, 2013:

	In cash	Yet to be paid in cash	Total
Gross amount required to be spent by the Company during the year			236
Amount spent during the year ending on 31 March 2019	262	-	262
Amount spent during the year ending on 31 March 2018	328	-	328

*Rounded off to millions.

2.19 Research and development expenses

Details of research and development expenses (excluding depreciation and amortisation expense) incurred during the year and included under various heads of expenditures are given below:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Employee benefits expense (included in note 2.15)	3,154	3,116
Other expenses (included in note 2.18)		
Clinical trial expenses	1,270	2,662
Materials and consumables	2,880	3,740
Power and fuel	172	155
Other research and development expenses	3,819	4,312
	11,295	13,985



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.20 Auditors' remuneration

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Audit fees	12	12
Other charges – Certification fee	1	1
Reimbursement of out of pocket expenses	2	2
	15	15

2.21 Earnings per share (EPS)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Earnings		
Profit attributable to equity share holders of the Company	12,773	5,669
Shares		
Number of equity shares at the beginning of the year	165,910,907	165,741,713
Effect of treasury shares held	(100,672)	-
Effect of equity shares issued on exercise of stock options	103,801	103,695
Weighted average number of equity shares – Basic	165,914,036	165,845,408
Dilutive effect of stock options outstanding ⁽¹⁾	278,718	340,144
Weighted average number of equity shares – Diluted	166,192,754	166,185,552
<i>Earnings per share of par value ₹ 5/- – Basic (₹)</i>	76.98	34.19
<i>Earnings per share of par value ₹ 5/- – Diluted (₹)</i>	76.85	34.12

⁽¹⁾As at 31 March 2019, 272,700 options 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.

2.22 Related parties

a. List of all subsidiaries, joint ventures and other consolidating entities:

Subsidiaries including step down subsidiaries:

- 1 Aurigene Discovery Technologies (Malaysia) SDN BHD, Malaysia
- 2 Aurigene Discovery Technologies Inc., USA
- 3 Aurigene Discovery Technologies Limited, India
- 4 beta Institut gemeinnützige GmbH, Germany
- 5 betapharm Arzneimittel GmbH, Germany
- 6 Cheminor Investments Limited, India
- 7 Chirotech Technology Limited, UK
- 8 Dr. Reddy's Bio-sciences Limited, India
- 9 Dr. Reddy's Farmaceutica Do Brasil Ltda., Brazil
- 10 Dr. Reddy's Laboratories (Australia) Pty. Limited, Australia
- 11 Dr. Reddy's Laboratories (EU) Limited, UK
- 12 Dr. Reddy's Laboratories (Proprietary) Limited, South Africa
- 13 Dr. Reddy's Laboratories (UK) Limited, UK
- 14 Dr. Reddy's Laboratories Canada, Inc., Canada
- 15 Dr. Reddy's Laboratories Chile SPA., Chile (from 16 June 2017)
- 16 Dr. Reddy's Laboratories Inc., USA
- 17 Dr. Reddy's Laboratories International SA, Switzerland
- 18 Dr. Reddy's Laboratories Japan KK, Japan
- 19 Dr. Reddy's Laboratories Kazakhstan, Kazakhstan
- 20 Dr. Reddy's Laboratories LLC, Ukraine



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.22 Related parties (continued)

- 21 Dr. Reddy's Laboratories Louisiana LLC, USA
- 22 Dr. Reddy's Laboratories Malaysia Sdn. Bhd., Malaysia (from 10 July 2017)
- 23 Dr. Reddy's Laboratories New York, Inc., USA
- 24 Dr. Reddy's Laboratories Romania S.R.L., Romania
- 25 Dr. Reddy's Laboratories SA, Switzerland
- 26 Dr. Reddy's Laboratories SAS, Colombia
- 27 Dr. Reddy's Laboratories Taiwan Limited, Taiwan (from 23 February 2018)
- 28 Dr. Reddy's Laboratories Tennessee, LLC, USA (till 1 October 2018)
- 29 Dr. Reddy's New Zealand Limited, New Zealand
- 30 Regkinetics Services Limited, India (formerly Dr. Reddy's Pharma SEZ Limited, India)
- 31 Dr. Reddy's Research and Development B.V. (formerly Octoplus BV)
- 32 Dr. Reddy's Singapore PTE Limited, Singapore
- 33 Dr. Reddy's Srl, Italy
- 34 Dr. Reddy's (WUXI) Pharmaceutical Co. Ltd, China (from 2 June 2017)
- 35 Dr. Reddy's Venezuela, C.A., Venezuela
- 36 DRL Impex Limited, India
- 37 Eurobridge Consulting B.V., Netherlands
- 38 Idea2Enterprises (India) Private Limited, India
- 39 Imperial Credit Private Limited, India (Acquired w.e.f. from 22 February 2017)
- 40 Industrias Quimicas Falcon de Mexico, S.A.de C.V, Mexico
- 41 Lacock Holdings Limited, Cyprus
- 42 Dr. Reddy's Philippines Inc., Philippines (from 9 May 2018)
- 43 Dr. Reddy's (Thailand) Limited, Thailand (from 13 June 2018)
- 44 OOO Dr. Reddy's Laboratories Limited, Russia
- 45 OOO DRS LLC, Russia
- 46 Promius Pharma LLC, USA
- 47 Reddy Antilles N.V., Netherlands
- 48 Reddy Holding GmbH, Germany
- 49 Reddy Netherlands B.V., Netherlands
- 50 Reddy Pharma Iberia SA, Spain
- 51 Reddy Pharma Italia S.R.L, Italy
- 52 Reddy Pharma SAS, France

Joint ventures

- | | |
|---|--|
| 53 Kunshan Rotam Reddy Pharmaceutical Company Limited ("Reddy Kunshan"), China | Enterprise over which the Company exercises joint control with other joint venture partners and holds 51.33% of equity shares |
| 54 DRANU LLC, USA | Enterprise over which the Company's step down subsidiary exercises joint control with other joint venture partner and holds 50% of equity shares |
| 55 DRSS Solar Power Private Limited, India (liquidated during the year ended 31 March 2018) | Enterprise over which the Company exercises joint control with other joint venture partners and holds 26% of equity shares |
| 56 DRES Energy Private Limited, India | Enterprise over which the Company exercises joint control with other joint venture partners and holds 26% of equity shares |



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.22 Related parties (continued)

Other consolidating entities

57 Cheminor Employees Welfare Trust, India	The Company does not have any equity interests in this entity, but has significant influence or control over it.
58 Dr. Reddy's Research Foundation, India	The Company does not have any equity interests in this entity, but has significant influence or control over it.
59 Dr. Reddy's Employees ESOS Trust, India (from 27 July 2018)	The Company does not have any equity interests in this entity, but has significant influence or control over it.

b. List of other related parties with whom transactions have taken place during the current and/or previous year:

1. Dr. Reddy's Institute of Life Sciences	Enterprise over which whole-time directors have significant influence
2. Stamlo Hotels Limited	Enterprise controlled by whole-time directors
3. Green Park Hotels and Resorts Limited	Enterprise controlled by relative of a whole-time director
4. K Samrajyam	Mother of Chairman
5. G Anuradha	Spouse of Chief Executive Officer
6. Deepti Reddy	Spouse of Chairman
7. G Mallika Reddy	Daughter of Chief Executive Officer
8. G V Sanjana Reddy	Daughter of Chief Executive Officer
9. Akhil Ravi (from 5 March 2018)	Son-in-law of Chief Executive Officer
10. Dr. Reddy's Foundation	Enterprise over which whole-time directors and their relatives have significant influence
11. Pudami Educational Society	Enterprise over which whole-time directors and their relatives have significant influence
12. Indus Projects Private Limited	Enterprise over which relatives of whole-time directors have significant influence
13. CERG Advisory Private Limited	Enterprise controlled by Key Managerial Personnel
14. Green Park Hospitality Services Private Limited	Enterprise controlled by relative of a whole-time director

c. In accordance with the provisions of Ind AS 24, *Related Party Disclosures* and the Companies Act, 2013, Company's Directors, members of the Company's Management Council and Company Secretary are considered as Key Management Personnel. List of Key Management Personnel of the Company is as below:

1 K Satish Reddy	Whole-time director
2 G V Prasad	Whole-time director
3 Anupam Puri	Independent director
4 Bharat Narotam Doshi	Independent director
5 Dr. Ashok Ganguly (till 28 July 2017)	Independent director
6 Dr. Bruce LA Carter	Independent director
7 Dr. Omkar Goswami	Independent director
8 Hans Peter Hasler (till 14 June 2018)	Independent director
9 Leo Puri (from 25 October 2018)	Independent director
10 Kalpana Morparia	Independent director
11 Allan Oberman (from 26 March 2019)	Independent director
12 Shikha Sharma (from 31 January 2019)	Independent director
13 Sridar Iyengar	Independent director
14 Prasad R Menon (from 30 October 2017)	Independent director
15 Abhijit Mukherjee (till 31 March 2018)	Management council
16 Alok Sonig (till 7 September 2018)	Management council
17 Anil Nambodiripad	Management council



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.22 Related parties (continued)

18	Archana Bhaskar (from 15 June 2017)	Management council
19	Deepak Sapra (from 1 October 2018)	Management council
20	Dr. Amit Biswas (till 21 June 2018)	Management council
21	Dr. Cartikeya Reddy (till 30 September 2018)	Management council
22	Dr. Chandrasekhar Sripada (till 31 July 2017)	Management council
23	Dr. K V S Ram Rao (till 1 October 2018)	Management council
24	Dr. Raymond de Vre (from 1 June 2018)	Management council
25	Erez Israeli (from 2 April 2018)	Management council
26	Ganadhish Kamat	Management council
27	J Ramachandran (till 31 October 2017)	Management council
28	Marc Kikuchi (from 1 Feb 2019)	Management council
29	M V Ramana	Management council
30	P. Yougandhar (from 1 April 2018)	Management council
31	Samiran Das (till 31 January 2018)	Management council
32	Sanjay Sharma (from 1 August 2017)	Management council
33	Saumen Chakraborty	Management council
34	Sauri Gudlavalleti (from 1 April 2018)	Management council
35	Sandeep Poddar	Company secretary

d. Particulars of related party transactions

The following is a summary of significant related party transactions:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenues from:		
<i>Subsidiaries including step down subsidiaries:</i>		
Dr. Reddy's Laboratories Inc.	31,953	31,750
OOO Dr. Reddy's Laboratories Limited	11,553	9,581
Dr. Reddy's Laboratories SA	5,500	4,845
Others	11,350	6,377
Total	60,356	52,553
<i>Joint Ventures</i>		
Kunshan Rotam Reddy Pharmaceutical Company	23	-
Total	60,379	52,533
 Interest income from subsidiaries including step down subsidiaries:		
Industrias Quimicas Falcon de Mexico S.A. de C.V.	74	147
Dr. Reddy's Farmaceutica Do Brasil Ltda.	19	17
Total	93	164
 Service income from subsidiaries including step down subsidiaries:		
Dr. Reddy's Laboratories Inc.	116	141
Dr. Reddy's Laboratories SA	9	9
Total	125	150
 Licence fees from subsidiaries including step down subsidiaries:		
Dr. Reddy's Laboratories Inc.	40	34
Dr. Reddy's Laboratories SA	11	(7)
Total	51	27
Commission on guarantee to Dr. Reddy's Laboratories SA	89	78



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.22 Related parties (continued)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Rent from Aurigene Discovery Technologies Limited	14	14
Reimbursement of operating expenses by subsidiaries and step down subsidiaries:		
Aurigene Discovery Technologies Limited	42	35
Total	42	35
Purchases and services from		
<i>Subsidiaries including step down subsidiaries</i>		
OOO Dr. Reddy's Laboratories Limited	2,990	3,114
Dr. Reddy's Research and Development B.V.	978	1,020
Dr. Reddy's Laboratories Inc.	796	856
Dr. Reddy's Laboratories LLC, Ukraine	546	491
Dr. Reddy's Laboratories (EU) Limited	438	582
Others	1,315	744
Total	7,063	6,807
<i>Other related parties</i>		
Dr. Reddy's Institute of Life Sciences	97	98
Indus Projects Private Limited	106	-
Others	1	-
Total	204	98
Purchase of assets from subsidiaries including step down subsidiaries		
Dr. Reddy's Laboratories Louisiana LLC	6	-
Dr. Reddy's Laboratories (UK) Limited	4	-
Total	10	-
Contributions towards social development		
Dr. Reddy's Foundation	192	203
Pudami Educational Society	28	35
Total	220	238
Catering services		
Green Park Hospitality Services Private Limited	270	178
Hotel expenses		
Green Park Hotels and Resorts Limited	21	41
Stamlo Hotels Private Limited	5	8
Total	26	49
Lease rentals paid under cancellable operating leases to		
<i>Key Management Personnel</i>		
K Satish Reddy	13	13
<i>Relatives of Key Management Personnel</i>		
G Anuradha	12	12
K Deepti Reddy	3	3
K Samrajyam	2	2
G Mallika Reddy	2	2
G V Sanjana Reddy	2	2
Total	34	34
Salaries to relatives of Key Managerial Personnel	5	1



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.22 Related parties (continued)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Remuneration to Key Management Personnel		
Salaries and other benefits	556	387
Contributions to defined contribution plans	35	38
Commission to directors	243	153
Share-based payments expense	101	116
Total	935	694

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.

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Investment made/(disposed) in		
<i>Subsidiaries</i>		
Reddy Antilles N.V.	359	-
Regkinetics Services Limited	-	200
Reddy Pharma Iberia SA	-	(566)
Cheminor Investments Limited	-	-*
Total		
<i>Joint Ventures</i>		
DRSS Solar Power Private Limited (Liquidated during the year ended 31 March 2018)	-	-*
Total	359	(366)

*Rounded off to millions.

Impairment/(reversal of impairment) in the value of non-current investments:

<i>Subsidiaries</i>		
Reddy Antilles N.V.	359	52
Reddy Pharma Iberia SA	-	(566)
Dr. Reddy's Farmaceutica Do Brasil Ltda.	-	(12)
Total	359	(526)
<i>Joint ventures</i>		
DRSS Solar Power limited (liquidated during the year ending 31 March 2018)	-	-*
Total	-	-*

*Rounded off to millions.

Proceeds on disposal of investments from

Dr. Reddy's Laboratories SA*	-	224
<i>*Sale of investment in Reddy Pharma Iberia SA</i>		
Total	-	224

Loans and advances given /(repaid by), net

<i>Subsidiaries and step down subsidiaries</i>	(1,790)	10
Industrias Quimicas Falcon de Mexico S.A. de C.V.		
Dr. Reddy's Farmaceutica Do Brasil Ltda.	(10)	(74)
Reddy Antilles N.V.	(359)	-
Total	(2,159)	(64)



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.22 Related parties (continued)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Loans and advances given /(repaid by), net (continued)		
<i>Joint ventures</i>		
DRES Energy Private Limited	20	-
Total	20	-
<i>*Loans given / (repaid by) is inclusive of accrued interest</i>		
Movement in other receivables from subsidiaries including step down subsidiaries:		
Reddy Antilles N.V.	17	-
Provision made/(reversed) on loans given to subsidiaries		
Reddy Antilles N.V.*	(359)	179
Dr. Reddy's Farmaceutica Do Brasil Ltda.	-	(246)
Total	(359)	(67)
Provision made/(reversed) for other assets		
Reddy Antilles N.V.	(17)	19
Guarantee given/(released) on behalf of Dr. Reddy's Laboratories SA	-	16,294

e. The Company has the following amounts due from/to related parties:

Particulars	As at 31 March 2019	As at 31 March 2018
Due from related parties		
Subsidiaries including step down subsidiaries (included in trade receivables):		
Dr. Reddy's Laboratories Inc.	14,800	21,082
OOO Dr. Reddy's Laboratories Limited	4,729	6,156
Others	8,762	10,689
Total	28,291	37,927
Others		
Greenpark Hospitality Services Private Limited	75	40
Rental deposit to Key Management Personnel and their relatives	8	8
Total	83	48
Provision outstanding at the end of the year towards dues from subsidiaries including step down subsidiaries (included in trade receivables)		
Dr. Reddy's Venezuela, C.A.	-	3,474
Others	-	92
Total	-	3,566



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.22 Related parties (continued)

Particulars	As at 31 March 2019	As at 31 March 2018
Due to related parties (included in trade payables and other current liabilities)		
<i>Subsidiaries including step down subsidiaries and other consolidating entities:</i>		
OOO Dr. Reddy's Laboratories Limited	1,064	2,457
Dr. Reddy's Laboratories Inc.	458	713
Promius Pharma LLC, USA	370	163
Dr. Reddy's Research and Development B.V.	128	209
Dr. Reddy's Laboratories (EU) Limited	172	174
Others	447	438
Total	2,639	4,154
<i>Others</i>		
Dr. Reddy's Institute of Life Sciences	10	10
Greenpark Hospitality Services Private Limited	63	3
Green Park Hotels & Resorts Limited	-*	1
Indus Projects Private Limited	7	-
Stamlo Hotels Private Limited	-	-*
Total	80	14
<i>*Rounded off to millions.</i>		
Outstanding Guarantee given on behalf of Dr. Reddy's Laboratories SA	17,289	16,294

Equity held in subsidiaries and joint venture has been disclosed under "Financial assets-Investments" (Note 2.4 A). Loans and advances to subsidiaries and joint venture have been disclosed under "Loans" (Note 2.4 C). Other receivables from subsidiaries and joint venture have been disclosed under "Other financial assets" (Note 2.4 D).

2.23 Employee stock incentive plans

Dr. Reddy's Employees Stock Option Plan -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 24 September 2001. The DRL 2002 Plan covers all employees of DRL and its subsidiaries and directors (excluding promoter directors) of DRL and its subsidiaries (collectively, "eligible employees"). The Nomination, Governance and Compensation Committee of the Board of DRL (the "Committee") administer 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.

The DRL 2002 Plan, as amended at annual general meetings of shareholders held on 28 July 2004 and on 27 July 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., ₹ 5 per option).



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.23 Employee stock incentive plans (continued)

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 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

The term of the DRL 2002 plan was extended for a period of 10 years effective as of 29 January 2012 by the shareholders at the Company's Annual General Meeting held on 20 July 2012.

Stock option activity under the DRL 2002 Plan for the two categories of options during the years ended 31 March 2019 and 31 March 2018 is as follows:

Category A — Fair Market Value Options: There was no stock options activity under this category during the year 31 March 2019 and 31 March 2018 and there were no stock options outstanding under this category as of 31 March 2019 and 31 March 2018.

Category B — Par Value Options		For the year ended 31 March 2019		
Particulars	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	320,544	5.00	5.00	70
Granted during the year	122,372	5.00	5.00	90
Expired/forfeited during the year	(50,651)	5.00	5.00	-
Exercised during the year	(122,124)	5.00	5.00	-
Outstanding at the end of the year	270,141	5.00	5.00	73
Exercisable at the end of the year	32,836	5.00	5.00	42

Category B — Par Value Options		For the year ended 31 March 2018		
Particulars	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	330,142	5.00	5.00	69
Granted during the year	158,112	5.00	5.00	90
Expired/forfeited during the year	(23,318)	5.00	5.00	-
Exercised during the year	(144,392)	5.00	5.00	-
Outstanding at the end of the year	320,544	5.00	5.00	70
Exercisable at the end of the year	47,383	5.00	5.00	49

The weighted average grant date fair value of options granted during the years ended 31 March 2019 and 31 March 2018 was ₹ 2,195 and ₹ 2,546 per option, respectively. The weighted average share price on the date of exercise of options during the years ended 31 March 2019 and 31 March 2018 was ₹ 2,302 and ₹ 2,375 per share, respectively.

Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.23 Employee stock incentive plans (continued)

The aggregate intrinsic value of options exercised during the years ended 31 March 2019 and 31 March 2018 was ₹ 281 and ₹ 342, respectively. As of 31 March 2019, options outstanding had an aggregate intrinsic value of ₹ 750 and options exercisable had an aggregate intrinsic value of ₹ 91.

Dr. Reddy's Employees ADR Stock Option Plan, 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 27 July 2005. The DRL 2007 Plan became effective upon its approval by the Board of Directors on 22 January 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.

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., ₹ 5 per option).

Stock option activity under the DRL 2007 Plan for the two categories of options during the years ended 31 March 2019 and 31 March 2018 is as follows:

Category A - Fair Market Value Options		For the year ended 31 March 2019		
Particulars	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	-	-	-	-
Granted during the year	149,160	1,982.00/ 2,607.00	2,176.00	90
Expired/forfeited during the year	(3,100)	2,607.00	2,607.00	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	146,060	1,982.00/ 2,607.00	2,166.00	81
Exercisable at the end of the year	-	-	-	-

The weighted average grant date fair value of options granted during the year ended 31 March 2019 was ₹ 515 per option.

As of 31 March 2019, options outstanding had an aggregate intrinsic value of ₹ 90.

Category B — Par Value Options		For the year ended 31 March 2019		
Particulars	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	107,308	5.00	5.00	73
Granted during the year	70,730	5.00	5.00	90
Expired/forfeited during the year	(29,966)	5.00	5.00	-
Exercised during the year	(32,917)	5.00	5.00	-
Outstanding at the end of the year	115,155	5.00	5.00	73
Exercisable at the end of the year	9,229	5.00	5.00	43



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Notes to financial statements (continued)

2.23 Employee stock incentive plans (continued)

Category B — Par Value Options		For the year ended 31 March 2018		
Particulars	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	88,141	5.00	5.00	74
Granted during the year	63,304	5.00	5.00	90
Expired/forfeited during the year	(19,335)	5.00	5.00	-
Exercised during the year	(24,802)	5.00	5.00	-
Outstanding at the end of the year	107,308	5.00	5.00	73
Exercisable at the end of the year	11,034	5.00	5.00	47

The weighted average grant date fair value of options granted during the years ended 31 March 2019 and 31 March 2018 was ₹ 2,056 and ₹ 2,540 per option, respectively. The weighted average share price on the date of exercise of options during the years ended 31 March 2019 and 31 March 2018 was ₹ 2,445 and ₹ 2,295 per share, respectively.

The aggregate intrinsic value of options exercised during the years ended 31 March 2019 and 31 March 2018 was ₹ 80 and ₹ 57, respectively. As of 31 March 2019, options outstanding had an aggregate intrinsic value of ₹ 320 and options exercisable had an aggregate intrinsic value of ₹ 26.

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 27 July 2018. The DRL 2018 Plan covers all employees and directors (excluding independent and promoter directors) of the 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 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.

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



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.23 Employee stock incentive plans (continued)

As at 31 March 2019, the ESOS Trust purchased 217,976 shares from secondary market for an aggregate consideration of ₹ 535.

Stock option activity under the DRL 2018 Plan during the year ended 31 March 2019 is as follows:

Fair Market Value Options		For the year ended 31 March 2019		
Particulars	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	-	-	-	-
Granted during the year	235,700	2,607.00	2,607.00	90
Expired/forfeited during the year	(6,100)	2,607.00	2,607.00	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	229,600	2,607.00	2,607.00	84
Exercisable at the end of the year	-	-	-	-

The weighted average grant date fair value of options granted during the year ended 31 March 2019 was ₹ 667 per option.

As of 31 March 2019, options outstanding had an aggregate intrinsic value of ₹ 40.

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, the 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 recognised in the statement of profit and loss 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 during the years ended 31 March 2019 and 31 March 2018 were as follows:

Particulars	Grants made on					
	31 January 2019	21 September 2018	26 July 2018	21 May 2018	10 July 2017	11 May 2017
Expected volatility	32.92%	33.98%	34.89%	32.97%	30.86%	31.08%
Exercise price	₹ 5.00	₹ 5.00/ ₹ 2,607.00	₹ 5.00	₹ 5.00/ ₹ 1,982.00	₹ 5.00	₹ 5.00
Option life	2.5 Years	2.5 Years	2.5 Years	2.5 Years	2.5 Years	2.5 Years
Risk-free interest rate	7.00%	7.90%	7.47%	7.46%	6.48%	6.69%
Expected dividends	0.74%	0.78%	0.94%	1.06%	0.77%	0.77%
Grant date share price	₹ 2,720.80	₹ 2,556.25	₹ 2,132.75	₹ 1,893.95	₹ 2,726.20	₹ 2,594.00



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.23 Employee stock incentive plans (continued)

Share-based payment expense

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Equity settled share-based payment expense ⁽¹⁾	389	454
Cash settled share-based payment expense ⁽²⁾	13	-
	402	454

⁽¹⁾ As of 31 March 2019, there was ₹ 519 of total unrecognised compensation cost related to unvested stock options. This cost is expected to be recognised over a weighted-average period of 2.09 years.

⁽²⁾ Certain of the Company's employees are eligible for share-based payment awards that are settled in cash. These awards entitle the employees to a cash payment, on the exercise date, subject to vesting upon satisfaction of certain service conditions which range from one to four years. The amount of cash payment is determined based on the price of the Company's ADs at the time of vesting. As of 31 March 2019, there was ₹ 18 of total unrecognised compensation cost related to unvested awards. This cost is expected to be recognised over a weighted-average period of 1.92 years. This Scheme does not involve dealing in or subscribing to or purchasing securities of the Company, directly or indirectly.

2.24 Employee benefits

Total employee benefit expenses, including share-based payments, incurred during the years ended 31 March 2019 and 31 March 2018 amounted to ₹ 19,319 and ₹ 18,430, respectively.

Gratuity benefits provided by the Company

In accordance with applicable Indian laws, the 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 1 September 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. Amounts contributed to the Gratuity Fund are invested in bonds issued by the Government of India and in debt securities and equity securities of Indian companies.

The components of gratuity cost recognised in the statement of profit and loss for the years ended 31 March 2019 and 31 March 2018 consist of the following:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	265	252
Interest on net defined benefit liability	(2)	6
Gratuity cost recognised in statement of profit and loss	263	258

Details of the employee benefits obligations and plan assets are provided below:

Particulars	As at 31 March 2019	As at 31 March 2018
Present value of funded obligations	2,200	2,007
Fair value of plan assets	(2,174)	(1,958)
Net defined benefit liability recognised	26	49



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.24 Employee Benefits (continued)

Details of changes in the present value of defined benefit obligations are as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Defined benefit obligations at the beginning of the year	2,007	1,840
Current service cost	265	252
Interest on defined obligations	145	125
Re-measurements due to:		
Actuarial loss/(gain) due to change in financial assumptions	28	(121)
Actuarial loss/(gain) due to demographic assumptions	*	11
Actuarial loss/(gain) due to experience changes	*	62
Benefits paid	(245)	(162)
Defined benefit obligations at the end of the year	2,200	2,007

*Rounded off to millions.

Details of changes in the fair value of plan assets are as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Fair value of plan assets at the beginning of the year	1,958	1,687
Employer contributions	294	313
Interest on plan assets	147	121
Re-measurements due to:		
Return on plan assets excluding interest on plan assets	20	(1)
Benefits paid	(245)	(162)
Plan assets at the end of the year	2,174	1,958

Sensitivity Analysis:

Particulars	As at 31 March 2019
Defined benefit obligation without effect of projected salary growth	1,276
Add: Effect of salary growth	924
Defined benefit obligation with projected salary growth	2,200
Defined benefit obligation, using discount rate minus 50 basis points	2,282
Defined benefit obligation, using discount rate plus 50 basis points	2,123
Defined benefit obligation, using salary growth rate plus 50 basis points	2,280
Defined benefit obligation, using salary growth rate minus 50 basis points	2,123

Summary of the actuarial assumptions: The actuarial assumptions used in accounting for the Gratuity Plan are as follows:

The assumptions used to determine benefit obligations:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Discount rate	7.45%	7.75%
Rate of compensation increase	8% per annum for the first year and 9% per annum thereafter	7% per annum for the first year and 9% per annum thereafter

The assumptions used to determine gratuity cost:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Discount rate	7.75%	7.20%
Rate of compensation increase	7% per annum for the first year and 9% per annum thereafter	7% per annum for the first year and 9% per annum thereafter



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.24 Employee Benefits (continued)

Contributions: The Company expects to contribute ₹ 26 to the Gratuity Plan during the year ending 31 March 2020.

Disaggregation of plan assets: The Gratuity Plan's weighted-average asset allocation at 31 March 2019 and 31 March 2018, by asset category, was as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Funds managed by insurers	99%	99%
Others	1%	1%

The expected future cash flows in respect of gratuity as at 31 March 2019 were as follows:

Particulars	Amount
Expected contributions	
During the year ended 31 March 2020 (estimated)	26
Expected future benefit payments	
31 March 2020	306
31 March 2021	218
31 March 2022	220
31 March 2023	225
31 March 2024	220
Thereafter	3,111

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 ₹ 710 and ₹ 707 to the provident fund plan during the years ended 31 March 2019 and 31 March 2018, respectively.

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 ₹ 84 and ₹ 88 to the superannuation plan during the years ended 31 March 2019 and 31 March 2018, 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 unutilised compensated absences and utilise 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 ₹ 821 and ₹ 797 as at 31 March 2019 and 31 March 2018, respectively.

2.25 Income taxes

a. Income tax expense/ (benefit) recognised in the statement of profit and loss

Income tax expense recognised in the statement of profit and loss consists of the following:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current taxes	2,818	1,381
Deferred taxes expense/(benefit)	1,416	(80)
Total income tax expense recognised in the statement of profit and loss	4,234	1,301



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.25 Income taxes (continued)

b. Income tax expense/(benefit) recognised directly in equity

Income tax expense/(benefit) recognised directly in equity consist of the following:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Tax effect on effective portion of change in fair value of cash flow hedges	73	(46)
Tax effect on actuarial gains/losses on defined benefit obligations	(3)	16
Total income tax expense/(benefit) recognised in the equity	70	(30)

c. Reconciliation of effective tax rate

The following is a reconciliation of the Company's effective tax rates for the years ended 31 March 2019 and 31 March 2018:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit before income taxes	17,007	6,970
Enacted tax rate in India	34.94%	34.61%
Computed expected tax expense	5,942	2,413
Effect of:		
Unrecognised deferred tax assets	398	1,417
Reversal of earlier year's tax provisions	(133)	(67)
Income exempt from income taxes	(1,146)	(816)
Incremental deduction allowed for research and development costs ⁽¹⁾	(1,134)	(1,327)
Other items	307	(319)
Income tax expense	4,234	1,301
Effective tax rate	24.90%	18.66%

⁽¹⁾ India's Finance Act, 2016 incorporated an amendment that reduces the weighted deduction on eligible research and development expenditure in a phased manner from 200% to 150% commencing from 1 April 2017, and from 150% to 100% effective from 1 April 2020.

The Company's average effective tax rate for the years ended 31 March 2019 and 31 March 2018 were 24.90% and 18.66%, respectively.

d. Unrecognised deferred tax assets

The details of unrecognised deferred tax assets are summarised below:

Particulars	As at 31 March 2019	As at 31 March 2018
Taxable/Deductible temporary differences, net	4,989	4,591
	4,989	4,591

During the year ended 31 March 2019, the Company did not recognise deferred tax assets of ₹ 398, primarily on MAT credit entitlement, as the Company believes that availability of taxable profits is not probable. The above MAT credit expire at various dates ranging from 2031 through 2034.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.25 Income taxes (continued)

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:

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax assets/(liabilities):		
Minimum Alternate Tax*	1,630	1,630
Trade receivables	245	1479
Operating tax loss/capital loss	-	9
Current liabilities and provisions	266	331
Loans	(65)	16
Property, plant and equipment	(2,549)	(2,518)
Investments	(82)	(16)
Net deferred tax assets/(Liabilities)	(555)	931

*As per Indian tax laws, companies are liable for a Minimum Alternate Tax ("MAT" tax) when current tax, as computed under the provisions of the Income Tax Act, 1961 ("Tax Act"), is determined to be below the MAT tax computed under section 115JB of the Tax Act. The excess of MAT tax over current tax is eligible to be carried forward and set-off in the future against the current tax liabilities over a period of 15 years.

In assessing whether the deferred tax assets will be realised, management considers whether some portion or all of the deferred tax assets will not be realised. The ultimate realisation of the deferred income 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 realise the benefits of those recognised 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.

f. Movement in deferred tax assets and liabilities during the years ended 31 March 2019 and 31 March 2018

Particulars	As at 1 April 2018	Recognised in the statement of profit and loss	Recognised in equity	As at 31 March 2019
Deferred tax assets/(liabilities)				
Minimum Alternate Tax	1,630	-	-	1,630
Trade receivables	1,479	(1,234)	-	245
Operating tax loss/capital loss	9	(9)	-	-
Current liabilities and provisions	331	5	(70)	266
Loans	16	(81)	-	(65)
Property, plant and equipment	(2,518)	(31)	-	(2,549)
Investments	(16)	(66)	-	(82)
Net deferred tax assets/(liabilities)	931	(1,416)	(70)	(555)

Particulars	As at 1 April 2017	Recognised in the statement of profit and loss	Recognised in equity	As at 31 March 2018
Deferred tax assets/(liabilities)				
Minimum Alternate Tax	1,636	(6)	-	1,630
Trade receivables	1,469	10	-	1,479
Operating tax loss/capital loss	257	(248)	-	9
Current liabilities and provisions	437	(136)	30	331
Loans	29	(13)	-	16
Property, plant and equipment	(2,517)	(1)	-	(2,518)
Investments	(490)	474	-	(16)
Net deferred tax assets/(liabilities)	821		30	931



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.26 Operating leases

The Company has leased offices and vehicles under various operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental expense under these leases was ₹ 278 and ₹ 280 for the years ended 31 March 2019 and 31 March 2018, respectively.

The schedule of future minimum rental payments in respect of non-cancellable operating leases is set out below:

Particulars	As at 31 March 2019	As at 31 March 2018
Less than one year	118	128
Between one and five years	114	148
Total	232	276

2.27 Finance lease

There are no assets taken on finance lease as on 31 March 2019 and 31 March 2018.

2.28 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments consist of investments in mutual funds, bonds, equity and debt securities, trade receivables, cash and cash equivalents, loans and borrowings, and trade payables.

Derivative financial instruments

The Company uses derivative contracts like forwards, options and interest rate swaps to mitigate its risk of changes in foreign currency exchange rates and interest rates.

The carrying value and fair value of financial instruments as at 31 March 2019 and 31 March 2018 were as follows:

Particulars	As at 31 March 2019		As at 31 March 2018	
	Total carrying value	Total fair value/ amortised cost	Total carrying value	Total fair value/ amortised cost
Financial assets				
Cash and cash equivalents	1,132	1,132	1,207	1,207
Investments*	39,335	39,335	36,365	36,365
Trade receivables	37,290	37,290	42,207	42,207
Loans	332	332	1,991	1,991
Derivative instruments	335	335	17	17
Other financial assets	1,139	1,139	946	946
Total	79,563	79,563	82,733	82,733
Financial liabilities				
Trade payables	10,316	10,316	10,610	10,610
Long-term borrowings	3,454	3,454	4,880	4,880
Short-term borrowings	5,463	5,463	21,008	21,008
Derivative instruments	45	45	85	85
Other financial liabilities	10,160	10,160	11,386	11,386
Total	29,438	29,438	47,969	47,969

*Interest accrued but not due on investments is included in other financial assets



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.28 Financial instruments (continued)

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).

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2019:

Particulars	Level 1	Level 2	Level 3	Total
FVTPL - Financial asset - Investments in units of mutual funds	14,900	-	-	14,900
FVTOCI - Financial asset - Investment in equity securities	38	-	-	38
Derivative financial instruments – net gain/(loss) on outstanding foreign exchange forward, option and swap contracts and interest rate swap contracts ⁽¹⁾	-	290	-	290

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018:

Particulars	Level 1	Level 2	Level 3	Total
FVTPL - Financial asset - Investments in units of mutual funds	13,317	-	-	13,317
FVTOCI - Financial asset - Investment in equity securities	30	-	-	30
Derivative financial instruments - gain/(loss) on outstanding foreign exchange forward, option and swap contracts and interest rate swap contracts ⁽¹⁾	-	(67)	-	(67)

⁽¹⁾ The Company enters into derivative financial instruments with various counterparties, principally financial institutions and banks. Derivatives 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.

As at 31 March 2019 and 31 March 2018, 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 recognised at fair value.

Derivative Financial instruments

The Company had a derivative financial asset and derivative financial liability of ₹ 335 and ₹ 45, respectively, as at 31 March 2019 as compared to derivative financial asset and derivative financial liability of ₹ 17 and ₹ 85, respectively, as at 31 March 2018 towards these derivative financial instruments.

Details of gain/(loss) recognised in respect of derivative contracts

The following table presents details in respect of the gain/(loss) recognised in respect of derivative contracts during the applicable year ended:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net gain/(loss) recognised as part of foreign exchange gain and losses in respect of foreign exchange derivative contracts	(35)	491
Net gain/(loss) recognised in equity in respect of hedges of highly probable forecast transactions	209	(133)
Net gain/(loss) recognised as component of revenue	(529)	653

The net carrying amount of the Company's "hedging reserve" as a component of equity before adjusting for tax impact was a gain of ₹ 205 as at 31 March 2019, as compared to a loss of ₹ 4 as at 31 March 2018.

Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.28 Financial instruments (continued)

The following table gives details in respect of the notional amount of outstanding foreign exchange derivative contracts as of 31 March 2019:

Amounts in millions

Category	Instrument	Currency	Cross Currency ⁽¹⁾	Amounts	Buy/Sell
Hedges of recognised assets and liabilities	Forward contract	US\$	INR	US\$ 261	Sell
	Forward contract	RUB	INR	RUB 2,710	Sell
	Forward contract	GBP	INR	GBP 18	Sell
Hedges of highly probable forecasted transactions	Forward contract	RUB	INR	RUB 1,350	Sell
	Option contract	US\$	INR	US\$ 300	Sell

⁽¹⁾ "INR" means Indian Rupees, "RUB" means Russian roubles, "GBP" means Pounds sterling and "US\$ means US dollars.

The following table gives details in respect of the notional amount of outstanding foreign exchange derivative contracts as of 31 March 2018:

Amounts in millions

Category	Instrument	Currency	Cross Currency ⁽¹⁾	Amounts	Buy/Sell
Hedges of recognised assets and liabilities	Forward contract	US\$	INR	US\$ 72	Sell
	Forward contract	US\$	RUB	US\$ 14	Buy
	Option contract	US\$	INR	US\$ 65	Sell
Hedges of highly probable forecasted transactions	Forward contract	RUB	INR	RUB 1,080	Sell
	Option contract	US\$	INR	US\$ 240	Sell

⁽¹⁾ "INR" means Indian Rupees, "RUB" means Russian roubles, "GBP" means Pounds sterling and "US\$ means US dollars.

The table below summarises the periods when the cash flows associated with highly probable forecast transactions that are classified as cash flow hedges are expected to occur:

Particulars	As at 31 March 2019	As at 31 March 2018
Cash flows in US\$		
Not later than one month	2,420	1,955
Later than one month and not later than three months	4,841	3,911
Later than three months and not later than six months	7,261	5,866
Later than six months and not later than one year	6,225	3,910
	20,747	15,642
Cash flows in Russian Roubles		
Not later than one month	161	102
Later than one month and not later than three months	320	204
Later than three months and not later than six months	480	306
Later than six months and not later than one year	480	611
	1,441	1,223

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.

The changes in fair value of such interest rate swaps (including cross currency interest rate swaps) are recognised as part of finance cost.

As at 31 March 2019 and 31 March 2018, the Company had no outstanding interest rate swap arrangements.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.29 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 minimise 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 analyse 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.

Foreign exchange risk

The Company's foreign exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in United States dollars, Russian roubles, U.K pounds sterling and Euros) and foreign currency borrowings (in United States dollars). 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 recognised assets and liabilities.

The details in respect of the outstanding foreign exchange forward and option contracts are given in note 2.28 above.

In respect of the Company's forward contracts and option contracts, a 10% decrease/increase in the respective exchange rates of each of the currencies underlying such contracts would have resulted in:

- a ₹ 1,884/(1,363) increase/(decrease) in the Company's hedging reserve and a ₹ 2,256/(2,256) increase/(decrease) in the Company's net profit from such contracts, as at 31 March 2019;
- a ₹ 1,277/(1,338) increase/(decrease) in the Company's hedging reserve and a ₹ 843/(749) increase/(decrease) in the Company's net profit from such contracts, as at 31 March 2018;

The following table analyses foreign currency risk from non-derivative financial instruments as at 31 March 2019:

(All figures in equivalent Indian Rupees millions)

Particulars	US\$	Euro	Russian roubles	Others ⁽¹⁾	Total
Assets:					
Cash and cash equivalents	78	19	6	19	122
Trade receivables	27,159	823	5,525	1,225	34,732
Other financial assets	415	17	3	124	559
Total	27,652	859	5,534	1,368	35,413
Liabilities:					
Trade payables	1,704	753	-	132	2,589
Long-term borrowings	3,454	-	-	-	3,454
Short-term borrowings	5,463	-	-	-	5,463
Other financial liabilities	3,915	86	1,146	221	5,368
Total	14,536	839	1,146	353	16,874



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.29 Financial risk management (continued)

The following table analyses foreign currency risk from non-derivative financial instruments as at 31 March 2018:

(All figures in equivalent Indian Rupees millions)

Particulars	US\$	Euro	Russian roubles	Others ⁽¹⁾	Total
Assets:					
Cash and cash equivalents	35	9	-	29	73
Trade receivables	30,089	441	6,541	2,597	39,668
Other financial assets	357	102	10	1,669	2,138
Total	30,481	552	6,551	4,295	41,879
Liabilities:					
Trade payables	1,664	925	-	193	2,782
Long-term	4,880	-	-	-	4,880
Short-term borrowings	17,923	-	1,585	-	19,508
Other financial liabilities	2,449	266	2,505	102	5,322
Total	26,916	1,191	4,090	295	32,492

⁽¹⁾ Others include currencies such as Mexican pesos, U.K pounds sterling and Swiss francs.

For the years ended 31 March 2019 and 31 March 2018, 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 ₹ 1,854 and ₹ 939, respectively.

Interest rate risk

As of 31 March 2019 and 31 March 2018, the Company had ₹ 10,650 of loans carrying a floating interest rate of 1 Month LIBOR plus 25 bps to 1 Month LIBOR plus 82.7 bps and ₹ 22,811 of loans carrying a floating interest rate of 1 Month LIBOR minus 30 bps to 1 Month LIBOR plus 82.7 bps. These loans expose the Company to risk of changes in interest rates. The Company's 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.

For details of the Company's short-term and long-term loans and borrowings, including interest rate profiles, refer to note 2.8A and 2.8B of these financial statements.

For the years ended 31 March 2019 and 31 March 2018, every 10% increase or decrease in the floating interest rate component (i.e., LIBOR) applicable to its loans and borrowings would affect the Company's net profit by ₹ 27 and ₹ 42, respectively.

The carrying value of the Company's borrowings, interest component of which designated in a cash flow hedge was ₹ Nil as of 31 March 2019.

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.

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 operating expenses. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of 31 March 2019, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.29 Financial risk management (continued)

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. 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. The Company establishes an allowance for credit losses 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.

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 at 31 March 2019. The Company's credit period for trade receivables payable by its customers generally ranges from 20 - 180 days.

The ageing of trade receivables is given below:

Particulars	As at	As at
	31 March 2019	31 March 2018
Neither past due nor impaired	30,349	35,390
Past due but not impaired		
Less than 365 days	7,019	6,817
More than 365 days	389	3,943
Total	37,757	46,150
Less: Allowance for credit losses	(467)	(3,943)
Net trade receivables	37,290	42,207

Refer note 2.4 B of these financial statements for the activity in the allowance for credit losses.

Loans and advances

Loans and advances are predominantly given to subsidiaries for the purpose of working capital and other business requirements.

Refer note 2.4 C of these financial statements for the activity in the allowance for doubtful advances.

Other than trade receivables and loans and advances, 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 at 31 March 2019 and 31 March 2018, the Company had uncommitted lines of credit from banks of ₹ 33,327 and ₹ 14,209 respectively.

As at 31 March 2019, the Company had working capital of ₹ 58,539, including cash and cash equivalents of ₹ 1,132, investments in term deposits with banks (i.e., deposits having original maturities of more than 3 months) of ₹ 513, investments in bonds of ₹ 5,272, investment in commercial paper of ₹ 459 and investments measured at fair value through profit and loss ("FVTPL") of ₹ 14,900.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.29 Financial risk management (continued)

As at 31 March 2018, the Company had working capital of ₹ 43,186, including cash and cash equivalents of ₹ 1,207, investments in bonds of ₹ 3,279, investment in commercial paper of ₹ 232 and investments measured at fair value through profit and loss ("FVTPL") of ₹ 13,317.

The table below provides details regarding the contractual maturities of significant financial liabilities (other than long-term loans, borrowings and obligations under finance leases, which have been disclosed in note 2.8 A to these financial statements) as at 31 March 2019:

Particulars	2020	2021	2022	2023	Thereafter	Total
Trade payables	10,316	-	-	-	-	10,316
Short-term borrowings	5,463	-	-	-	-	5,463
Other financial liabilities	10,160	-	-	-	-	10,160
Derivative instruments – liabilities	45	-	-	-	-	45

The table below provides details regarding the contractual maturities of significant financial liabilities (other than long-term loans, borrowings and obligations under finance leases, which have been disclosed in note 2.8 A to these financial statements) as at 31 March 2018:

Particulars	2019	2020	2021	2022	Thereafter	Total
Trade payables	10,610	-	-	-	-	10,610
Short-term borrowings	21,008	-	-	-	-	21,008
Other financial liabilities	11,386	-	-	-	-	11,386
Derivative instruments – liabilities	85	-	-	-	-	85

2.30 Contingent liabilities and commitments

A. Contingent liabilities (claims against the Company not acknowledged as debts)

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 more significant matters are discussed below. 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 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 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 or investigations referred to in this note, the Company does not expect them to have a materially adverse effect on its financial position, 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 proceedings were to result in judgements against the Company, such judgements could be material to its results of operations in a given period.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.30 Contingent liabilities and commitments (continued)

(i) Product and patent related matters

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 31 March 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 ₹ 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 ₹ 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 ₹ 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 defense against the demand. 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 20 July 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 30 September 2016, the Supreme Court dismissed the Special Leave Petition pertaining to the fixing of prices for Norfloxacin formulations.

During the three months ended 31 December 2016, a writ petition pertaining to Norfloxacin was filed by the Company with the Delhi High Court. The matter is adjourned to 11 September 2019 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 anti-diabetic 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 26 September 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 25 October 2016, the IPA filed a Special Leave Petition with the Supreme Court, which was dismissed by the Supreme Court.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.30 Contingent liabilities and commitments (continued)

During the three months ended 31 December 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 20 March 2017, the IPA filed an application before the Bombay High Court for the recall of the judgement of the Bombay High Court dated 26 September 2016. This recall application filed by the IPA was dismissed by the Bombay High Court on 4 October 2017. Further, on 13 December 2017, the IPA filed a Special Leave Petition, with the Supreme Court for the recall of the judgement of the Bombay High Court dated 4 October 2017, which was dismissed by Supreme Court on 10 January 2018.

During the three months ended 31 March 2017, the NPPA issued notices to the Company demanding payments relating to the foregoing products for the allegedly overcharged amounts, along with interest. On 13 July 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 21 July 2017. On 27 July 2017, the NPPA passed a speaking order along with the demand notice directing the Company to pay an amount of ₹ 776. On 3 August 2017, the Company filed a writ petition challenging the speaking order and the demand notice.

Upon hearing the matter on 8 August 2017, the Delhi High Court stayed the operation of the demand order and directed the Company to deposit ₹ 100 and furnish a bank guarantee for ₹ 676. Pursuant to the order, the Company deposited ₹ 100 on 13 September 2017 and submitted a bank guarantee of ₹ 676 dated 15 September 2017 to the Registrar General, Delhi High Court. On 22 November 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 10 May 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 22 July 2019 for hearing.

Based on its best estimate, the Company has recorded a provision of ₹ 342 under "selling and other 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.

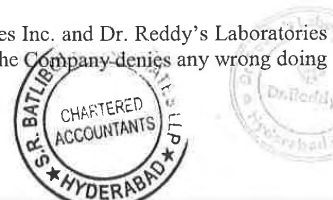
Class Action and Other Civil Litigation on Pricing/Reimbursement Matters

On 30 December 2015 and on 4 February 2016, respectively, a class action complaint (the "First Pricing Complaint") and another complaint (not a class action) (the "Second Pricing Complaint") were filed against the Company and eighteen other pharmaceutical defendants in State Court in the Commonwealth of Pennsylvania. In these actions, the class action plaintiffs allege that the Company and other defendants, individually or in some cases in concert with one another, have engaged in pricing and price reporting practices in violation of various Pennsylvania state laws. More specifically, the plaintiffs allege that: (1) the Company provided false and misleading pricing information to third party drug compendia companies for the Company's generic drugs, and such information was relied upon by private third party payers that reimbursed for drugs sold by the Company in the United States, and (2) the Company acted in concert with certain other defendants to unfairly raise the prices of generic divalproex sodium ER (bottle of 80, 500 mg tablets ER 24H) and generic pravastatin sodium (bottle of 500, 10 mg tablets).

The First Pricing Complaint was removed to the U.S. District Court for the Eastern District of Pennsylvania (the "E.D.P.A. Federal Court") and, pending the outcome of the First Pricing Complaint, the Second Pricing Complaint was stayed. On 25 September 2017, the E.D.P.A. Federal Court dismissed all the claims of the plaintiffs in the First Pricing Complaint and denied leave to amend such complaint as futile. Subsequent to this decision, the plaintiffs right to appeal the dismissal of the First Pricing Complaint expired.

Further, on 17 November 2016, certain class action complaints were filed against the Company and a number of other pharmaceutical companies as defendants in the E.D.P.A Federal Court. Subsequently, these complaints were consolidated into one amended complaint as part of a multi-district, multi-product litigation pending with the E.D.P.A. Federal Court. These complaints allege that the Company and the other named defendants have engaged in a conspiracy to fix prices and to allocate bids and customers in the sale of pravastatin sodium tablets and divalproex sodium extended-release tablets in the United States.

In March 2017, plaintiffs agreed by stipulation to dismiss Dr. Reddy's Laboratories Inc. and Dr. Reddy's Laboratories Limited from the actions related to pravastatin sodium tablets without prejudice. The Company denies any wrong doing and intends to vigorously defend against these allegations.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.30 Contingent liabilities and commitments (continued)

In response to the consolidated new complaint, the Company filed a motion to dismiss in October 2017. The plaintiffs filed opposition to the motion to dismiss in December 2017 and a reply was filed by the Company in January 2018. In October 2018, the Court denied the motion to dismiss on the grounds that the allegations pled leave open the possibility of conspiracy. Therefore, discovery will proceed to look into this possibility.

The Company believes that the asserted claims are without merit and intends to vigorously defend itself against the allegations. Also any liability that may arise on account of these claims is unascertainable. Accordingly, no provision was made in the financial statements of the Company.

(ii) Civil litigation with Mezzion

On 13 January 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. In this regard, 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 the said denial, was also denied.

The Commercial Court, Hyderabad has accepted the request of the Company to withdraw the suit, in view of the Court granting the Company's motion of Dr. Reddy's to file a Counterclaim in U.S. Action.

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 the financial statements of the Company.

(iii) Securities Class Action Litigation

On 25 August 2017, a securities class action lawsuit was filed against the Company, its Chief Executive Officer, and its Chief Financial Officer in the United States District Court for the District of New Jersey. The Company's Co-Chairman, its Chief Operating Officer, and Dr. Reddy's Laboratories, Inc., were also subsequently named as defendants in the case. The operative complaint alleges that the Company made false or misleading statements or omissions in its public filings, in violation of U.S. federal securities laws, and that the Company's share price dropped and its investors were affected. On 9 May 2018, the Company and other defendants filed a motion to dismiss the complaint in the United States District Court for the District of New Jersey.

On 25 June 2018, the plaintiffs filed an opposition to the motion to dismiss and, on 25 July 2018, a further reply in support of the motion to dismiss was filed by the Company. In August 2018, oral argument on the motion to dismiss was heard by the Court.

On 21 March 2019, the District Court issued its decision granting in part and denying in part the motion to dismiss. Pursuant to that decision, the Court dismissed the plaintiff's claims with respect to seventeen out of the twenty two alleged misstatements and omissions.

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 the financial statements of the Company.

(iv) Glenmark Litigation

In November 2017, the Company received a letter from Glenmark Farmaceutica Ltda and Glenmark Pharmaceuticals Limited (collectively "Glenmark"), for invocation of arbitration under a distribution agreement and a deed of assignment relating to a product between the Company and Glenmark. Glenmark alleged that the non-supply of the product by the Company severely affected the value of the intellectual Property and goodwill and asserted claims to recover the loss along with interest and penalties from the Company.

In March 2018, an arbitrator was appointed by the Supreme Court of India at Glenmark's request. In July 2018, Glenmark filed a claim statement against the Company and in September 2018, the Company filed a reply against the claim along with a counter claim.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.30 Contingent liabilities and commitments (continued)

Glenmark filed a reply to the counter claim of the Company in November 2018 and the issues were finalised, inspection of documents along with the filing of the statement of Admissions and Denials was completed in December 2018. The Company was asked to submit the list of witnesses by 5 March 2019.

Affidavits in chief examination were filed by witnesses of the Company and Glenmark. The cross examination of the witnesses of Glenmark commenced and is anticipated to continue until July 2019.

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 these claims is unascertainable. No provision was made in the financial statements of the Company.

(v) 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 ₹ 0.0013 per acre for dry land and ₹ 0.0017 per acre for wet land. Accordingly, the Company has paid a total compensation of ₹ 3. The Andhra Pradesh High Court disposed of the writ petition on 12 February 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 30 October 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.

The NGT, Chennai in a judgement dated 24 October 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 judgement on various aspects.

The NGT, Delhi, in a judgement dated 16 November 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 judgement.

The High Court of Hyderabad heard the Company's appeal challenging this judgement in July 2018 and directed the respondents to file their response within a period of four weeks. During the three months ended 30 September 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 25 October 2018 and has been adjourned for further hearing.

On 24 April 2019, based upon the judgement of the NGT, Chennai dated 24 October 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 financial year i.e., 31 March 2019. Accordingly, the Company made a provision of ₹ 29, representing the probable cost of expansion, during the year ended 31 March 2019.

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 financial statements.

Water pollution and air pollution

During the year ended 31 March 2012, the Company, along with 14 other companies, received a notice from the Andhra Pradesh Pollution Control Board (the "APP Control Board") to show cause as to why action should not be initiated against them for violations under the Indian Water Pollution Act and the Indian Air Pollution Act. Furthermore, the APP Control Board issued orders to the Company to (i) stop production of all new products at the Company's manufacturing facilities in Hyderabad, India without obtaining a "Consent for Establishment", (ii) cease manufacturing products at such facilities in excess of certain quantities specified by the APP Control Board and (iii) furnish a bank guarantee to assure compliance with the APP Control Board's orders.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.30 Contingent liabilities and commitments (continued)

The Company appealed the APP Control Board orders to the Andhra Pradesh Pollution Appellate Board (the "APP Appellate Board"). The APP Appellate Board, on the basis of a report of a fact-finding advisory committee, recommended to the Andhra Pradesh Government to allow expansion of units fully equipped with Zero-Liquid Discharge ("ZLD") facilities and otherwise found no fault with the Company (on certain conditions).

The APP Appellate Board's decision was challenged by one of the petitioners in the National Green Tribunal and the matter is currently pending before it.

The challenge to the APP Appellate Board's decision is transferred to the NGT, Delhi for a final hearing, the date for which has not yet been notified. No provision relating to these claims has been made in the financial statements.

Separately, the Andhra Pradesh Government, following recommendations of the APP Appellate Board, published a notification in July 2013 that allowed expansion of production of all types of existing bulk drug and bulk drug intermediate manufacturing units subject to the installation of ZLD facilities and the outcome of cases pending in the National Green Tribunal. Importantly, the notification directed pollution load of industrial units to be assessed at the point of discharge (if any) as opposed to point of generation.

In September 2013, the Ministry of Environment and Forests, based on the revised Comprehensive Environment Pollution Index, issued a notification that re-imposed a moratorium on expansion of industries in certain areas where some of the Company's manufacturing facilities are located. This notification overrides the Andhra Pradesh Government's notification that conditionally permitted expansion.

(vi) Indirect taxes related matters

Distribution of input service tax credits

The Central Excise Authorities have issued various demand notices to the Company objecting to the Company's methodology of distributing input service tax credits claimed for one of the Company's facilities. The below table shows the details of each such demand notice, the amount demanded and the current status of the Company's responsive actions.

Period covered under the notice	Amount demanded	Status
March 2008 to September 2009	₹ 102 plus penalties of ₹ 102 and interest	The Company has filed an appeal before the CESTAT
October 2009 to March 2011	₹ 125 plus penalties of ₹ 100 and interest	The Company has filed an appeal before the CESTAT
April 2011 to March 2012	₹ 51 plus penalties of ₹ 5 and interest	The Company has filed an appeal before the CESTAT
April 2012 to March 2013	₹ 54 plus penalties of ₹ 5 and interest	The Company has filed an appeal before the CESTAT
April 2013 to March 2014	₹ 69 plus penalties of ₹ 6 and interest	The Company has filed an appeal before the CESTAT
April 2014 to March 2015	₹ 108 plus penalties of ₹ 11 and interest	The Company has filed an appeal before the CESTAT
April 2015 to March 2016	₹ 157 plus interest and penalties	The Company has submitted reply hearing awaited
April 2016 to June 2017	₹ 307 plus interest and penalties	The Company is in the process of responding to the notice

The Company believes that the likelihood of any liability that may arise on account of the allegedly inappropriate distribution of input service tax credits is not probable. Accordingly, no provision relating to these claims has been made in these financial statements as of 31 March 2019.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.30 Contingent liabilities and commitments (continued)

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	₹ 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
April 2009 to March 2011	₹ 59 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 31 March 2010.
April 2011 to March 2013	₹ 16 plus 10% penalty	The Appellate Deputy Commissioner issued an order partially in favour of the Company

The Company has recorded a provision of ₹ 51 as of 31 March 2019, and believes that the likelihood of any further liability that may arise on account of the allegedly inappropriate claims to VAT credits is not probable.

Others

Additionally, the Company is in receipt of various demand notices from the Indian Sales and Service Tax authorities. The disputed amount is ₹ 297. 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 financial statements as of 31 March 2019.

(vii) 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 1 April 2008 to 31 March 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 1 April 2008 to 31 March 2013 is ₹ 482. After taking into account all of the available information and legal provisions, the Company has recorded ₹ 219 as the potential liability towards FSA charges. However, the Company has paid, under protest, an amount of ₹ 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 30 June 2016, the Supreme Court of India dismissed the Special Leave Petition filed by the Company in this regard for the period from 1 April 2012 to 31 March 2013. As a result, for the quarter ended 30 June 2016, the Company recognised an expenditure of ₹ 55 (by de-recognising the payments under protest) representing the FSA charges for the period from 1 April 2012 to 31 March 2013.

(viii) Direct taxes related matters

The Company is contesting various disallowances by the Indian Income Tax authorities. The associated tax impact is ₹ 2,008. The Company believes that the chances of an unfavourable outcome in each of such disallowances are less than probable and, accordingly, no provision is made in these financial statements as of 31 March 2019.

The Company believes that possibility of any liability that may arise on account of this litigation is not probable. Accordingly, no provision has been made in these financial statements as of 31 March 2019.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.30 Contingent liabilities and commitments (continued)

(ix) Others

On 28 February 2019, the Supreme Court of India issued a judgement which provided further guidance for companies in determining which components of their employees' compensation are subject to statutory withholding obligations, and matching employer contribution obligations, for Provident Fund contributions under Indian law. There are numerous interpretative issues relating to this judgement. However, the Company has made a provision on a prospective basis from the date of the Supreme Court's judgement. The Company will evaluate the same and update its provision, if any on receiving further clarity on the subject.

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 financial statements.

B. Commitments:

Particulars	As at	As at
	31 March 2019	31 March 2018
Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances)	2,423	3,477

2.31 Dividend remittance in foreign currency

The Company does not make any direct remittances of dividends in foreign currencies to American Depositary Receipts (ADRs) holders. The Company remits the equivalent of the dividends payable to the ADR holders in Indian Rupees to the custodian, which is the registered shareholder on record for all owners of the Company's ADRs. The custodian purchases the foreign currencies and remits it to the depository bank which in turn remits the dividends to the ADR holders.

2.32 Segment reporting

In accordance with Ind AS 108, *Operating Segments*, segment information has been given in the consolidated financial statements of Dr. Reddy's Laboratories Limited and therefore no separate disclosure on segment information is given in these financial statements.

2.33 Receipt of warning letter from the U.S. FDA

The Company received a warning letter dated 5 November 2015 from the U.S. FDA relating to current Good Manufacturing Practices ("cGMPs") deviations at its active pharmaceutical ingredient ("API") manufacturing facilities at Srikakulam, Andhra Pradesh and Miryalaguda, Telangana, as well as violations at its oncology formulation manufacturing facility at Duvvada, Visakhapatnam, Andhra Pradesh. The contents of the warning letter emanated from Form 483 observations that followed inspections of these sites by the U.S. FDA in November 2014, January 2015 and February-March 2015.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.33 Receipt of warning letter from the U.S. FDA (continued)

Tabulated below are the further updates with respect to the aforementioned sites:

Month and year	Update
February, March and April 2017	The U.S. FDA completed the re-inspection of the aforementioned manufacturing facilities. During the re-inspections, the U.S. FDA issued three observations with respect to the API manufacturing facility at Miryalaguda, two observations with respect to the API manufacturing facility at Srikakulam and thirteen observations with respect to the Company's oncology formulation manufacturing facility at Duvvada.
June 2017	The U.S. FDA issued an Establishment Inspection Report ("EIR") which indicated that the inspection of the Company's API manufacturing facility at Miryalaguda was successfully closed.
November 2017	The Company received EIRs from the U.S. FDA for the oncology manufacturing facility at Duvvada which indicated that the inspection status of this facility remains unchanged.
February 2018	The Company received EIRs from the U.S. FDA for API manufacturing facility at Srikakulam which indicated that the inspection status of this facility remains unchanged.
June 2018	The Company requested the U.S. FDA to schedule a re-inspection of the oncology formulation manufacturing facility at Duvvada.
October 2018	The re-inspection was completed for the oncology formulation manufacturing facility at Duvvada and the U.S. FDA issued a Form 483 with eight observations.
November 2018	The Company responded to the observations identified by the U.S. FDA for the oncology formulation manufacturing facility at Duvvada in October 2018.
February 2019	The U.S. FDA issued an EIR indicating successful closure of the audit of the oncology formulation manufacturing facility at Duvvada.

With respect to the API manufacturing facility at Srikakulam, subsequent to the receipt of EIR in February, the Company was asked, in October 2018, to carry out certain detailed investigations and analyses and the Company submitted the results of the investigations and analyses. As part of the review of the response by the U.S. FDA, certain additional follow on queries have been received by the Company. The Company responded to all queries in January 2019 to the U.S. FDA. In February 2019, the Company received certain follow on questions from the U. S. FDA and the Company responded in March 2019. Based on the discussion with U.S. FDA, a meeting would be conducted prior to re-inspection of the site.

Inspection of other facilities:

Tabulated below are the details of the U.S. FDA inspections carried out during the financial year ended 31 March 2019:

Month and year	Unit	Details of observations
June 2018	API Srikakulam Plant (SEZ)	No observations were noted. An EIR indicating the closure of audit for this facility was issued by the U.S FDA in August 2018.
November 2018	Srikakulam Plant (SEZ) Unit II	No observations were noted. An EIR indicating the closure of audit for this facility was issued by the U.S FDA in February 2019.
January –April 2019	Srikakulam Plant (SEZ) Unit I	Four observations were noted. The Company responded to the observations and an EIR indicating the closure of audit for this facility was issued by the U.S. FDA in April 2019.
January 2019	API manufacturing Plant at Miryalaguda, Nalgonda	One observation was noted. The Company responded to the observation identified by the U.S. FDA, and awaiting to receive the EIR from agency.
January –April 2019	Formulations manufacturing facility at Bachupally, Hyderabad	Eleven observations were noted. The Company responded to the observations in January 2019. In April 2019, based on the Company's responses and follow-up actions, the U.S. FDA has determined the inspection classification of this facility as Voluntary Action Initiated ("VAT").

2.34 Capital management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximise shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company monitors capital using gearing ratio, which is total debt divided by total capital plus debt. The capital gearing ratio as on 31 March 2019 and 31 March 2018 was 8% and 18%, respectively.



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2: Notes to financial statements (continued)**2.35 Property, plant and equipment and intangible assets used for research and development (included in note 2.1 and note 2.3)**

Particulars	Gross carrying value			Accumulated depreciation/amortisation			Net carrying value	
	As at 1 April 2018	Additions (a)	Disposals (b)	As at 31 March 2019	For the year (a)	Disposals (b)	As at 31 March 2019	As at 31 March 2018
Property, plant and equipment								
Land	70	-	-	70	-	-	70	70
Buildings	997	83	2	1,078	38	2	368	710
Plant and machinery	5,633	540	224	5,949	532	195	3,777	2,193
Furniture and fixtures	219	18	1	236	14	1	187	49
Office equipment	414	36	37	413	50	37	356	57
Total (A)	7,333	677	264	7,746	634	235	4,688	3,058
								3,044
Intangible assets								
Softwares	227	22	-	249	35	-	202	47
Others	102	-	-	102	9	-	42	60
Total (B)	329	22	-	351	44	-	244	107
								129
Total (A+B)	7,662	699	264	8,097	678	235	4,932	3,173
Previous year	7,486	455	279	7,662	722	220	4,489	3,173

(a) Additions include transfers from non-research and development group to research and development group. The gross carrying value of such transferred assets is ₹ 62 (31 March 2018: ₹ 46) and accumulated depreciation/amortisation is ₹ 13 (31 March 2018: ₹ 36).

(b) Disposals include transfers from research and development group to non-research and development group. The gross carrying value of such transferred assets is ₹ 57 (31 March 2018: ₹ 99) and accumulated depreciation/amortisation is ₹ 38 (31 March 2017: ₹ 43).



Dr. Reddy's Laboratories Limited

(All amounts in Indian rupees millions, except share data and where otherwise stated)

Note 2 Notes to financial statements (continued)

2.36 Subsequent events

Agreement with Celgene

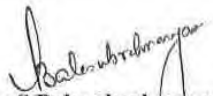
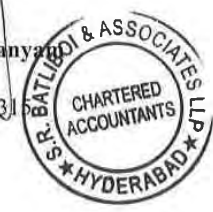
The Company has entered into a settlement agreement with Celgene, pursuant to which the Company received a one-time payment of US\$ 50 million in settlement of any claim the Company or its affiliates may have had for damages under section 8 of the Canadian Patented Medicines (Notice of Compliance) Regulations in regard to the Company's ANDS for a generic version of REVLIMID brand capsules, (Lenalidomide) pending before Health Canada.

As per our report of even date attached

for S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004


per S Balasubrahmanyam
Partner
Membership No.: 5331


Place: Hyderabad

Date: 17 May 2019

for and on behalf of the Board of Directors
of Dr. Reddy's Laboratories Limited


K Satish Reddy
Chairman

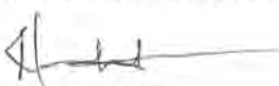

G V Prasad
Co-Chairman &
Chief Executive Officer

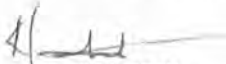

Saumen Chakraborty
Chief Financial Officer

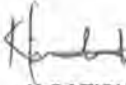
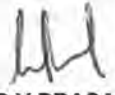

Sandeep Poddar
Company Secretary



Annexure - 13

PROVISIONAL BALANCE SHEET FOR THE PERIOD ENDING 30TH SEPTEMBER 2019			
Particulars	Note	As at 30 September 2019	As at 31 March 2019
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets			
Stock In Trade			
Non-current investments	2.1	7,69,25,68,390	7,69,25,68,390
Long-term loans and advances		-	-
Other non-current assets - Deposits		-	-
		7,69,25,68,390	7,69,25,68,390
Current Assets			
Current investments	2.2	25,94,61,184	26,03,05,680
Inventories			
Trade Receivables			
Cash and cash equivalents	2.3	18,25,616	15,65,496
Short term loans and advances	2.4	30,410	37,410
Other current assets			
		26,13,17,210	26,19,08,586
TOTAL		7,95,38,85,600	7,95,44,76,976
EQUITY AND LIABILITIES			
Shareholders' funds			
Equity of Share capital	2.5	8,04,08,000	8,04,08,000
Other Equity	2.6	7,87,31,96,277	7,87,37,79,653
		7,95,36,04,277	7,95,41,87,653
Non Current Liabilities			
Long Term Borrowings		-	-
Deferred Tax Liabilities (Net)		-	-
Other Long term Liabilities		-	-
Long-term provisions		-	-
Current Liabilities			
Short-term borrowings		-	-
Trade payables		-	-
Other current liabilities	2.7	-	8,000
Short term provisions	2.8	2,81,323	2,81,323
		2,81,323	2,89,323
TOTAL		7,95,38,85,600	7,95,44,76,976
Significant Accounting Policies	1		
Notes to accounts	2		
The accompanying notes are an integral part of financial statements.			
for DR.REDDY'S HOLDINGS LIMITED.			
Place: Hyderabad			
Date: 31/10/2019		K.SATISH REDDY DIRECTOR	G.V.PRASAD DIRECTOR

PROVISIONAL STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE PERIOD 30 TH SEPTEMBER 2019			
Particulars	Note	For the year ended 30 September 2019	For the year ended 31 March 2019
Income			
Revenue from Operations		-	-
Other Income	2.09	83,31,38,087	83,33,00,526
Total Revenue		83,31,38,087	83,33,00,526
Expenses			
Employee benefits expense	2.10	6,66,042	14,58,428
Finance costs	2.11	1,298	3,717
Depreciation and amortization expense			
Other expenses	2.12	66,75,879	74,18,957
Total expenses		73,43,219	88,81,102
Profit before exceptional and extraordinary items and tax		82,57,94,868	82,44,19,424
Exceptional items			-
Profit before extraordinary items and tax		82,57,94,868	82,44,19,424
Extraordinary Items		-	-
Profit before tax		82,57,94,868	82,44,19,424
Tax expense			
Current tax			-
Deferred tax		-	-
Profit for the period		82,57,94,868	82,44,19,424
Earning Per Share		1,027	1,025
Significant Accounting Policies	1		
Notes to accounts	2		
The accompanying notes are an integral part of financial statements.			
for DR.REDDYS HOLDINGS LIMITED			
Place: Hyderabad			
Date: 31/10/2019		K.SATISH REDDY DIRECTOR	G.V.PRASAD DIRECTOR

DR REDDYS HOLDINGS LIMITED PROVISIONAL CASH FLOW STATEMENT		
CASH FLOW STATEMENT	30-Sep-19	2018-19
A: CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax as per Profit and Loss Statement	82,57,94,868	82,44,19,424
Adjusted for :		
Depreciation and Amortisation Expenses		-
Effect of Exchange Rate Change		
Profit on sale of land		
Net Advance Tax Adjustment		
Profit on sale of Investments		
Dividends		
Provision for decline in the value of investments		-
Writeoff of Asset		-
Operating Profit before Working Capital Changes	82,57,94,868	82,44,19,424
Adjusted for :		
Trade and Other Receivables		
Inventories		
Short Term Loans and Advances	7,000	22,725
Trade and Other Payables	(8,000)	8,000
Other Current Liabilities	-	-
Short Term Provisions	-	69,096
Cash Generated from Operations	82,57,93,868	82,45,19,245
Taxes Paid		
Net Cash from Operating Activities	82,57,93,868	82,45,19,245
B : CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets / Intangibles	-	-
Proceeds from sale of agricultural land		-
Additional Investment		
Additional Investment in mutual funds/ shares	8,44,496	(82,55,37,829)
Proceeds from sale of Investments		
Dividends		
Net Cash (used in) Investing Activities	8,44,496	(82,55,37,829)
C : CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Share Capital	-	-
Proceeds from Issue/Purchase of Share Capital to Minority		
Dividend Paid (Including DDT)	(82,63,78,244)	
Net Cash (used in) / from Financing Activities	(82,63,78,244)	-
Net Increase in Cash and Cash Equivalents(A+B+C)	2,60,120	(10,18,584)
Opening Balance of Cash and Cash Equivalents	15,65,496	25,84,080
Add : Upon addition of Subsidiaries		
Closing Balance of Cash and Cash Equivalents	18,25,616	15,65,496
for DR.REDDYS HOLDINGS LIMITED		
Place: Hyderabad		
Date: 31/10/2019	K.SATISH REDDY DIRECTOR	G.V.PRASAD DIRECTOR

2.1: Non Current Investments

Particulars	As at 30 September 2019			As at 31 March 2019		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Associates						
17877730 Equity Shares of Rs.5/- fully paid up of DRL(along with 1713900 Equity Shares with Rs.80/- Premium Fully Paid up of DRL including bonus issue and purchase of Shares) (41325300 Total Equity Shares)	7,69,25,68,390	0	7,69,25,68,390	7,69,25,68,390	0	7,69,25,68,390
Total	7,69,25,68,390	0	7,69,25,68,390	7,69,25,68,390	0	7,69,25,68,390

30-Sep-19

Aggregate amount of quoted Investments Rs. 7692568390

Market Value thereof Rs. 111671291925/-

2018-19

Aggregate amount of quoted Investments Rs. 7692568390

Market Value thereof Rs. 114894665325/-

2.2: Current Investments

Particulars	As at 30 September 2019	As at 31 March 2019
Current Investments (Valued at cost and fair Value, Unless Stated Otherwise) Quoted Mutual Funds		
4494.372 Units of ICICI Prudential Liquid Plan Growth	-	12,37,834
634022.630 units of L&T Arbitrage Opportunities Fund	65,54,525	65,29,165
24247536.872 Units of Jm Liquid Fund	25,29,06,659	25,25,38,681
	25,94,61,184	26,03,05,680

2.3: Cash and Cash Equivalents

Particulars	As at 30 September 2019	As at 31 March 2019
Cash on hand	361	607
Bank balances		
In current Accounts	18,25,255	15,64,889
In Fixed Deposits	-	-
	18,25,616	15,65,496

2.4: Short-Term Loans and Advances

Particulars	As at 30 September 2019	As at 31 March 2019
Prepaid Expenses	11250	6250
Advances	18000	30000
Advance Tax	1160	1160
	30,410	37,410

DR.REDDY'S HOLDINGS LIMITED**Note 2 :Notes to Accounts****2.5 : Share Capital**

Particulars	As at 30 September 2019	As at 31 March 2019
Authorised		
2500000 equity shares of Rs.100/- each	25,00,00,000	25,00,00,000
	25,00,00,000	25,00,00,000
Issued, Subscribed and Paid up		
804080 equity shares of Rs.100/-- each	8,04,08,000	8,04,08,000
	8,04,08,000	8,04,08,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of reporting period

Particulars	30 September 2019	31 March 2019
Number of shares at the beginning of the period	8,04,080	8,04,080
Issued during the period	-	-
Outstanding at the end of the period	8,04,080	8,04,080

(b) Terms/rights attached to shares

The holders of equity shares are entitled to one vote per share.

(c) Details of shareholders holding more than 5% shares in the company

	30 September 2019		31 March 2019	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Mr.K.Satish Reddy[HUF]	107476	13.37	107476	13.37
APS Trust	668268	83.11	668268	83.11

Note 2.06 STATEMENT OF CHANGES IN EQUITY

	Other components of Equity								
	Reserves and surplus								Total
	Share Capital	Securities Premium	Share- based payment Reserve	Capital Reserve	Capital redemption reserve	General reserve	Retained Earnings	Equity	
Particulars									
Balance as on 1st April 2018	80408000	967138500		10548300	0	311224830	5760448599	7129768229	
Profit for the year	0		0	0	0	0	824419424	824419424	
Balance as at 31 March 2019	80408000	967138500		10548300	0	311224830	6584868023	7954187653	
Profit for the Period	0	0	0	0	0	0	825794868	825794868	
Dividend paid (Including DDT)	0	0	0	0	0	0	-826378244	-826378244	
Balance as at 30 September 2019	80408000	967138500		10548300	0	311224830	6584284647	7953604277	

2.7 : Other Current Liabilities

Particulars	As at 30 September 2019	As at 31 March 2019
Other Payables	-	8,000
	-	8,000

2.8 : Short-Term Provisions

Particulars	As at 30 September 2019	As at 31 March 2019
Gratuity Payable	1,52,823	1,52,823
Audit fee payable	29,500	29,500
EL Payable	99,000	99,000
	-	-
	2,81,323	2,81,323

2.9 Other Income

Particulars	For the Period ended 30 September 2019	For the year ended 31 March 2019
Profit on Redemption of MF (Short Term)	30,862	27,04,563
Dividends	82,65,06,000	82,16,70,000
Dividend Received On Mutual Funds	65,75,865	88,47,434
MTM Profit	25,360	78,529
	83,31,38,087	83,33,00,526

2.10 Employee Benefit Expenses

Particulars	For the Period ended 30 September 2019	For the year ended 31 March 2019
Salaries and Wages	6,12,000	11,82,000
Contribution to provident fund	54,042	96,332
Other Benefits	0	1,80,096
	6,66,042	14,58,428

2.11 Interest and Financial Cost

Particulars	For the Period ended 30 September 2019	For the year ended 31 March 2019
Bank Charges	1,298	3,717
	1,298	3,717

2.12: Other Expenses

Particulars	For the Period ended 30 September 2019	For the year ended 31 March 2019
Printing & Stationary	36941	20625
Travelling Expenses	0	13536
General Expenses	80938	127669
Conveyance	117059	229450
DP STT & Transaction Charges	550150	488939
Professional Charges	5154178	5510600
Rates & Taxes	674915	932760
Staff Welfare expenses	13536	28709
Audit Fee - As Auditors	0	29500
Telephone Expenses	0	8503
Office Maintenance	48162	28666
	6675879	74,18,957

DR. REDDY'S HOLDINGS LIMITED

I. SIGNIFICANT ACCOUNTING POLICIES

1. Corporate Information

Dr Reddy's Holdings Limited is Public Limited Company registered under the Companies Act, 1956. It was incorporated on 12/07/1994, having its registered office at 7-1-27, Ameerpet, Hyderabad – 500016. The Company is into the business of Investments.

2. Basis of preparation

The financial statements are separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

3. Significant Accounting Policies:

(a) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principle in all of its revenue arrangements since it is the primary obligation in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Interest Income

Interest Income, including income arising from other financial instruments, is recognize using the effective interest rate method.

(b) Property, Plant and Equipment

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). All significant costs relating to the acquisition and installation of property, plant and equipment are capitalized. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation for identified components is computed on straight line method based on useful lives, determined based on internal technical evaluation. Freehold land is carried at cost.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(c) Intangible Assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. The company amortizes Computer software using the straight-line method over the period of 6 years.

(d) Depreciation and amortization

Depreciation is provided on the straight-line method over the useful lives are prescribed under Part C of Schedule II of the Companies Act 2013. Depreciation for assets purchased/sold during a period is proportionately charged.

(e) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:-

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a Liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least Twelve months after the reporting period.
- The Company classifies all other liabilities as non-current.

(f) Financial assets:

Financial assets comprise of cash and cash equivalents.

Initial recognition:

All financial assets are recognized initially at fair value. Purchases or sales of financial asset that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the company commits to purchase or sell the assets.

Subsequent Measurement:

(i) Financial assets measured at amortized cost: Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the Statement of Profit and Loss.

The Company while applying above criteria has classified the following at amortized cost:

- Trade receivable
- Cash and cash equivalents
- Other Financial Asset

Impairment of Financial Assets:

Financial assets are tested for impairment based on the expected credit losses.

De-recognition of financial assets:

A financial asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(g) Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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.

(h) Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials/traded goods and components, stores and spares and loose tools are valued at lower of cost and net realizable value.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Cost of work-in-progress and finished good/Traded goods are determined on a weighted average basis. Scrap is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(i) Financial liabilities

Initial recognition and measurement:

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortized cost. A preference share that provides for mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability.

Subsequent measurement:

These liabilities include are borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. 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 EIR. The EIR amortization is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

De-recognition of financial liabilities:

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

(k) 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 respective asset. All other borrowing cost are expensed in the period they occur. Borrowing costs consist of interest, exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other costs that an entity incurs in connection with the borrowing of funds. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

(l) Employee Benefits

Employee benefits are charged to the Statement of profit and loss for the year.

Provident fund

Retirement benefits in the form of Provident Fund are defined contribution scheme and such contributions are recognized, when the contributions to the respective funds are due. There are no other obligation other than the contribution payable to the respective funds.

Gratuity

The Company has not created any gratuity fund. However adequate provisions have been made in the accounts for gratuity liability. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognized on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees.

Short-term employee benefits

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

(m) Income Taxes

Income tax expense is comprised of current and deferred taxes. Current and deferred tax is recognized in net income Current income taxes for the current period, including any adjustments to tax payable in respect of previous years, are recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the tax rates that are enacted or substantively enacted by the end of the reporting period.

Deferred income tax

Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax base using the tax rates that are expected to apply in the period in which the deferred tax asset or liability is expected to settle, based on the laws that have been enacted or substantively enacted by the end of reporting period. Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income.

Minimum Alternative Tax (MAT)

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendation contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the effect that company will pay normal Income Tax during the specified period.

(n) Leases

As a lessee

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged

to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Lease-hold land:

Leasehold land that normally has a finite economic life and title which is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a lease hold land is accounted for as leasehold land use rights (referred to as prepaid lease payments in Ind AS17 "Leases") and is amortized over the lease term in accordance with the pattern of benefits provided.

(o) Provisions, contingent assets and contingent liabilities

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

(p) Fair value measurement

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date. Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the 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 financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

(q) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

4. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgments, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Judgments

In the process of applying the accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

- i) Classification of property The Company determines whether a property is classified as investment property or inventory property:

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- i) Classification of leases –
The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.
- ii) Useful lives of depreciable/amortizable assets
Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.
- iii) Fair value measurements
Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

c) Recent Amendments

Standards issued but not yet effective

- i) Ind AS 115-Revenue from Contracts with Customers-The Ministry of Corporate Affairs (MCA) on March 28, 2018 has notified new Indian Accounting Standard as mentioned above. The new standard will come into force from accounting period commencing on or after April 01, 2018. It replaces existing recognition guidance, including Ind AS 18 Revenue and Ind AS 11 Construction contract. The standard is likely to affect the

measurement, recognition and disclosure of revenue. The Company has evaluated and there is no material impact of this amendment on the Financial Statement of the Company except disclosure. The Company will adopt the Ind AS 115 on the required effective date wherever applicable.

- ii) Ind AS 21, The Effect of Changes in Foreign Exchange Rates – The amendments to Ind AS 21 addresses issue to determine the date of transactions for the purpose of determining the exchange rate to be used on initial recognition of related assets, expenses or income when entity has received or paid advances in foreign currencies by incorporating the same in Appendix B to Ind AS 21. The amendment will come into force from accounting period commencing on or after April 01, 2018. The Company has evaluated this amendment and impact of this amendment will not be material.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

2. NOTES TO ACCOUNTS:

2.13 Dues to Micro, small and Medium Enterprises Nil.

2.14 Enterprises in which Key Managerial Personnel are able to exercise significant influence.

<u>Name of the Related Party</u>	<u>Relationship</u>
----------------------------------	---------------------

a). Dr. Reddy's Laboratories Limited.	Associates
---------------------------------------	------------

b) Key Management Personnel represented on the Board of the Company

- (i) Mr. G.V.Prasad, Director
- (ii) Mrs. G.Anuradha, Director
- (iii) Mr. K. Satish Reddy, Director
- (iv) Mrs. K. Deepti Reddy, Director

© Transactions with related parties:		<u>30th Sept19</u>	<u>2018-19</u>
1. Dr. Reddy's Laboratories Ltd			
Dividend Received		82,65,06,000	82,16,70,000
		2018-19	2018-19
2.15 Contingent liabilities not provided for	--	NIL	NIL
Estimated amount of contracts remaining to be executed on capital account and not provided for	--	NIL	NIL

2.16 FAIR VALUE MEASUREMENTS

A. Accounting classification and fair values.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value in the carrying amount is a reasonable approximation of fair value.

There are no financial assets and liabilities designated at Fair Value through other Comprehensive Income

(INR in lakhs)

Financial Assets and Liabilities as at September 30, 2019	Carrying Value		Routed through Profit and Loss				Carried at amortized cost			
	Non Current	Current	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial Assets										
Current Investments	-	2594.61	2594.61	2594.61	---	---	2594.61	--	---	---
Cash and Cash equivalents	-	18.26	18.26	---	---	---	---	--	---	18.26
Short Term Loans And advances	-	0.30	0.30	---	---	---	---	--	--	0.30
Total	-	2613.17	2613.17	2594.61	--	---	2594.61	--	---	18.56

(INR in lakhs)

Financial Assets and Liabilities as at September 30, 2019	Carrying Value		Routed through Profit and Loss				Carried at amortized cost			
	Non Current	Current	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Liabilities										
Short term provisions	-	2.81	2.81	---	---	---	---	--	--	2.81
Other Current Liabilities	-	-	---	---	---	---	---	--	--	---
Total	-	2.81	2.81	--	---	---	---	--	---	2.81

2.17. FINANCIAL RISK MANAGEMENT

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's financial risk management is an integral part of how to plan and execute its business strategies.

The Company has exposure to the following risk arising from financial instruments;

- Credit risk
- Liquidity risk and
- Market risk

(A) 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 trade and other receivables.

The carrying amount of financial assets represent the maximum credit risk exposure.

i. Short term Loans and Advances.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of such customer. However credit risk with regards to short term loans and advances is almost negligible for the company.

Therefore no impairment is observed on the carrying value.

ii. Cash and Bank balances

The company held cash and cash equivalent and other bank balance of INR.18,25,616/- at September 30,2019, INR 15,65,496 at March, 2019,

iii. Others

Other than short term loans and advances reported above, the Company has no other financial assets which carries any significant credit risk.

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

(C) Market Risk

Market risk is risk that changes in market prices, such as foreign exchange rates (Currency risk) and interest rates (interest rates risk), will affect the company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i) Foreign currency risk:

The company is not exposure to such risks.

ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is 'NIL' as there are no debt obligations.

- 2.18 For the purpose of Company's capital management, capital includes issued equity share capital, securities premium all other equity reserves attributable to the equity shareholders of the company and borrowings. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximizes shareholders value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plans. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. The company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during year ended September 30, 2019

The company monitors capital using a ratio of 'adjusted net debt' to 'equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-borrowings less cash and cash equivalents, Equity comprises all components of equity including share premium and all other equity reserves attributable to the equity share holders.

The company has no debts.

- 2.19 Previous year figures have been regrouped / rearranged, wherever necessary to facilitate comparison.

2.20 FVTOCI financial assets

Under Indian GAAP, the Company accounted for long-term investments in quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires GVTOCI investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognized as a separate component of equity, in the retained earnings, net of related deferred taxes.

2.21 Mutual Funds

Under Indian GAAP, Investments in mutual funds are accounted for as short term investments and accordingly they are carried at lower of cost and fair value . Under Ind AS, the company has designated such investments as FVTPL investments. Ind AS requires FVTPL Investments to be measured at fair Value. At the date of transition to Ind AS, difference between the investments fair value and Indian GAAP carrying amount has been recognized as a separate component of equity , in the retained earnings, net of related deferred taxes.

for and on behalf of the board

Place: Hyderabad
Date: 31/10/2019



**(K. SATISH REDDY)
DIRECTOR**



**(G.V.PRASAD)
DIRECTOR**

Annexure - 14

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Tablespace, 6th Floor
Western Aqua Building
Whitefields, Hitech City
Hyderabad - 500 081, India

Tel: +91 40 6141 6000

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review Report to

The Board of Directors

Dr. Reddy's Laboratories Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of Dr. Reddy's Laboratories Limited (the "Company") for the quarter ended September 30, 2019 and year to date from April 01, 2019 to September 30, 2019 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"). Attention is drawn to the fact that the figures for net cash flows for the corresponding period from April 01, 2018 to September 30, 2018, as reported in these unaudited standalone financial results have been approved by the Board of Directors of the Company, but have not been subjected to review.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **S Balasubrahmanyam**

Partner

Membership No.: 053315

UDIN: 19053315AAAACK2004

Place: Hyderabad

Date: November 01, 2019

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2019

Sl. No.	Particulars	All amounts in Indian Rupees millions					
		Quarter ended			Half year ended		Year ended
		30.09.2019 (Unaudited)	30.06.2019 (Unaudited)	30.09.2018 (Unaudited)	30.09.2019 (Unaudited)	30.09.2018 (Unaudited)	31.03.2019 (Audited)
1	Revenue from operations						
	a) Net sales / income from operations	27,039	24,827	25,725	51,866	51,546	104,667
	b) License fees and service income	7,314	149	436	7,463	654	1,062
	c) Other operating income	107	111	149	218	286	526
	Total revenue from operations	34,460	25,087	26,310	59,547	52,486	106,255
2	Other income	767	4,714	748	5,481	829	2,384
	Total income (1 + 2)	35,227	29,801	27,058	65,028	53,315	108,639
3	Expenses						
	a) Cost of materials consumed	6,453	5,839	4,799	12,292	10,338	21,032
	b) Purchase of stock-in-trade	2,971	2,479	1,935	5,450	3,746	8,686
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	5	(675)	327	(670)	(152)	660
	d) Employee benefits expense	5,028	4,996	5,030	10,024	9,700	19,319
	e) Depreciation and amortisation expense	2,041	1,970	1,908	4,011	3,829	7,806
	f) Finance costs	122	121	158	243	323	568
	g) Selling and other expenses	8,395	8,141	8,573	16,536	17,192	33,561
	Total expenses	25,015	22,871	22,730	47,886	44,976	91,632
4	Profit before tax (1 + 2 - 3)	10,212	6,930	4,328	17,142	8,339	17,007
5	Tax expense / (benefit)						
	a) Current tax	1,529	1,528	942	3,057	1,727	2,818
	b) Deferred tax	(4,968)	(79)	(76)	(5,047)	(139)	1,416
6	Net profit for the period / year (4 - 5)	13,651	5,481	3,462	19,132	6,751	12,773
7	Other comprehensive income						
	a) (i) Items that will not be reclassified to profit or loss	(5)	4	8	(1)	9	(1)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	(3)	-	(3)	3
	b) (i) Items that will be reclassified to profit or loss	(187)	(64)	(327)	(251)	(629)	209
	(ii) Income tax relating to items that will be reclassified to profit or loss	65	20	114	85	220	(73)
	Total other comprehensive income	(127)	(40)	(208)	(167)	(403)	138
8	Total comprehensive income (6 + 7)	13,524	5,441	3,254	18,965	6,348	12,911
9	Paid-up equity share capital (face value Rs. 5/- each)	831	831	830	831	830	830
10	Other equity						126,011
11	Earnings per equity share (face value Rs. 5/- each)						
	Basic	82.36	33.06	20.86	115.42	40.67	76.98
	Diluted	82.24	33.01	20.83	115.21	40.62	76.85
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results.



Segment Information

Sl. No.	Particulars	All amounts in Indian Rupees millions					
		Quarter ended			Half year ended		Year ended
		30.09.2019 (Unaudited)	30.06.2019 (Unaudited)	30.09.2018 (Unaudited)	30.09.2019 (Unaudited)	30.09.2018 (Unaudited)	31.03.2019 (Audited)
	Segment wise revenue and results						
1	Segment revenue						
	a) Pharmaceutical Services and Active Ingredients	6,900	5,617	6,548	12,517	12,200	25,802
	b) Global Generics	21,659	20,828	21,294	42,487	43,273	85,936
	c) Proprietary Products	7,296	36	96	7,332	127	303
	Total	35,855	26,481	27,938	62,336	55,600	112,041
	Less: Inter-segment revenue	1,395	1,394	1,628	2,789	3,114	5,786
	Total revenue from operations	34,460	25,087	26,310	59,547	52,486	106,255
2	Segment results						
	Profit / (loss) before tax and interest from each segment						
	a) Pharmaceutical Services and Active Ingredients	494	(424)	968	70	894	2,156
	b) Global Generics	3,910	7,810	6,690	11,720	13,373	20,852
	c) Proprietary Products	6,807	(277)	(609)	6,530	(1,238)	(2,252)
	Total	11,211	7,109	7,049	18,320	13,029	20,756
	Less: (i) Finance costs	122	121	158	243	323	568
	(ii) Other un-allocable expenditure / (income), net	877	58	2,563	935	4,367	3,181
	Total profit before tax	10,212	6,930	4,328	17,142	8,339	17,007

Global Generics includes operations of Biologics business. Inter-segment revenue represents sale from Pharmaceutical Services and Active Ingredients to Global Generics at cost.

Segmental capital employed

As certain assets of the Company including manufacturing facilities, development facilities and treasury assets and liabilities are often deployed interchangeably across segments, it is impractical to allocate these assets and liabilities to each segment. Hence, the details for capital employed have not been disclosed in the above table.

Notes:

- These results have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules 2015 as amended.
- Effective 1 April 2019, the Company adopted Ind AS 116, *Leases*, using the modified retrospective approach. Ind AS 116 brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Upon implementation of Ind AS 116, majority of leases for which the company is the lessee became on-balance sheet liabilities with corresponding right-of-use assets also recognised on the balance sheet. Accordingly, on 1 April 2019, the Company recognised lease liabilities of Rs. 332 million and right-of-use assets of Rs. 332 million.
- The Company received a warning letter, dated 5 November 2015 from the U.S. FDA, regarding deviations with current Good Manufacturing Practices at its API manufacturing facilities in Srikakulam, Andhra Pradesh and Miryalaguda, Telangana, as well as regarding violations at its oncology formulation manufacturing facility at Duvvada, Visakhapatnam, Andhra Pradesh. Of these three manufacturing facilities, two facilities (API manufacturing facility at Miryalaguda and Oncology manufacturing facility at Duvvada) received Establishment Inspection Reports from the U.S. FDA in the months of June 2017 and February 2019, respectively which indicate that the audit is closed. With respect to API manufacturing facility at Srikakulam, in October 2018, the Company was asked to carry out certain detailed investigations and analysis. As part of the review of the response by the U.S. FDA, certain additional follow-on queries were received by the Company. The Company responded to all queries in January 2019 to the U.S. FDA. In February 2019, the Company received certain follow on questions from the U.S. FDA and the Company responded to these questions in March 2019. Based on the subsequent discussion with the U.S. FDA, a re-inspection would be conducted for the site.
- Revenue for the quarter ended 30 September 2019 includes an amount of Rs. 7,229 million (U.S.\$105.1 million) towards license fee for selling US and select territory rights for ZEMBRACE® SYMTOUCH® (sumatriptan injection) 3 mg and TOSYMRATM (sumatriptan nasal spray) 10 mg, (formerly referred to as "DFN-02") to Upsher-Smith Laboratories, LLC. The costs associated with this transaction are Rs. 328 million.
- During the quarter ended 30 September 2019, the Government of India promulgated the Taxation Laws (Amendment) Ordinance 2019, announcing key changes to corporate tax rates in the Income-tax Act, 1961. The key changes include, among others, reduction of MAT rate from 21.55% to 17.47% (including surcharge and cess). As a result of this, the Company reassessed the MAT recoverability and recognised an amount of Rs. 4,989 million as deferred tax asset during the quarter ended 30 September 2019.
- "Other income" for the quarter ended 30 June 2019 includes an amount of Rs. 3,457 million received from Celgene pursuant to a settlement agreement entered in April 2019. The agreement effectively settles any claim the Company or its affiliates may have had 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 REVLI MID brand capsules, (Lenalidomide) pending before Health Canada.
- "Other income" includes dividend income of Rs. 392 million declared by Kunshan Rotam Reddy Pharmaceutical Company Limited during the quarter ended 30 June




8 Balance sheet

All amounts in Indian Rupees millions

Particulars	As at	As at
	30.09.2019	31.03.2019
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	38,691	39,504
Capital work-in-progress	3,454	4,001
Goodwill	323	323
Other intangible assets	6,618	7,000
Intangible assets under development	277	-
Financial assets		
Investments	18,955	18,191
Trade receivables	1,455	113
Loans	350	332
Other financial assets	471	447
Deferred tax assets, net	4,577	-
Tax assets, net	2,178	3,106
Other non-current assets	113	126
Total non-current assets	77,462	73,143
Current assets		
Inventories	21,592	20,156
Financial assets		
Investments	23,742	21,144
Trade receivables	41,475	37,177
Derivative instruments	349	335
Cash and cash equivalents	1,339	1,132
Other financial assets	645	692
Other current assets	8,384	8,696
Total current assets	97,526	89,332
TOTAL ASSETS	174,988	162,475
EQUITY AND LIABILITIES		
Equity		
Equity share capital	831	830
Other equity	140,855	126,011
Total Equity	141,686	126,841
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	175	3,454
Provisions	522	547
Deferred tax liabilities, net	-	555
Other non-current liabilities	250	285
Total non-current liabilities	947	4,841
Current liabilities		
Financial liabilities		
Borrowings	3,553	5,463
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	71	77
Total outstanding dues of creditors other than micro enterprises and small enterprises	10,721	10,239
Derivative instruments	180	45
Other financial liabilities	13,688	10,160
Provisions	2,044	1,847
Other current liabilities	2,098	2,962
Total current liabilities	32,355	30,793
TOTAL EQUITY AND LIABILITIES	174,988	162,475

9 Statement of cashflows

All amounts in Indian Rupees millions

Particulars	Half year ended	
	30.09.2019 (Unaudited)	30.09.2018 (Unaudited)
Cash flows from/(used in) operating activities		
Profit before taxation	17,142	8,339
Adjustments for:		
Depreciation and amortisation expense	4,011	3,829
Equity settled share-based payment expense	273	164
Fair value changes and profit on sale of mutual funds, net	(518)	(181)
Foreign exchange loss / (gain), net	92	2,400
(Gain)/loss on sale/disposal of property, plant and equipment and other intangible assets, net	81	10
Interest income	(489)	(415)
Finance costs	243	323
Allowances for credit losses and doubtful advances, net	64	156
Dividend income	(397)	-
Changes in operating assets and liabilities:		
Trade receivables	(5,715)	(7,118)
Inventories	(1,436)	(1,165)
Trade payables	476	(1,388)
Other assets and other liabilities, net	(468)	1,460
Cash generated from operations	13,359	6,414
Income taxes paid, net	(2,080)	(472)
Net cash from operating activities	11,279	5,942
Cash flows from/(used in) investing activities		
Proceeds from sale of property, plant and equipment	2	(1)
Expenditures on property, plant and equipment	(1,915)	(3,628)
Expenditures on other intangible assets	(362)	(229)
Purchase of investments	(66,982)	(36,006)
Proceeds from sale of investments	64,133	39,604
Loans and advances (given) /repaid by subsidiaries	(10)	1,788
Dividend income received	392	-
Interest income received	402	273
Net cash used in investing activities	(4,340)	1,801
Cash flows from/(used in) financing activities		
Proceeds from issuance of equity shares (Rounded off to millions)	-	-
Proceeds from/(repayment of) short-term loans and borrowings, net	(2,006)	(2,919)
Proceeds from/(repayment of) long-term loans and borrowings, net	(94)	-
Dividends paid (including corporate dividend tax)	(3,914)	(4,003)
Purchases of treasury shares	(474)	(64)
Interest paid	(246)	(351)
Net cash (used in) financing activities	(6,734)	(7,337)
Net increase / (decrease) in cash and cash equivalents	205	406
Effect of exchange rate changes on cash and cash equivalents	(2)	56
Cash and cash equivalents at the beginning of the year	1,132	1,207
Cash and cash equivalents at the end of the year*	1,335	1,669

*Adjusted for bank overdraft of Rs. 4 million for half year ended 30 September 2019

- 10 The unaudited results were reviewed by the Audit Committee of the Board at their meeting held on 31 October 2019 and approved by the Board of Directors of the Company at their meeting held on 1 November 2019.
- 11 The results for the quarter and half year ended 30 September 2019 presented were subjected to a "Limited review" by the Statutory Auditors of the Company. An unqualified report was issued by them thereon.

Place: Hyderabad
Date: 1 November 2019



By order of the Board
For Dr. Reddy's Laboratories Limited



G V Prasad
Co-Chairman & Managing Director



**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH AT HYDERABAD
CA (CAA) No. 231/230/HDB/2019**

In the matter of the Companies Act, 2013

And

**In the matter of the Sections 230-232 read with Section 66 and all other
applicable provisions of the Companies Act, 2013**

And

In the Scheme of Amalgamation and Arrangement

Among

**M/s. Dr. Reddy's Holdings Limited
(the 'Amalgamating Company')**

And

**M/s. Dr. Reddy's Laboratories Limited
(the 'Amalgamated Company')**

And

Their respective Shareholders

M/s. Dr. Reddy's Laboratories Limited

CIN: L85195TG1984PLC004507

**Having registered office at 8-2-337, Road No. 3,
Banjara Hills, Hyderabad 500 034, Telangana, India.**

Email: shares@drreddys.com, website: www.drreddys.com

..... the Applicant/Amalgamated Company

**UNSECURED CREDITORS
FORM MGT - 11
PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule19(3) of the Companies
(Management and Administration) Rules, 2014)

Name of the Unsecured Creditor.
.....

Registered Address
.....

Principal amount due as on August 31, 2019

I/We, being Unsecured Creditor of Dr.Reddy's Laboratories Limited, hereby appoint :

A. Name :

Address :
.....

E-mail id :

Signature : ; or failing him/her

- B. Name :
 Address :

 E-mail id :
 Signature : ; or failing him/her
- C. Name :
 Address :

 E-mail id :
 Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the meeting of the Unsecured Creditors of the Company convened pursuant to an Order dated 22nd day of November, 2019 of Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad, to be held on Thursday, January 2, 2020 at 3.00 p.m. at The Ballroom, Hotel Park Hyatt, Road No. 2, Banjara Hills, Hyderabad - 500 034 and at any adjournment thereof in respect of such resolutions as are indicated below :

Sr. No	Resolutions	Vote (Optional) (Please put a (✓) mark	
		For	Against
1.	Approval of the Scheme of Amalgamation and Arrangement between Dr. Reddy's Holdings Limited (Amalgamating Company) and Dr. Reddy's Laboratories Limited (Amalgamated Company) and their respective shareholders pursuant to the provisions of Sections 230-232 read with Section 66 and other relevant provisions of the Companies Act, 2013 and rules thereunder.		

Signed this _____ day of _____ 2019

Signature of Unsecured Creditor _____

Signature of Proxy Holder(s) _____

Affix
Revenue
Stamp

Note:

1. Please affix revenue stamp not less than Re.1 before putting signature.
2. The Proxy Form in order to be effective shall be duly filled in and signed by the Unsecured Creditor across Revenue Stamp and should reach the Company's Registered Office : Dr. Reddy's Laboratories Limited, 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034 at least 48 hours before the commencement of the meeting (i.e. on Tuesday, December 31, 2019 before 3.00 p.m.).
3. Unsecured Creditors intending to send their authorised representative(s) to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.
4. It is optional to indicate your preference. If you leave the for and against column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may think appropriate.
5. In case of multiple proxies, the proxy later in time shall be accepted.
6. No person shall be appointed as a proxy who is a minor.

Dr. Reddy's Laboratories Limited

CIN: L85195TG1984PLC004507

Regd. Office : 8-2-337, Road No.3, Banjara Hills, Hyderabad 500034

Email : shares@drreddys.com Website : www.drreddys.com

ATTENDANCE SLIP

MEETING OF THE UNSECURED CREDITORS OF THE COMPANY CONVENED BY THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL ON THURSDAY, JANUARY 2, 2020 at 3.00 P.M.

Name of the Unsecured Creditor.

Registered Address

Principal amount due as on August 31, 2019

I/We certify that I/we am/are Unsecured Creditor/proxy/authorised representative for the Unsecured Creditor of the Company.

I/We hereby record my/our presence at the meeting of the Unsecured Creditors of the Company convened pursuant to an Order dated 22nd day of November, 2019 of Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad at The Ballroom, Hotel Park Hyatt, Road No. 2, Banjara Hills, Hyderabad - 500 034 on Thursday, January 2, 2020 at 3.00 p.m.

Name of the Unsecured Creditor/Proxy
(Block Letters)

Signature of the Unsecured Creditor/Proxy

Notes:

1. Only Unsecured Creditor/Proxy can attend the meeting. No minors would be allowed at the meeting.
2. The Unsecured Creditor/Proxy holder or the Authorized Representative attending this meeting must bring this attendance slip to the meeting and hand over at the entrance duly filled and signed for admission to the meeting hall.
3. The Unsecured Creditor, Proxy holder or the Authorized Representative are requested to bring their copy of notice for reference at the Meeting.
4. The authorized representative of a body corporate which is an Unsecured Creditor of the Company must bring a certified true copy of the resolution of the board of directors or other governing body of the body corporate authorizing such representative to attend and vote at the said Meeting.

Route map for the location of the venue of the meeting is given as under:

