



S. No.	Stakeholder Group	Whether identified as Vulnerable & Marginalised Group	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
7	Government authorities	No	Our interactions with authorities take place through e-mails, meetings, audits, representations, filings and submissions.	Need based	Our engagement with official authorities is multi-fold. With regulatory authorities, our engagement is aimed at discharging responsibilities and furthering our core business of product development, launch, manufacturing, etc. in keeping with the latest and highest standards of compliance. With policy-makers, our engagement aims to understand and discuss matters pertaining to the industry. We do advocacy and make representations on various regulatory and policy issues to strengthen the healthcare eco-system through policy interventions and ensure timely access to quality medicines at affordable prices.
8	Community	Yes, depending on various factors such as health, income and others	Our engagement with the community includes interactions, collaborations, onsite visits and other digital channels.	Frequent and need-based	With giving back to society as a core tenet of the Company, our corporate social responsibility and employee volunteering programmes target the areas of education, skilling and livelihood, health and environmental sustainability through partners and local NGOs. Additionally, we also run training, awareness and empowerment programmes. We engage with local community to understand their challenges and work for their sustainable development.
9	Third Party logistics service providers and CFAs	No	Onsite/virtual meetings, email, annual meet, training and awareness programmes	Frequent	Our engagement with third-party logistics service provider's and CFA's is to ensure safe transportation, warehousing and ensuring availability of our medicines. We also reward and recognise third-party logistics service providers for road safety practices. Through the driver management centre, we train and counsel the transporters on behavioural safety to ensure zero road accidents.
10	Contract Workforce	No	Meetings, discussions, trainings and toolbox talks	Frequent	To ensure the job assigned are performed timely and in a safe manner. We also create awareness on health, safety and environmental practices.

Leadership Indicators

- 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

Based on the consultation and feedback received from the respective stakeholder groups, we have assessed and analysed the material topics and the same were discussed with the relevant business and functional heads. The material topics including economic, environmental and social topics requiring the attention of the Board or its Committees are thereafter placed before the relevant Board Committees and the Board during the quarterly meetings. The Board has a designated Sustainability and CSR Committee to act as the nodal committee to review ESG strategies and programmes, policies, disclosures and overall sustainability goals and progress, amongst others. Further, from an ESG perspective, various other Board Committees also review the matters within the purview of their respective charters. The respective Committees also update the Board regarding deliberations and decisions on such ESG matters. The Board also discusses and reviews such matters.
- 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Effective engagement helps us connect stakeholder needs with organisational goals, creates the basis of an effective strategy development, and unlocks greater shared value for all stakeholders. We use multiple platforms to engage with a wide variety of stakeholders to understand their unique needs and concerns and chart out suitable strategies to address them. We annually review our material topics and assess them based on any material changes in operations, geographical presence, progress on goals and targets, changes in regulations etc. In FY2025, we carried out a double materiality assessment to evaluate both the impact of our operations on society and the environment, and the influence of external events on our business and financial performance. Our internal and external stakeholders identified key material topics that are likely to impact Dr. Reddy's business, like product availability, responsible pricing and affordability, high-quality medicines, patient safety, anti-bribery and anti-corruption. These topics have been considered in the list of Dr. Reddy's action areas and our sustainability framework.
- 3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

Patients: We have various patient assistance programmes for patients who are not in a position to afford high-cost treatments. We also support them through education, increase in awareness, and adherence to improve their health conditions. In India,we support patients through the Sparsh patient assistance program. In the U.S., we offer co-pay savings programa for eligible patients for multiple products.

Community: We implement several CSR programmes in the areas of education, skilling and livelihood, health and environmental sustainability through partners and local NGOs for marginalised sections of communities. The Company's various CSR projects are carried out by Dr. Reddy's Foundation, Naandi Foundation, Nice Foundation, Roshni Trust etc. The approach taken by Dr Reddy's is deeply rooted in ground realities. Projects are planned after constructive dialogue with stakeholders, thorough understanding of the community's expectations and some programmes are shaped through comprehensive Need Assessment Studies. The programmes are executed bases the outcomes of these engagements and thereby create significant impact.



PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY2025-26			FY2024-25		
	Total	No. of employees/ workers covered	%	Total	No. of employees/ workers covered	%
Employees						
Permanent	27,527	25,996	94.4	26,944	24,221	89.9
Other than permanent	9,199	1,991	21.6	8,037	756	9.4
Total	36,726	27,987	76.2	34,981	24,977	71.4
Workers						
Permanent	564	426	75.5	573	299	52.2
Other than permanent	-	-	-	-	-	-
Total	564	426	75.5	573	299	52.2

2. Details of minimum wages paid to employees and workers, in the following format:

	FY2025-26					FY2024-25				
	Total	Equal to Minimum Wage		More than Minimum Wage		Total	Equal to Minimum Wage		More than Minimum Wage	
		Nos.	%	Nos.	%		Nos.	%	Nos.	%
Employees										
Permanent	27,527	0	0	27,527	100	26,944	0	0	26,944	100
Male	21,789	0	0	21,789	100	21,298	0	0	21,298	100
Female	5,735	0	0	5,735	100	5,642	0	0	5,642	100
Others	3	0	0	3	100	4	0	0	4	100
Other than Permanent	9,199	0	0	9,199	100	8,037	0	0	8,037	100
Male	6,169	0	0	6,169	100	5,199	0	0	5,199	100
Female	3,027	0	0	3,027	100	2,838	0	0	2,838	100
Others	3	0	0	3	100	0	0	0	0	100
Workers										
Permanent	564	0	0	564	100	573	0	0	573	100
Male	542	0	0	542	100	552	0	0	552	100
Female	22	0	0	22	100	21	0	0	21	100
Others	0	0	0	0	0	0	0	0	0	0
Other than Permanent*	5,197	3,776	72.6	1,421	27.3	8,752	0	0	8,752	100
Male	4,246	2,965	69.8	1,281	30.2	7,549	0	0	7,549	100
Female	951	811	85.3	140	14.7	1,203	0	0	1,203	100
Others	0	0	0	0	0	0	0	0	0	100

*Pertains to Global Manufacturing Operations (GMO) India, and contains perennial, intermittent, and projects manpower.

3. Details of remuneration/ salary/ wages

a. Median remuneration/ wages

	Male		Female		Other	
	Number	Median remuneration/ salary/ wages of respective category (INR Million)	Number	Median remuneration/ salary/ wages of respective category (INR Million)	Number	Median remuneration/ salary/ wages of respective category (INR Million)
Board of Directors (BoD)	7	22.14	3	19.77	0	0
Key Managerial Personnel (KMP) ¹	3	72.48	0	0	0	0
Employees other than BoD and KMP	21,784	0.75	5,735	0.97	0	0
Workers*	414	0.88	18	0.93	0	0

¹ Mr. G V Prasad, Co-Chairman and Managing Director of the Company, is a Key Managerial Personnel and has been included under heading BoD, therefore, not included under heading KMP

* For India workers only

b. Gross wages paid to females as a % of total wages paid by the entity, in the following format:

	FY 2025-26	FY 2024-25
Gross wages paid to females as a % of total wages	25%	27%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, we have a focal point responsible for addressing human rights impacts or issues caused or contributed to by the business.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Chief Compliance Officer (CCO) is the designated authority reporting to the Chief Ombudsperson of Dr. Reddy's for the purpose of compliance with the Ombudsperson Policy. All human rights issues are investigated by designated investigator under guidance from CCO. Based on findings, suitable opportunity of being heard is provided to alleged person before concluding on the case. Any Corrective and Preventive action (CAPA) identified through discussion with business stakeholders and all CAPAs are tracked till closure.

6. Number of Complaints on the following made by employees and workers:

	FY 2025-26			FY 2024-25		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year [#]	Remarks
Sexual Harassment	21	6	-	15	4	-
Discrimination at workplace	124	17	-	134	24	-
Child Labour	-	-	-	-	-	-
Forced labour/ Involuntary labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

[#] Number of complaints classified as "pending resolution at the close of the year" for FY 2024-25 were closed in FY 2026



7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

Particulars	FY 2025-26	FY 2024-25
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	21	15
Complaints on POSH as a % of female employees / workers	0.4	0.2
Complaints on POSH upheld	17	9

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.
- Dr. Reddy's policy on Ombudsperson as well Non-retaliation also supports the Company values and "Speak Up" culture by taking proactive steps to ensure that employees who raise concerns in good faith are protected and supported in the workplace, as appropriate. To protect the interest of complainant, Dr. Reddy's follows a strict non-retaliation policy, where any retaliation against an employee who in good faith raises concerns or who assists in an investigation of suspected wrongdoing, is not tolerated. Non-retaliation policy is applicable to all employees (including, but not limited to, all current and past employees, contract workers, part-time or temporary workforce) and third parties of the Company. A concern of potential retaliation can be raised through multiple reporting channels that are available and promoted across the organisation.
9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)
- Yes, human rights requirements form a part of our business agreements and contracts.

10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others –please specify	

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.
- Not applicable, as no risks/concerns observed across the above parameters as stated in question 10 above.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.
- Business process were not modified/introduced as result of addressing human rights grievances/complaints, as no concerns/risks were observed.
2. Details of the scope and coverage of any Human rights due-diligence conducted.
- We have a due diligence process under which human rights due diligence are conducted to identify the potential issues that may have been present in our business operations and the value chain. Some of the identified issues include child labour, forced labour, discrimination, harassment, collective bargaining and freedom of association. We evaluate the human rights risks associated with our Indian facilities using the SA8000 standard and other internal protocols.
3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?
- Yes. The premises/offices of the Company, including the registered and corporate offices have ramps or have elevators and relevant infrastructure for differently abled individuals. Wheelchair accessible restrooms are available at certain premises.
4. Details on assessment of value chain partners:
- | | % of value chain partners (by value of business done with such partners) that were assessed |
|-----------------------------|--|
| Child labour | The Company conducts periodic supplier risk assessments through an independent third party to strengthen its understanding of value chain risk exposure. In the last three years, 26% of global value chain partners have been assessed on multiple ESG parameters |
| Forced/involuntary labour | |
| Sexual harassment | |
| Discrimination at workplace | |
| Wages | |
| Others –please specify | |
5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.
- Not applicable, as no risks/concerns observed across the above parameters as stated in question 4 above.



PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2025-26	FY 2024-25
From renewable sources (in GJ)		
Total electricity consumption (A)	5,91,761 # 13,48,931 @	7,74,675# 12,78,018@
Total fuel consumption (B)	18,42,341	14,39,682
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C) (in GJ)	24,34,102 # 31,91,272 @	22,14,357# 27,17,699@
From non-renewable sources (in GJ)		
Total electricity consumption (D)	10,57,063 # 2,99,893 @	9,93,566# 4,90,223@
Total fuel consumption (E)	11,58,667	15,45,900
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	22,15,730 # 14,58,560 @	25,39,466# 20,36,124@
Total energy consumed (A+B+C+D+E+F)	46,49,832	47,53,823
Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations) GJ / ₹ Million ¹	13.8	14.6
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted for PPP) GJ/Revenue adjusted to PPP ²	281.5	301.7
Energy intensity in terms of physical output (GJ/Tonne of Product)	318.4	298.8
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

1 Revenue as per IFRS consolidated financials for FY2026 & FY2025

2 PPP – IMF conversion factors for FY2026: 20.34 and FY2025: 20.66 (Source - <https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC/IND>)

Includes renewable energy from PPAs, rooftop solar, IEX-GDAM, JV Solar, hydel, biomass & ISTS

@ Includes renewable energy from PPAs, rooftop solar, IEX-GDAM, JV Solar, hydel, biomass, ISTS IRECs & ISTS green attributes.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent assurance was carried out by DNV Business Assurance India Private Limited .

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

We have no sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2025-26	FY 2024-25
Water Withdrawal by source (In kilolitres)		
(i) Surface water ¹	90,249	75,761
(ii) Groundwater	6,56,117	9,19,495
(iii) Third party water	3,20,737	3,45,750
(iv) Seawater / desalinated water	2,41,085	0
(v) Others (Municipal)	7,65,010	7,82,104
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	20,73,198	21,23,116
Total volume of water consumption (in kilolitres)	19,56,215	1,973,220
Water intensity per rupee of turnover (Total water consumption / Revenue from operations) (KL/ INR Million*)	5.82	6.06
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP) (KL/Revenue adjusted to PPP#)	118.44	125.23
Water intensity in terms of physical output (KL/Tonne of Product)	133.95	128.71
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

* Revenue as per IFRS Consolidated for FY2026 and FY2025

PPP – IMF conversion factors for FY2026: 20.34 and FY2025: 20.66 (Source - <https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC/IND>)

1 Rainwater Harvested

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent assurance was carried out by DNV Business Assurance India Private Limited .

4. Provide the following details related to water discharged:

Parameter	FY 2025-26	FY 2024-25
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	0	0
- With treatment – please specify level of treatment	0	471
(ii) To Groundwater		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iii) To Seawater		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iv) Sent to third-parties		
- No treatment	0	0
- With treatment: Primary treatment	1,16,983	1,49,425
(v) Others		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
Total water discharged (in kilolitres)	1,16,983	1,49,896

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent assurance was carried out by DNV Business Assurance India Private Limited



5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, the Company has implemented Zero Liquid Discharge facilities across all its chemical technical operations and formulations plants in India, with the exception of one site. The ZLD approach is operational at 16 global manufacturing facilities, where all wastewater is treated, contaminants are reduced to solids, and the treated water is channelled back for use in utilities. No untreated wastewater effluent is discharged from any of these facilities. The remaining sites discharge after primary treatment to Common Effluent Treatment Plants (CETP) for further treatment. We comply with prescribed regulatory limits for parameters including TDS, pH, BOD, and COD.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2025-26	FY 2024-25
NOx	Metric tonnes	202.01	155.66
SOx	Metric tonnes	151.14	209.67
Particulate matter (PM)	Metric tonnes	85.47	100.12
Persistent organic pollutants (POP)		NA	NA
Volatile organic compounds (VOC)		NA	NA
Hazardous air pollutants (HAP)		NA	NA
Others – please specify		NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent assurance was carried out by DNV Business Assurance India Private Limited .

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2025-26	FY 2024-25
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	1,16,841	1,42,772
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) (Market based)	Metric tonnes of CO2 equivalent	57,977	94,690
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations) (Market Based)	MT/₹ Million ¹	0.52	0.73
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations adjusted for PPP) (Market Based)	MT/Revenue adjusted to PPP ²	10.58	15.1
Total Scope 1 and Scope 2 emission intensity in terms of physical output (Market Based)	MT/tonne of product	11.97	14.9
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

1 Revenue as per IFRS consolidated financials for FY2026 & FY2025

2 PPP – IMF conversion factors for FY2026: 20.34 and FY2025: 20.66 (Source - <https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC/IND>)

Note – Total Scope 1 & 2 Emissions of FY2026 (Location based) is 3,15,079 Metric tonnes of CO2 Equivalent; Total Biogenic Emissions of FY2026 is 1,57,178 Metric tonnes of CO2 Equivalent

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent assurance was carried out by DNV Business Assurance India Private Limited .

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

Yes, the Company has a comprehensive decarbonisation programme in place, structured around three key levers:

- Renewable Power Transition: The Company has transitioned to ISTS-based captive renewable power supply through joint ventures, with all new contracts carrying 25-year tenures. The renewable energy share in FY 2025-26 stood at 78%.
- Fuel Transition: All primary operating boilers across the manufacturing network have been converted from coal to biomass, briquettes, or piped natural gas.
- Energy Efficiency: Key initiatives include deployment of HHO technology to improve boiler efficiency, enhancement of steam condensate recovery, installation of Closed-Circuit Reverse Osmosis systems, and full digitalisation and automation of Zero Liquid Discharge operations at select facilities.

For more information on GHG reduction initiatives, refer “Building a Greener Tomorrow” section of Integrated Annual Report FY 26.

9. Provide details related to waste management by the entity, in the following format

Parameter	FY 2025-26	FY 2024-25
Total Waste generated (in metric tonnes)		
Plastic waste (A)	444.60	450.37
E-waste (B)	40.18	16.24
Bio-medical waste (C)	290.31	239.3
Construction and demolition waste (D)	6,728.98	17,852.4
Battery waste (E)	107.71	86.68
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	48,037.97	49,847.8
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) 1	56,057.80	44,184.3
Total (A+B + C + D + E + F + G + H)	1,11,707.5	1,12,677.1
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations) MT/ ₹ Million 2	0.33	0.35
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP) MT/Revenue adjusted to PPP3	6.76	7.2
Waste intensity in terms of physical output (MT/Tonne of Product)	7.6	7.1
Waste intensity (optional) – the relevant metric may be selected by the entity	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	77,116.50	65,308.02
(ii) Re-used	8,495.22	10,720.9
(iii) Other recovery operations (Co-processing/Pre-processing)	23,522.04	35,870.3
Total	109,133.76	111,899.2
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	465.17	774.64
(ii) Landfilling	1490.78	3.3
(iii) Other disposal operations	0	0
Total	1955.95	777.94

1 Non Hazardous waste includes steel scrap, metal scrap, wood waste, ash, waste shippers, copper cables, aluminium trays, general office waste, construction & demolition waste, paper, cardboard, glass, etc.

2 Revenue as per IFRS Consolidated for FY2026 and FY2025

3 PPP – IMF conversion factors for FY2026: 20.34 and FY2025: 20.66 (Source - <https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC/IND>)

Note - Waste generated from Offices and one new facility is excluded



Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent assurance was carried out by DNV Business Assurance India Private Limited .

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company has waste management systems in place at all its facilities, built on the principles of prevention, recovery, and responsible disposal.

Plastic waste is either recycled or co-processed based on the type of waste generated. E-waste is routed through authorised disposal channels. Non-hazardous waste, including glass, metal scrap, wood waste, construction & demolition waste ,general waste and boiler ash etc. is channelled to authorised recyclers, brick manufacturers, and cement plants. Approximately 98% of global waste generated is diverted to recycle/reuse/other recovery and the remaining 2% is sent to landfill.

Waste reduction is pursued through both technological interventions and ongoing operational initiatives, including sustainable packaging, waste source segregation, and process optimisation.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
			Nil

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
					Nil

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, the Company is compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act and Environment Protection Act and rules thereunder.

Sl. No.	Specify the law/regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
				Nil

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area: Hyderabad, Pydibhimavaram
- (ii) Nature of operations: Manufacturing and R&D
- (iii) Water withdrawal, consumption and discharge:

Parameters	FY 2025-26	FY2024-25
Water withdrawal by source (in kilolitres)		
(i) Surface water ¹	61,800	63,720
(ii) Groundwater	2,68,553	4,48,675
(iii) Third-party water	3,08,638	316,180
(iv) Seawater/desalinated water	2,41,085	0
(v) Others	4,87,303	4,62,904
Total volume of water withdrawal (in kilolitres)	13,67,379	12,91,479
Total volume of water consumption (in kilolitres)	13,55,133	12,83,336
Water intensity per rupee of turnover (Water consumed/turnover) KL/₹ Million*	4.03	3.94
Water intensity (optional) – the relevant metric may be selected by the entity	-	-
Water discharged by destination and level of treatment (in kilolitres)		
(i) Into Surface water		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(ii) Into Groundwater		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iii) Into Seawater		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iv) Sent to third-parties		
- No treatment	0	0
- With treatment – please specify level of treatment ²	12,246	8,144
(v) Others		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
Total water discharged (in kilolitres)	12,246	8,144

¹ Rainwater harvested

² Primary treatment

* Revenue as per IFRS Consolidated for FY2026 and FY2025

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent assurance was carried out by DNV Business Assurance India Private Limited .

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2025-26	FY 2024-25
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	780,738	845,849
Total Scope 3 emissions per rupee of turnover	MT/₹ Million ¹	47.3	2.6
Total Scope 3 emission intensity adjusted for PPP	MT/Revenue adjusted to PPP ²	-	-

¹ Revenue as per IFRS Consolidated for FY2026 & FY2025

² PPP – IMF conversion factors for FY2026: 20.34 and FY2025: 20.66 (Source - <https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC/IND>)



Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent assurance was carried out by DNV Business Assurance India Private Limited .

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

Not applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sl. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along with summary)	Outcome of the initiative
1	Low Temperature Evaporator (LTE)	Deployed in wastewater treatment facilities replacing conventional Multiple Effect Evaporators (MEE).	Reduced energy consumption in terms of steam and electricity while improving effluent treatment efficiency
2	Digitalisation and Automation of ZLDs	Complete automation and digitalisation of effluent treatment at two plants.	Approximately 30–40% optimisation in chemical consumption, steam consumption, and power consumption
3	HHO Technology	Hydrogen and oxygen generated from water are fed into the biomass combustion chamber to enhance combustion in boilers.	Improved combustion efficiency and approximately 10% improvement in overall boiler efficiency, reducing fuel consumption
4	Closed-Circuit Reverse Osmosis (CCRO)	As a replacement for conventional RO systems	Approximately 30–40% reduction in energy consumption compared to conventional RO systems
5	Membrane Bioreactors (MBR)	Introduced across four ZLD facilities and two sewage treatment plants to improve treated water quality	Enhanced performance of downstream RO systems and improved overall water recovery efficiency
6	Sludge Dryers	Implemented at four facilities in wastewater treatment plant.	Reduction of sludge moisture content to below 10%, reducing waste volume for disposal
7	RO System replacing Softener	Conventional water softeners replaced with reverse osmosis systems at select facilities	Reduced TDS load on ZLD systems and eliminated sodium chloride consumption for softener regeneration
8	Steam Condensate Recovery Enhancement	Enhanced recovery systems deployed across multiple sites, improving recovery from approximately 50–55% to 80%	Increased boiler feed water temperature from 50–55°C to 75–80°C, reducing both fuel and freshwater consumption

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes. Dr. Reddy's has adopted a resilience strategy focused on maintaining continuity of operations in the face of planned or unplanned disruptions across its manufacturing facilities, IT infrastructure, and supply chain. As part of its pursuit of operational excellence, the Company has undertaken several change management initiatives across the organisation, spanning information technology and automation in manufacturing, research and development, supply chain, and shared services. These efforts are complemented by continuous strengthening of data resiliency across the enterprise.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

There is no significant adverse environmental impact arising from the Company's value chain partners. 100% of critical and strategic suppliers hold valid consent for air, water, and waste management.

In addition, the Company measures its Scope 3 emissions to identify and address emission hotspots across the value chain. Key initiatives to reduce the value chain carbon footprint include shifting freight from air to sea transport, optimising truck loadability through improved planning to reduce the number of trips required, encouraging dedicated transporters to transition from diesel to CNG vehicles, and conducting supplier engagement programmes to support partners in undertaking their own emission reduction projects.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

The Company conducts periodic supplier risk assessments through an independent third party to strengthen its understanding of value chain risk exposure. In the last three years, 26% of global value chain partners have been assessed on multiple ESG parameters. Suppliers are categorised as high, medium, or low risk based on the assessment outcomes, with high-risk suppliers subject to field audits and corrective action plans that are actively tracked. A supplier maturity assessment framework is in place to evaluate significant suppliers, covering 80% of procurement spend, against defined environmental and social requirements.

8. How many Green Credits have been generated or procured:

- By the listed entity- Nil
- By the top ten (in terms of value of purchases and sales, respectively) value chain partners- Nil

PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

The Company is affiliated with 8 trade and industry chambers/associations

1. b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/National/International)
1	National Council of the Confederation of Indian Industry (CII)	National
2	Indian Pharmaceutical Alliance	National
3	National Accreditation Board for Certification Bodies	National
4	Federation of Indian Chambers of Commerce & Industry	National
5	The Life Sciences Advisory Committee	State
6	International Generic and Biosimilar Medicines Association	International
7	Pharmaceutical Supply Chain Initiative (PSCI)	International
8	Asia Business Council	International

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of Authority	Brief of the Case	Corrective Action Taken
	Nil	

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board	Web Link, if available
1	Making representation to the Securities and Exchange Board of India/Ministry of Corporate Affairs on various proposed changes in law in the larger economic interest of the common good	Representation made directly or through industry chambers/associations	No	The Board reviews on quarterly basis	No



S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board	Web Link, if available
2	Advocacy and support for policies and regulatory framework that support R&D and intellectual property protections	IPA (Indian Pharmaceutical Alliance)	No	The Board reviews on need basis	https://www.ipa-india.org/
3	Policy advocacy to help make medicines more affordable and accessible	Representation made directly or through industry chambers/associations	No	The Board reviews on need basis	No
4	Policy advocacy on reduction in counterfeiting & non-standard quality drugs, Uniform Code of Pharmaceuticals Marketing Practices	IPA (Indian Pharmaceutical Alliance)	No	The Board reviews on need basis	https://www.ipa-india.org/
5	Proactively engage with lawmakers and policymakers on laws and regulations that address the issues faced by Pharma Industries for common good	Representation made directly or through industry chambers/associations	Yes	The Board reviews on need basis	No

The Company works closely with various trade and industry associations. This includes industry representations to the government and/or regulators. The Company performs the function of policy advocacy in a transparent and responsible manner while engaging with all the authorities and takes into account the Company's as well as the larger national interest. The Company believes that policy advocacy must preserve and expand the public good and thus, it does not advocate any policy change to benefit itself or a select few. We have also actively participated in several notable industry events and forums lending our voice and perspectives to shape a holistic healthcare ecosystem.

PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
During the year ended FY2026, there were no new projects/capacity expansion of existing projects which require Environmental Clearance or Social Impact Assessment					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Not Applicable

3. Describe the mechanisms to receive and redress grievances of the community.

Most of the activities are carried out in discussion and agreement with the community members. In case of any grievances, the community leaders can reach out to the Company's point of contact (POC) at each of the units. The POC is directly and easily accessible to the community to address any concerns that may arise. Depending on the nature of complaint, relevant stakeholders are engaged to resolve any issue.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Parameters ¹	FY 2025-26	FY 2024-25
Directly sourced from MSMEs/small producers	5.3	5.2*
Directly from within India	71.5	72.7*

¹ Disclosure of materials sourced for India

*calculated in line with FY 2026 basis

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location ¹	FY 2025-26	FY 2024-25
Rural	7	8
Semi-urban	9	2
Urban	9	10
Metropolitan	76	80

(Place to be categorised as per RBI Classification System - rural/semi-urban/urban/metropolitan)

¹ Permanent employees at our India locations have been considered

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
During the year ended FY2026, there were no new projects/capacity expansion of existing projects which require Environmental Clearance or Social Impact Assessment	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In INR)
1	Jharkhand	Ranchi	28,42,459
2	Maharashtra	Dharashiv	37,451
3	Maharashtra	Gadchiroli	7,214
4	Maharashtra	Nandurbar	21,603
5	Maharashtra	Washim	1,233
6	Andhra Pradesh	Alluri Sitaramaraju	67,95,037
7	Telangana	Raichur	19,45,734

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No, as stated in our Code of Business Conduct and Ethics (COBE), we do not discriminate on any basis while selecting our suppliers and provide equal opportunities for engagement to all potential suppliers. We encourage working with local suppliers or suppliers that are close to our facilities (including small-scale industries). However, we have not specifically considered marginalised/vulnerable groups in our supplier qualifying criteria.

(b) From which marginalized /vulnerable groups do you procure?

Not applicable

(c) What percentage of total procurement (by value) does it constitute?

Not applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Nil



5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not applicable

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Projects	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalised group
1	Kallam Anji Reddy Vidyalaya (KARV)	2,243	
2	Kallam Anji Reddy Vocational Junior College (KAR-VJC)	761	
3	School Improvement Programme (SIP)	35,446	
4	Scholarship for Women in Science	163	
5	Support to Tribal welfare school and college	1,049	
6	Dr. Anji Reddy CAN-DO ETR grants	166	
7	Nayantha University	30	
8	Acumen Angels Program	105	
9	UPSC training to Marginalized community	100	
10	Equitable Education for Rural and Tribal Communities	1,383	
11	Strenghtning regulation Landscape	190	
12	Person with Disabiliy (PwD) skilling	836	
13	Youth skilling	2,327	
14	High Quality Health Care Skilling	846	
15	Improving the adoption ecosystem in Telangana	7,806	99% of the CSR projects are implemented with an objective to reach out to the vulnerable and marginalised communities, including persons with disabilities, elderly, women and children from the less privileged socio-economic sections of the society
16	Farmer Livelihood Project	6,000	
17	Making Integrated Transformation for Resourceful Agriculture	56,477	
18	Pradhan Mantri Internship Scheme	49	
19	Green Skill Development	127	
20	Transforming Lives through Plant Based Nutrition	19,379	
21	Reconstructive surgery for individuals with hand deformity	300	
22	Life at Door Step - Palliative Care Programme	1181	
23	Roshini Tele counselling Helpline	12,630	
24	Tharuni Swalambana Rehabilitation and Skill centre	99	
25	Community Health Intervention Program	6,56,396	
26	Strengthening Primary Health Care Services (PHC)	2,50,689	
27	Nutrition support to underprivileged community	2,84,863	
28	HPV Vaccine for girls	500	
29	Brain mapping	NA*	
30	Mobile Health Unit	12,047	
31	Strengthening the healthcare infrastructure*	NA*	
32	NAMS*	NA*	
33	Garo green spine project	2,061	
34	Action for Climate and Environment	56,003	
35	Capacity development and awareness building initiatives in animal welfare	80	
36	Building Resilient Ecosystems for Wildlife and Communities	590	

* The work is inherently future-focused and is projected to deliver meaningful benefits to individuals over the long term

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

We have a CSC helpline that receives calls, including complaints from consumers and directs them to relevant departments basis the nature of complaint. There are turnaround timelines for the resolution of each type of complaint at various department levels.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

Particulars	As a percentage of total turnover
Environmental and social parameters relevant to the product	We comply with the relevant laws and regulations of the countries we operate in with respect to disclosure of information on environmental and social parameters relevant to the products. 100% of our formulation products, representing around 89% of our overall revenue, carry information about safe and responsible usage on product labelling and package inserts. Further, based on the legal requirements and guidelines in the countries of our operations, we include instructions on safe disposal of products.
Safe and responsible usage	
Recycling and /or safe disposal	

3. Number of consumer complaints in respect of the following:

Particulars	FY 2025-26			FY 2024-25		
	Received during the year	Pending resolution at the end of the year	Remarks	Received during the year	Pending resolution at the end of the year	Remarks
Data Privacy	Nil	Nil	Nil	Nil	Nil	Nil
Advertising	Nil	Nil	Nil	Nil	Nil	Nil
Cyber Security	Nil	Nil	Nil	Nil	Nil	Nil
Delivery of Essential Services	Nil	Nil	Nil	Nil	Nil	Nil
Restrictive Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Unfair Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Other	Nil	Nil	Nil	Nil	Nil	Nil

4. Details of instances of product recalls on account of safety issues:

Details of instances of product recalls on account of safety issues	Number	Reasons for recall
Voluntary recalls	17	NA
Forced recalls	0	NA

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy

Yes, we have internal policy/procedures related to Information Security Management Systems and Global Data Privacy framework which is shared with the relevant stakeholders. The policies are also available on the intranet platform of the Company



6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.
No such incident
7. Provide the following information relating to data breaches:

a. Number of instances of data breaches: 0

b. Percentage of data breaches involving personally identifiable information of customers: Nil

c. Impact, if any, of the data breaches: Nil

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).
Information relating to the products of the company is available on our website at <https://www.drreddys.com>. Additionally, it is also available on country-specific microsites, accessible through the globe icon on the top right corner of our website. Information related to our Active Pharmaceutical Ingredient (API) products is available in greater detail on <https://api.drreddys.com/>.
2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.
All our formulation products carry information about safe and responsible usage of medicines through product labels and package inserts. This includes comprehensive information on conditions for storage and use, dosage instructions, and potential side effects. Additionally, based on the legal requirements and guidelines in the countries of our operations, we also include instructions on safe disposal of products to protect public health and minimise environmental risks.
3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.
During the year, there were no major disruptions of critical services of the Company. There is continual communication maintained with customers which help to identify problems before they become serious and allows both parties to work for resolution of the same. The Company's teams focus on quality and customer service, continue to strengthen our relationship and position Dr. Reddy's as a trusted partner.
4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.
The Company understands the importance of fair disclosure of the description of its products and thereby, ensures to disclose, truthfully and factually, such relevant information including risks about the product, as may be required statutorily, through labelling so that the consumers can exercise their freedom to consume in a responsible manner. The Company has always believed in being transparent with its customers by providing all the relevant details.
5. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole?
The Company engages with its consumers on an ongoing basis and conducts methodical research on their satisfaction with respect to its products.

CORPORATE GOVERNANCE REPORT

Dr. Reddy's Laboratories Limited ('Dr. Reddy's' or 'the Company') strongly believes that robust corporate governance is the bedrock for sustainable performance, achieve long-term corporate goals and enhance stakeholders value. The timely disclosures, transparent accounting policies coupled with a strong and independent Board go a long way in maintaining good corporate governance, preserving shareholders' trust and maximising long-term corporate value.

The Company's corporate governance framework is based on the following main principles:

- Appropriate composition, diversity and size of the Board, with each director bringing in key expertise in different areas;
- Proactive flow of accurate information to members of the Board and Board committees to enable effective discharge of fiduciary duties;
- Ethical business conduct by the Board, management and employees;
- Well-developed systems of internal controls, risk management and financial reporting;
- Protection and facilitation of shareholders' rights;
- Adequate, timely and accurate disclosure of all material, operational and financial information to stakeholders.

We being a global pharmaceutical company are committed to provide access to affordable and innovative medicines, driven by our purpose – 'Good Health Can't Wait'. In pursuit of providing affordable and innovative medicines for healthier lives, we create an environment of innovation and learning while continuously reaching for higher levels of excellence in corporate governance and sustained performance.

This purpose guides our organisational decisions and anchors our every action.

The Securities and Exchange Board of India ("SEBI") regulates corporate governance norms for listed companies in India through the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). We are in compliance with all the corporate governance norms of SEBI Listing Regulations. We are also in compliance with the applicable corporate governance Guidelines of the NYSE Listed Company Manual ("NYSE") and NSE IFSC Exchange Rules.

This chapter, together with information given in the chapters on Management Discussion and Analysis and Additional Shareholders' Information, constitute our Corporate Governance Report for FY2026.

BOARD OF DIRECTORS

The Company has an experienced, diverse, active and a well-informed Board. The Board provides leadership, strategic guidance, objective and independent views to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure. It regularly reviews the Company's governance, risk and compliance framework, business plans and organisation structure to align with the highest global standards.

The Board's responsibility includes exercising appropriate control to ensure that the Company is managed efficiently to fulfill stakeholders' aspirations, societal expectations and exercising independent judgment on corporate affairs. The Board acts in long term interests of the shareholders and other stakeholders without any conflict and makes informed decisions and exercise due care and diligence in overseeing the management of the business of the Company.

Composition

The Company has an optimum combination of Executive and Non-Executive Directors which is in conformity with Companies Act, 2013 ("the Act"), the SEBI Listing Regulations and the Corporate Governance Guidelines of the NYSE Listed Company Manual.

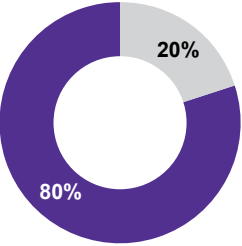
In accordance with Regulation 17 of the SEBI Listing Regulations, at least 50% of the Board of Directors shall comprise Non-Executive Directors, including at least one Independent Woman Director. Further, where the Chairperson of the Company is an Executive Director, at least half of the Board shall consist of Independent Directors.

The Company's Board periodically reviews its composition and size to ensure continued compliance with regulatory requirements and governance best practices.

As the Chairperson of the Company is an Executive Director, the Company is required to have at least 50% Independent Directors on its Board. Currently 80% of the Board Composition comprises the Independent Directors.

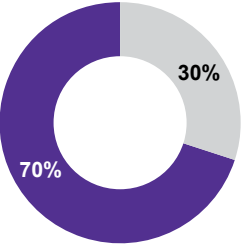


Board Independence



● Independent ● Non-Independent

Gender Diversity



● Male ● Female

As on March 31, 2026, the Board consists of 10 directors, comprising of two (2) Promoter Executive Directors, i.e. the Chairman and the Co-Chairman & Managing Director, and eight (8) Independent Directors. The Board consists of three women Independent Directors. The detailed profile of the directors is available on the company's website at <https://www.drreddys.com/meet-our-leadership>. More details are available in the Governance section of the Integrated Report, on page no. 66.

Further, the Board of Directors at its meeting held on May 12, 2026, approved appointment of Mr. Srikanth Velamakanni (DIN: 01722758) as an Additional Director, categorized as an Independent Director, for a term of five consecutive years, effective from July 1, 2026 to June 30, 2031, not liable to retire by rotation, subject to approval of Members at this 42nd Annual General Meeting ("AGM").

Key skill/ expertise/ competencies of the Board of Directors

The Board of Directors of the Company are adequately structured to ensure Board diversity by age, gender, education/ qualification, skills, geography and industry experience. The following core skills/ expertise/ competencies, as required in the context of business were identified by the Board for its effective functioning and the same is mapped against each of the Directors. Table 1 gives details of Director's individual competence, expertise and skills. The Directors have expertise in the fields of strategy, management and governance, finance, science, technology operations, human resource, sustainability and ESG, among others.

Table 1 DETAILS OF DIRECTOR'S INDIVIDUAL COMPETENCE, EXPERTISE AND SKILLS

NAME	STRATEGY	MANAGEMENT AND GOVERNANCE	FINANCE	HUMAN RESOURCE	SCIENCE, TECHNOLOGY, OPERATIONS	SUSTAINABILITY AND ESG	INDUSTRY EXPERIENCE	DIGITAL EXPERTISE
Mr. K Satish Reddy	✓	✓	✓	✓	✓	✓	✓	✓
Mr. G V Prasad	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Leo Puri	✓	✓	✓	✓	-	-	-	✓
Ms. Shikha Sharma	✓	✓	✓	✓	-	-	-	✓
Dr. K P Krishnan	✓	✓	✓	✓	-	✓	-	-
Ms. Penny Wan	✓	✓	✓	✓	-	-	✓	-
Mr. Arun M Kumar	✓	✓	✓	✓	✓	-	-	✓
Dr. Claudio Albrecht	✓	✓	✓	-	✓	✓	✓	✓
Dr. Alpna Seth	✓	✓	-	-	✓	✓	✓	-
Mr. Sanjiv Mehta	✓	✓	✓	-	✓	✓	✓	-

The Board members annually disclose to the Company the details of the directorships and memberships/chairmanships of Board Committees held by them in other companies and promptly intimate the Company of any changes therein. In addition, the Independent Directors submit annual declarations confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015("Indian Laws"). All Independent Directors are registered with the Independent Directors' Databank, and the requisite disclosures in this regard have been received by the Company. Based on the evaluation of the disclosures, declarations, and confirmations received, the Board has formed the opinion that all the Independent Directors fulfil the conditions specified under the Indian Laws, and are independent of the management. The composition of the Board and their directorships is set out in Table 2.

Table 2 COMPOSITION OF THE BOARD AND THEIR DIRECTORSHIPS AS ON MARCH 31, 2026

NAME	POSITION/ CATEGORY	RELATIONSHIP WITH OTHER DIRECTORS	DATE OF JOINING	DETAILS OF DIRECTORSHIPS IN OTHER COMPANIES AS PER SECTION 165 OF COMPANIES ACT, 2013		OTHER DIRECTORSHIPS ²	COMMITTEE MEMBERSHIPS ³	CHAIRMANSHIP IN COMMITTEES ³	DIRECTORSHIPS IN OTHER LISTED ENTITIES ⁵
				PUBLIC COMPANIES ¹	PRIVATE COMPANIES				
Executive Directors (Promoters)									
Mr. K Satish Reddy	Chairman	Brother-in-law of Mr. G V Prasad ⁴	January 18, 1993	5	9	6	1	0	-
Mr. G V Prasad	Co-Chairman and Managing Director	Brother-in-law of Mr. K Satish Reddy ⁴	April 8, 1986	3	1	5	1	0	-
Independent Directors									
Mr. Leo Puri	Lead Independent director	None	October 25, 2018	1	-	-	1	1	Fortis Healthcare Limited - Independent Director
Ms. Shikha Sharma	Independent director	None	January 31, 2019	5	1	-	4	0	1. Mahindra and Mahindra Limited - Independent Director 2. Piramal Finance Limited - Non-Executive Director 3. Tata Consumer Products Limited - Independent Director 4. Tech Mahindra Limited - Independent Director
Dr. K P Krishnan	Independent Director	None	January 7, 2022	2	2	2	3	2	Tata Consumer Products Limited - Independent Director
Ms. Penny Wan	Independent Director	None	January 28, 2022	-	-	2	1	0	-
Mr. Arun M Kumar	Independent Director	None	August 1, 2022	-	2	1	1	1	-
Dr. Claudio Albrecht	Independent Director	None	May 10, 2023	1	-	5	0	0	OneSource Specialty Pharma Limited - Independent Director
Dr. Alpna Seth	Independent Director	None	September 19, 2023	-	-	2	0	0	-
Mr. Sanjiv Mehta	Independent Director	None	December 29, 2023	1	-	2	1	0	-

¹ Excluding directorship in the Company

² Other directorships includes foreign companies and Section 8 companies, which are not covered under Section 165 of the Act.

³ Membership/ Chairmanship in Audit Committee and Stakeholders' Relationship Committee of all public limited companies, whether listed or not, including the Company are considered. Membership/ Chairmanship of Committees of foreign companies, private limited companies and those under Section 8 of the Act, have been excluded. Committee membership includes details of chairmanship.

⁴ Mr. K Satish Reddy (Chairman) and Mr. G V Prasad (Co-Chairman and Managing Director) are not 'relative' as defined under Section 2(77) of the Act

⁵ Excluding directorship in the foreign listed companies

TERM OF BOARD MEMBERSHIP

Based on recommendations of the Nomination, Governance and Compensation Committee (NGCC), the Board considers the appointment and re-appointment of directors. Section 149(10) of the Act provides that an Independent Director shall hold office



up to five consecutive years on the Board of a Company from the date of appointment and shall be eligible for re-appointment for a second term of up to five consecutive years on passing of a special resolution by the members. Moreover, Independent Directors are not liable to retire by rotation. Further, Regulation 25(2A) of the SEBI Listing Regulations, provides that, appointment, re-appointment or removal of an Independent Director of a listed entity, shall be subject to the approval of Members by way of a special resolution.

Dr. K P Krishnan (DIN: 01099097) is going to complete his first term as Independent Director of the Company on January 6, 2027. Considering the skill set of Dr. Krishnan and his valuable contributions, it is believed that the Board would benefit from his continuation as Independent Directors on the Board. Based on the recommendation of the NGCC, the Board has approved the re-appointment of Dr. K P Krishnan as an Independent Director of the Company for a second term of five consecutive years from January 7, 2027 to January 6, 2032, not liable to retire by rotation, subject to approval of the Members at the ensuing AGM.

Section 152 of the Act, states that one-third of the Board members, other than Independent Directors, who are subject to retire by rotation, shall do so every year and be eligible for reappointment, if approved by the members. Accordingly, at the forthcoming AGM, approval of members is being sought for re-appointment of Mr. K Satish Reddy (DIN: 00129701), who retires by rotation and being eligible, offers himself for re-appointment as Director, designated as Chairman of the Company. During FY2026, Mr. G.V. Prasad (DIN: 00057433), who retires by rotation, was re-appointed at the 41st AGM held on July 24, 2025, pursuant to Section 152 of the Act.

BOARD PROCEDURE

SELECTION AND APPOINTMENT OF NEW DIRECTORS

Recommending any new member on the Board is the responsibility of the NGCC of the Board, which consists entirely of Independent Directors. Given the existing composition of the Board, the tenure as well as the years left of the existing members to serve on the Board, and the need for new domain expertise, the NGCC evaluates the balance of skills, knowledge and experience on the Board as well as description of the role and capabilities required of a Director on the Board. When such a need becomes apparent, the NGCC reviews potential candidates in terms of their expertise, attributes, personal and professional backgrounds and their ability to give sufficient time to the Board responsibilities of the Company. It then places the details of shortlisted candidates to the Board for its consideration. If the Board approves, the selected candidate is appointed as an Additional Director. Thereafter, the approval of members is sought in terms of the provisions of the Act and the SEBI Listing Regulations.

INDEPENDENT DIRECTORS

The Act and the SEBI Listing Regulations, inter alia, define an 'Independent Director' as a person who, including his/ her relatives, is or was not a promoter or employee or key managerial personnel (KMP) of the company or its subsidiaries. Further, the person and his/ her relatives should not have any material pecuniary relationship or transactions with the company or its subsidiaries, during the three immediate preceding financial years or during the current financial year, apart from receiving remuneration as an Independent Director. There are various other conditions prescribed for Independent Directors under the said provisions. We abide by these definitions of Independent Director, in addition to the definitions of an Independent Director as laid down in the NYSE listed company manual and other applicable provisions by virtue of listing of Company's American Depository Receipts (ADRs) on the NYSE including the Sarbanes-Oxley Act, and US securities laws.

Based on the disclosures received from all the Independent Directors, the Board has formed an opinion that the Independent Directors fulfil the conditions specified in the Act, the SEBI Listing Regulations, applicable provisions of NYSE listing manual, and are independent of the Management. As on March 31, 2026, the Company has 8 (eight) Non-Executive Independent Directors (including 3 Women Directors) which comprise 80% of the total strength of the Board of Directors. The Women Directors constitute 30% of the total strength of the Board of Directors. The maximum tenure of the Independent Directors is in accordance with the Act and the SEBI Listing Regulations. The NGCC identifies candidates based on the identified laid down criteria and takes into consideration the need for diversity on the Board which, inter alia, includes skills, knowledge, gender and experience and accordingly, makes its recommendations to the Board.

MEETINGS OF INDEPENDENT DIRECTORS

Schedule IV of the Act and Regulation 25 of the SEBI Listing Regulations mandate that the Independent Directors of the Company shall hold at least one meeting in a financial year, without the attendance of non-Independent Directors and members of the Management. To exercise free and fair judgment in all matters related to the functioning of the Company as well as the Board, it is important for the Independent Directors to have meetings without the presence of the executive management.

During FY2026, our independent directors met 4 (four) times in sessions without the presence of Executive Directors and other members of Management. During these meetings, the Independent Directors reviewed the performance of the Company, Chairman, Co-Chairman and Managing Director, Senior Management and the Board. They also discuss about the corporate strategy, risks, competition, succession planning

for the Board and Senior Management and the quality of information given to the Board.

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

The Independent Directors of the Company have been appointed as per the provisions of the Act and the SEBI Listing Regulations, and formal letters of appointment are issued to the Independent Directors containing, inter alia, the terms of appointment, roles, functions, duties and responsibilities, the Company's Code of Conduct, disclosures and confidentiality. As required by Regulation 46 of the SEBI Listing Regulations, the terms and conditions of their appointment have been disclosed on the website of the Company at <https://www.drreddys.com/cms/cms/sites/default/files/2023-06/Draft%20Appointment%20letter%2010052023.pdf>

FAMILIARISATION PROCESS FOR INDEPENDENT DIRECTORS

To familiarise a new Independent Director with the Company, an induction kit containing documents about the Company is provided. It contains, inter alia, information such as its Annual Reports, Sustainability Reports, Investor Presentations, recent Press Releases, Research Reports, Organisation Chart, Pharma Industry Primers, Code of Business Conduct and Ethics (COBE), the Memorandum and Articles of Association and a brief on Company's Board practices. The new Independent Director meets individually with Board members and Senior Management. Visits to plants and research locations are organised for the Director to understand the Company's operations.

We believe that the Board should be continuously empowered with knowledge of latest developments affecting the Company and the Industry. Apart from regular presentations on the Company's business strategies and associated risks, expositions are made on various topics covering the pharmaceutical Industry.

Updates on relevant statutory changes and Judicial pronouncements around Industry related laws are regularly circulated to the Directors. They also visit the Company's manufacturing and research locations. Each Director has complete access to any of the Company's information and full freedom to interact with the Senior Management.

Details of the familiarisation programs for independent directors are available on the Company's website at <https://www.drreddys.com/cms/sites/default/files/media-library/FamiliarisationProgramme25-26.pdf>

LEAD INDEPENDENT DIRECTOR

Mr. Leo Puri is the Lead Independent Director of the Company. The role of the Lead Independent Director includes

presiding over all meetings of Independent Directors, provide objective feedback of the Independent Directors as a group to the Board on various matters, liaise between the Promoters, Chairman/ Co-Chairman, Chief Executive Officer and Independent Directors on contentious matters for consensus building, assist in further strengthening the Board effectiveness and governance practices, including suggestions on agenda items for Board/ Committee meetings on behalf of the Independent Directors, among others.

BOARD EVALUATION

One of the key functions of the Board and the NGCC is to monitor and review the Board evaluation framework. The Board works with the NGCC to lay down the evaluation criteria for the performance of the Chairman, the Board, Board Committees and Executive Directors/ Independent Directors through peer evaluation.

In compliance with the provisions of the Act and Regulation 17(10) of the SEBI Listing Regulations, to improve the effectiveness of the Board and its Committees, as well as that of each Individual Director, a formal Board review is undertaken on an annual basis.

Board evaluation criteria and process

An independent external agency, EgonZehnder, a leadership advisory firm on Board matters, was engaged to conduct the Board evaluation for FY2026. The evaluation process focused on Board process, Board dynamics, Committee effectiveness, Director's skills, active participation and softer aspects, and information flow to the Board or its Committees, among other matters. The exercise entailed a detailed process in which independent senior experts from the agency evaluated the Board processes, individual Directors' participation and their engagement in the meeting. The methodology included techniques such as questionnaires and one-on-one discussions/ interviews with the Board members and Senior Management, etc. The summary findings/recommendations were discussed with the Board and individual feedback was provided. Progress on recommendations from last year and the current year's recommendations were discussed. The aspects of succession planning and Committee composition were also considered.

The evaluation process broadly covered the following parameters:

Board: ▪ Board composition, diversity, skills, experience and independence, ▪ industry knowledge, ▪ frequency of the Board meeting and participation, ▪ ethical standards, trustworthiness, integrity and compliance, ▪ time spent on significant or emerging issues, ▪ adequacy of agenda and other materials provided, ▪ adequacy of Board process and recording of minutes of the meeting, ▪ bringing issues for improving organisational performance, ▪ evaluation of performance and



the quality, quantity and timeliness of flow of information, ▪ adequacy of Induction program, ▪ adequacy of business and regulatory updates given to the Board, adequacy of business strategy discussion at Board retreat, ▪discussion on succession planning, compensation and performance review, deliberation on ESG and sustainability matters, review of conflict or potential conflict of interest situation, setting up stretch goals, ▪ oversight of material risk issues and risk mitigation plan, ▪ monitoring of integrity of the Company's financial statements, ▪ adequacy of secretarial and logistical support to fulfil duties and responsibilities, ▪ accessibility to senior management employees and vice-versa.

Board Committees: ▪ adequacy of mandate of the Committee to fulfil its responsibilities, ▪ adequacy of Committee effectively performs the responsibilities as outlined in the charter and applicable corporate governance requirements, ▪ Committee's composition in terms of size, skills, expertise and experience, ▪ adequacy of time spent on significant or emerging issues, ▪ adequacy of frequency of the Committee meetings, ▪ adequacy of independence of the Committee from the Board, ▪ adequacy of information placed in agenda and recording of minutes, ▪ adequacy of updates to the Board of Committee's deliberations and decisions, ▪ adequacy of effective and proactive measures by the Committee to perform its functions, ▪ adequacy of Committee's recommendations contribute effectively to decisions of the Board.

Independent Directors: ▪ ethical standards of integrity and probity, ▪ attendance and participation in Board, Committee and General meetings, ▪ business knowledge and understanding of the industry, ▪ approachability and availability, ▪ focus on representing shareholders' interests and enhancing shareholder value, ▪ application of experience and expertise to provide proactive feedback and guidance to the management, ▪ sufficiently challenges management to set and achieve stretch goals▪ maintains confidentiality of information, exercises own judgement and voices his opinion freely, ▪ fulfilling criteria of independence.

Chairman and Co-Chairman & Managing Director:

▪ effective leadership to the Board, ▪ attendance and participation in Board, Committee and General meetings, ▪ maintains effective communication with other Board Members, ▪ provides meaningful and constructive contributions and inputs in meetings, ▪ encourages active participation and promotes open communication, ▪ impartial in conducting discussions, seeking views and dealing with dissent, ▪represents the interests of shareholders and focuses on enhancing shareholder value, ▪ provide proactive feedback and guidance to top management on areas of business strategy, governance and risk, ▪ integrity and conflict of

interest disclosures, ▪ keeping shareholders' interest in mind during discussions and decisions.

Outcome and Action Plan for FY2026

The Board evaluation process acknowledged the following positives:

- There is a high degree of alignment across the Board on the key focus areas i.e. enhance Shareholder value, Strengthen leadership, succession & organizational capabilities and accelerate innovation & pipeline development.
- The Company's Board continues to function with high standards of governance
- All Committees are well managed with active participations.

The Board expressed its satisfaction with the Board evaluation process and outcomes, highlighting the directors' engagement, experience, diversity, and expertise. The Board also found the Board Committees to be effective in their composition, operations, and contributions. These Committees are well-structured and function efficiently, ensuring a balance of diverse perspectives without falling into groupthink. They foster a shared and purposeful approach while successfully navigating the complexities of balancing the Company's internal priorities with broader societal concerns. The evaluation process re-affirmed that both the Board and its Committees dedicate ample time to fulfilling their responsibilities.

The Board evaluation process through independent external agency has inter alia identified the following focus areas:

- Strengthen Sustainable performance
- Clear and aligned long term succession plan
- Enhance women participation in senior leadership

The Board also noted and expressed its satisfaction on the action taken by the Company consequent to Board evaluation for FY2025.

MANAGEMENT COUNCIL (MC)

Our Management Council (MC) consists of senior management from the business and corporate functions. Initial pages of the Integrated Annual Report gives details of the members of the MC. Apart from monthly meetings, the MC meets once a quarter for two-day sessions. The background notes for the monthly and quarterly meetings are circulated in advance. Listed below are some of the key issues that were considered by the MC during the year under review:

- The Company's long-term strategy, growth initiatives and priorities;
- Overall Company performance, including performance of various business units;
- Decision on major corporate policies;
- Discussion and sign-off on annual plans, budgets, investments and other major initiatives; and
- Discussion on business alliances proposals and organisational design.

The details of Senior Management and MC are given in this Integrated Report. The particulars are available on the website of the Company.

Succession planning for the Board and Senior Management

The Company maintains an appropriate balance of skills and experience in the Board and within the Company, in an endeavour to introduce new perspectives while maintaining experience and continuity. Additionally, promoting Senior Management within the organisation motivates and fuels the ambitions of the talent force to earn future leadership roles. The NGCC works with the Board on the leadership succession plan to ensure orderly succession in appointments to the Board and Senior Management positions. The Board was satisfied with the deliberation, time spent and process followed for succession planning. The Particulars of Senior Management Personnel and changes therein during the year, are given in Table 3A:

Table 3A	PARTICULARS OF SENIOR MANAGEMENT PERSONNEL
Name	Designation
Mr. K Satish Reddy	Chairman and Whole-time Director
Mr. G.V. Prasad	Co-Chairman and Managing Director (KMP)
Mr. Erez Israeli	Chief Executive Officer (KMP)
Mr. Deepak Sapra	Chief Executive Officer, API and Services
Mr. M.V. Ramana ¹	CEO Global Generics
Mr. Sanjay Sharma ¹	Chief Operating Officer
Mr. Patrick Aghanian ¹	Head - Consumer Health Organization
Mr. Phanimitra B	Chief Digital and Information Officer
Mr. Krishna Venkatesh ¹	Global Head of IPDO, Integrated Product Development
Mr. Milan Kalawadia	Chief Executive Officer, North America
Ms. Archana Bhaskar ²	Chief Human Resource Officer (CHRO)

Name	Designation
Dr. Jayanth Sridhar ³	Global Head of Biologics
Mr. Sushrut Kulkarni ⁴	Global Head – Integrated Product Development Organisation
Mr. M S Madhu Sundar ⁵	Global Head of Quality and PV
Mr. Sandeep Khandelwal ⁶	Global Generics India Head
Mr. M V Narasimham	Chief Financial Officer (KMP)
Mr. Kumar Randhir Singh	Company Secretary, Compliance Officer & Head CSR (KMP)

Note:

- ¹ Indicates role/designation effective from April 1, 2026, the role/ designation up to March 31, 2026 of these persons were as under:
 - a. Mr. M.V. Ramana: Chief Executive Officer, Branded Markets (India and Emerging Markets)
 - b. Mr. Sanjay Sharma: Global Head Operations and CHRO
 - c. Mr. Krishna Venkatesh: Global Head of Quality & Pharmacovigilance
 - d. Mr. Patrick Aghanian: Chief Executive Officer, Europe Generics
- ² Ms. Archana Bhaskar resigned from the role of CHRO from close of working hours on November 30, 2025, the Company has assigned additional responsibilities of CHRO's office to Mr. Sanjay Sharma w.e.f. December 1, 2025.
- ³ Dr. Jayanth Sridhar resigned from his position as Global Head of Biologics of the Company from close of working hours on January 31, 2026.
- ⁴ Mr. Sushrut Kulkarni resigned from his position as Global Head – Integrated Product Development Organisation of the Company from close of working hours on May 8, 2026.
- ⁵ Mr. M.S Madhu Sundar, was elevated as a Senior Management Personnel of the Company and got inducted as a member of the Management Council, effective from April 01, 2026.
- ⁶ Mr. Sandeep Khandelwal was elevated as a Senior Management Personnel of the Company and got inducted as a member of the Management Council, effective May 12, 2026.

DIRECTORS' SHAREHOLDING IN THE COMPANY

Table 3B	SHARES/ ADRS HELD BY THE DIRECTORS AS ON MARCH 31, 2026
NAME	NUMBER OF SHARES HELD
Mr. K Satish Reddy ¹	1,01,07,505
Mr. G V Prasad ²	-
Mr. Leo Puri	-
Ms. Shikha Sharma	-
Dr. K P Krishnan	-
Ms. Penny Wan	-
Mr. Arun M Kumar	-



NAME	NUMBER OF SHARES HELD
Dr. Claudio Albrecht	-
Dr. Alpna Seth	-
Mr. Sanjiv Mehta	-

Note: the following are not included in the above table:

- ¹ K Satish Reddy HUF holds 2,76,18,385 and VSD Family Trust holds 7,56,30,620 equity shares of Re. 1 each of Dr. Reddy's Laboratories Limited. K Satish Reddy has transferred 7,56,30,620 equity shares of Rs.1/-each to the VSD Family Trust.
- ² G V Prasad HUF holds 1,27,17,090 and GVP Family Trust holds 9,60,95,920 equity shares of Re. 1 each of Dr. Reddy's Laboratories Limited. G V Prasad has transferred of 9,60,95,920 equity shares of Rs.1/-each to the GVP Family Trust.

MEETINGS OF THE BOARD

The Company plans and prepares the schedule of the Board and Board Committee meetings 18 to 24 months in advance. The schedule of meetings and their agenda is finalised in consultation with the Chairman of the Board, the Lead Independent Director and respective Committee Chairpersons. Agendas are circulated in advance with appropriate presentations, detailed notes, supporting documents and executive summaries. Our Board and Committee meetings typically comprise structured two-day sessions. Under Indian laws, the Board of Directors must meet at least four times a year, with a maximum gap of 120 days between two board meetings. The Board met six times during FY2026. The details of directors' attendance at the AGM and Board meetings are given in Table 4.

Table 4 DIRECTORS' ATTENDANCE AT THE AGM AND BOARD MEETINGS IN FY2026										
Name of the Directors	AGM on July 24, 2025	Board Meeting dates						Held during tenure	Attended	% of attendance
		1	2	3	4	5	6			
		May 9, 2025	July 23, 2025	Oct 24, 2025	Dec 4, 2025	Jan 21, 2026	Mar 24, 2026			
Mr. K Satish Reddy								6	6	100
Mr. G V Prasad								6	6	100
Mr. Leo Puri								6	6	100
Ms. Shikha Sharma								6	6	100
Dr. K P Krishnan								6	6	100
Ms. Penny Wan								6	6	100
Mr. Arun M Kumar								6	6	100
Dr. Claudio Albrecht								6	6	100
Dr. Alpna Seth								6	6	100
Mr. Sanjiv Mehta					LOA			6	5	83.33
% attendance	100	100	100	100	90	100	100			

Note: attended through video conferencing. attended physically. LOA - leave of absence.

INFORMATION GIVEN TO THE BOARD/ COMMITTEES

Among others, the Company generally provides the following information to the Board and/or its Committees:

- Annual operating plans and budgets, capital budgets and other updates;
- Quarterly, half-yearly and annual financial results of the Company and its operating divisions or business segments;

- Detailed presentations on the progress in Research and Development (R&D) and new drug discoveries;
- Minutes of meetings of the Board, Audit Committee and other Committees of the Board;
- Succession planning of the Board members and Senior Management, and constitution of the Board Committees;
- Information on recruitment and remuneration of key executives below the Board level including Chief

Financial Officer (CFO) and the Company Secretary and Senior Management;

- Significant regulatory matters concerning Indian or foreign regulatory authorities;
- Issues which involves possible public or product liability claims of a substantial nature, if any;
- Risk analysis of various products, markets and businesses;
- Detailed analysis of potential acquisition targets and possible divestments;
- Details of any joint venture or collaboration agreements;
- Transactions that involve substantial payment towards, or impairment of goodwill, brand equity or intellectual property;
- Significant sale of investments, subsidiaries, assets which are not in the normal course of business;
- Contracts/ arrangements in which Director(s) are interested and related party transactions;
- Materially important show cause, demand, prosecution and penalty notices, if any;
- Fatal or serious accidents or dangerous occurrences, if any;
- Significant effluent or pollution problems, if any;
- Material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company, if any;
- Significant labor problems and their proposed solutions, if any;
- Significant development in the human resources and industrial relations fronts;
- Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement;
- Non-compliance of any regulatory or statutory nature or listing requirements as well as shareholders' services such as non-payment of dividend and delays in share transfer, if any;
- Subsidiary companies' minutes, financial statements, significant transactions and investments;
- Significant transactions and arrangements;
- Review of policies and Board Committee Charter, as applicable to the Company;
- Review of the CSR projects/ programs, budget and its implementation;

- Disclosure of interest/ conflict and other statutory declaration by the Directors and Senior Management;
- BD/ restructuring related matters; and
- Review of the sustainability goals and targets, and progress made therein.

POST-MEETING FOLLOW-UP MECHANISM

Important decisions taken and suggestions made by the Board and its Committees are promptly communicated to the concerned departments or divisions. Action taken/ status reports on decisions/ suggestions of the previous meeting(s) are followed up and placed at the next meeting for information and further recommended actions, if any.

BOARD RETREAT

The Company organises Board retreat meeting of three days as part of annual strategy planning process to deliberate on various topics related to strategic planning, review of ongoing strategic initiatives, risks associated with the strategy execution and review of the need for new strategic programs to achieve the long-term objectives of the Company. The Board retreat meeting provides a platform for the Board members to bring their expertise to various strategic initiatives, while also providing an opportunity for them to understand detailed aspects of execution and challenges relating to the various business segments of the Company.

During three days of Board retreat, detailed presentation is being made by the senior management covering key business segments of the Company and its subsidiaries.

During FY2026, the Board annual retreat was held from September 03, 2025, to September 05, 2025, at Basel, Switzerland, where the Board along with management council deliberated on various strategic matters which included strategic plans for BUs, progress made from last updates, challenges and risks areas, industry insights, review of talents and other strategic business programs. This allows the Board members to interact closely with the senior leadership of the various business segments of the Company and its subsidiaries. Through the retreat Board members gets perspective and comprehensive update on various business strategic issues and opportunity to dedicate time for deeper strategic conversations

NOMINATION, GOVERNANCE AND COMPENSATION (NGC) POLICY

The Company's Nomination, Governance and Compensation (NGC) Policy outlines the role of NGCC, inter alia, determining the remuneration, appointment and removal of Directors, KMPs, SMPs and other employees, performance



evaluation of directors, succession planning and other Board Governance matters defined under the policy.

Following are the salient features of the Policy:

- Set over principles, parameters and governance framework for appointment, remuneration and removal of Directors, KMPs, SMPs and other employees.
- Assist the Board / NGCC to fulfil its responsibility towards attracting, retaining, and motivating the directors, KMPs, SMPs and other employees through competitive and reasonable remuneration in line with the corporate and individual performance.
- Oversees the Board related governance including conflict of interest matters and other governance matters which are not assigned to any specific committee of the Board and connect to the culture or people of the organisation.

In line with the provisions of the Act and the SEBI Listing Regulations, the NGC Policy is available on the website at <https://www.drreddys.com/cms/cms/sites/default/files/2025-05/Nomination%2C%20Governance%20%26%20Compensation%20Policy.pdf>.

DIRECTORS' REMUNERATION

The Company's Nomination, Governance and Compensation Policy for the remuneration of Directors, Key Managerial Personnel (KMP), Senior Management Personnel (SMP) and other employees, lays down principles and parameters to ensure that remunerations are competitive, reasonable, and in line with corporate and individual performance.

Executive Directors are appointed/ reappointed by members' resolution for a period of five years. No severance fee is payable to them. Except for the commission payable, all other components of remuneration to the Executive Directors are fixed in line with the Company's policies. Their annual remuneration, including commission based on standalone net profits of the Company, is recommended by the NGCC to the Board for its consideration. While recommending such a commission, the NGCC also takes into account the overall corporate performance in a given year and the Key Performance Indicators (KPIs). The remuneration is within the limits approved by members. Perquisites and retirement benefits are paid in accordance with the Company's compensation policies, as applicable to all employees. The Company, in compliance with Section 197 of the Act, and the SEBI Listing Regulations, has not granted any stock options to the Executive Directors.

Independent Directors are entitled to receive remuneration by way of commission and sitting fees, based on the standalone net profits of the Company and reimbursement of any expenses for attending meetings of the Board and its Committees. Such remuneration is in conformity with the provisions of the Act and has been considered and approved by the Board and is within the limits approved by the members of the Company. The Company, in compliance with Section 197 of the Act, and the SEBI Listing Regulations, has not granted any stock options to independent directors since FY2013.

Remuneration paid or payable to the directors for FY2026 is given in Table 5.

Table 5 REMUNERATION PAID OR PAYABLE TO THE DIRECTORS FOR FY2026 (AMOUNT IN RS. MN)

Name	Salaries ¹	Perquisites ¹	Overseas travel compensation	Commission ²	Total
Mr. K Satish Reddy	22.02	4.84	-	73.80	100.66
Mr. G V Prasad	22.02	4.95	-	131.20	158.17
Mr. Leo Puri	-	-	2.85	19.77	22.62
Ms. Shikha Sharma	-	-	-	16.45	16.45
Dr. K P Krishnan	-	-	-	17.40	17.40
Ms. Penny Wan	-	-	4.74	15.98	20.72
Mr. Arun M Kumar	-	-	4.74	17.40	22.14
Dr. Claudio Albrecht	-	-	3.79	16.45	20.24
Dr. Alpna Seth	-	-	3.79	15.98	19.77
Mr. Sanjiv Mehta	-	-	-	17.40	17.40

Note:

¹ Salary and perquisites include house rent allowance, medical reimbursement for self and family according to the rules of the Company, leave travel assistance, leave encashment, superannuation perk and other perquisites. All these benefits are fixed in nature. Service contract and notice period of the Executive Directors are as per the Company's Policy.

² Executive Directors- payment of commission is variable and based on the percentage of net profit calculated according to Section 198 of the Act. In terms of the approval given by the members of the Company, each of the Executive Directors was entitled to receive 0.75% of the net profits of the Company, i.e. ₹ 291.91 million, each. However, in line with approval given by the members of the Company, the Board, on the recommendation of the NGCC, has approved commission for the Executive Directors, i.e. ₹ 73.80 million for Mr. K Satish Reddy and ₹ 131.20 million for Mr. G V Prasad, as mentioned above.

Independent Directors – payment of remuneration is variable and based on the percentage of net profit calculated according to Section 198 of the Act. In terms of Section 197 of the Act and the approval given by the members of the Company, the Independent Directors are entitled to get remuneration, collectively up to 1% of the net profits of the Company, every year, computed in the manner referred to in Section 198 of the Act, in such proportion/manner as may be determined by the Board, in addition to the payment of sitting fees and reimbursement of expenses, if any, to the Directors for attending the meetings of the Board of Directors or Committees thereof.

Therefore, the Independent Directors were entitled to get remuneration upto ₹ 389 million, collectively, for the FY2026, i.e. 1% of the net profits of the Company under Section 198 of the Act. However, in line with approval given by the members of the Company, the Board has approved remuneration to Independent Directors for FY2026, amounting to ₹ 156.76 million, collectively. As approved by the Board, the commission for the Independent Directors has been ascertained in the following manner:

Remuneration heading	Amount in USD	Amount in ₹ Million
Fixed commission	148,500	14.08
Additional remuneration to Lead Independent Director	25,000	2.37
Additional remuneration to Chairperson of the Audit Committee	25,000	2.37
Additional remuneration to Chairperson of Science, Technology and Operations Committee; Nomination, Governance and Compensation Committee; Risk Management Committee; Sustainability and Corporate Social Responsibility Committee; and Stakeholders' Relationship Committee	15,000	1.42
Additional remuneration to Members of the Audit Committee, Science, Technology and Operations Committee; Nomination, Governance and Compensation Committee; Risk Management Committee; Sustainability and Corporate Social Responsibility Committee; and Stakeholders' Relationship Committee	10,000	0.95
Overseas travel compensation for Directors resident outside India (travelling for each Board Meeting)	10,000	0.95

INDEPENDENT DIRECTORS

Independent Directors of the Company head the following Board Committee functions, as on March 31, 2026:

- Mr. Arun M Kumar: Chairperson of the Audit committee. He is also the financial expert and Chief Ombudsperson for the Company's Whistle-Blower Policy;
- Mr. Leo Puri: Lead Independent Director; Chairperson of Stakeholders' Relationship Committee,
- Mr. Sanjiv Mehta: Chairperson of Nomination, Governance and Compensation Committee;
- Ms. Shikha Sharma: Chairperson of Risk Management Committee;
- Dr. K P Krishnan: Chairperson of Sustainability and Corporate Social Responsibility Committee;
- Dr. Claudio Albrecht: Chairperson of Science, Technology and Operations Committee.

COMMITTEES OF THE BOARD

The Company has seven Board-level Committees. The composition of the various Board committees, inducting/ appointing members/ chairperson and making changes therein are approved by the Board. The Chairman of the Board, in consultation with Lead Independent Director, Company Secretary and the respective Committee Chairperson, determines the frequency of the Committee meetings. The recommendations of the Committees are submitted to the Board for approval. During the year, all recommendations of the Committees were approved by the Board. The quorum for meetings is the higher of two members or one-third of the total number of members of the Committee. The details of the Committees and its members are given in the next table:



BOARD COMMITTEE

Audit Committee

- Mr. Arun M Kumar, Independent Director – Chairperson
- Ms. Shikha Sharma, Independent Director – Member
- Dr. K P Krishnan, Independent Director – Member
- Ms. Penny Wan, Independent Director- Member

Nomination, Governance and Compensation Committee

- Mr. Sanjiv Mehta, Independent Director – Chairperson
- Dr. K P Krishnan, Independent Director – Member
- Mr. Arun M Kumar, Independent Director – Member
- Mr. Leo Puri, Lead Independent Director – Member

Sustainability and Corporate Social Responsibility Committee

- Dr. K P Krishnan, Independent Director – Chairperson
- Mr. G V Prasad, Co-Chairman and Managing Director – Member
- Mr. K Satish Reddy, Chairman – Member
- Mr. Sanjiv Mehta, Independent Director – Member

Science, Technology and Operations Committee

- Dr. Claudio Albrecht, Independent Director – Chairperson
- Mr. Leo Puri, Lead Independent Director – Member
- Dr. Alpna Seth, Independent Director – Member
- Mr. Sanjiv Mehta, Independent Director – Member

Risk Management Committee

- Ms. Shikha Sharma, Independent Director – Chairperson
- Ms. Penny Wan, Independent Director – Member
- Dr. Claudio Albrecht, Independent Director – Member
- Dr. Alpna Seth, Independent Director – Member

Stakeholder's Relationship Committee

- Mr. Leo Puri, Lead Independent Director – Chairperson
- Mr. G V Prasad, Co-Chairman and Managing Director – Member
- Mr. K Satish Reddy, Chairman – Member

Banking, Authorisations and Allotment Committee

- Mr. K Satish Reddy, Chairman – Chairperson
- Mr. G V Prasad, Co-Chairman and Managing Director – Member

AUDIT COMMITTEE



Mr. Arun M Kumar
Chairperson of the Committee
Independent Director

Members

- | | |
|-------------------|----------------------|
| Dr. K P Krishnan | Independent Director |
| Ms. Shikha Sharma | Independent Director |
| Ms. Penny Wan | Independent Director |

The Audit Committee comprises entirely of Independent Directors. All members are financially literate and bring in expertise in the fields of finance, economics, strategy and management. As on March 31, 2026, the Audit Committee comprises of Mr. Arun M Kumar (Chairperson), Ms. Penny Wan, Ms. Shikha Sharma, Dr K P Krishnan, as members. The Audit Committee composition complies with the requirements of the Act and the SEBI Listing Regulations.

The management is responsible for the Company's internal controls and the financial reporting process while the Statutory Auditors are responsible for performing independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board of Directors has entrusted the Audit Committee with the responsibility to supervise these processes and ensure adequate, accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

The primary functions of the audit committee, inter alia, are to:

- Supervise the financial reporting process;
- Review of the financial statements, in particular the investments, if any, made by unlisted subsidiary companies
- Review the quarterly and annual financial statements/ results before placing them to the board along with audit/ limited review report, related disclosures and filing requirements;
- Review the adequacy of internal controls in the Company, including the plan, scope and performance of the internal audit function;
- Discuss with management the Company's major policies with respect to risk assessment and risk management;
- Hold discussions with Statutory Auditors on the nature, scope and process of audits and any views that they have about the financial control and reporting processes;
- Ensure compliance with accounting standards and with listing requirements with respect to the financial statements;
- Recommend the appointment and removal of auditors and their remuneration;
- Review the independence of auditors;
- Ensure that adequate safeguards have been taken for legal compliance for the Company and its subsidiaries;
- Review the financial statements, in particular, investments made by all the subsidiary companies and their significant transactions;
- Review and approval of related party transactions;

- Review of rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
- Review the functioning of whistle-blower mechanism;
- Review the implementation of applicable provisions of the Sarbanes-Oxley Act, 2002;
- Scrutinise inter-corporate loans and investments;
- Examine the valuation of undertakings or assets of the Company, wherever necessary;
- Review compliances undertaken under the regulations for prohibition of insider trading;
- Review the sexual harassment complaints and outcome of investigations, if any;
- Evaluate internal financial controls;
- Review suspected fraud, if any, committed against the Company;
- Review compliance with provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, and verify that the internal controls systems for ensuring compliance with these regulations are adequate and effective; and
- All other functions as prescribed under the Act and SEBI Listing Regulations.

The detailed terms of reference is given in the Audit Committee Charter available on the website of the Company at <https://www.drreddys.com/cms/cms/sites/default/files/static/audit-committee-charter.pdf>

Under the Indian laws, the Audit Committee shall meet at least four times in a year, with a maximum gap of 120 days between two meetings. The Audit Committee met 6 times during the year, the details of the meetings held and attendance therein are given in Table 6. The maximum gap between any two meetings didn't exceeded 120 days.

During the year, the Audit Committee met representatives of Statutory Auditors, Secretarial Auditors and Cost Auditor without the presence of the management. The Chairperson of the Audit Committee briefed the Board about the discussion held. The Committee also met the key members of the finance team, Chief Compliance Officer ("CCO") and Chief Internal Auditor ("CIA") along with the Chairperson and the Chief Financial Officer ("CFO") to discuss matters relating to audit, assurance and accounting.

In addition, the Chairperson of the Audit Committee and other members met to review other processes, particularly the internal control mechanisms to prepare for certification under Section 404 of the Sarbanes-Oxley Act, 2002, and subsidiary



governance oversight. The Chairperson, CFO and CIA are permanent invitees to all the Audit Committee meetings. The representatives of Statutory Auditors are also present at such meetings. The Company Secretary officiates as the Secretary of the Committee.

Audit Committee meetings are preceded by pre-Audit Committee meeting/conference calls with the Committee members, CFO, CCO, internal audit and compliance teams, external auditors and other key finance personnel of the Company. During these calls, key audit related matters are discussed and items that need further face-to-face discussion at the Audit Committee meetings are identified.

The Internal and Statutory Auditors of the Company discuss their findings and updates, and submit their views to the Committee. Separate discussions are held with the internal auditors to focus on compliance issues and to conduct detailed reviews of the processes and internal controls in the Company. Permissible non audit related services undertaken by the Statutory and Independent Auditors are also pre-approved by the Committee. The Audit Committee also reviews the performance and remuneration of the CIA and CCO.

Table 6 gives the composition and attendance record of the committee, and its report is enclosed as **Exhibit 1** to this chapter.

Table 6 AUDIT COMMITTEE COMPOSITION AND ATTENDANCE IN FY2026

Name of the Independent Directors	Position	Audit Committee meeting dates						Held during tenure	Attended	% of attendance
		1	2	3	4	5	6			
		May 09, 2025	Jun 06, 2025	July 23, 2025	Oct 24, 2025	Jan 21, 2026	Mar 23, 2026			
Mr. Arun M Kumar	Chairperson							6	6	100
Ms. Shikha Sharma	Member							6	6	100
Dr. K P Krishnan	Member							6	6	100
Ms. Penny Wan	Member							6	6	100
% attendance		100	100	100	100	100	100			

Note: attended through video conferencing. attended physically.

NOMINATION, GOVERNANCE AND COMPENSATION COMMITTEE



Mr. Sanjiv Mehta

Chairperson of the Committee
Independent Director

Members

Mr. Leo Puri	Lead Independent Director
Dr. K P Krishnan	Independent Director
Mr. Arun M Kumar	Independent Director

The Nomination, Governance and Compensation Committee (NGCC) entirely comprises of Independent Directors. As on March 31, 2026, the NGCC comprises of Mr. Sanjiv Mehta (Chairperson), Dr. K P Krishnan, Mr. Arun M Kumar and Mr. Leo Puri as members. The NGCC composition complies with the requirements of the Act and the SEBI Listing Regulations. Its primary functions, inter alia, are to:

- Examine the structure, composition and functioning of the Board, and recommend changes, as necessary,

to improve the Board's effectiveness, oversee the evaluation of the Board and formulation of criteria for such evaluation;

- Formulate policies on the remuneration of Directors, KMP and other employees and on Board diversity;
- Assess the Company's policies and processes in key areas of corporate governance, other than those explicitly assigned to other Board Committees, with a

view to ensure that the Company is at the forefront of good governance;

- Regularly examine ways to strengthen organisational health, by improving hiring, retention, motivation, development, deployment and behavior of management reviews the framework and processes for motivating and rewarding performance at all levels of the organisation, the resulting compensation awards, and makes appropriate proposals for Board approval. In particular, recommend all forms of compensation payable to the Executive Directors, KMP and Senior Management of the Company;
- Review the sexual harassment complaints, the outcome of investigations, if any, and awareness initiatives as referred by the Audit Committee; and
- Review the Company's ESOP Schemes, recommend changes as necessary and also administer the ESOP Schemes and Dr. Reddy's Employees ESOS Trust.

The detailed terms of reference are given in the NGCC Charter available on the website of the Company at

<https://www.drreddys.com/cms/cms/sites/default/files/static/ngc-committee-charter.pdf>

The Head of Human Resources (HR) makes periodic presentations to the NGCC on organisation structure, talent management, leadership, succession, diversity, performance appraisals, increments, performance bonus recommendations and other HR matters.

The NGCC recommended the appointment of Egon Zehnder, a leadership advisory firm specializing in board matters, to support the evaluation process. The exercise, which included assessing the performance evaluation criteria of Independent Directors as well as the members of the Board, its committees, and the Board as a whole, was completed during fiscal year 2026.

The NGCC met three times during the year. The Co-Chairman & Managing Director is a permanent invitee to all the NGCC meetings. The corporate officer responsible for Human Resources shall act as the Secretary of the Committee.

Table 7 gives the composition and attendance record of the NGCC, and its report is enclosed as **Exhibit 2** to this chapter.

Table 7 NOMINATION, GOVERNANCE AND COMPENSATION COMMITTEE (NGCC) COMPOSITION AND ATTENDANCE IN FY2026

Name of the Independent Directors	Position	NGCC Committee meeting dates			Held during tenure	Attended	% of attendance
		1	2	3			
		May 8 & 9, 2025	Oct 23, 2025	Jan 20, 2026			
Mr. Sanjiv Mehta	Chairperson				3	3	100
Dr. K P Krishnan	Member				3	3	100
Mr. Arun M Kumar	Member				3	3	100
Mr. Leo Puri	Member				3	3	100
% attendance		100	100	100			

Note: attended through video conferencing. attended physically.

SCIENCE, TECHNOLOGY AND OPERATIONS COMMITTEE



Dr. Claudio Albrecht

Chairperson of the Committee
Independent Director

Members

Mr. Leo Puri	Independent Director
Dr. Alpna Seth	Independent Director
Mr. Sanjiv Mehta	Independent Director

The Science, Technology and Operations Committee (“STOC”) entirely comprises of Independent Directors. As on March 31, 2026 the STOC comprises of Dr. Claudio Albrecht (Chairperson), Mr. Leo Puri, Dr. Alpna Seth and Mr. Sanjiv Mehta, as members.

Its primary functions, inter alia, are to:

- Review scientific, medical and technical matters and operations involving the Company's development and discovery programs (generic and proprietary), including major internal projects and business development opportunities;
- Review and monitor management's actions in the creation of valuable intellectual property (IP);
- Review the safety and quality of the Company's operations;
- Review the status of non-infringement patent challenges;
- Review and monitor management's actions and plans in building and nurturing science in the organisation in line with the Company's business strategy; and

- Review risk disclosure statements in any public documents or disclosures, where applicable.

The detailed terms of reference is given in the STOC. Charter available on the website of the Company at <https://www.drreddys.com/cms/cms/sites/default/files/static/sto-committee-charter.pdf>

The Co-Chairman & Managing Director and Chief Executive Officer (CEO) are permanent invitees to STOC meetings. Officials heading IPDO, GMO, quality, PSAI and biologics are also invited to the meetings.

The Head of IPDO acts as Secretary of the STOC. The Committee met four times during the year.

Table 8 gives the composition and attendance record of the committee, and its report is enclosed as **Exhibit 3** to this chapter.

Table 8 SCIENCE, TECHNOLOGY AND OPERATIONS COMMITTEE (STOC) COMPOSITION AND ATTENDANCE IN FY2026

Name of the Independent Directors	Position	STOC Committee meeting dates				Held during tenure	Attended	% of attendance
		1	2	3	4			
		May 08, 2025	July 22, 2025	Oct 23, 2025	Jan 20, 2026			
Dr. Claudio Albrecht	Chairperson					4	4	100
Mr. Leo Puri	Member					4	4	100
Dr. Alpna Seth	Member					4	4	100
Mr. Sanjiv Mehta	Member					4	4	100
% attendance		100	100	100	100			

Note: attended through video conferencing. attended physically.

RISK MANAGEMENT COMMITTEE



Ms. Shikha Sharma
Chairperson of the Committee
Independent Director

Members

Ms. Penny Wan Independent Director
Dr. Claudio Albrecht Independent Director
Dr. Alpna Seth Independent Director

The Risk Management Committee entirely comprises of Independent Directors. As on March 31, 2026, the Risk Management Committee comprises of Ms. Shikha Sharma (Chairperson), Ms. Penny Wan, Dr. Claudio Albrecht and Dr. Alpna Seth, as members. Risk Management Committee's composition complies with the requirements of the Act and the SEBI Listing Regulations. Its key functions, inter alia, are to:

- To formulate a detailed risk management policy which shall include:
- A framework for identification of internal and external risks specifically faced by the Company, including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
- Measures for risk mitigation including systems and processes for internal control of identified risks.
- Business continuity plan and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, by considering the changing industry dynamics and evolving complexity;
- To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken; and
- The appointment, removal and terms of remuneration of the Chief Risk Officer shall be subject to review by the Risk Management Committee.

The detailed terms of reference is given in the Risk Management Committee Charter available on the website of the Company at <https://www.drreddys.com/cms/cms/sites/default/files/static/RMC%20Committee%20Charter.pdf>

The Company has in place an Enterprise-wide Risk Management (ERM) system. The Risk Management Committee oversees and reviews the risk management framework as well as the assessment of risks, the management and mitigation procedures. The Committee reports its findings and observations to the Board. A section on risk management practices of the Company under the ERM framework forms a part of the chapter on Management Discussion and Analysis as well as in the initial section in this Integrated Annual Report.

The Chairman, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Internal Auditor (CIA) and the Chief Compliance Officer (CCO) are permanent invitees to all Risk Management Committee meetings. The Board has appointed Chief Risk Officer (CRO) in terms of the provisions of the SEBI Listing Regulations.

The CRO officiates as the Secretary of the Risk Management Committee or in absence of the CRO, Chief Financial Officer officiates as the Secretary of the Risk Management Committee. The Risk Management Committee met three times during the year FY2026.

Table 9 gives the composition and attendance record of the Committee, and its report is enclosed as **Exhibit 4** to this chapter.

Table 9 RISK MANAGEMENT COMMITTEE (RMC) COMPOSITION AND ATTENDANCE IN FY2026

Name of the Independent Directors	Position	RMC meeting dates			Held during tenure	Attended	% of attendance
		1	2	3			
		May 08, 2025	Oct 23, 2025	Jan 20, 2026			
Ms. Shikha Sharma	Chairperson				3	3	100
Ms. Penny Wan	Member				3	3	100
Dr. Claudio Albrecht	Member				3	3	100
Dr. Alpna Seth	Member				3	3	100
% attendance		100	100	100			

Note: attended through video conferencing. attended physically.



STAKEHOLDERS' RELATIONSHIP COMMITTEE



Mr. Leo Puri

Chairperson of the Committee
Lead Independent Director

Members

Mr. G V Prasad	Co-Chairman and Managing Director
Mr. K Satish Reddy	Chairman

The Stakeholders' Relationship Committee comprises of three directors, including two Executive Directors. The Chairperson of the Stakeholders' Relationship Committee is an Independent Director. As on March 31, 2026, the Stakeholders' Relationship Committee comprises of Mr. Leo Puri (Chairperson), Mr. G V Prasad and Mr. K Satish Reddy, as members. The Committee's composition complies with the requirements of the Act and the SEBI Listing Regulations.

The Stakeholders' Relationship Committee is empowered to perform the functions of the Board relating to the handling of queries and grievances of security holders.

It primarily focuses on:

- Review investor complaints and their redressal;
- Review measures taken for effective exercise of voting rights by shareholders;
- Review work done by the share transfer agent including adherence to the service standards;
- Review of corporate actions related to security holders;
- Review investor engagement plans/initiatives and movement in shareholdings and ownership structure; and

- Review initiatives for reduction of quantum of unclaimed dividends and ensure timely receipt of dividend/ annual report/statutory notices by the shareholders.

The detailed terms of reference is given in the Stakeholders' Relationship Committee Charter available on the website of the Company at <https://www.drreddys.com/cms/cms/sites/default/files/static/src-committee-charter.pdf>.

Mr. K Randhir Singh, Company Secretary of the Company officiates as the Secretary of the Stakeholders' Relationship Committee and is also designated as the Compliance Officer in terms of the SEBI Listing Regulations and as a Nodal Officer under IEPF Rules. An analysis of investor queries and complaints received and responded/addressed during the year is given in the chapter on Additional Shareholders' Information.

The Stakeholders' Relationship Committee also advises the Company on various shareholders' related matters. The Committee met four times during the year FY2026.

Table 10 gives the composition and attendance record of the Committee, and its report is enclosed as **Exhibit 5** to this chapter

Table 10 STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC) COMPOSITION AND ATTENDANCE IN FY2026

Name of the Directors	Position	SRC Committee meeting dates				Held during tenure	Attended	% of attendance
		1	2	3	4			
		May 08, 2025	July 22, 2025	Oct 23, 2025	Jan 20, 2026			
Mr. Leo Puri	Chairperson					4	4	100
Mr. G V Prasad	Member					4	4	100
Mr. K Satish Reddy	Member					4	4	100
% attendance		100	100	100	100			

Note: attended through video conferencing. attended physically.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (SCSR) COMMITTEE



Dr. K P Krishnan

Chairperson of the Committee
Independent Director

Members

Mr. Sanjiv Mehta	Independent Director
Mr. G V Prasad	Co-Chairman and Managing Director
Mr. K Satish Reddy	Chairman

As on March 31, 2026, the Committee consists of four directors, including two executive directors. The Chairperson of the Committee is an Independent Director. As on March 31, 2026, the SCSR Committee comprises of Dr. K P Krishnan (Chairperson), Mr. G V Prasad, Mr. K Satish Reddy and Mr. Sanjiv Mehta, as members. The SCSR Committee composition complies with the requirements of the Act. The SCSR Committee's primary functions are to:

- Formulate, review and recommend to the board, a CSR policy indicating the activities to be undertaken by the Company as specified in schedule VII of the Act;
- Recommend the amount of expenditure to be incurred on the initiatives as per the CSR policy;
- Provide guidance on various CSR initiatives undertaken by the Company and monitor implementation and adherence to the CSR programs and policy of the Company from time to time;
- Recommend to the Board an CSR annual action plan delineating the CSR projects or programmes to be undertaken during the financial year;
- Appoint an independent agency/firm to carry out impact assessment study, if any.

- To review the sustainability and other environment, social and governance related vision & goals of the Company on an ongoing basis.
- To review and provide oversight over the Company's programs, policies, practices, and strategies related to sustainability.
- To review sustainability and ESG disclosures.
- To act as nodal committee for guidance on sustainability and overall ESG goals and to review and monitor progress and all other matters incidental thereto.

The detailed terms of reference is given in the SCSR Committee Charter available on the website of the Company at <https://www.drreddys.com/cms/cms/sites/default/files/static/SCSR-Committee-Charter-19052022.pdf>

The SCSR committee met five times during the year. The Company Secretary officiates as the Secretary of the Committee.

Table 11 gives the composition and attendance record of the Committee, and its report is enclosed as **Exhibit 6** to this chapter.

Table 11 SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (SCSR) COMMITTEE COMPOSITION AND ATTENDANCE IN FY2026

Name of the Directors	Position	SCSR Committee meeting dates					Held during tenure	Attended	% of attendance
		1	2	3	4	5			
		May 8, 2025	July 22, 2025	Oct 23, 2025	Jan 20, 2026	Mar 23, 2026			
Dr. K P Krishnan	Chairperson						5	5	100
Mr. G V Prasad	Member						5	5	100
Mr. K Satish Reddy	Member						5	5	100
Mr. Sanjiv Mehta	Member						5	5	100
% attendance		100	100	100	100	100			

Note: attended through video conferencing. attended physically.

BANKING, AUTHORISATIONS AND ALLOTMENT COMMITTEE

	Member	
	Mr. K Satish Reddy Chairperson of the Committee Chairman	Mr. G V Prasad Co-Chairman and Managing Director

The Banking, Authorisations and Allotment Committee authorised to deal with day-to-day business operations such as banking, treasury, insurance, excise, customs, administration and dealing with other government/ non-government authorities, allotment of ESOPs shares in terms of the grants approved by the NGCC or such other terms of reference as may be delegated by the Board from time to time. It consists of two Executive Directors, Mr. K Satish Reddy, Chairman and Mr. G V Prasad, Co-Chairman and Managing Director. The Committee met 18 times during the year on April 07, 2025, May 09, 2025, June 03, 2025, June 14, 2025, June 23, 2025, July 08, 2025, July 23, 2025, August 20, 2025, August 29, 2025, September 15, 2025, October 24, 2025, November 13, 2025, December 09, 2025, February 17, 2026, February 26, 2026, March 12, 2026, March 24, 2026, and March 26, 2026. The Company Secretary officiates as the Secretary of the Committee. Both the Executive Directors attended all the meetings of the Committee.

OTHER BOARD MATTERS

CAPITAL EXPENDITURES (CAPEX)

The Board approves the annual capex budget in line with the Company's long-term strategy. An internal management committee approves all capex investments within the annual capex budget approved by the Board. An update on key capex approvals (and their relevant details) granted by the internal management committee is provided to the Board.

COMPLIANCE REVIEWS

The Chief Compliance Officer (CCO) and a full-fledged compliance team are engaged to oversee compliance activities. The Company's compliance status is periodically updated to the Senior Management team and presentations are given in the quarterly Audit Committee and Risk Management Committee meetings. When pertinent, these are also shared with all the Board members.

STATUTORY COMPLIANCE MONITORING TOOL

The Company has in place a web-based Statutory Compliance Monitoring Tool which has been implemented to streamline and manage compliance tracking of all the statutory & legal compliances needs to be followed by the Company and provides the necessary assurance to the Board.

CODE OF BUSINESS CONDUCT AND ETHICS (COBE) AND VIGIL MECHANISM

The Company has adopted a Code of Business Conduct and Ethics ('COBE' or the 'Code'), which applies to all Directors and employees of the Company, its subsidiaries and

affiliates. It is the responsibility of all Directors and employees to familiarise themselves with this Code and comply with its standards. The Directors and the Senior Management Personnel of the Company annually affirm compliance with the Code. A declaration of the Chief Executive Officer of the Company to this effect is enclosed as **Exhibit 7** to this chapter.

The Company has an Ombudsperson Policy (Whistle-Blower or Vigil Mechanism) to report concerns on actual or suspected violations of the Code. The Audit Committee Chairperson is the Chief Ombudsperson. Concerns raised to the Company and their resolution are reported through the Chief Ombudsperson to the Audit Committee and where applicable, to the Board. During FY2026, no personnel has been denied access to the Audit Committee on ombudsperson issues.

The COBE and Ombudsperson Policy are available on the Company's website at <https://www.drreddys.com/cms/sites/default/files/media-library/docs/cobe-booklet-v40.pdf> and <https://www.drreddys.com/ombudsperson-policy>

RELATED PARTY TRANSACTIONS

We have adequate procedures to identify and monitor related party transactions. All transactions with related parties are placed before the Audit Committee for review and approval. The related party transactions are also placed before the Board for review and noting/ approval, as appropriate.

Transactions entered into with related parties during the financial year were on arm's length pricing basis and in the ordinary course of business. The details of related party

transactions are discussed in Note no 2.24 to the standalone financial statements. The Company's Policy on Materiality of the Related Party Transactions and dealing with the Related Party Transactions ("RPT Policy") available on the Company's website at: <https://drreddys.com/cms/sites/default/files/media-library//Policy%20on%20Materiality%20of%20Related%20Party%20Transactions%20and%20Dealing%20with%20Related%20Party%20Transactions%20%281%29.pdf>

Directors who are interested in the related party transaction agenda were not present for discussion and voting on such related party transactions. Furthermore, the transactions wherein Directors or their relatives are interested, other than subsidiaries and joint venture, are reviewed by an independent chartered accountant.

SUBSIDIARY COMPANIES

The Audit Committee reviews the financial statements of the subsidiaries. It also reviews the investments made by such subsidiaries, the statement of all significant transactions

and arrangements entered into by subsidiaries and the compliances of each materially significant subsidiary on a periodic basis. The Audit Committee also reviews the utilisation of loans/ advances/ investments given by the Company to its subsidiaries. The minutes of board meetings of the subsidiary companies are placed before the board for review. The Company has also established a Group Governance Policy for monitoring the governance of its subsidiaries.

In compliance of Regulation 24(1) of the SEBI Listing Regulations, Mr. Arun M Kumar, Independent Director of the Company, was appointed as a Director on the Board of Dr. Reddy's Laboratories Inc. (USA) and Dr. Claudio Albrecht, Independent Director of the Company, was appointed as a Director on the Board of Dr. Reddy's Laboratories SA (Switzerland).

The details of material subsidiaries of the Company as required under the SEBI Listing Regulations, is given in Table 12:

Table 12 DETAILS OF MATERIAL SUBSIDIARIES DURING FY2026				
Sl. No.	Name of Material Subsidiary	Date of Incorporation	Place of Incorporation	Name and date of Appointment of Statutory Auditors
1	Dr. Reddy's Laboratories Inc.	May 13, 1992	USA	Ernst & Young Associates LLP Date of appointment - January 8, 2025
2	Dr. Reddy's Laboratories SA	April 16, 2007	Switzerland	Ernst & Young Date of appointment - May 6, 2024
3	Northstar Switzerland SARL	December 11, 2023	Switzerland	Ernst & Young Date of appointment - December 15, 2025

The Company's policy for determining material subsidiaries available on the Company's website at <https://www.drreddys.com/cms/sites/default/files/2025-02/Policy%20for%20determining%20of%20material%20subsidiaries.pdf>

During the FY2026, the Company and its subsidiaries have not given any loan and advances in the nature of loans to firms/ companies in which directors are interested.

DISCLOSURE ON ACCOUNTING TREATMENT

In the preparation of financial statements for FY2026, there is no treatment of any transaction which is different from that prescribed in the Indian Accounting Standards notified by the Government of India under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, and the

Companies (Indian Accounting Standards) Rules, 2015, as amended, the guidelines issued by SEBI and other accounting principles generally accepted in India.

MANAGEMENT

The management of the Company develops and implements policies, procedures and practices that attempt to translate the Company's core purpose and mission into reality. It also identifies, measures, monitors, minimises risks in the business, and ensures safe, sound and efficient operations. These risks are internally supervised and monitored through the Company's Management Council (MC).

MANAGEMENT DISCUSSION AND ANALYSIS

The chapter on Management Discussion and Analysis forms a part of this Integrated Annual Report.



MANAGEMENT DISCLOSURES

Senior Management of the Company makes annual disclosures to the board on all material, financial and commercial transactions in which they may have personal interest, if any, and which may have a potential conflict with the interest of the Company. Transactions with Key Managerial Personnel are listed in the financial section of this Integrated Annual Report under related party transactions section.

PROHIBITION OF INSIDER TRADING

We have a policy prohibiting insider trading in conformity with applicable regulations of the SEBI in India and the Securities and Exchange Commission (SEC) of the USA. Necessary procedures have been laid down for Directors, officers, designated persons and their relatives for trading in the securities of the Company. These are periodically communicated to such employees who are considered as insiders of the Company. Apart from this, regular insider trading awareness sessions are conducted for the benefit of designated persons. Trading window closure/ blackouts/ quiet periods, when the Directors and designated persons/ insiders are not permitted to trade in the securities of the Company, are intimated in advance to all concerned. Violations of the policy, if any, are appropriately acted on and reported to the SEBI/ Stock Exchanges. The Company also maintains a Structured Digital Database (SDD), as required under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

INTERNAL CONTROL SYSTEMS AND STATUTORY AUDITS

We have both external and internal audit systems in place. Auditors have access to all records and information of the Company. The Board and the Audit Committee recognises the work of the auditors as an independent check on the information received from the management on the operations and performance of the Company. The Board and the Audit Committee periodically reviews the findings and recommendations of the Statutory Auditors and Internal Auditors and suggests corrective actions whenever necessary.

INTERNAL CONTROLS

We maintain a system of internal controls designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Organisation's strategic objective;
- Effectiveness and efficiency of operations;
- Adequacy of safeguards of assets;
- Reliability of financial and non-financial reporting; and
- Compliance with applicable laws and regulations.

The integrity and reliability of our internal control systems are achieved through clear policies and procedures, process automation, training and development of employees and an organisation structure that segregates responsibilities.

Our internal audit team is an independent assurance and advisory function, responsible for evaluating and improving the effectiveness of risk management, control and governance processes. The internal audit team helps to enhance and protect organisational value by providing risk-based objective assurance, advice, and insight.

The internal audit team prepares annual audit plans based on risk assessment and conducts extensive reviews covering financial, operational and compliance controls. Areas requiring specialised knowledge are reviewed in partnership with external experts or by recruiting resources with specialised skills. Suggested improvements in processes are identified during reviews and communicated to the management on an ongoing basis.

The Audit Committee of the Board monitors the performance of the internal audit team on a periodic basis through review of audit plans, audit findings and speed of issue resolution through follow ups. Each year, there are at least four meetings in which the Audit Committee reviews internal audit findings. During the year, the Audit Committee Chairperson also met the Chief Internal Auditor without the presence of management.

CEO AND CFO CERTIFICATION

A certificate of the Chief Executive Officer as well as the Chief Financial Officer of the Company on financial statements and applicable internal controls as stipulated under Regulation 17(8) of the SEBI Listing Regulations is enclosed as **Exhibit 8** to this chapter.

STATUTORY AND IFRS AUDITORS

For FY2026 M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm registration no. 101049W/E300004), the Statutory Auditors, audited the financial statements prepared in accordance with the Ind AS. During the year, the Company re-appointed M/s. Ernst & Young Associates LLP, as an independent registered public accounting firm (Independent Auditor) to audit the annual consolidated financial statements and for issuing an opinion on the financial statements prepared in accordance with IFRS as issued by the International Accounting Standard Board (IASB) for FY2026.

The Statutory and Independent Auditors render an opinion regarding the fair presentation in the financial statements of the Company's financial condition and operating results.

Their audits are conducted in accordance with generally accepted auditing standards and include a review of the

internal controls, to the extent necessary, to determine the audit procedures required to support their opinion. While auditing the operations of the Company, the external auditors recorded their observations and findings with the management. These were then discussed by the management and the auditors at the Audit Committee meetings, either face-to-face or via conference calls. Remedial measures suggested by the auditors and the Audit Committee have been either implemented or taken up for implementation by management.

The Statutory and Independent Auditors provide a confirmation of their independence every financial year. They confirm that the engagement team, involved in the audit of the Company and its group including network firms have complied with relevant ethical requirements regarding independence.

They also confirm that on the basis of procedures implemented within their practice, they have not identified any situation or risk likely to affect their independence as Company's auditors for the financial year within the terms of the rules of conduct applicable in India.

Further, M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/E300004), will complete their second term of five consecutive years, as Statutory Auditors at the conclusion of the ensuing 42nd Annual General Meeting and shall cease to hold office thereafter. Accordingly, based on the recommendation of the Audit Committee, the Board of Directors has recommended the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W100018), as the Statutory Auditors of the Company for a term of five consecutive years, commencing from the conclusion of the 42nd AGM up to the conclusion of the 47th AGM, subject to approval of the Members.

AUDITORS' FEES

During FY2026, the Company and its subsidiaries, on a consolidated basis paid the fees mentioned in Table 13 to M/s. S.R. Batliboi & Associates LLP, chartered accountants, the statutory auditors; and to M/s. Ernst & Young Associates LLP, the independent auditors and other entities within their network.

Table 13 AUDITORS' FEES

(Amount in ₹ mn)		
Type of service	FY2026	FY2025
Audit fees	117.6	119.8
Tax fees	21.4	23.3
All other fees	2.4	2.7
Total	141.4	145.8

AGREEMENTS WITH MEDIA

The Company has not entered into any agreement with any media Company and/ or its associates.

SHAREHOLDERS

MEANS OF COMMUNICATION

1. **Quarterly and annual results:** Quarterly and annual results of the Company are published in widely circulated national newspapers such as the Business Standard and the local vernacular daily, Andhra Prabha. These are also disseminated internationally through Business Wire and made available on the Company's website at www.drreddys.com. The financial results were sent, if asked for, to the registered e-mail IDs of members.
2. **News releases, presentations, etc.:** The Company has established systems and procedures to disseminate relevant information to its stakeholders, including members, analysts, business partners, customers, employees and the society at large. It also conducts earning calls with analysts and investors.
3. Details of communications made during the year are produced in Table 14.

Table 14 DETAILS OF COMMUNICATION MADE DURING FY2026

Means of communication	Number
Results earnings calls	4
Publication of results	4
Press releases/ intimations/ other disclosures and filings	193

4. **Website:** The primary source of information regarding the Company's operations is the Company's website at www.drreddys.com, where all official news releases and presentations made to institutional investors and analysts are posted. It contains a separate dedicated investors section, as required under Regulation 46(2) of the SEBI Listing Regulations, where the information for members is available. Webcast of the proceedings of the AGM is also made available on the Company's website.
5. **Annual Report:** The Company's Annual Report containing, inter alia, the Board's Report, Additional Shareholders Information, the Corporate Governance Report, the Business Responsibility and Sustainability Report, Management's Discussion and Analysis (MD&A), Audited Standalone and Consolidated Financial Statements, Auditors' Report and other important information are circulated to members and



others so entitled. The Annual Report is also available on the Company's website in a user-friendly and downloadable form.

6. **Chairman's speech:** The speech given at the AGM is made available on the Company's website at <https://www.drreddys.com/cms/sites/default/files/media-library/Chairman%20Speech.pdf>
7. **Reminder to investors:** Reminders to collect unclaimed dividend on shares are sent to the relevant shareholders.
8. **Compliances with stock exchanges:** National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) maintain separate online portals for electronic submission of information by listed companies. Various communications such as notices, press releases and the regular quarterly, half-yearly and annual compliances and disclosures are filed electronically on these portals. In addition, such disclosures and communications are also sent to the NYSE, NSE IFSC Limited and filed with SEC, as appropriate.

Table 15 DETAILS OF CREDIT RATINGS

	Type	Amount (₹ in mn)	Rating	Outlook
ICRA	Fund Based/Non fund based	20,000	[ICRA]AA+	(Stable)
India Rating	Fund Based/Non fund based	39,800	IND AA+	Stable/IND A1+
	Non fund Based	1,200	IND AA+	Stable/IND A1+

ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE 42ND ENSUING ANNUAL GENERAL MEETING

Re-appointment of Mr. K Satish Reddy liable to retire by rotation, being eligible, offers himself for re-appointments

In terms of Section 152 of the Act and other applicable provisions of the Act, and rules made thereunder, Mr. Satish Reddy, is subject to retirement by rotation at the ensuing 42nd AGM, and being eligible, offers himself for re-appointment.

Mr. K Satish Reddy (DIN: 00129701), a Chemical Engineering graduate from Osmania University and M.S. in Medicinal Chemistry from Purdue University, joined Dr. Reddy's Laboratories in 1993 as Executive Director overseeing manufacturing and new product development, and was appointed Managing Director in 1997. He played a key role in building the Company's global capabilities and brand, including leading its expansion into international emerging markets. He was reappointed as Whole-time Director

9. **Designated exclusive e-mail ID:** We have designated an e-mail ID exclusively for investor services: shares@drreddys.com.
10. **Register to receive electronic communications:** We provide an option to the members to register their e-mail ID online through the Company's website to receive electronic communications. Members who wish to receive electronic communications may register at <https://www.drreddys.com/investor#investor-services#shareholder-information>
11. **Disclosures:** We have a Policy on the Determination of Materiality for disclosure of material events/ information as required under the SEBI Listing Regulations, which is available at Company's website at https://www.drreddys.com/cms/sites/default/files/2025-11/Policy_on_Determination_of_Materiality.pdf

CREDIT RATINGS

During the year under review, there has been no change in the credit ratings of the Company from any of the agencies, however the Company enhanced the limits, as detailed in Table 15

designated as Managing Director & Chief Operating Officer effective October 1, 2012, and subsequently re-designated as Vice-Chairman & Managing Director on March 30, 2013, and as Chairman on May 13, 2014. He was later reappointed as Whole-time Director designated as Chairman for a further term of five years from October 1, 2022, liable to retire by rotation, and now retires at the 42nd AGM and, being eligible, offers himself for reappointment.

The profile and other details of K Satish Reddy pursuant to provisions of the SEBI Listing Regulations and Secretarial Standard - 2 are given in the Notice convening 42nd AGM of the Company, forms part of the Integrated Annual Report for FY2026.

Re-appointment of Dr. K. P. Krishnan, Independent Director of the Company

In terms of Section 149 and other applicable provisions of the Act, and rules made thereunder and SEBI Listing Regulations, Dr. K. P. Krishnan (DIN: 01099097) was appointed as an

Independent Director of the Company for a period of five years with effect from January 7, 2022 to January 6, 2027, by the members through Postal Ballot in March 2022. Accordingly, his term as an Independent Director is ending on January 6, 2027.

Considering the skill set of Dr. Krishnan and his valuable contributions, the Nomination, Governance and Compensation Committee and the Board have recommended the resolution for consideration of the members for re-appointment of Dr. K P Krishnan as an Independent Director of the Company for a second term of five consecutive years from January 7, 2027 to January 6, 2032, not liable to retire by rotation.

The profile and other details of Dr. Krishnan pursuant to provisions of the SEBI Listing Regulations and Secretarial Standard - 2 are given in the Notice convening 42nd AGM of the Company, forms part of the Integrated Annual Report for FY2026.

Appointment of Mr. Srikanth Velamakanni, Independent Director of the Company

In terms of Section 149 and other applicable provisions of the Act, and rules made thereunder and SEBI Listing Regulations, Mr. Srikanth Velamakanni (DIN: 01722758) was appointed by the Board as an Additional Director, categorised as Independent, for a period of five years with effect from July 1, 2026 to June 30, 2031.

Considering the skill set of Mr. Srikanth the NGCC and the Board recommended the resolution of appointment of Mr. Srikanth Velamakanni, as an Independent Director of the Company for approval of the members by way of a special resolution.

The profile and other details of Mr. Srikanth Velamakanni pursuant to provisions of the SEBI Listing Regulations and Secretarial Standard - 2 are given in the Notice convening 42nd AGM of the Company, forms part of the Integrated Annual Report for FY2026.

GOVERNANCE GUIDELINES

Pursuant to Section 303A.11 of the NYSE Listed Company Manual, a foreign private issuer, as defined by the SEC, must make its US investors aware of significant ways in which its corporate governance practices differ from those required of domestic companies under NYSE listing standards. A detailed analysis of this is available on the Company's website at www.drreddys.com.

OTHER DISCLOSURES

- 1) The Company is in compliance with the mandatory requirements of Corporate Governance as specified in Regulations 17 to 27; clauses (b) to (i) of sub-regulation

(2) of Regulation 46 and Schedule V of the SEBI Listing Regulations.

- 2) The securities of the Company were not suspended from trading at any time during the year.
- 3) During FY2026, the Company has not raised funds through preferential allotment or qualified institutional placement.
- 4) During FY2026, the Board of Directors has accepted all the recommendations of the Board Committees.
- 5) Disclosures on complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, is given in Table 16:

Table 16

DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Particulars	Numbers
The number of sexual harassment complaints received during the year	21
The number of such complaints disposed of during the year	19
Number of complaints pending as on March 31, 2026	6

Further, disclosures on complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 on consolidated basis i.e., for the Company and its subsidiaries are given in Principle 5 of the Business Responsibility and Sustainability Report forming part of the Integrated Annual Report.

- 6) A certificate from a Company Secretary in practice confirming that none of the directors are disqualified or debarred from being appointed or continuing as directors of the Company by the SEBI or the Ministry of Corporate Affairs or any other authority, forms part of this report.

COMPLIANCE REPORT ON DISCRETIONARY REQUIREMENTS UNDER REGULATION 27(1) OF THE LISTING REGULATIONS

1. **The Board:** Our Chairman is an Executive Director and maintains the Chairman's office at the Company's expenses for the performance of his duties.
2. **Shareholders' rights:** In addition to displaying our quarterly and half-yearly results on our website at www.drreddys.com, and publishing in widely circulated newspapers, the quarterly financial results are being sent to the registered e-mail IDs of shareholders.



3. **Audit qualifications:** The auditors have not qualified the financial statements of the Company.
4. **Separate post of chairman and CEO:** Mr. K Satish Reddy is the Chairman, Mr. G V Prasad is the Co-chairman and Managing Director and Mr. Erez Israeli is the Chief Executive Officer of the Company.
5. **Reporting of internal audit:** The Chief Internal Auditor regularly updates the Audit Committee on internal audit findings at the Committee's meetings and on conference calls.

ADDITIONAL SHAREHOLDERS' INFORMATION

The chapter on Additional Shareholders' Information forms a part of the Integrated Annual Report.

EXHIBIT 1

Report of the Audit Committee

To the shareholders of
Dr. Reddy's Laboratories Limited

The Audit Committee of the Board consists of four Directors as on March 31, 2026. Each member is an Independent Director as defined under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the New York Stock Exchange Corporate Governance Guidelines. The Committee operates under a written charter adopted by the Board of Directors, and has been vested with all the powers necessary to effectively discharge its responsibilities.

During the year, there is no change in composition of the Audit Committee.

The primary responsibilities are to assist the Board in overseeing the:

- Integrity of the Company's financial statements;
- Compliance with legal and regulatory requirements and the Company's Code of Business Conduct and Ethics (COBE);
- Qualification and independence of the External and Internal Auditors;
- Performance of the Company's External Auditors and Internal Audit team;
- Adequacy and reliability of the internal control systems, especially those relating to the reporting of the Company's financials; and
- Whistle-blower/ombudsperson related matters.

The details terms of reference of the Audit Committee are available on the website of the Company.

Dr. Reddy's management has primary responsibility for the financial statements and reporting process, including the systems of internal controls. The Committee discusses with the Company's Internal Auditors, Statutory Auditors and Independent Auditors, the scope and plans for their respective audits. It also discusses the results of their examination, their evaluation of the Company's internal controls, and overall quality of the Company's financial reporting. The Audit Committee provides at each of its meetings an opportunity for internal and external auditors to meet with the members of the Audit Committee, without presence of the management.

In fulfilling its responsibilities, the Audit Committee reviewed and discussed the Company's quarterly unaudited and annual audited financial statements with the management. M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, the Company's Statutory Auditors for financial statements prepared in accordance with Ind AS, and M/s. Ernst & Young Associates LLP, the Company's Independent Auditors for financial statements prepared in accordance with IFRS, are responsible for expressing their opinion on the conformity of the Company's financial statements with Generally Accepted Accounting Principles (GAAP), as applicable.

Relying on the review and discussions with the management and the auditors, the Audit Committee believes that the Company's financial statements are fairly presented in conformity with Indian Accounting Standards (Ind AS) and the IFRS as issued by the International Accounting Standards Board in all material aspects.

To ensure that the accounts of the Company are properly maintained and that accounting transactions are in accordance with the prevailing laws and regulations, the Audit Committee reviewed the internal controls put in place by the Company. In conducting such reviews, the Committee found no material discrepancy or weakness in the Company's internal control systems.

During FY2026, the Audit Committee met six times and inter alia, reviewed and discussed the following:

1. Approval and recommendation of the quarterly/ half-yearly/annual financial results on standalone and consolidated basis;
2. Approval and recommendation of the Cost Statements including other annexures of Cost Audit Report for FY2026

3. Review of the key non-routine accounting transactions;
4. Revision to the 'Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons' (PIT Code) and 'Code of Practices and Procedures for Fair Disclosures of Un-published Price Sensitive Information' in line with the requirement of the SEBI (Prohibition of Insider Trading) Regulations, 2015.
5. Approval and recommendation to Board for investments in the subsidiaries and joint ventures;
6. Approval and recommendation to Board for change in Internal Auditor of the Company;
7. Review of business agreements entered/ to be entered by the Company;
8. Review of the Finance Transformation;
9. Review on new Insider Trading Compliance tool.
10. Review of the Subsidiary governance;
11. Review of the Internal Financial Controls (IFC), SOX and Internal Audit observations;
12. Review of the Auditors' independence and performance, and effectiveness of audit process;
13. Approval and recommendation of the audit fees paid to the Statutory Auditors and Independent Auditors;
14. Approval and recommendation to Board regarding re-appointment of Cost Auditors and Secretarial Auditors, and continuing of the Statutory Auditors;
15. Approval of the non-audit services being provided by the statutory and independent auditors and concluded that such services were not in conflict with their independence;
16. Update on key legal cases;
17. Review of the treasury and tax updates;
18. Approvals of the related party transactions and review thereof;
19. Review of the financial statements of the subsidiaries including their investments and significant transactions;
20. Ombudsperson process/ complaints, remuneration of Chief Compliance Officer (CCO) and insider trading compliances;
21. Review of the sexual harassment cases;

22. Review of the whistle blower complaints;
23. Review of the Insider Trading compliances;
24. Compensation for Chief Internal Auditor, Chief Compliance Officer and Company Secretary
25. Review of the Regulatory updates concerning the Committee; and
26. Sections of the annual report including Management Discussion and Analysis, Directors' Responsibility Statement.
27. Audit Committee recommended the Board, regarding appoint M/s. Deloitte Haskins & Sells LLP as Statutory Auditors, with effect from the conclusion of the 42nd Annual General Meeting, subject to the approval of the shareholders.

The Audit Committee ensures that the Company's Code of Business Conduct and Ethics has a mechanism such that no person intending to make a complaint relating to securities and financial reporting shall be denied access to the Audit Committee.

The Audit Committee, inter alia, has recommended to the Board of directors:

- a) That the audited standalone and consolidated financial statements of Dr. Reddy's Laboratories Limited for the year ended March 31, 2026, prepared as per Ind AS be approved by the Board as a true and fair statement of the financial status of the Company; and
- b) That the financial statements prepared as per IFRS as issued by International Accounting Standards Board for the year ended March 31, 2026, be approved by the Board and be included in the Company's Annual Report on Form 20-F, to be filed with the US Securities and Exchange Commission.

The Audit Committee apprised the Board on key discussions and recommendations made at such Committee meetings.

Arun M Kumar
Chairperson, Audit Committee

Place: Hyderabad
Date: May 12, 2026



EXHIBIT 2

Report of the Nomination, Governance and Compensation Committee

To the shareholders of
Dr. Reddy's Laboratories Limited

The Nomination, Governance and Compensation Committee (NGCC) of the Board consists of four Independent Directors, as on March 31, 2026, as defined under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the New York Stock Exchange Corporate Governance Guidelines. The NGCC operates under a written charter adopted by the Board of Directors and has been vested with all the powers necessary to effectively discharge its responsibilities.

The NGCC's primary responsibilities are to:

- Assess the Company's policies and processes in key areas of corporate governance and the impact of related significant regulatory and statutory changes, if any, to ensure that the Company is at the forefront of good corporate governance;
- Periodically examine the structure, composition and functioning of the Board and recommend changes, as necessary, to improve the Board's effectiveness, oversee the evaluation of the Board and formulation of criteria for such evaluation;
- For appointment of a Director on the Board, the NGCC evaluates the balance of skills, knowledge and experience and on the basis of such evaluation, identify the suitable candidate and makes the necessary recommendation to the Board.
- Examine major aspects of the Company's organizational design and recommend changes as necessary;
- Formulate policies on the remuneration of Directors, KMPs and other employees and on Board diversity;
- Review and recommend compensation and variable pay for Executive Directors to the Board;
- Review the sexual harassment complaints, outcome of investigations, if any, and awareness initiatives; and
- Establish, in consultation with the management, the compensation program for the Company and recommend it to the Board for approval and in that context:

- Establish annual key result areas (KRAs) for the Executive Directors and oversee the status of their achievement;
- Review, discuss and provide guidance to the management, on the KRAs for members of the MC, KMPs and their remuneration; and
- Review the Company's ESOP schemes and oversee its administration.

The details terms of reference of the NGCC are available on the website of the Company.

As on March 31, 2026, the Company had 4,041,260 outstanding stock options, which amounts to 0.48% of total equity capital. These options are held by 166 employees of the Company and its subsidiaries under:

- Dr. Reddy's Employees Stock Options Scheme, 2002 (This Scheme expired on January 28, 2022);
- Dr. Reddy's Employees ADR Stock Options Scheme, 2007; and
- Dr. Reddy's Employees Stock Option Scheme, 2018.

269,895 stock options are outstanding at par value i.e. ₹ 1/- per option and 3,771,365 stock options are outstanding at fair market value.

The NGCC met three times during the financial year. In addition to the fulfilment of its normal responsibilities as described above, the NGCC inter alia has reviewed and discussed the following:

- Review of the Board and Board Committee composition and identifying candidates for appointment as Director;
- Review the key areas of corporate governance and the impact of related significant regulatory and statutory changes;
- Review of HR metrics including staff costing, hiring, attrition, diversity, talent management, capacity building and employee experience;
- Senior level appointments/ movements;
- Review of the sexual harassment cases;
- Review and recommendation of variable pay and annual pay revisions;
- ESOP administration and allotment of shares under employee stock option schemes of the Company;

- Review of the outcome of the performance evaluation of Board, Board Committees and Directors including Chairman;
- Recommendation of the re-appointment of Directors and Senior Management Personnel;
- Review of the Company's system for hiring, developing and retaining talent, retirement policy of the Company.
- Review the organization design, plan for upgrading and retaining talent at all levels and succession plans for key positions and support revision of training programs and the performance enablement systems.

The Nomination, Governance and Compensation Committee apprised the Board on discussions and recommendations made at its meetings and shared information on the overall NGCC initiatives undertaken by the Company.

Sanjiv Mehta

Chairperson, Nomination, Governance and Compensation Committee

Place: Hyderabad

Date: May 11, 2026

EXHIBIT 3

Report of the Science, Technology and Operations Committee

To the shareholders of
Dr. Reddy's Laboratories Limited

The Science, Technology and Operations (STO) Committee of the Board consists of four Independent Directors, as on March 31, 2026. The STO Committee operates under a written charter adopted by the Board of Directors and has been vested with all the powers necessary to effectively discharge its responsibilities.

The STO Committee's primary responsibilities are to:

- Review scientific, medical and technical matters and operations involving the Company's development and discovery programs (generic and proprietary), including major internal projects, business development

opportunities, interaction with academic and other outside research organisations;

- Assist the Board and management to stay abreast of novel scientific and technologies developments and innovations and anticipate emerging concepts and trends in therapeutic research and development, to help assure the Company makes well informed choices in committing its resources;
- Assist the Board and the management in the creation of valuable Intellectual Property (IP);
- Review the status of non-infringement patent challenges;
- Assist the Board and the management in building and nurturing science in the organisation to support its business strategy; and
- Review the safety and quality of the Company's operations.

The STO Committee met four times during the financial year. The STO Committee inter alia, reviewed and discussed the following:

- Review of the Company's key product development;
- Update and review of the quality and pharmacovigilance function and assessment of coordination with research and manufacturing;
- Update on new product delivery engine for API business;
- Update and review of audit and observations;
- Update and review of Biologics and Oncology functions;
- Update and review of research and manufacturing functions
- Update and review of commercial strategies

The Science, Technology and Operations Committee apprised the Board on review and discussions made at its meetings.

Dr. Claudio Albrecht
Chairperson, Science, Technology and Operations Committee

Place: Hyderabad

Date: May 11, 2026



EXHIBIT 4

Report of the Risk Management Committee

To the shareholders of
Dr. Reddy's Laboratories Limited

The Risk Management Committee of the Board consists of four Directors, as on March 31, 2026. Each member is an Independent Director as defined under Indian laws, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the New York Stock Exchange Corporate Governance Guidelines. The Committee operates under a written charter adopted by the Board of Directors and has been vested with all the powers necessary to effectively discharge its responsibilities.

The Risk Management Committee's primary responsibilities are to:

- Discuss with senior management the Company's enterprise-level risks and provide oversight as may be needed;
- Ensure it is apprised of the most significant risks and emerging issues, along with actions that the management is taking and how it is ensuring effective Enterprise Risk Management (ERM); and
- Review risk disclosure statements in any public documents or disclosures.

The details terms of reference of the Risk Management Committee are available on the website of the Company. The Committee met thrice during the financial year inter alia to review the following:

- Risk Heat-map;
- Risk associated with must win products
- Quality / regulatory risk
- Inventory and aging- steps to reduce COPE
- Product Performance & Governance for innovative assets, new products [in-house], IL deals & acquisitions.
- Emerging markets – operating environment and outlook
- Cyber security
- Ethics and compliance
- Data leakage risk
- DPDP Act preparedness
- Risk associated with safety

- Geo-political risks and mitigations;
- Other risks periodically

The Risk Management Committee apprised the Board on discussions and recommendations made at its meetings and shared information on enterprise-wide risks.

Shikha Sharma
Chairperson,
Risk Management Committee

Place: Hyderabad
Date: May 11, 2026

EXHIBIT 5

Report of the Stakeholders' Relationship Committee

To the shareholders of
Dr. Reddy's Laboratories Limited

The Stakeholders' Relationship Committee of the Board consists of three Directors, including two Executive Directors, as on March 31, 2026. The Chairperson is an Independent Director as defined under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the New York Stock Exchange Corporate Governance Guidelines. The Committee operates under a written charter adopted by the Board of Directors and has been vested with all the powers necessary to effectively discharge its responsibilities.

The Committee's primary responsibilities are to:

- Review investor complaints and their redressal;
- Review of queries received from investors;
- Review of work done by the share transfer agent including their service standards;
- Review corporate actions related to security holders; and
- Review investor engagement plans/ initiatives and movement in shareholdings and ownership structure.

The details terms of reference of the Stakeholders' Relationship Committee are available on the website of the Company.

The Stakeholders' Relationship Committee met four times during the financial year on quarterly basis. In addition to the fulfilment of its normal responsibilities as described above, it also suggested to explore additional ways to communicate with the shareholders for claiming their unpaid dividends. On recommendation of the Committee, the Company has been sending copies of the published quarterly results to the shareholders of the Company every quarter through e-mails. It also reviewed the functioning of the Company's secretarial and investor relations functions.

The Stakeholders' Relationship Committee apprised the Board on key discussions and recommendations made at such Committee meetings.

Leo Puri
Chairperson,
Stakeholders' Relationship Committee

Place: Hyderabad
Date: May 8, 2026

EXHIBIT 6

Report of the Sustainability and Corporate Social Responsibility Committee

To the shareholders of
Dr. Reddy's Laboratories Limited

The Sustainability and Corporate Social Responsibility (CSR) Committee of the Board consists of four directors, including two executive directors. The Chairman of the Committee is an Independent Director as defined under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the New York Stock Exchange Corporate Governance Guidelines. The Committee operates under a written charter adopted by the Board of Directors, and has been vested with all the powers necessary to effectively discharge its responsibilities.

Sustainability and CSR Committee's primary responsibilities are as under:

Sustainability –

- To review the sustainability and other environment, social and governance related vision & goals of the Company on an ongoing basis.
- To review and provide oversight over the Company's programs, policies, practices, and strategies related to sustainability.

- To review sustainability and ESG disclosures.
- To act as nodal committee for guidance on sustainability and overall ESG goals and to review and monitor progress and all other matters incidental thereto.

CSR –

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy ("CSR Policy") which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- Provide guidance on various CSR initiatives undertaken by the company and monitor implementation and adherence to the CSR programs and policy of the company from time to time;
- Recommend to the board an Annual CSR Action Plan delineating the CSR projects or programmes to be undertaken during the financial year; and
- Appoint an independent agency/ firm to carry out impact assessment study, if any

The detailed terms of reference of the Sustainability and CSR Committee are available on the website of the Company.

During the financial year, the Sustainability and CSR Committee met five times. The Committee inter alia reviewed and discussed the following:

- Approval and recommendation of the CSR budget and Annual Action Plan;
- Review and recommendation for revision to the CSR budget and Annual Action Plan;
- Review the CSR projects/ programs and expenditure thereon including ongoing projects;
- Update on CSR governance and compliances;
- Approval and recommendation to the Annual Report on CSR Activities;
- Review the Impact Assessment Report undertaken by the independent agency;
- Revision of CSR Policy
- Appointment of the Assurance Provider, for undertaking Reasonable Assurance of BRSR
- Core And Other Related Matters
- Review of strategic CSR initiatives for the Company;
- Review of the NGO functioning undertaking major CSR projects/ programs of the Company and their KPIs;



- Update on ESG vision, goals and progress;
- Review of the ESG ratings and benchmarking with the best practices.;
- Review of regulatory updates on ESG and BRSR and disclosures thereon;
- Review of the ESG ratings by the various external agencies.

The Sustainability and CSR Committee apprised the Board on discussions and recommendations made at its meetings and shared information on the overall CSR and ESG initiatives undertaken by the Company.

Dr. K P Krishnan

Chairperson, Sustainability and
Corporate Social Responsibility Committee

Place: Hyderabad
Date: May 8, 2026

EXHIBIT 7

**CEO'S declaration on compliance with
Code of Business Conduct and Ethics**

Dr. Reddy's Laboratories Limited has adopted a Code of Business Conduct and Ethics ('COBE' and 'the code') which applies to all employees and directors of the Company, its subsidiaries and affiliates. Under the code, it is the responsibility of all employees and directors to familiarize themselves with the code and comply with its standards.

I hereby certify that the board members and senior management personnel of Dr. Reddy's have affirmed compliance with the code of the Company for the financial year 2025-26.

Erez Israeli
Chief Executive Officer

Date: May 12, 2026
Place: Hyderabad

EXHIBIT 8

**CEO and CFO certificate to the Board pursuant to
Regulation 17(8) of the SEBI (Listing Obligations
and Disclosure Requirements) Regulations, 2015**

Pursuant to the Regulation 17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we, Erez Israeli, Chief Executive Officer and M V Narasimham, Chief Financial Officer of Dr. Reddy's Laboratories Limited to the best of our knowledge and belief, hereby certify that:

- A) We have reviewed the financial statements (standalone and consolidated) including the cash flow statement for the financial year ended March 31, 2026 and that these statements:
1. Do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. Together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- B) There are no transactions entered into by the Company during the year, which are fraudulent, illegal or violate the Company's Code of Business Conduct and Ethics.
- C) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to address these deficiencies.

D) We have disclosed, wherever applicable, to the auditors and the Audit Committee:

1. That there were no deficiencies in the design or operations of internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data including any corrective actions;
2. That there are no material weaknesses in the internal controls over financial reporting;
3. That there are no significant changes in internal control over financial reporting during the year;
4. All significant changes in the accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
5. That there are no instances of significant fraud of which we have become aware of and involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Erez Israeli
Chief Executive Officer

M V Narasimham
Chief Financial Officer

Date: May 12, 2026
Place: Hyderabad



Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

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

1. The Corporate Governance Report prepared by Dr. Reddy's Laboratories Limited; (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) and (t) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2026 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
- i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
- ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
- iii. Obtained and read the Register of Directors as on March 31, 2026 and verified that atleast one independent woman director was on the Board of Directors throughout the year;
- iv. Obtained and read the minutes of the following committee meetings / other meetings held from April 01, 2025 to March 31, 2026:
- (a) Board of Directors;
- (b) Audit Committee;

- (c) Annual General Meeting (AGM);
- (d) Nomination, Governance and Compensation Committee
- (e) Stakeholders Relationship Committee;
- (f) Risk Management Committee
- (g) Science, Technology and Operations Committee; and
- (h) Sustainability and Corporate Social Responsibility Committee;
- (i) Banking, Authorizations and allotment Committee (formerly knows as Banking and Authorizations committee)
- v. Obtained necessary declarations from the directors of the Company.
- vi. Obtained and read the policy adopted by the Company for related party transactions.
- vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.
- viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2026, referred to in paragraph 4 above.

Other matters and Restriction on Use

1. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
2. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Shankar Srinivasan**
Partner
Membership Number: 213271
UDIN: 26213271ZDEYNB5124
Place of Signature: Hyderabad
Date: May 12, 2026



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members
Dr. Reddy's Laboratories Limited

We have examined the relevant disclosures provided by the Directors to Dr. Reddy's Laboratories Limited, bearing CIN: L85195TG1984PLC004507, having registered office at 8-2-337, Road No. 3, Banjara Hills, Hyderabad, Telangana 500034 (hereinafter referred to as 'the Company'), provided to us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information, based on (i) documents available on the website of the Ministry of Corporate Affairs as on May 12, 2026 and Stock Exchanges as on May 12, 2026 (ii) Verification of Directors Identification Number (DIN) status at the website of the Ministry of Corporate Affairs, and (iii) disclosures provided by the Directors (as enlisted in Table A) to the Company, we hereby certify that none of the Directors on the Board of the Company (as enlisted in Table A) have been debarred or disqualified from being appointed or continuing as directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority as on March 31, 2026.

Table A

Sr. No.	Name of the Directors	Director Identification Number	Date of appointment in Company
1.	Mr. Satish Reddy Kallam	00129701	January 18, 1993
2.	Mr. Venkateswara Prasad Gunupati	00057433	April 08, 1986
3.	Mr. Leo Puri	01764813	October 25, 2018
4.	Mrs. Shikha Sanjaya Sharma	00043265	January 31, 2019
5.	Dr. Kodumudi Pranatharthiharan Krishnan	01099097	January 07, 2022
6.	Ms. Penny Chan Wan	09479493	January 28, 2022
7.	Mr. Arun Madhavan Kumar	09665138	August 01, 2022
8.	Dr. Claudio Albrecht	10109819	May 10, 2023
9.	Dr. Alpna Hansraj Seth	01183914	September 19, 2023
10.	Mr. Sanjiv Soshil Mehta	06699923	December 29, 2023

For **Makarand M. Joshi & Co.**
Company Secretaries
ICSI UIN: P2009MH007000
Peer Review Cert. No.: 6832/2025

Makarand M. Joshi
Partner
FCS No. 5533
CP No. 3662
UDIN: F005533H000343354

Place: Mumbai
Date: May 12, 2026

ADDITIONAL SHAREHOLDERS' INFORMATION

CONTACT INFORMATION

REGISTERED AND CORPORATE OFFICE

Dr. Reddy's Laboratories Limited
8-2-337, Road No. 3, Banjara Hills,
Hyderabad 500 034, Telangana, India
Tel: +91-40-4900 2900
Fax: +91-40-4900 2999
Website: www.drreddys.com
CIN: L85195TG1984PLC004507
E-mail ID: shares@drreddys.com

REPRESENTING OFFICERS

Correspondence to the following officers may be addressed at the registered and corporate office of the Company:

COMPLIANCE OFFICER UNDER THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (THE "SEBI LISTING REGULATIONS") AND NODAL OFFICER UNDER IEPF

Mr. K Randhir Singh
Company Secretary, Compliance Officer and Head-CSR
Tel: +91-40-4900 2900
Fax: +91-40-4900 2999
E-mail ID: shares@drreddys.com

ADR INVESTORS/ INSTITUTIONAL INVESTORS/ FINANCIAL ANALYSTS

Ms. Aishwarya Sitharam
Head - Investor Relations
Tel: +91-40-4900 2135
Fax: +91-40-4900 2999
E-mail ID: aishwaryasitharam@drreddys.com

MEDIA

Ms. Priya K
Corporate Communications
Tel: +91-40-4900 2900
Fax: +91-40-4900 2999
E-mail ID: priyak@drreddys.com

INDIAN RETAIL INVESTORS

Mr. K Randhir Singh
Company Secretary, Compliance Officer and Head-CSR
Tel: +91-40-4900 2222
Fax: +91-40-4900 2999
E-mail ID: shares@drreddys.com

GENERAL SHAREHOLDER INFORMATION

Table 1 42ND ANNUAL GENERAL MEETING (AGM) AND OTHER DETAILS

Day, Date and Time of the AGM	Thursday, July 23, 2026 at 11.00 AM through video conferencing("VC")/Other Audio visual means ("OAVM")
Venue of the AGM	In accordance with General Circular No. 03/2025 dated September 22, 2025 read with General Circular No. 09/2024 dated September 19, 2024 issued by the Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated October 3, 2024 issued by SEBI, the 42 nd AGM of the Company will be held through VC/ OAVM mode. The deemed venue for the 42 nd AGM shall be at the Registered Office of the Company.
Financial Year	April 1 to March 31
Record date	Friday, July 10, 2026
Dividend payment date	On or before July 30, 2026
Receipt of proxy forms	In terms of the relaxations granted by MCA, the facility for appointment of proxies by Members will not be available at the ensuing AGM as same will be held through VC/ OAVM mode
International Securities Identification Number (ISIN) in NSDL and CDSL	ISIN is a unique identification number of a traded scrip. This number has to be quoted in each transaction relating to the dematerialized securities of the Company. The ISIN of the Company's equity shares is INE089A01031 .
E-Voting dates	Cut-off date for e-voting: Thursday, July 16, 2026 E-voting dates: - from 9.00 a.m. (IST), Sunday, July 19, 2026, to 5.00 p.m. (IST) Wednesday, July 22, 2026

Listing on Stock Exchanges (Equity)	The Company's equity shares are listed on the following Stock Exchanges (1) BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 (2) National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Annual Listing fees has been paid by the Company to the above stock exchanges for FY2026
Listing on Stock Exchanges (American Depository Receipts) (ADRs)	The Company's ADRs are listed on the following Stock Exchanges (1) New York Stock Exchange Inc. (NYSE), 11, Wall Street, New York, 10005, USA (2) NSE IFSC Limited, Unit No.1201, Brigade International Financial Centre, 12th floor, Block-14, Road 1C, Zone-1, Gift SEZ, Gift City, Gandhinagar, Gujarat – 382355, India Listing fees to the NYSE for listing of ADRs has been paid for the CY2025. The stock code on Reuters is REDY.NS and on Bloomberg is DRRD:IN.
Description of voting rights	All securities issued by the Company carry equal voting rights.
Overseas depository of ADRs	J.P. Morgan Chase & Co. 270 Park Avenue, Floor 8 New York, NY 10017, USA Tel: +1 781 575 2833
Indian custodian of ADRs	J.P. Morgan Chase Bank NA India Sub-Custody, Floor 3, JP Morgan Tower, Off CST Road, Kalina, Santacruz (E), Mumbai - 400 098, Maharashtra, India Tel: +91-22-6649 2617 Fax: +91-22-6649 2509 E-mail ID: india.custody.client.service@jpmorgan.com
Registrar and Transfer Agent (RTA) for equity shares (common agency for demat and physical shares)	Bigshare Services Private Limited CIN: U99999MH1994PTC076534 306, Right Wing, 3 rd Floor, Amrutha Ville, Opp. Yashoda Hospital, Rajbhavan Road, Hyderabad 500 082, Telangana, India Tel: +91-40-2337 4967, 4014 4967 Fax: +91-40-2337 0295 E-mail ID: bsshyd@bigshareonline.com

FINANCIAL CALENDAR

Table 2 gives the details of tentative calendar for declaration of financial results for FY2027.

Table 2	TENTATIVE CALENDAR FOR DECLARATION OF FINANCIAL RESULTS
For the quarter ending June 30, 2026	Fourth week of July, 2026
For the quarter and half-year ending September 30, 2026	Fourth week of October, 2026
For the quarter and nine months ending December 31, 2026	Fourth week of January, 2027
For the year ending March 31, 2027	Third week of May, 2027
AGM for the year ending March 31, 2027	Fourth week of July, 2027

FY2026 represents fiscal year 2025-26, from April 1, 2025 to March 31, 2026 and analogously for FY2025 and other such labelled years.

CREDIT RATINGS

The detailed table of credit ratings, together with information given in Corporate Governance Report for FY2026.

REASONS FOR PLEDGE

There has been no pledging of shares by the Promoters/Promoter Group.

IN CASE SECURITIES OF THE COMPANY ARE SUSPENDED FROM TRADING, REASONS THEREOF

During the year, no securities of the Company were suspended from trading.

PERSONS HOLDING OVER 1% OF THE SHARES AND TOP 10 PUBLIC SHAREHOLDERS

Table 3 gives the names of the persons holding more than 1% of equity shares of the Company and top 10 public shareholders as on March 31, 2026.

Table 3	PERSONS HOLDING 1% OR MORE AND TOP 10 PUBLIC SHAREHOLDERS OF THE EQUITY SHARES/ADRS IN THE COMPANY AS ON MARCH 31, 2026		
NAME	NUMBER OF SHARES	NUMBER OF ADRs	%
Life Insurance Corporation of India	101,502,343	-	12.16
J P Morgan Chase Bank NA ¹	99,639,513	99,639,513	11.94
GVP Family Trust ²	96,095,920	-	11.51
VSD Family Trust ²	75,630,620	-	9.06
ICICI Prudential Mutual Fund - Various Mutual Funds	33,441,659	-	4.01
Kallam Satish Reddy HUF ²	27,618,385	-	3.31
NPS Trust	23,099,402	-	2.77
Nippon Life India Trustee Ltd - Various Mutual Funds	20,166,834	-	2.42
Parag Parikh Mutual Funds - Various Mutual Funds	14,405,500	-	1.73
Gunupati Venkateswara Prasad HUF ²	12,717,090	-	1.52
SBI Mutual Funds -Various Mutual Funds	12,342,914	-	1.48
Satish Reddy Kallam ²	10,107,505	-	1.21
Government Pension Fund Global	9,164,102	-	1.10
Vanguard Total International Stock Index Fund	7,952,594	-	0.95
HDFC Life Insurance Company Limited	6,890,454	-	0.83
Vanguard Emerging Markets Stock Index Fund	6,441,006	-	0.77

¹ Holding ADRs as custodian of ADRs

² Belonging to promoter and promoter group of the Company.

EQUITY HISTORY OF THE COMPANY

Table 4 lists the equity history of the Company since the incorporation of the Company up to March 31, 2026.

Table 4	EQUITY HISTORY OF THE COMPANY SINCE INCORPORATION OF THE COMPANY UPTO MARCH 31, 2026			
Date/ Financial Year	Particulars	Issued	Cancelled/ Extinguished	Cumulative
24-Feb-1984	Issue to promoters	200	-	200
22-Nov-1984	Issue to promoters	243,300	-	243,500
14-Jun-1986	Issue to promoters	6,500	-	250,000
09-Aug-1986	Issue to public	1,116,250	-	1,366,250
30-Sep-1988	Forfeiture of 100 shares	-	100	1,366,150



Date/ Financial Year	Particulars	Issued	Cancelled/ Extinguished	Cumulative
09-Aug-1989	Rights Issue	819,750	-	2,185,900
16-Dec-1991	Bonus Issue (1:2)	1,092,950	-	3,278,850
17-Jan-1993	Bonus Issue (1:1)	3,278,850	-	6,557,700
10-May-1994	Bonus Issue (2:1)	13,115,400	-	19,673,100
10-May-1994	Issue to promoters	2,250,000	-	21,923,100
26-Jul-1994	GDRs underlying equity shares	4,301,276	-	26,224,176
29-Sep-1995	Standard Equity Fund Limited on Merger	263,062	-	26,487,238
30-Jan-2001	Cheminor Drugs Limited shareholders on merger	5,142,942	-	31,630,180
30-Jan-2001	Cancellation of shares held in Cheminor Drugs Limited on merger	-	41,400	31,588,780
11-Apr-2001	ADR underlying equity shares	6,612,500	-	38,201,280
09-Jul-2001	GDR conversion into ADR	-	-	38,201,280
24-Sep-2001	American Remedies Limited shareholders on merger	56,694	-	38,257,974
25-Oct-2001	Sub-division of one equity share of ₹10/- into two equity shares of ₹5/- each		-	76,515,948
2004-2005	Allotment pursuant to exercise of stock options	3,001	-	76,518,949
2005-2006	Allotment pursuant to exercise of stock options	175,621	-	76,694,570
2006-2007	Allotment pursuant to exercise of stock options	63,232	-	76,757,802
30-Aug-2006	Bonus Issue(1:1)	76,757,802	-	153,515,604
22-Nov-2006	ADR underlying equity shares	12,500,000	-	166,015,604
29-Nov-2006	ADR underlying equity shares (green shoe option)	1,800,000	-	167,815,604
2006-2007	Allotment pursuant to exercise of stock options	96,576	-	167,912,180
2007-2008	Allotment pursuant to exercise of stock options	260,566	-	168,172,746
2008-09	Allotment pursuant to exercise of stock options	296,031	-	168,468,777
2009-10	Allotment pursuant to exercise of stock options	376,608	-	168,845,385
2010-11	Allotment pursuant to exercise of stock options	407,347	-	169,252,732
2011-12	Allotment pursuant to exercise of stock options	307,614	-	169,560,346
2012-13	Allotment pursuant to exercise of stock options	276,129	-	169,836,475
2013-14	Allotment pursuant to exercise of stock options	272,393	-	170,108,868
2014-15	Allotment pursuant to exercise of stock options	272,306	-	170,381,174
2015-16	Allotment pursuant to exercise of stock options	226,479	-	170,607,653
2016-17	Buy-back of equity shares	-	5,077,504	165,530,149
	Allotment pursuant to exercise of stock options	211,564	-	165,741,713
2017-18	Allotment pursuant to exercise of stock options	169,194	-	165,910,907
2018-19	Allotment pursuant to exercise of stock options	155,041	-	166,065,948
2019-20	Allotment pursuant to exercise of stock options	106,134	-	166,172,082
2020-21	Allotment pursuant to exercise of stock options	129,149	-	166,301,231
2021-22	Allotment pursuant to exercise of stock options	124,618	-	166,425,849
2022-23	Allotment pursuant to exercise of stock options	102,027	-	166,527,876
2023-24	Allotment pursuant to exercise of stock options	290,390	-	166,818,266
2024-25	Before sub-division - Allotment pursuant to exercise of stock options	58,680		166,876,946
	Sub-division of one equity share of ₹5/- into five equity shares of ₹1/- each w.e.f. 28-Oct-2024	-	-	834,384,730
	Post sub-division - Allotment pursuant to exercise of stock options	70,635	-	834,455,365
2025-26	Allotment pursuant to exercise of stock options	201,605	-	834,656,970

Table 5 DISTRIBUTION OF SHAREHOLDING

Category	As on March 31, 2026		As on March 31, 2025		% CHANGE
	No. of Shares	% of Total	No. of Shares	% of Total	
Promoters' Holding¹					
- Individuals	50,579,100	6.06	222,305,640	26.64	-20.58
- Trust	171,726,540	20.57	-	0.00	20.57
Sub-total (A)	222,305,640	26.63	222,305,640	26.64	-0.01
- Insurance companies and Indian financial institutions	122,163,876	14.64	83,422,811	10.00	4.64
- Banks	492,350	0.06	1,519,135	0.18	-0.12
- Mutual funds/UTI	110,132,054	13.19	107,519,632	12.89	0.30
Foreign holdings					
- Foreign institutional investors/ foreign portfolio investors/ foreign companies	176,485,062	21.14	215,048,842	25.77	-4.63
- Non-resident Indians	7,674,701	0.92	7,791,068	0.93	-0.01
- ADRs	99,639,513	11.94	96,312,429	11.54	0.40
- Foreign nationals	8,420	0.00	13,895	0.00	0.00
Sub-total (B)	516,595,976	61.89	511,627,812	61.31	0.58
Indian public, corporates and others ² (C)	95,755,354	11.47	100,521,913	12.05	-0.58
Total (A+B+C)	834,656,970	100	834,455,365	100.00	0.00

¹ Change in percentage are due to ESOP allotment.

² Others include Alternative Investment Funds, Trusts, Clearing Members, Unclaimed Suspense Account, IEPF Authority and ESOS Trust.

Table 6 DISTRIBUTION OF EQUITY SHAREHOLDING ACCORDING TO OWNERSHIP AS ON MARCH 31, 2026

SHARES HELD	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES HELD	% OF SHAREHOLDING
1 – 5,000	463,136	99.36	38,514,327	4.61
5,001 – 10,000	1,062	0.23	7,764,532	0.93
10,001 – 20,000	678	0.15	9,979,470	1.20
20,001 – 30,000	292	0.06	7,246,626	0.87
30,001 – 40,000	199	0.04	6,894,904	0.83
40,001 – 50,000	103	0.02	4,612,439	0.55
50,001 – 100,000	243	0.05	17,105,741	2.05
100,001 & above	409	0.09	642,899,418	77.03
Total (excluding ADRs)	466,122	100.00	735,017,457	88.06
Equity shares underlying ADRs ¹	1	0.00	99,639,513	11.94
Total	466,123	100.00	834,656,970	100.00

¹ Held by beneficial owners outside India.



GENERAL BODY MEETINGS

Table 7 DETAILS OF THE LAST THREE ANNUAL GENERAL MEETINGS AND BUSINESS TRANSACTED THROUGH SPECIAL RESOLUTIONS, IF ANY

YEAR	DATE AND TIME	LOCATION	SPECIAL RESOLUTION(S) PASSED
2022-23	July 27, 2023 at 10.00 am (IST)	Video conferencing (VC)/Other Audio Visual means (OAVM)	- Appointment of Dr. Claudio Albrecht as an Independent Director - Re-appointment of Mr. Leo Puri as an Independent Director - Re-appointment of Ms. Shikha Sharma as an Independent Director
2023-24	July 29, 2024 at 11.00 am (IST)	Video conferencing (VC)/Other Audio Visual means (OAVM)	No special resolutions were passed
2024-25	July 24, 2025 at 11.00 am (IST)	Video conferencing (VC)/Other Audio Visual means (OAVM)	Re-appointment of Mr. G.V Prasad (DIN: 00057433) as Whole-Time Director, designated as Co-Chairman and Managing Director

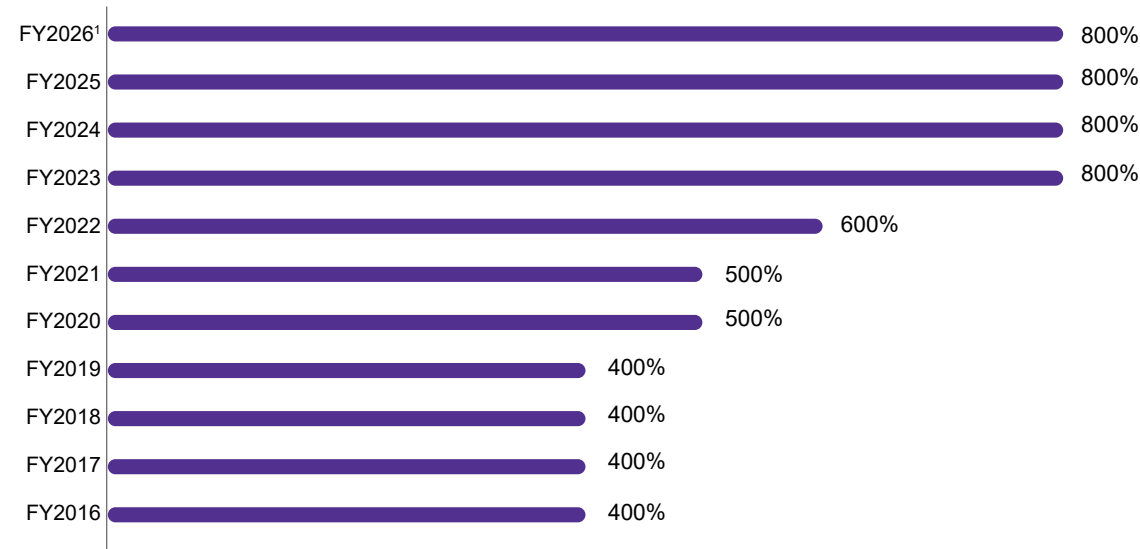
POSTAL BALLOT DETAILS

Further, there is no immediate proposal for passing any resolution through Postal Ballot process.

DIVIDEND HISTORY

Chart 1 shows the dividend history of the Company from the FY2016 to FY2026.

CHART 1: DIVIDEND HISTORY FY2016-FY2026 (%)



¹ Dividend recommended by the Board, subject to approval of the members at the ensuing 42nd Annual General Meeting.

NOMINATION FACILITY

In view of the SEBI Circular dated November 3, 2021 read with subsequent circulars dated December 14, 2021, March 16, 2023, November 17, 2023 and the SEBI Master Circular dated May 7, 2024, as amended from time to time, members holding shares in physical form are requested to submit their nomination details by filing duly completed Form SH-13 with the Registrar and Transfer Agent (“RTA”). Members desirous of cancelling or varying nomination may submit Form SH-14, and those opting out of nomination may submit Form ISR-3. Members are further informed that pursuant to SEBI Circular dated June 10, 2024, non-submission of nomination shall not result in freezing of folios; however, shareholders are encouraged to update their nomination details to facilitate ease of transmission and investor servicing.

EXCHANGE OF SHARE CERTIFICATES

Standard Equity Fund Limited (SEFL), Cheminor Drugs Limited (CDL) and American Remedies Limited (ARL) merged with Dr. Reddy’s Laboratories Limited in the years 1995, 2000 and 2001, respectively. Further, the Company sub-divided the face value of its equity shares of ₹10/- to ₹5/- in 2001 and from ₹5/- to ₹1/- in year 2024. Accordingly, the share certificates of the above three companies and the old share certificates of ₹10/- and ₹5/- face value is no longer valid.

Shareholders holding share certificates of the aforesaid three companies or old certificates of ₹10/- or ₹5/- face value are requested to submit the same, along with their demat account details including client master list, either to the Company or to the RTA. On receipt and verification of these share certificate(s), the shares will get credited to the demat account of the shareholders.

SIMPLIFIED NORMS FOR PROCESSING INVESTOR SERVICE REQUEST

Pursuant to Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, transfer of securities of listed entities shall be effected only in dematerialized form. Further, SEBI, vide its circular dated January 25, 2022 read with the Master Circular dated May 7, 2024, has mandated that listed companies shall issue securities in dematerialized form only while processing investor service requests such as issue of duplicate share certificates, transmission, transposition, sub-division, consolidation, renewal or exchange of securities certificates, endorsement and claim from unclaimed suspense account. Accordingly, a Letter of Confirmation is issued in lieu of physical share certificates, enabling the investor to dematerialize the securities.

In view of the above and also to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to demat mode and to furnish PAN, KYC and Nomination/ Opt out of Nomination, by submitting the prescribed forms by their registered email id to RTA at bsshyd@bigshareonline.com or by sending physical copy of the same to M/s. Bigshare Services Private Limited, 306, Right Wing, 3rd Floor, Amrutha Ville, Opp. Yashoda Hospital, Rajbhavan Road, Hyderabad 500 082.

Table 8 gives the details of forms which are also available on our website:

<https://www.drreddys.com/investor#investor-services#investor-handbook>

Table 8 DETAILS OF FORMS

Sl. No	Particulars	Form No.
1	Request for registering PAN, KYC details or changes/ updation thereof	ISR-1
2	Confirmation of signature of shareholder by the Banker (in case of major mismatch in the signature of the shareholder)	ISR-2
3	Nomination Form	SH-13
4	Cancellation or Variation of Nomination	SH-14
5	Declaration form for opting out/ cancellation of Nomination	ISR-3
6	Request for issue of Duplicate Certificate and other Service Requests	ISR-4

SIMPLIFICATION OF PROCEDURE AND STANDARDIZATION OF FORMATS OF DOCUMENTS FOR TRANSMISSION OF SECURITIES AND ISSUE OF DUPLICATE SHARE CERTIFICATES

SEBI, vide its circular dated May 18, 2022, as amended from time to time and read with the SEBI Master Circular dated May 7, 2024, has simplified the procedure for transmission of securities with a view to enhance ease of dealing in securities markets and to make the process more efficient and investor friendly.

Further, SEBI, vide its circular dated May 25, 2022, as amended and read with the aforesaid Master Circular, has prescribed operational guidelines for processing investor service requests for issuance of duplicate securities and specified the documents required to be submitted by security holders in this regard.



The claimants are requested to follow the procedures and formats, as stated in the above circulars, for making any application for transmission or duplicate issue of shares.

Pursuant to the provisions of Section 46 of the Act, read with Rule 6(2)(a) of the Companies (Share Capital and Debentures) Rules, 2014, duplicate share certificates, in lieu of those that are lost or destroyed, should only be issued with the prior consent of the Board. Therefore, based on Circular no. 19/2014 dated June 12, 2014, issued by the Ministry of Corporate Affairs and consequent to delegation of power of issuing Letter of Confirmation in lieu of duplicate share certificates by the Board of Directors to the Banking, Authorisations and Allotment Committee, the Committee attends to such requests at regular intervals.

Pursuant to SEBI circular HO/38/13/(3)2026-MIRSD-POD/I/3763/2026 dated January 30, 2026 on Ease of Doing Investment and Ease of Doing Business – Doing away with requirement of issuance of Letter of Confirmation (“LOC”) and to effect direct credit of securities in dematerialisation account of the investor with effect from April 02, 2026.

Pursuant to SEBI Circular No. HO/38/13/11(2)2026-MIRSD-POD/ I/3750/2026 dated January 30, 2026, all shareholders are hereby informed that a Special Window is being opened for a period of one year, from February 05, 2026 to February 04, 2027 to facilitate re-lodgement of transfer requests of physical shares.

This facility is available for Transfer deeds lodged prior to April 01, 2019 and which were rejected, returned, or not attended due to deficiencies in documents/process/or otherwise. The shares so transferred shall be mandatorily credited to the transferee only in demat mode and shall be under lock-in for a period of one year from the date of registration of transfer. Such shares shall not be transferred/ lien marked/pledged during the said lock-in period.

We periodically review the operations of our RTA. The number of shares transferred/ transmitted in physical form during the last two financial years are given in **Table 9**.

Table 9 SHARES TRANSMITTED IN PHYSICAL FORM		
SHARES TRANSMITTED IN PHYSICAL FORM	FY2026	FY2025
Number of transmissions	14	9
Number of shares	11,050	41,375

DEMATERIALIZATION OF SHARES

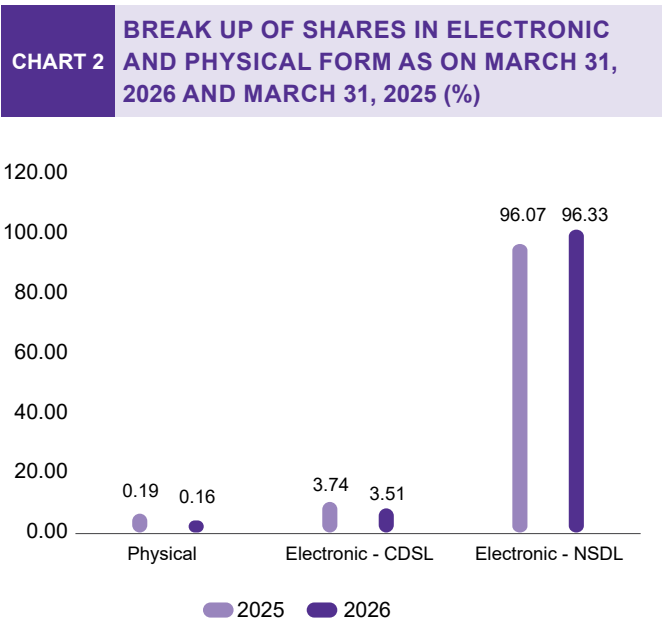
The Company's shares can be held in demat mode through both the depositories in India: the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).

SEBI has made it mandatory for the holders of physical securities to furnish PAN, KYC details and details of nomination.

Further, the physical shareholders are requested to ensure that their PAN is linked to Aadhar, if not already done, and to update KYC details in folio as soon as possible.

SEBI mandated that the security holders (holding securities in physical form), whose folio(s) do not have PAN or Choice of Nomination or Contact Details or Mobile Number or Bank Account Details or Specimen Signature updated, shall be eligible for any payment including dividend, interest or redemption in respect of such folios, only through electronic mode with effect from April 01, 2024, upon their furnishing all the aforesaid details in entirety.

Chart 2 gives the breakup of dematerialized shares and shares in physical form as on March 31, 2026, compared with March 31, 2025. Dematerialization of shares is done through RTA and the dematerialization process is generally completed within 10 days from the date of receipt of a valid dematerialization request along with the relevant documents.



SECRETARIAL AUDIT

Pursuant to Section 204 of the Act and corresponding Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, secretarial audit for FY2026 was carried out by M/s. Makarand M. Joshi & Co. (MMJC), Company secretaries (Firm registration no: P2009MH007000), Mumbai, India. The Secretarial Audit Report forms part of Board's Report.

The Company has also obtained the annual Secretarial Compliance Report from MMJC confirming compliances with all the applicable SEBI Regulations, circulars and guidelines for the year ended March 31, 2026. This compliance was filed with the stock exchanges within prescribed time period and is also available on the websites of stock exchanges and the Company and forms the part of Board's Report.

In addition to the above, for each quarter of FY2026, a qualified practicing Company secretary carried out the reconciliation of share capital audit to reconcile the total

admitted share capital held with NSDL and CDSL and the total issued and listed share capital. The reports confirm that the total issued/paid-up share capital is in agreement with total number of shares in physical form and dematerialized form held with NSDL and CDSL.

OUTSTANDING ADRs AND THEIR IMPACT ON EQUITY SHARES

The Company's ADRs are traded in the USA on New York Stock Exchange, Inc. (NYSE) under the ticker symbol 'RDY'. Each ADR is represented by one equity share. As on March 31, 2026, there were approximately 52 registered holders, 1,955 small bank & brokers and 87,059 beneficial shareholders of ADRs evidencing 99,639,513 ADRs.

QUERIES AND REQUESTS RECEIVED FROM SHAREHOLDERS IN FY2026

Table 10 gives details of the nature of shareholder queries received and replied to during FY2026.

Table 10 SHAREHOLDER QUERIES AND REQUESTS RECEIVED AND REPLIED TO IN FY2026 ¹					
Sl. No.	Nature	Opening Balance	Received	Replied	Closing Balance
1	Investor Service Requests i.e. ISR-1, ISR-2, ISR-3 or Nomination opt-out requests	-	82	82	-
2	Request for claim of unpaid dividend	-	285	285	-
3	Request for exchange of shares certificate (Exchange of Shares of ₹ 10/- each)	-	31	31	-
4	Request for physical copy of Annual Report	-	237	237	-
5	Request for transmission of Shares and deletion of name	-	32	32	-
6	Request for Stop Transfer	-	-	-	-
7	Power of attorney registration	-	-	-	-
8	Dematerialization of Shares	-	133	133	-
9	Issue of duplicate share certificates	-	84	84	-
10	Requests received from Shareholders	-	1,522	1,522	-
11	Complaints received from Shareholders/ Stock Exchanges / SEBI	-	49	49	-
12	Claim for unclaimed share certificates	-	19	19	-
13	Request for claim of shares from IEPF	-	148	148	-

¹ The above table does not include shareholders' disputes, which are pending in various courts.

DISCLOSURE ON LEGAL PROCEEDINGS PERTAINING TO SHARES

There is one pending case relating to dispute over title of the shares of the Company, in which the Company was held as a party. However, the case is not material in nature.



NATIONAL ELECTRONIC CLEARING SERVICE (NECS) FACILITY FOR REMITTANCE OF DIVIDEND ELECTRONICALLY

The Company provides the facility for remittance of dividend to shareholders through NECS. Under this facility, shareholders can receive dividend electronically by way of direct credit to their bank account. With this service, problems such as loss of dividend warrants during postal transit/ fraudulent encashment are avoided. This also expedites credit of dividend directly to the shareholder's account as compared to the payment through physical dividend warrant. Shareholders are advised to refer to the Investor Handbook on the Company's website, www.drreddys.com, for further details on this facility.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

UNCLAIMED DIVIDENDS

Pursuant to Section 125 of the Act, unclaimed dividend amounts for the FY2018 amounting to ₹10.85 mn and has been transferred to the Investor Education and Protection Fund (IEPF) of the Government.

The dividend amounts for the FY2019 which have been unclaimed for seven years will be transferred to IEPF. Shareholders who have not claimed the dividend(s) amount are, therefore, requested to do so before they are statutorily transferred to the IEPF. **Table 11** gives the transfer dates in this regard.

The shareholders who have not cashed their dividend are requested to immediately approach Company's RTA, for making payment through electronic bank transfer. In cases, where bank details for making electronic payment are not available, with effect from April 1, 2024, dividend to shareholders holding in physical form shall be paid only through electronic mode. Such payment shall be made upon folio being KYC compliant i.e. registering their PAN, contact details including mobile no., bank account details and specimen signature with RTA/Company (SEBI Master Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024).

The information on unclaimed dividend/interest is available on the Company's website: www.drreddys.com.

Table 11 DATES OF TRANSFER OF UNCLAIMED DIVIDEND ON SHARES

Financial Year	Type of Payment	Date of Declaration/ Payment	Amount Outstanding as on March 31, 2026 (₹)	Due for transfer on
2018-19	Final dividend	July 30, 2019	1,00,43,860.00	September 5, 2026
2019-20	Final dividend	July 30, 2020	77,73,665.52	August 31, 2027
2020-21	Final dividend	July 28, 2021	79,46,803.86	August 27, 2028
2021-22	Final dividend	July 29, 2022	95,89,875.00	August 28, 2029
2022-23	Final dividend	July 27, 2023	1,23,48,541.00	August 26, 2030
2023-24	Final dividend	July 29, 2024	1,55,74,037.00	August 28, 2031
2024-25	Final dividend	July 24, 2025	99,50,979.00	August 23, 2032

TRANSFER OF UNDERLYING SHARES TO IEPF

Pursuant to Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF.

During the year, the Company has transferred (transmitted) 67,564 equity shares of face value ₹1/- held under 154 folios to the IEPF, on which dividend has not been paid or claimed for seven consecutive years. Before such transfer of shares to IEPF, the Company has sent individual notices at the latest

available addresses of the shareholders, whose dividends are lying unpaid/ unclaimed for FY2018 along with subsequent seven consecutive years' dividend, advising them to claim the dividends and also published a notice in newspapers inviting the shareholders' attention to this matter.

The Company has sent reminder at latest available addresses of the shareholders, whose dividends are lying unpaid/ unclaimed, advising them to claim the dividends for FY2019 and subsequent years.

Shareholders who have not claimed/ encashed their dividends from FY2019 can write to the Company's RTA

or at the registered office of the Company, for claiming the unclaimed/ unpaid dividends. If the shareholders do not claim the unpaid or unclaimed dividends for FY2019 and seven consecutive years before August 30, 2026, then the shares held by them with respect to such dividend are liable to be transferred to IEPF.

CLAIM FROM IEPF AUTHORITY

Members/ claimants whose shares and dividends have been transferred to the IEPF authority can claim the same by making an application to the IEPF authority by filing Form IEPF-5 (available at www.iepf.gov.in) and sending duly signed physical copy of the same to the Company at its Registered Office along with requisite documents as prescribed in the instruction kit of e-Form IEPF-5. No claims shall lie against the Company in respect of the dividends/ shares so transferred.

DEALING WITH SECURITIES WHICH HAVE REMAINED UNCLAIMED

Pursuant to Regulation 39(4) of the SEBI Listing Regulations, read with Schedule VI of the said Regulations, the Company has dematerialized shares which have been returned undelivered by postal authorities and shares lying unclaimed after sub-division. The dematerialized shares are held in an 'Unclaimed Suspense Account' opened with a depository participant associated with NSDL.

Any corporate benefits accruing on such shares, viz. bonus shares, split etc., shall also be credited to an unclaimed suspense account, for a period of seven years and thereafter shall be transferred by the Company to IEPF, in accordance with provisions of Section 124(5) and (6) of the Companies Act, 2013 and Rules made thereunder.

Table 12 gives the details of the unclaimed shares as on March 31, 2026, held by the Company. The voting rights on such unclaimed shares shall remain frozen till the rightful owner claims these shares.

Table 12 UNCLAIMED SHARES AS ON MARCH 31, 2026

Sl. No.	Particulars	No. of Folios	No. of Shares
i.	No. of shareholders and the outstanding no. of unclaimed shares at the beginning of the year	248	251,435
ii.	No. of shareholders who approached to claim the unclaimed shares during the year	19	104,010
iii.	No. of shareholders who claimed and were given the unclaimed shares during the year	19	104,010
iv.	No. of shareholders whose shares transferred to IEPF	22	9,405
v.	Aggregate no. of shareholders and the outstanding no. of unclaimed shares at the end of the year	207	1,38,020

INVESTOR GRIEVANCE REDRESSAL MECHANISM

The Company believes that a transparent framework should be in place for handling investor grievances, which will enable investors register and escalate their grievances to the relevant officials. Keeping this in view, the Company has instituted an escalation mechanism for effective redressal of investor grievances. The contact details of Investor grievances is available on the Company's website at <https://www.drreddys.com/investor#investor-services#complaints>.

DISPUTE RESOLUTION MECHANISM AT STOCK EXCHANGES

To enable the Shareholders to raise any dispute against the Company or its RTA on delay or default in processing any investor services related request, SEBI has provided an option of 'Arbitration with Stock Exchanges (NSE and BSE)' as a Dispute Resolution Mechanism.

ONLINE DISPUTE RESOLUTION (ODR) MECHANISM

As per SEBI Circulars issued from time to time, in case of any grievances, the Shareholders are advised to first approach the Company or its RTA. If the response is not received/not satisfactory, Shareholders can raise a complaint on SCORES/ with Stock Exchanges, as detailed in the Escalation Matrix for Investor grievance available on the website of the Company.

NON-COMPLIANCE ON MATTERS RELATING TO CAPITAL MARKETS

There has been no instance of non-compliance by the Company on matters relating to capital markets for the last three years.

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK

Appropriate disclosure on commodity price or foreign exchange risk and hedging activities is given in note 2.29 of the notes to the standalone financial statement.



INFORMATION ON DIRECTOR PROPOSED FOR REAPPOINTMENT/ APPOINTMENT/ CONTINUATION

This information is given in the chapter on Corporate Governance and Notice of 42nd AGM, forming part of this Report.

QUERIES AT ANNUAL GENERAL MEETING

Shareholders desiring any information with regard to the financial statements are requested to write to the Company at e-mail ID: agm2026@drreddys.com at an early date so as to enable the management to keep the information ready. The queries relating to operational and financial performance may be raised at the AGM.

PROCEDURE FOR CONVENING AN EXTRAORDINARY GENERAL MEETING

Pursuant to the provisions of Section 100 of the Companies Act, 2013, the Companies (Management and Administration) Rules, 2014 and Secretarial Standard on General Meeting (SS-2), an extraordinary general meeting (EGM) of the Company may be called by a requisition made by shareholders, either in writing or through electronic mode, at least 21 clear days prior to the proposed date of such a meeting. Such a requisition, signed by the requisitionists, shall set out the matters of consideration for which the meeting is to be called and it shall be sent to the registered office of the Company.

Shareholders entitled to make requisition for an EGM regarding any matter, shall be those who hold not less than one-tenth of the paid-up share capital of the Company on the date of receipt of the requisition.

PROCEDURE FOR NOMINATING A DIRECTOR ON THE BOARD

Pursuant to Section 160 of the Companies Act, 2013, any person, or some shareholders intending to propose such person for appointment as a director of the Company, shall deposit a signed notice signifying his/ her candidature to the office of a director, at the registered office of the Company, not less than 14 days before the shareholders' meeting.

All directors' nominations are considered by the Nomination, Governance and Compensation Committee of the Company's Board of directors, which entirely consists of Independent Directors.

INFORMATION ON MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company's Memorandum of Association and Articles of Association are available on its website: <https://www.drreddys.com/investor#reports-and-filing#moa-and-aoa>

INVESTOR HANDBOOK/ SHAREHOLDER SERVICES

Please refer to the Investor Handbook on the Company's website: www.drreddys.com, for rights of shareholders, procedures related to dematerialization/ transmission of shares, nomination in respect of shareholding, change of address, unclaimed/ unpaid dividend, shares underlying unpaid/ unclaimed dividend, refund from IEPF, loss/ misplacement of certificate(s), sub-division of shares, share certificates of amalgamated companies, power of attorney, registration of e-mail ID and registration of PAN/ Bank details, and for necessary compliances under the SEBI Circular.

CERTIFICATE FROM THE COMPANY SECRETARY

I, K Randhir Singh, Company Secretary and Compliance officer of Dr. Reddy's Laboratories Limited, hereby confirm that as on date of this certificate, the Company has:

- a) Complied with the provisions of rules and regulations framed by the Securities and Exchange Board of India; the Companies Act, 2013 (the "Act"), as amended and other statutory laws as may be applicable on the Company and effective as on date.
- b) Maintained all books of account and statutory registers prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"); the Act and other applicable statutory laws.
- c) Filed all forms and returns and furnished all necessary particulars to the Stock Exchanges; Registrar of Companies; and/ or other Statutory Authorities, as may be required under the Listing Regulations, the Act and other applicable statutory laws.
- d) Conducted the Board Meetings, Shareholders' meeting and postal ballot as per the Listing Regulations, the Act, Secretarial Standards (issued by the Institute of Company Secretaries of India) and other applicable statutory laws; and the minutes thereof were properly recorded in the respective minutes books.
- e) Effected share transfers or transmissions and dispatched the certificates/Letter of Confirmations, wherever applicable, within the time limit prescribed by various Statutory Authorities.
- f) Not exceeded the borrowing or investment limits as prescribed under the applicable laws.
- g) Paid dividend to the shareholders, transferred the unpaid dividends and the underlying shares in respect

of which dividend has remained unpaid or unclaimed for seven consecutive years to the Investor Education and Protection Fund (IEPF) within the time limit and has also complied with the provisions of the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended.

The certificate is given by the undersigned according to the best of his knowledge and belief and based on the available information and records, knowing that on the faith and strength of what is stated above, full reliance will be placed on it by the shareholders of the Company.

K Randhir Singh

Company Secretary, Compliance Officer and Head-CSR
Place: Hyderabad
Date: May 12, 2026



PLANT/FACILITY LOCATIONS OUTSIDE INDIA

ACTIVE PHARMACEUTICAL INGREDIENTS (API) FACILITIES

API CUERNAVACA PLANT

Industrias Quimicas Falcon De Mexico S.A. de C.V., Carretera Federal Cuernavaca-Cuautla KM 4.5 CIVAC, Jiutepec Morelos, Mexico 62578

API MIRFIELD PLANT

Dr. Reddy's Laboratories (EU) Limited Steanard Lane, Mirfield, West Yorkshire, WF 14, 8HZ, United Kingdom

API MIDDLEBURGH PLANT

Dr. Reddy's Laboratories New York Inc. 1974 Route 145, P.O. Box 500, Middleburgh, New York 12122, USA

FORMULATIONS MANUFACTURING FACILITIES

KUNSHAN ROTAM REDDY PHARMACEUTICAL CO. LIMITED

No. 2158, Huangpu River Middle Road, Kunshan Development Zone, Jiangsu Province, 215 300, P. R. China

RESEARCH AND DEVELOPMENT FACILITIES

TECHNOLOGY DEVELOPMENT CENTRE, CAMBRIDGE

Dr. Reddy's Laboratories (EU) Limited 410 Cambridge Science Park, Milton Road, Cambridge CB4 0PE, United Kingdom.

AURIGENE DISCOVERY TECHNOLOGIES, (MALAYSIA) SDN BHD

Level 2, Research Management & Innovation Complex, University of Malaya, Lembah Pantai 50603 Kuala Lumpur, Malaysia

PLANT/ FACILITY LOCATIONS IN INDIA

ACTIVE PHARMACEUTICAL INGREDIENTS (API) FACILITIES

CTO 1 - API HYDERABAD PLANT

Plot No. 137, 138, 145 & 146, S.V. Co-operative Industrial Estate, IDA Bollaram, Jinnaram Mandal, Sangareddy District, Telangana, Pin: 502 325

CTO 2 - API HYDERABAD PLANT

Plot No. 75A, 75B, 105, 110, 111, 112 & 121/3, S.V. Co-operative Industrial Estate, IDA Bollaram, Jinnaram Mandal, Sangareddy District, Telangana, Pin: 502 325

CTO 3 - API HYDERABAD PLANT

Plot No. 116, S.V. Co-operative Industrial Estate, IDA Bollaram, Jinnaram Mandal, Sangareddy District, Telangana, Pin: 502 325

CTO 5 - API NALGONDA PLANT

Peddadevulapally, Tripuraram Mandal, Nalgonda District, Telangana, Pin: 508 207

CTO 6 - API SRIKAKULAM PLANT

Survey No. 5 to 9 & Plot No. 5/1, 5/2, 5/3 & 5/4, APIIC, IDA Pydibheemavaram, Ransthalam Mandal, Srikakulam District, Andhra Pradesh, Pin: 532 409

CTO SEZ - API SRIKAKULAM PLANT (SEZ)

Pu1 & Developer Sector No. 28 & 34, Devunipalavalasa Village, Ranastalam Mandal, Srikakulam District, Andhra Pradesh, Pin: 532 409

FORMULATIONS MANUFACTURING FACILITIES

FTO 2 - FORMULATIONS HYDERABAD PLANT

Survey No. 42, 43, 44P, 45, 46P, 53, 54 & 83, Bachupally Village & Mandal, Medchal-Malkajgiri District, Telangana, Pin: 500 090

FTO 3 - FORMULATIONS HYDERABAD PLANT

Survey No. 41, Bachupally Village & Mandal, Medchal-Malkajgiri District, Telangana, Pin: 500 090

FTO 6 - FORMULATIONS BADDI PLANT

Village Khol, PO - Bhud, Baddi, Nalagarh Road, Tehsil Nalagarh, Solan District, Himachal Pradesh, Pin: 173 205

FTO 7 - FORMULATIONS DUVADDA PLANT

Plot No. P1-P9, Phase III, Duvvada, VSEZ, Visakhapatnam, Andhra Pradesh, Pin: 530 046

FTO 8 - FORMULATIONS BADDI PLANT

Village Mauja Thana, PO - Bhud, Baddi, Nalagarh Baddi Road, Tehsil Nalagarh, Solan District, Himachal Pradesh, Pin: 173 205

FTO 9 - FORMULATIONS DUVADDA PLANT

Plot No. Q1 to Q5, Phase III, Duvvada, VSEZ, Visakhapatnam, Andhra Pradesh, Pin: 530 046

FTO SEZ PU 1 - FORMULATIONS SRIKAKULAM PLANT

Sector No. 9-14 & 17-20, Devunipalavalasa Village, Ranastalam Mandal, Srikakulam District, Andhra Pradesh, Pin: 532 409

FTO SEZ PU 2 - FORMULATIONS SRIKAKULAM PLANT

Sector No. 70, 71 & 73, Devunipalavalasa Village, Ranastalam Mandal, Srikakulam District, Andhra Pradesh, Pin: 532 409

FTO 11 - FORMULATIONS SRIKAKULAM PLANT

Survey No 30, 31 and Part of 28,32,33,34,39, APIIC Industrial EstatePark, Pydibheemavaram Village, Ranasthalam Mandal, Srikakulam District, Andhra Pradesh, Pin: 532 409

FTO 12 - FORMULATIONS BADDI PLANT

Village Kunjhal, PO - Barotiwala, Baddi, Tehsil Nalagarh Road, Solan District, Himachal Pradesh, Pin: 174 103

BIOLOGICS HYDERABAD PLANT

Survey No. 44 (part) & 47, Bachupally Village & Mandal, Medchal-Malkajgiri District, Telangana, Pin: 500 090

DFL 1 - FORMULATIONS SRIKAKULAM PLANT

Survey No. Part of 37, APIIC Industrial Park, Pydibhimavaram Village, Ranasthalam Mandal, Srikakulam, Andhra Pradesh, Pin: 532 409

BIOLOGICS BENGALURU PLANT

Block C, 1 BLR, Survey No. 43, Bhaktipura Village, Attibele Hobli, Anekal Taluk, Bengaluru, Bengaluru Urban, Karnataka, Pin: 562 106

BIOLOGICS GENOME VALLEY PLANT

Plot No. 8, Survey No. 542 (P), Genome Valley, Kolthur Village, Shamirpet Mandal, Medchal District, Hyderabad, Telangana, 500 078

RESEARCH AND DEVELOPMENT FACILITIES IN INDIA

INTEGRATED PRODUCT DEVELOPMENT ORGANISATION (IPDO)

Survey No. 42, 45, 46 & 54 Bachupally Village & Mandal, Medchal-Malkajgiri District, Telangana, Pin: 500 090

FTO 1 - IPDO PILOT PLANT

Plot No.137,138,145 & 146 S.V. Co-operative Industrial Estate, Bollaram(V), Jinnaram Mandal, Sanga Reddy District, Telangana, Pin : 502325

TECHNOLOGY DEVELOPMENT CENTRE 2, HYDERABAD FACILITY

Plot 31/A, Phase - 1, Road No. 10, IDA, Jeedimetla, Quthbullapur Mandal, Medchal-Malkajgiri District, Hyderabad, Telangana, Pin: 500 055

AURIGENE ONCOLOGY LIMITED, BENGALURU FACILITY

39-40, KIADB Industrial Area, Electronic City Phase II, Hosur Road, Bengaluru, Karnataka, Pin: 560 100

AURIGENE PHARMACEUTICAL SERVICES LIMITED, HYDERABAD FACILITY

1-75/1, Survey No. 195 & 198/2/A, Madeenaguda Village, Serilingampally Mandal, Ranga Reddy District, Telangana, Pin: 500 049

AURIGENE PHARMACEUTICAL SERVICES LIMITED, BENGALURU FACILITY

39-40, KIADB Industrial Area, Electronic City Phase II, Hosur Road, Bengaluru, Karnataka, Pin: 560 100

AURIGENE PHARMACEUTICAL SERVICES LIMITED, GENOME VALLEY FACILITY

3rd Floor, 3GV, Plot No. 1A, Survey No. 234 & 235, Turkapally Village, Shamirpet Mandal, Medchal-Malkajgiri District, Telangana, Pin: 500 078



Financial Statements

267	Standalone financial statements (Ind AS)
370	Consolidated financial statements (Ind AS)
495	Extract of IFRS consolidated financial statements

INDEPENDENT AUDITOR’S REPORT

To the Members of Dr. Reddy’s Laboratories Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Dr. Reddy’s Laboratories Limited (“the Company”), which comprise the Balance sheet as at March 31 2026, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of material 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 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, 2026, 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 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 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 audit opinion on the standalone 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 financial statements for the financial year ended March 31, 2026. These matters were addressed in the context of our audit of the standalone 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 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 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 financial statements.

Key audit matters	How our audit addressed the key audit matter
Contingencies including litigations (as described in note 1.3(l) of the material accounting policies, and note 2.30 containing details of contingencies in the standalone financial statements)	
The Company is involved in disputes, lawsuits, claims, governmental and / or regulatory inspections, inquiries, investigations and proceedings, including patent and commercial matters that arise from time to time in the ordinary course of business.	Our audit procedures, among others included the following: We obtained an understanding, evaluated the design and tested the operating effectiveness of controls relating to completeness, valuation, presentation and disclosure of legal contingencies. This included testing controls related to the Company’s process for identification, recognition, measurement and disclosure of contingencies, including litigations.



Key audit matters	How our audit addressed the key audit matter
Contingencies including litigations (as described in note 1.3(l) of the material accounting policies, and note 2.30 containing details of contingencies in the standalone financial statements)	
The Company recognizes a liability for those legal contingencies for which it has a possible or a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The Company assisted by their internal and external legal counsel assesses the need to make provision or discloses information with respect to the nature and facts of the case.	- To test the Company's contingencies, our substantive audit procedures included, among others, testing the completeness of the contingencies subject to evaluation by the company through review of minutes of board meetings and evaluation of legal expenses. - We also evaluated the Company's analysis of its assessment of the probability of outcome for each material contingency through inspection of responses to inquiry letters sent to external legal counsel, discussions with internal counsel, as well as external legal counsel, when deemed necessary, to confirm our understanding of the allegations and potential outcomes and obtaining written representations from executives of the Company. - We also evaluated the adequacy of Company's disclosures in relation to these matters.
This area is significant to our audit, since auditing management's determination of whether a loss for a contingency is probable and reasonably estimable, reasonably possible or remote, and the related disclosures, is highly subjective and requires significant judgment.	

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Statutory reports, Management discussion and analysis, corporate governance and Board's report included in the Annual report, 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. The other information does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the 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 and those charge with governance for the Standalone 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 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 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 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 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 charge with governance are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 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 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 with reference to financial statements 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 financial statements for the financial year ended March 31, 2026 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, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" 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, to the extent applicable, that:
 - 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;
 - 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 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, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 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 with reference to these standalone 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, 2026 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;
- (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 financial statements – Refer Note 2.30 to the standalone 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 – Refer Note 2.28 to the standalone financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the

- Investor Education and Protection Fund by the Company;
- iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
 - v. a) The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

- b) As stated in note 2.9 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

- vi. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software (refer Note 2.42 to the financial statements). Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Shankar Srinivasan**
Partner
Membership Number: 213271
UDIN: 26213271KRGLBE7066

Place of Signature: Hyderabad
Date: May 12, 2026



ANNEXURE 1

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

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i)

(a)

(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b)

All Property, Plant and Equipment 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)

The title deeds of the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company. The Company had carried out various mergers/amalgamations in the past, pursuant to which the Company holds certain immovable properties wherein the title of the property has been conveyed/transferred to the Company pursuant to such scheme of amalgamation/arrangement and the management has represented that these are considered as valid title to the immovable property and no further actions are necessary.
- (d)

The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2026.
- (e)

There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii)

(a)

The management has conducted physical verification of inventory including inventory lying with third parties at reasonable intervals during

the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. There were no discrepancies of 10% or more in aggregate for each class of inventory.

- (b)

The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

- (iii)

(a)

During the year the Company has provided loans to subsidiaries as follows:

Amounts in INR Mn	
	Loans
Aggregate amount granted/ provided during the year	1,050
Balance outstanding as at balance sheet date in respect of above cases	1,000

During the year the Company has not granted loans, advances in the nature of loans, and provided guarantees, security to any other parties.

- (b)

During the year, the investments made and loan given to companies are not prejudicial to the Company's interest.
- (c)

The Company has granted loans during the year to companies where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.
- (d)

There were no amounts of loans or advance in the nature of loan granted to companies which are overdue for more than ninety days.
- (e)

There were no loans or advance in the nature of loan granted to companies which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

- (f)

The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

- (iv)

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 ("the Act") apply and hence not commented upon. The Company has made investments and given guarantees/provided security which is in compliance with the provisions of section 186 of the Act.
- (v)

The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

- (b)

The dues of goods and services tax, provident fund, employees' state insurance, income tax, sales tax, excise duty, value added tax, customs duty, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute are as follows:

Amounts in INR Mn					
Name of the Statute	Nature of the dues	Disputed Amount	Paid under protest	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty, Interest and Penalty	1,538	46	2001-2020	Appellate Authority – up to Commissioners
		388		2003-2017	CESTAT
		33		2002-2008	High Court
Customs Act, 1962	Custom Duty	41		2003-2020	Appellate Authority – up to Commissioners
Finance Act, 1994	Cenvat Credit of Service Tax, Interest and Penalty	116	6	2011-2016	CESTAT
		37	1	2004-2018	Appellate Authority – up to Commissioners
		178	9	2010-2018	CESTAT
Central Sales Tax Act and Sales Tax Acts of various States	Sales Tax and Penalty	70	235	2002-2017	Sales Tax Appellate Tribunal
		78		2003-2018	Appellate Tribunal up to Commissioner
		119		2005-2014	High Court
CGST Act, 2017	GST	6,854	972	2017-2024	Appellate Authority – up to Commissioners
		359		2017-2018	High court
Income Tax Act, 1961	Income Tax	25		2018-2019	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	71		2018-19	CIT (Appeals)



- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares / fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

- (b) Report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government relating to misappropriation of inventory which was not material to the financial statements.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- (xii) The Company is not a Nidhi Company as per the provisions of the Act. Therefore, the requirements to report on clauses 3(xii)(a), 3(xii)(b) and 3(xii)(c) of the Order are not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to

report on clause 3(xvi) of the Order is not applicable to the Company.

- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current and immediately preceding financial years.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 2.38 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the

audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 2.20 to the financial statements.
- (b) All amounts that are unspent under section (5) of section 135 of the Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act. This matter has been disclosed in note 2.20 to the financial statements.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Shankar Srinivasan**
Partner
Membership Number: 213271
UDIN: 26213271KRGLBE7066

Place of Signature: Hyderabad
Date: May 12, 2026



ANNEXURE 2

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE 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 with reference to standalone financial statements of Dr. Reddy's Laboratories Limited ("the Company") as of March 31, 2026 in conjunction with our audit of the standalone 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 ("ICAI"). 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone 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, both issued by ICAI. 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 with reference to these standalone 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 with reference to these standalone financial statements and

their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone 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 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 Company's internal financial controls with reference to these standalone financial statements.

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone 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 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 financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Shankar Srinivasan**
Partner
Membership Number: 213271
UDIN: 26213271KRGLBE7066

Place of Signature: Hyderabad
Date: May 12, 2026

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2026, 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 issued by the ICAI.



BALANCE SHEET

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

Particulars	Note	As at March 31, 2026	As at March 31, 2025
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	77,527	58,654
Capital work-in-progress	2.2	13,691	21,564
Goodwill	2.3	853	853
Other intangible assets	2.4	28,921	22,817
Intangible assets under development	2.5	-	404
Financial assets			
Investments	2.6 A	123,613	103,105
Loans	2.6 C	5	14
Other financial assets	2.6 D	2,686	8,562
Tax assets, net		2,650	1,244
Other non-current assets	2.7 A	843	662
Total non-current assets		250,789	217,879
Current assets			
Inventories	2.8	49,556	45,758
Financial assets			
Investments	2.6 A	32,335	28,830
Trade receivables	2.6 B	41,186	59,590
Derivative financial instruments	2.28	39	539
Cash and cash equivalents	2.6 E	3,375	3,197
Other bank balances	2.6 F	16,201	6,571
Loans	2.6 C	1,002	-
Other financial assets	2.6 D	19,351	910
Other current assets	2.7 B	22,187	19,635
Total current assets		185,232	165,030
Total assets		436,021	382,909
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	835	834
Other equity		312,821	287,732
Total equity		313,656	288,566
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.10 B	2,501	765
Provisions	2.11 A	120	54
Deferred tax liabilities, net	2.27	5,899	5,154
Other non-current liabilities	2.12 A	2,420	1,852
Total non-current liabilities		10,940	7,825
Current liabilities			
Financial liabilities			
Borrowings	2.10 A	54,190	33,855
Lease liabilities	2.10 B	679	309
Trade payables	2.10 C		
Total outstanding dues of micro enterprises and small enterprises		316	210
Total outstanding dues of creditors other than micro enterprises and small enterprises		18,726	19,721
Derivative financial instruments	2.28	6,785	1,273
Other financial liabilities	2.10 D	20,268	19,955
Other current liabilities	2.12 B	6,320	7,006
Tax liabilities, net		1,072	794
Provisions	2.11 B	3,069	3,395
Total current liabilities		111,425	86,518
Total equity and liabilities		436,021	382,909

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

As per our report of even date attachedfor and on behalf of the Board of Directors of **Dr. Reddy's Laboratories Limited**

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

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Shankar Srinivasan**

Partner

Membership No.: 213271

Place: Hyderabad

Date: May 12, 2026

K Satish Reddy

G V Prasad

Erez Israeli

M V Narasimham

K Randhir Singh

Chairman, DIN: 00129701

Co-Chairman & Managing Director, DIN: 00057433

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Hyderabad

Date: May 12, 2026

STATEMENT OF PROFIT AND LOSS

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

Particulars	Note	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue from operations			
Sales	2.13	201,022	218,448
License fees and service income	2.13	3,584	12,020
Other operating income	2.14	722	686
Total revenue from operations		205,328	231,154
Other income	2.15	16,896	10,034
Total income		222,224	241,188
Expenses			
Cost of materials consumed		43,325	37,997
Purchase of stock-in-trade		26,358	24,399
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.16	(2,305)	(1,739)
Employee benefits expense	2.17	35,499	32,875
Depreciation and amortisation expense	2.18	12,074	10,394
Impairment of non current assets, net (Refer notes 2.1,2.2,2.4,2.5 and 2.6 A)		1,405	1,036
Finance costs	2.19	1,483	1,099
Other expenses	2.20	61,872	62,768
Total expenses		179,711	168,829
Profit before tax		42,513	72,359
Tax expense			
Current tax	2.27	9,177	17,905
Deferred tax		1,139	960
Profit for the year		32,197	53,494
Other comprehensive income (OCI)			
A. (I) Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains/(loss) on defined benefit plans		134	(103)
(II) Tax impact on above items		(34)	26
		100	(77)
B. (I) Items that will be reclassified subsequently to profit or loss			
Effective portion of changes in fair value of cash flow hedges, net		(1,698)	234
II) Tax impact on above items		427	(59)
		(1,271)	175
Total other comprehensive income/(loss) for the year, net of tax			
		(1,171)	98
Total comprehensive income for the year		31,026	53,592
Earnings per share*:			
Basic earnings per share of ₹ 1/- each	2.23	38.68	64.22
Diluted earnings per share of ₹ 1/- each		38.64	64.13

**Earnings per share is computed after giving effect to 1:5 forward stock split effective October 28, 2024 for all periods presented. Refer to Note 2.9 of these financial statements for further details regarding such stock split.*

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

As per our report of even date attachedfor and on behalf of the Board of Directors of **Dr. Reddy's Laboratories Limited**

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

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Shankar Srinivasan**

Partner

Membership No.: 213271

Place: Hyderabad

Date: May 12, 2026

K Satish Reddy

G V Prasad

Erez Israeli

M V Narasimham

K Randhir Singh

Chairman, DIN: 00129701

Co-Chairman & Managing Director, DIN: 00057433

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Hyderabad

Date: May 12, 2026

STATEMENT OF CHANGES IN EQUITY

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

Particulars	Equity share capital*		Other components of equity					Total equity	
			Reserves and surplus			Other comprehensive income			
			Treasury shares ⁽¹⁾	Securities premium ⁽²⁾	Share-based payment reserve ⁽³⁾	Capital redemption reserve ⁽⁶⁾	General reserve ⁽⁶⁾	Retained earnings of the net defined benefits plan ⁽⁸⁾	Cash flow hedge reserve ⁽⁷⁾
Balance as at April 01, 2025 (A)	834	(2,264)	8,546	1,447	267	25	20,302	259,539	100
Profit for the year	-	-	-	-	-	-	-	32,197	-
Effective portion of changes in fair value of cash flow hedges, net of tax benefit of ₹ 427 (Refer note 2.28)	-	-	-	-	-	-	-	-	(1,271)
Re-measurement gains on defined benefit plans, net of tax expense of ₹ 34 (Refer note 2.26)	-	-	-	-	-	-	-	100	-
Total comprehensive income (B)	-	-	-	-	-	-	-	32,197	-
Transactions with owners of the Company	-	-	-	-	-	-	-	-	(1,271)
Contributions and distributions	-	-	-	-	-	-	-	-	-
Issue of equity shares on exercise of options (Refer note 2.9)	1	449	231	(284)	-	-	-	-	-
Share-based payment expense (Refer note 2.25)	-	-	-	326	-	-	-	-	-
Dividend paid**	-	-	-	-	-	-	(6,659)	-	(6,659)
Total transactions with owners of the Company (C)	1	449	231	42	-	-	(6,659)	-	(5,936)
Balance as at March 31, 2026 [(A)+(B)+(C)]	835	(1,815)	8,777	1,489	267	25	20,302	285,077	313,656

Particulars	Equity share capital*		Other components of equity					Total equity	
			Reserves and surplus			Other comprehensive income			
			Treasury shares ⁽¹⁾	Securities premium ⁽²⁾	Share-based payment reserve ⁽³⁾	Capital redemption reserve ⁽⁶⁾	General reserve ⁽⁶⁾	Retained earnings of the net defined benefits plan ⁽⁸⁾	Cash flow hedge reserve ⁽⁷⁾
Balance as at April 01, 2024 (A)	834	(991)	8,179	1,313	267	25	20,302	212,054	(76)
Profit for the year	-	-	-	-	-	-	-	53,494	-
Effective portion of changes in fair value of cash flow hedges, net of tax expense of ₹ 59 (Refer note 2.28)	-	-	-	-	-	-	-	-	175
Re-measurement loss on defined benefit plans, net of tax benefit of ₹ 26 (Refer note 2.26)	-	-	-	-	-	-	-	(77)	-
Total comprehensive income (B)	-	-	-	-	-	-	-	53,494	-
Transactions with owners of the Company	-	-	-	-	-	-	-	(77)	175
Contributions and distributions	-	-	-	-	-	-	-	-	-
Issue of equity shares on exercise of options (Refer note 2.9)	-	116	367	(290)	-	-	-	-	-
Share-based payment expense (Refer note 2.25)	-	-	-	424	-	-	-	-	-
Purchase of treasury shares, net (Refer note 2.9)	-	(1,389)	-	-	-	-	-	-	(1,389)
Dividend paid**	-	-	-	-	-	-	(6,662)	-	(6,662)
Total transactions with owners of the Company (C)	-	(1,273)	367	134	-	-	(6,662)	-	(7,434)
Transfer from special economic zone re-investment reserve on utilization	-	-	-	-	-	-	653	(653)	-
Transfer to special economic zone re-investment reserve, net (D)	-	-	-	-	-	-	653	(653)	-
Balance as at March 31, 2025 [(A)+(B)+(C)+(D)]	834	(2,264)	8,546	1,447	267	25	20,302	259,539	100

* Refer to note 2.9 and 2.37 of these financial statements for details of "Share Capital" and "Merger of Dr. Reddy's Holdings Limited into Dr. Reddy's Laboratories Limited".

** net off dividend paid on treasury shares

STATEMENT OF CHANGES IN EQUITY

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

- (1)

Pursuant to the special resolution approved by the shareholders in the Annual General Meeting held on July 27, 2018, the Dr. Reddy's Employees ESOS Trust (the "ESOS Trust") was formed to support the Dr. Reddy's Employees Stock Option Scheme, 2018 by acquiring, including through secondary market acquisitions, equity shares which are used for issuance to eligible employees upon exercise of stock options thereunder. Refer note 2.25 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 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 2.25 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)

Remeasurements of the net defined benefits plan reserve comprises the cumulative net gains/ losses on actuarial valuation of post-employment obligations. Refer note 2.26 for further details.
- (9)

The Company has created a Special Economic Zone ("SEZ") Reinvestment Reserve out of profits of its eligible SEZ Units in accordance with the terms of Section 10AA(1) of the Indian Income Tax Act, 1961. This reserve was transferred to Retained earnings upon acquiring the Plant and equipment in accordance with Section 10AA(2) of such Act.

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

As per our report of even date attached	for and on behalf of the Board of Directors of Dr. Reddy's Laboratories Limited
for S.R. Batliboi & Associates LLP Chartered Accountants ICAI Firm registration number: 101049W/E300004	K Satish Reddy Chairman, DIN: 00129701 G V Prasad Co-Chairman & Managing Director, DIN: 00057433 Erez Israeli Chief Executive Officer M V Narasimham Chief Financial Officer K Randhir Singh Company Secretary
per Shankar Srinivasan Partner Membership No.: 213271	
Place: Hyderabad Date: May 12, 2026	Place: Hyderabad Date: May 12, 2026





STATEMENT OF CASH FLOWS

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

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Cash flows from/(used in) operating activities		
Profit before tax	42,513	72,359
<i>Adjustments:</i>		
Fair value changes and profit on sale of financial instruments measured at FVTPL*, net	(2,052)	(3,128)
Depreciation and amortisation expense	12,074	10,394
Impairment of non current assets, net	1,405	1,036
Allowance for credit losses (on trade receivables and other advances)	175	103
Loss/(Profit) on sale/disposal of assets, net	(2,074)	428
Inventories write-down	4,488	2,771
Unrealized exchange (gain)/loss, net	(3,117)	(116)
Interest income	(7,771)	(4,825)
Finance costs	1,483	1,099
Equity settled share-based payment expense	299	382
<i>Changes in operating assets and liabilities:</i>		
Trade receivables	18,278	(13,451)
Inventories	(8,287)	(8,340)
Trade payables	(889)	(517)
Other assets and other liabilities, net	(447)	(81)
Cash generated from operations	56,078	58,114
Income taxes paid, net	(9,473)	(15,864)
Net cash flows from operating activities	46,605	42,250
Cash flows from/(used in) investing activities		
Purchase of property, plant and equipment	(20,492)	(23,393)
Proceeds from sale of property, plant and equipment	258	323
Purchase of other intangible assets	(8,888)	(1,374)
Proceeds from sale of intangible assets	980	104
Purchase of investments (including bank deposits)	(41,354)	(22,484)
Proceeds from sale of investments (including bank deposits)	14,968	52,788
Investments in subsidiary/associates	(5,791)	(67,541)
Loans and advances given to subsidiaries	(1,050)	(57)
Loans and advances repaid by subsidiaries	59	660
Interest/dividend income received	3,463	3,998
Net cash flows used in investing activities	(57,847)	(56,976)
Cash flows from/(used in) financing activities		
Proceeds from issuance of equity shares (including treasury shares)	397	193
Purchase of treasury shares	-	(1,389)
Proceeds from short-term loans and borrowings, net (Refer note 2.10 A)	20,281	25,840
Payment of principal portion of lease liabilities (Refer note 2.10 B)	(382)	(281)
Dividends paid	(6,659)	(6,662)
Interest paid	(2,469)	(1,794)
Net cash flows from financing activities	11,168	15,907
Net increase/(decrease) in cash and cash equivalents	(74)	1,181
Effect of exchange rate changes on cash and cash equivalents	252	2
Cash and cash equivalents at the beginning of the year (Refer note 2.6 E)	3,197	2,014
Cash and cash equivalents at the end of the year (Refer note 2.6 E)	3,375	3,197

*FVTPL (fair value through profit or loss)

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

As per our report of even date attached

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

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

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

per **Shankar Srinivasan**

Partner

Membership No.: 213271

K Satish Reddy

G V Prasad

Erez Israeli

M V Narasimham

K Randhir Singh

Chairman, DIN: 00129701

Co-Chairman & Managing Director, DIN: 00057433

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Hyderabad

Date: May 12, 2026

Place: Hyderabad

Date: May 12, 2026

NOTES TO FINANCIAL STATEMENTS

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

Note 1 Description of the Company and material accounting policies information

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. The Company offers a portfolio of products and services including active pharmaceutical ingredients ("APIs"), generics, branded generics, biosimilars, over the counter ("OTC") products and pharmaceutical services.

The Company's principal research and development facilities are located in the states of Telangana and Andhra Pradesh in India; 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 and Germany. The Company's shares are listed on the Bombay Stock Exchange, the National Stock Exchange, the NSE IFSC Limited in India and on the New York Stock Exchange in the United States.

1.2 Basis of preparation of standalone financial statements

a) Statement of compliance

These standalone financial statements as of and for the year ended 31 March 2026 comply in all material aspects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, and presentation requirements of Division II of Schedule III to the Companies Act, 2013, and as amended from time to time.

These standalone financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, 31 March 2026. These standalone financial statements were authorised for issuance by the Company's Board of Directors on 12 May 2026.

b) Basis of measurement

These standalone financial statements have been prepared on the historical cost convention, except for the following material items in the balance sheet which are measured on the basis stated

below and in accordance with the respective accounting policies:

- derivative financial instruments are measured at fair value;
- financial assets and financial liabilities are measured either at fair value or at amortised cost depending on the classification based on accounting policy; and
- equity-settled and cash-settled share-based payments are measured at fair value on the grant date and the reporting date, respectively;

c) Use of judgements, estimates and assumptions

The preparation of standalone 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, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates implies that actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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 judgements in applying accounting policies that have the most significant effect on the amounts recognised in the standalone financial statements is included in the following notes:

- Note 1.3 (b) — Assessment of functional currency;
- Note 1.3 (c), 2.28 and 2.29 — Financial instruments;
- Notes 1.3 (e) and 1.3 (f) — Useful lives of property, plant and equipment and intangible assets;
- Note 1.3 (h) and 2.8 — Valuation of inventories;



NOTES TO FINANCIAL STATEMENTS

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

- Note 1.3 (i), 2.1, 2.3 and 2.4 — Measurement of recoverable amounts of cash-generating units;
- Note 1.3 (l) and 2.11 — Provisions and other accruals;
- Note 1.3 (m) —Measurement of transaction price in a revenue transaction (sales returns);
- Note 1.3 (p) and 2.27 — Evaluation of recoverability of deferred tax assets, estimation of income tax payable and income tax expense in relation to uncertain tax positions; and
- Note 1.3 (l) and 2.30 — Contingencies

d) **Current and non-current classification**

The Company segregates assets and liabilities into current and non-current categories for presentation in the balance sheet after considering its normal operating cycle and other criteria set out in Ind AS 1, "Presentation of Financial Statements". For this purpose, current assets and liabilities include the current portion of non-current assets and liabilities respectively. Deferred tax assets and liabilities are always classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified period up to twelve months as its operating cycle.

1.3 **Material Accounting policies information:**

a) **New standards, interpretations and amendments adopted by the Company effective from 01 April 2025:**

The Company applied for the first time the below amendments, which are effective for annual periods beginning on or after 01 April 2025. The Company has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(i) **Amendments to Ind AS 21: The Effects of Changes in Foreign Exchange Rates**

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2025, which amend Ind AS

21, The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

This amendment had no material impact on these standalone financial statements.

(ii) **Amendments to Ind AS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants**

In August 2025, the MCA notified amendments to paragraphs 69 to 76 of Ind AS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 April 2025 retrospectively in accordance with Ind AS 8. The amendments have not resulted in additional disclosures and have not had an impact on the classification of Company's liabilities.

(iii) **Amendments to Ind AS 12 – International Tax Reform Pillar Two Model Rules**

In August 2025, the MCA notified amendments to Ind AS 12 Income Taxes in response to the OECD's BEPS Pillar Two rules and include:

A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or

NOTES TO FINANCIAL STATEMENTS

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

after 01 April, 2025, but not for any interim periods ending on or before 31 March, 2026.

Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Company operates are above 15%, and thus Pillar Two income taxes would not apply. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply, and the Pillar Two effective tax rate is lower than 15%. This amendment had no material impact on these standalone financial statements.

b) **Foreign currency**

Functional and presentation currency

These standalone financial statements are presented in Indian rupees, which is the functional currency of the Company. All financial information presented, except information related to share and per share data, in Indian rupees has been rounded to the nearest million.

Foreign currency transactions

Transactions in foreign currencies are recorded at exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous standalone financial statements are recognised in the standalone 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 equity instruments where the Company had made an irrevocable election to present

in OCI subsequent changes in the fair value in OCI and;

- qualifying cash flow hedges, to the extent that the hedges are effective.

When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date.

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 marketplace (e.g., 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 generally do not contain any significant financing component requiring separation and are therefore recognized initially at the transaction price determined as per Ind AS 115, "Revenue from Contracts with Customers".

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as:

- Debt instruments at amortised cost;

Debt instruments at amortised cost

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



NOTES TO FINANCIAL STATEMENTS

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

- a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method and are subject to impairment. 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 effective interest rate. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in standalone statement of Profit and Loss and presented in other income. The losses arising from impairment are recognised in the standalone statement of Profit and Loss. This category generally applies to trade and other receivables.

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 AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in OCI subsequent changes in the fair value. The Company makes such election upon initial recognition on an instrument-by-instrument basis. The classification is made upon initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the standalone statement of Profit and Loss, even on sale of investment.

However, on sale the Company may transfer the cumulative gain or loss within equity.

Investments in subsidiaries, joint ventures and associate:

Investments in subsidiaries, joint ventures and associate 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, joint ventures and associate, the difference between net disposal proceeds and the carrying amounts are recognised in the standalone 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., 01 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 derecognised (i.e. removed from the Company's balance sheet) when:

- the rights to receive cash flows from the asset have expired; or
- Both (1) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and (2) either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also

NOTES TO FINANCIAL STATEMENTS

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

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 and other financial assets, if any, representing a contractual right to receive cash or another financial asset.

For this purpose, the Company follows a "simplified approach" for recognition and measurement of impairment loss allowance on the contract asset and trade receivable balances. The application of this simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are 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.

Subsequent measurement

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

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities at FVTPL primarily comprise derivative financial instruments entered into by the Company and not designated as hedging instruments in a hedging relationship as defined by Ind AS 109.

Gains or losses on such financial liabilities are recognised in the standalone statement of Profit and Loss.

The Company has not designated any financial liability as FVTPL.

Loans and borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost using the effective interest rate method and, thereby, any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the standalone statement of Profit and Loss over the period of the borrowings.

The effective interest rate amortisation is included under the head finance costs in the standalone statement of Profit and Loss.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Gain or loss arising on de-recognition, measured as difference between, the carrying amount of financial liability and the settlement amount, is recognized under the head finance costs in the standalone statement of Profit and Loss.

Derivative financial instruments

The Company is exposed to exchange rate risk which arises from its foreign exchange revenues



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and expenses, primarily in US dollars, UK pounds sterling, Russian roubles, South African rands, Romanian new leus, Australian dollars, Euros, Swiss francs, Mexican peso, Columbian peso, Brazilian reals, Chilean pesos, Canadian dollar and Kazakhstani tenge.

The Company uses derivative financial instruments such as foreign exchange forward contracts, option contracts and swap contracts to mitigate its risk of changes in foreign currency exchange rates. The Company also uses non-derivative financial instruments as part of its foreign currency exposure risk mitigation strategy. Derivatives are classified as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Hedges of highly probable forecasted transactions

The Company classifies its derivative financial instruments that hedge foreign currency risk associated with highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of such cash flow hedges is recorded in the OCI and accumulated in the hedging reserve as a component of equity. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the hedging reserve and included in the initial cost or other carrying amount of the hedged asset or liability. In all other cases, the amount so accumulated is re-classified to the standalone statement of Profit and Loss and presented as part of the hedged item in the same period in which the forecasted transaction impacts the standalone statement of Profit and Loss. The ineffective portion of such cash flow hedges is recorded in the standalone statement of Profit and Loss as finance costs immediately.

The Company also designates certain non-derivative financial liabilities, such as foreign currency borrowings from banks, as hedging instruments for hedge of foreign currency risk associated with highly probable forecasted transactions. Accordingly, the Company applies cash flow hedge accounting to such relationships. Re-measurement gains or loss

on such non-derivative financial liabilities are recorded in the same manner as stated above for derivative financial instruments designated as hedging instruments.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in OCI remains there until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in OCI is recognized immediately in the standalone statement of Profit and Loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For this purpose, "short-term" means investments having original maturities of three months or less from the date of investment. Bank overdrafts which are repayable on demand and form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the standalone statement of cash flows.

d) Business combinations and goodwill

Business combinations are accounted for using the acquisition method, regardless of whether equity instruments or other assets are acquired, unless the transaction is treated as an asset acquisition by applying the optional concentration test or otherwise. The optional concentration test permits the acquirer to make an election on a transaction-by-transaction basis, and apply a simplified assessment for determining whether an acquired set of activities and assets is a business. The optional concentration test is met, and the acquired set of activities and assets is not a business, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The acquisition date is the date on which

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control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

The consideration transferred for the acquisition is comprised of:

- fair values of the assets transferred;
- fair values of liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Company;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest.

At the acquisition date, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values.

For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration is classified either as equity or a financial

liability. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a financial liability is subsequently re-measured to fair value, with changes in fair value recognised in the standalone statement of Profit and Loss.

Goodwill is initially measured at cost, being the excess of (i) the aggregate of the consideration transferred, the amount of non-controlling interest in the acquired entity, and the acquisition date fair value of any previous equity interest in the acquired entity, over (ii) the fair value of the Company's share of net identifiable assets acquired.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference after reassessment, is recognized in the standalone statement of Profit and Loss as a bargain purchase

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units or the group of cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

e) Property, plant and equipment Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.

Software for internal use which is acquired from third-party vendors and forms an integral part of a tangible asset, including consultancy charges for implementing the software, is capitalised as part of the related tangible asset. Subsequent costs



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associated with maintaining such software are recognised as expense as incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under other non-current assets. Assets not ready for use are not depreciated but are tested for impairment. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “Other income/Other expenses” in the standalone statement of Profit and Loss.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the standalone statement of Profit and Loss as incurred.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

Depreciation

Depreciation is recognized in the standalone statement of Profit and Loss on a straight line basis over the estimated useful lives of property, plant and equipment. Land is not depreciated but subject to impairment.

When parts of an item of property, plant and equipment have different useful lives, they are depreciated separately based on their respective economic useful lives.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and any changes are considered prospectively.

The estimated useful lives are as follows:

Particulars	Years
Buildings	
- Factory and administrative buildings	20 to 30
- Ancillary structures	3 to 10
Plant and equipment	3 to 15
Furniture, fixtures and office equipment	3 to 8
Vehicles	4 to 5

The capitalized costs of software are amortized over the estimated useful life or the remaining useful life of the related tangible fixed asset, whichever is lower.

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.

f) Intangible assets other than goodwill

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the standalone 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 capitalized only if:

- development costs can be measured reliably;
- the product or process is technically and commercially feasible;

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- 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 standalone statement of Profit and Loss as incurred.

As of 31 March, 2026, none of the development expenditure amounts have met the aforesaid recognition criteria for capitalisation.

Acquired research and development intangible assets that are under development are recognized as In-Process Research and Development (“IPR&D”) assets. Subsequent expenditures on an IPR&D project acquired separately or in a business combination are:

- a) recognized as an expense when incurred, if it is a research expenditure;
- b) recognized as an expense when incurred, if it is a development expenditure that does not satisfy the criteria for recognition as an intangible asset in paragraph 57 of Ind AS 38; or
- c) added to the carrying amount of the acquired IPR&D project, if it is a development expenditure that satisfies the recognition criteria in paragraph 57 of Ind AS 38.

IPR&D assets are not amortized, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment charge on such IPR&D assets is recorded in the standalone statement of Profit and Loss under “Impairment of non-current assets”.

Payments for intangible assets that are acquired by the Company from third parties as in-licensed or purchased intellectual property rights, compounds and products are capitalized. If additional payments are made to the originator company to continue

performing research and development (“R&D”) activities, an evaluation is made as to the nature of the payments. Such additional payments will be expensed if they represent the compensation for subcontracted R&D services not resulting in an additional transfer of intellectual property rights to the Company. Such additional payments will be capitalized if they represent the compensation for the transfer to the Company of additional intellectual property developed at the risk of the originator company.

Amortization

Intangible assets available for use with a definitive useful life are amortized on a straight-line basis and evaluated for potential impairment whenever facts and circumstances indicate that their carrying value may not be recoverable. Amortisation is recognized in the standalone statement of Profit and Loss on a straight-line basis over the estimated useful lives of intangible assets. The amortization expense is recognised in the standalone statement of Profit and Loss in the expense category that is consistent with the function of the intangible asset.

The estimated useful lives are as follows:

Particulars	Years
Product related intangibles	3 to 25
Other intangibles	3 to 15

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date. Changes in the expected useful lives or expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortization period or method, as appropriate and are treated as change in accounting estimate.

Goodwill, intangible assets relating to products in development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognised immediately in



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the standalone statement of Profit and Loss under “Impairment of non-current assets”.

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 standalone 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

The Company recognizes a right-of-use asset and a corresponding lease liability for all arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low-value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. In the case of arrangements involving lease and non-lease components, the Company allocates the consideration in the lease contract to the lease and non-lease components on the basis of the relative standalone price of each component.

Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease over the shorter of the useful life of the right-of-use asset or the end of the lease term and are assessed for impairment whenever there is an indication that the carrying amount may not be recoverable using cash flow projections for the useful life.

Lease liabilities include the net present value of the fixed and variable lease payments that depend on an index or a rate to be made over the lease term. The lease payments are discounted

using the interest rate implicit in the lease or the Company’s incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Lease payments are allocated between principal and interest cost. The interest cost is charged to the standalone statement of Profit and 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.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise information technology equipment and small items of office furniture.

h) Inventories

Inventories are valued at the lower of cost or net realisable value.

Inventories consist of raw materials, stores and spares, work in progress and finished goods. The cost of all categories of inventories is determined based on the weighted average method. Cost includes purchase cost less refundable taxes, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process.

Net 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

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competitive new products, to the extent each of these factors impact the Company’s business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

i) Impairment

Non-financial assets

The carrying amounts of the Company’s non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount is estimated for the asset or the cash generating unit to which the asset belongs. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at 31 March or when circumstances indicate that carrying value may be impaired.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

An impairment loss is recognised in the standalone 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 its recoverable amount, nor 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 a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in a joint venture is tested for impairment as a single asset when there are indicators that the investment in a joint venture may be impaired.

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.

The Company’s contributions to defined contribution plans are charged to the standalone statement of Profit and Loss as and when the services are received from the employees.

The liability in respect of defined benefit plans and other post-employment benefits is measured as the defined benefit obligation calculated annually by independent actuaries using the projected unit credit method. The current service cost of the defined benefit plan is recognized in the standalone statement of Profit and Loss. Past service costs are recognized immediately in the standalone statement of Profit and Loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions for defined benefit obligation and plan assets are recognized in OCI in the period in which they arise



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Other long-term employee benefits

The Company's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value by independent actuaries using the projected unit credit method. The current service cost, past service cost as well as re-measurements are recognised in the standalone 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. The resultant expenses are recognized in the standalone statement of Profit and Loss.

k) Share-based payments

Equity settled share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee benefit expense, in the standalone 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 conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The expense is recorded for each separately vesting portion of the award if each portion of the award was, in substance, separate award. 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.

The fair value of employee stock options is measured using the Black-Scholes-Merton valuation model. Measurement inputs include the share price on the grant date, the exercise price of the instrument, the expected volatility (based on weighted average historical volatility), the expected life of the instrument (based on historical experience), the expected dividends, and the risk free interest rate (based on government bonds).

Cash settled share-based payment transactions

The fair value of the amount payable to employees in respect of share-based payment transactions which are settled in cash is 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 standalone statement of Profit and Loss.

l) Provisions

A provision is recognised in the standalone 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.

Onerous contracts

A provision for onerous contracts is recognised in the standalone statement of Profit and Loss when

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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.

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 standalone 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.

m) Revenue

The Company's revenue is derived from sales of goods, service income and income from licensing arrangements. Most of such revenue is generated from the sale of goods. The Company has generally concluded that it is the principal in its revenue arrangements.

Sale of goods

Revenue is 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 as per the terms agreed upon with the customer. Generally, at that point, the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

Revenue from the sale of goods is measured at the transaction price which is the consideration received

or receivable, net of expected returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer since the Company acts as a principal in rendering those services.

In arriving at the transaction price, the Company considers the terms of the contract with the customers and its customary business practices. The transaction price is the amount of consideration the Company is entitled to receive in exchange for transferring promised goods or services, excluding amounts collected on behalf of third parties. The amount of consideration varies because of estimated returns 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.

Presented below are the points of recognition of revenue with respect to the Company's sale of goods:

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

Profit share revenues

The Company from time to time enters into marketing arrangements with certain business partners for the sale of its products in certain markets. Under such arrangements, the Company



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

Revenue in an amount equal to the base sale price is 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 received on inception of the license and subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. In cases where the transaction has two or more performance obligations, the Company accounts for the completed obligation (for example, the transfer of title) as a separate unit of accounting and record revenue upon delivery of that component, provided that the Company can make a reasonable estimate of the fair value of the undelivered component. Otherwise, non-refundable up-front license fees received in connection with product out-licensing agreements are deferred and recognised over the balance period in which the Company has pending performance obligations. Milestone payments which are contingent on achieving certain clinical milestones

are recognised as revenues 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.

Refund Liability

The Company accounts for sales returns accrual by recording refund liability concurrent with the recognition of revenue at the time of a product sale. This liability is based on the Company's estimate of expected sales returns. The Company deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Company's historical experience in the markets in which the Company operates. With respect to established products, the Company considers its historical experience of actual sales returns, levels of inventory in the distribution channel, estimated shelf life, any revision in the shelf life of the product, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. With respect to new products introduced by the Company, such products have historically been either extensions of an existing line of product where the Company has historical experience or in therapeutic categories where established products exist and are sold either by the Company or the Company's competitors. At the time of recognising the refund liability the Company also recognises an asset, (i.e., the right to the returned goods) which is included in inventories for the products expected to be returned. The Company initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in the value of the returned goods.

Along with re-measuring the refund liability at the end of each reporting period, the Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well

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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 standalone 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 the 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.

n) Shipping and handling costs

Shipping and handling costs incurred to transport products to customers, and internal transfer costs incurred to transport the products from the Company's factories to its various points of sale, are included in other expenses.

o) Other income and finance cost

Other income includes interest income on funds invested, dividend income and gains on the disposal of assets. Interest income is recognised in the standalone statement of Profit and Loss as it accrues, using the effective interest method. Dividend income is recognised in the standalone 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 costs consist of interest expense on loans and borrowings.

Borrowing costs are recognised in the standalone statement of Profit and Loss using the effective interest method unless capitalisation criteria are

met as per accounting policy on Property, plant and equipment. The associated cash flows are classified as financing activities in the statement of cash flows.

Foreign currency gains and losses are reported on a net basis within other income 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.

p) Income tax

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the standalone statement of Profit and Loss except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is 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:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and at the time of the transaction that
 - affects neither accounting nor taxable profit or loss and;
 - does not give rise to equal taxable and deductible temporary differences;
- temporary differences relating to investments in subsidiaries, joint ventures and associates if the timing of reversal of the temporary differences can be controlled and it is probable



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

that the temporary differences will not reverse in the foreseeable future; and

- taxable temporary differences arising upon the initial recognition of goodwill.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Any deferred tax asset or liability arising from deductible or taxable temporary differences in respect of 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. Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered a tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Accruals for uncertain tax positions are measured using either the most likely amount or the expected value amount depending on which method the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognised unless the tax positions will probably be accepted by the tax authorities. This is based upon management's interpretation of applicable laws and regulations and

the expectation of how the tax authority will resolve the matter. Once considered probable of not being accepted, management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable amounts.

The Company applies the exception to not recognize or disclose information about deferred tax assets and deferred tax liabilities related to countries that have enacted tax legislation that comply with the Organization for Economic Cooperation and Development ("OECD") Pillar Two model rules.

q) **Government grants and incentives**

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Grants related to income and other incentives are deducted in reporting the related expense in the standalone statement of Profit and Loss.

r) **Dividend**

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company.

In the case of interim dividends to equity shareholders, this is when declared by the Board of Directors. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting of the Company.

s) **Rounding of amounts**

All amounts in Indian Rupees disclosed in the standalone financial statements and notes have been rounded off to the nearest million currency units unless otherwise stated.

1.4 **Determination of fair values**

The Company's accounting policies and disclosures require the determination of fair value, for all financial and certain non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

NOTES TO FINANCIAL STATEMENTS

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the standalone 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 standalone financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as assets acquired in a business combination and significant liabilities, such as contingent consideration. Involvement of external valuers is determined by the management, based on market knowledge, reputation, independence and whether professional standards are maintained.

a) **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.

b) **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.

c) **Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the Company's borrowings that have floating rates of interest, their fair value approximates carrying value.

d) **Contingent consideration**

The fair value of the contingent consideration arising out of business combination is estimated by applying the income approach. The fair value measurement is based on significant inputs that are not observable in the market, which Ind AS 113, "Fair Value Measurement" refers to as Level 3 inputs.



NOTES TO FINANCIAL STATEMENTS

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

2.1 Property, plant and equipment

(A) The following is the summary of changes in carrying value of propery, plant and equipment including right-of-use assets

Particulars	Land	Buildings	Plant and equipment	Furniture, fixtures and office equipment	Vehicles	Total
Gross carrying value						
Balance as at April 01, 2024	2,009	23,278	91,515	6,361	1,044	124,207
Additions	91	2,231	12,666	778	409	16,175
Disposals	-	(65)	(1,643)	(1,122)	(376)	(3,206)
Balance as at March 31, 2025	2,100	25,444	102,538	6,017	1,077	137,176
Balance as at April 01, 2025	2,100	25,444	102,538	6,017	1,077	137,176
Additions	-	4,722	23,337	913	671	29,643
Disposals	-	(259)	(1,167)	(186)	(356)	(1,968)
Balance As at March 31, 2026	2,100	29,907	124,708	6,744	1,392	164,851
Accumulated Depreciation						
Balance as at April 01, 2024	14	9,391	58,236	4,904	568	73,113
Depreciation for the year	14	1,087	6,132	740	211	8,184
Disposals	-	(54)	(1,575)	(897)	(249)	(2,775)
Balance as at March 31, 2025	28	10,424	62,793	4,747	530	78,522
Balance as at April 01, 2025	28	10,424	62,793	4,747	530	78,522
Depreciation for the year	14	1,379	7,317	828	313	9,851
Impairment ⁽¹⁾	-	95	480	81	-	656
Disposals	-	(78)	(1,150)	(189)	(288)	(1,705)
Balance As at March 31, 2026	42	11,820	69,440	5,467	555	87,324
Net carrying value						
As at March 31, 2025	2,072	15,020	39,745	1,270	547	58,654
As at March 31, 2026	2,058	18,087	55,268	1,277	837	77,527

⁽¹⁾ During the year ended March 31, 2026, the Company has decided to discontinue certain of its research and development programs associated with Chimeric Antigen Receptor T-cell (CAR-T) therapy portfolio in light of the current development status and recent clinical trial outcomes. Consequent to this decision, the Company has recognized impairment loss of ₹ 729 relating to property, plant and equipment (including Capital-work-in-progress and Right of use assets) in the Company's Global Generic segment.

In addition, the Company recorded the following impacts in the Statement of profit and loss:

- (a) Impairment of intangible assets of ₹ 404;
- (b) Research and development cost reimbursement to Aurigene Oncology Limited, a group subsidiary of ₹ 198 ; and
- (c) Other development program related wind down costs under other expenses of ₹ 17.

NOTES TO FINANCIAL STATEMENTS

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

2.1 (B) Right-of-use-assets:

The Company has lease contracts for various items of property, plant and equipment used in its operations. Below are the carrying amounts of right-of-use assets recognised and the movements during the year included in the above property, plant and equipment:

Particulars	Leasehold land	Buildings	Plant and equipment	Furniture, fixtures and office equipment	Vehicles	Total
Gross carrying value						
Balance as at April 01, 2024	251	145	3	81	844	1,324
Additions	-	354	-	-	354	708
Disposals	-	(65)	-	(81)	(350)	(496)
Balance as at March 31, 2025	251	434	3	-	848	1,536
Balance as at April 01, 2025	251	434	3	-	848	1,536
Additions ⁽¹⁾	-	2,327	-	-	505	2,832
Disposals	-	(252)	-	-	(341)	(593)
Balance As at March 31, 2026	251	2,509	3	-	1,012	3,775
Accumulated depreciation						
Balance as at April 01, 2024	14	91	3	37	430	575
Depreciation for the year	14	58	-	-	187	259
Disposals	-	(54)	-	(37)	(223)	(314)
Balance as at March 31, 2025	28	95	3	-	394	520
Balance as at April 01, 2025	28	95	3	-	394	520
Depreciation for the year	14	249	-	-	256	519
Impairment ⁽²⁾	0	95	-	-	-	95
Disposals	-	(71)	-	-	(273)	(344)
Balance As at March 31, 2026	42	368	3	-	377	790
Net carrying value						
As at March 31, 2025	223	339	-	-	454	1,016
As at March 31, 2026	209	2,141	-	-	635	2,985

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

The following are the amounts recognised in the statement of profit and loss:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation expense of right-of-use assets	519	259
Interest expense on lease liabilities	231	133
	750	392

- ⁽¹⁾ Additions to right-of-use assets for buildings during the year ended March 31, 2026 primarily pertains to lease of an additional facility in India, amounting to ₹ 1,825, with a lease term of 10 years,
- ⁽²⁾ Refer note 2.1 (A) for details of impairment of right-of-use assets

The Company had total cash outflows for leases of ₹ 382 and ₹ 634 during the year ended 31 March 2026 and 31 March 2025, respectively. The maturity analysis of lease liabilities is disclosed in note 2.10 B of these financial statements.

Capital commitments

As of March 31, 2026 and March 31, 2025, the Company was committed to spend ₹ 8,414 and ₹ 12,176, respectively, under agreements to purchase property, plant and equipment. This amount is net of capital advances paid in respect of such purchase commitments.

Interest capitalisation

During the years ended March 31, 2026 and March 31, 2025, the Company capitalised interest cost of ₹ 983 and ₹ 729, respectively, with respect to qualifying assets. The average rate for capitalisation of interest cost for the years ended March 31, 2026 and March 31, 2025 was approximately 6.48% and 7.01% respectively.

2.2 Capital work-in-progress

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Balance at the beginning of the year	21,564	11,719
Add: Additions during the year	15,447	25,003
Less: Capitalisations during the year	(23,245)	(14,817)
Less: Impairment during the year ⁽¹⁾	(73)	-
Less: Provision for idle assets	(2)	(341)
Balance at the end of the year	13,691	21,564

- ⁽¹⁾ Refer note 2.1 (A) for details of impairment of Capital work-in-progress

Capital work-in-progress (CWIP) Ageing schedule

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	11,099	1,933	280	43	13,355
Projects temporarily suspended	99	237	-	-	336
Balance as at March 31, 2026	11,198	2,170	280	43	13,691

NOTES TO FINANCIAL STATEMENTS

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

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	19,763	1,560	119	57	21,499
Projects temporarily suspended	52	9	3	1	65
Balance as at March 31, 2025	19,815	1,569	122	58	21,564

Project execution plans and budgets are assessed on an annual basis and all the projects are executed as per rolling annual plan.

For CWIP, whose completion is overdue or has exceeded its cost compared to its original plan the project wise details of when the project is expected to be completed is given below:-

	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
Biologics_Infrastructure	483	-	-	-	483
Cosmeceutical Topical & Dental Infra	160	-	-	-	160
Balance As at March 31, 2026	643	-	-	-	643

	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
FTO-11 Onco facility	804	-	-	-	804
Biologics_Infrastructure	453	-	-	-	453
Balance as at March 31, 2025	1,257	-	-	-	1,257

2.3 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 March 31, 2026	As at March 31, 2025
Net carrying value	853	853

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

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 March 31, 2026	As at March 31, 2025
Global Generics-Branded Formulations	853	853

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) The post-tax discount rates used are based on the Company's weighted average cost of capital.
- c) 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.
- d) The post-tax discount rates and pre-tax discount rates used for Branded Formulations CGU are 10.51% and 14.05% respectively.

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.

2.4 Other intangible assets

Particulars	Product related intangibles	Others	Total
Gross carrying value			
Balance as at April 01, 2024	34,009	3,903	37,912
Additions ⁽¹⁾	849	408	1,257
Disposals/ De- recognitions	(45)	(5)	(50)
Balance as at March 31, 2025	34,813	4,306	39,119
Balance as at April 01, 2025	34,813	4,306	39,119
Additions ⁽¹⁾	8,490	423	8,913
Disposals/ De- recognitions	(290)	(2)	(292)
Balance As at March 31, 2026	43,013	4,727	47,740
Amortisation/impairment loss			
Balance as at April 01, 2024	11,753	2,215	13,968
Amortisation for the year	1,820	390	2,210
Disposals/ De- recognitions	(45)	(5)	(50)
Impairment loss	174	-	174
Balance as at March 31, 2025	13,702	2,600	16,302

NOTES TO FINANCIAL STATEMENTS

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

2.4 Other intangible assets (continued)

Particulars	Product related intangibles	Others	Total
Balance as at April 01, 2025	13,702	2,600	16,302
Amortisation for the year	1,975	398	2,373
Disposals/ De- recognitions	(125)	(2)	(127)
Impairment loss	271	-	271
Balance As at March 31, 2026	15,823	2,996	18,819
Net carrying value			
As at March 31, 2025	21,111	1,706	22,817
As at March 31, 2026	27,190	1,731	28,921

- ⁽¹⁾ Additions during the year ended March 31, 2026 includes:
- (i) ₹ 4,464 paid as consideration for the acquisition of STUGERON® and its locally recognized brands covering 18 markets in the Asia-Pacific and Europe, Middle East, and Africa regions, with India and Vietnam as the key markets.

(ii) ₹ 3,014 paid as consideration to acquire the trademarks and related assets for Progynova® and Cyclo-Progynova® in India.
- Additions during the year ended March 31, 2025 includes:
- (i) acquisition of Commercialization Rights of Olutasidenib ₹ 347, Pertuzumab ₹ 290 and Olaparib ₹ 104 and Software of ₹ 409.

Details of significant acquired intangible assets as at March 31, 2026:

Particulars	Acquired from	Carrying net book value
Select portfolio of branded generics business	Wockhardt Limited	10,022
Cardiovascular brand Cidmus® in India	Novartis AG	4,005
Antivertigo Brand Stugeron® in India	Janssen Pharmaceutica NV	4,350
Progynova® and Cyclo-Progynova® in India	Mercury Pharma Group Limited	3,014
Select portfolio of dermatology, respiratory and pediatric assets	UCB India Private Limited and affiliates	2,083
Select Anti-allergy brands	Glenmark Pharmaceuticals Limited	957

Details of significant acquired intangible assets as at March 31, 2025:

Particulars	Acquired from	Carrying net book value
Select portfolio of branded generics business	Wockhardt Limited	10,945
Cardiovascular brand Cidmus® in India	Novartis AG	4,195
Select portfolio of dermatology, respiratory and pediatric assets	UCB India Private Limited and affiliates	2,556
Select Anti-allergy brands	Glenmark Pharmaceuticals Limited	1,083



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2.5 Intangible assets under development

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening balance	404	391
Add: Additions during the year	-	84
Less: Capitalisations during the year	-	(71)
Less: Impairment ⁽¹⁾	(404)	-
Closing balance	-	404

⁽¹⁾ Impairment losses recorded during the year ended March 31, 2026 primarily pertains to Impairment loss consequent to decision to discontinue certain research and development programs relating to CAR-T. (Refer to Note 2.1(A) for further details).

Intangible assets under development (IAUD) Ageing schedule

Particulars	Amount for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Balance As at 31 March 2026	-	-	-	-	-

Particulars	Amount for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	84	205	40	75	404
Projects temporarily suspended	-	-	-	-	-
Balance as at 31 March 2025	84	205	40	75	404

2.6 Financial assets

2.6 A. Investments

Investments consist of investments in units of equity securities, mutual funds, preference shares, limited liability partnership firm, bonds, commercial paper.

Particulars	As at March 31, 2026	As at March 31, 2025
Investments carried at cost		
Unquoted equity shares (fully paid-up)		
I. In subsidiary companies		
105,640,410 equity shares of USD 1.19 each (March 31, 2025: 105,640,410 equity shares of CHF 1 each) of Dr. Reddy's Laboratories SA, Switzerland*	13,515	13,515
2,499,726 (March 31, 2025: 2,499,726) equity shares of ₹ 10/- each of Idea2Enterprises (India) Private Limited, India	1,536	1,536
187,559,000 (March 31, 2025: 187,559,000) equity shares of ₹ 10/- each of Aurigene Oncology Limited, India (Formerly Aurigene Discovery Technologies Limited, India)	7,474	7,474
36,249,230 (March 31, 2025: 36,249,230) shares of Real \$ 1 each of Dr. Reddy's Farmaceutica Do Brasil Ltda., Brazil	825	825

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

2.6 Financial assets (Continued)

Particulars	As at March 31, 2026	As at March 31, 2025
201,987,270 (March 31, 2025: 201,987,270) Series "A" shares of Peso 1 each of Industrias Quimicas Falcon de Mexico S.A. de C.V., Mexico	2,053	2,053
89,825,277 (March 31, 2025: 84,825,277) equity shares of ₹ 10/- each of Dr. Reddy's Bio-sciences Limited, India	824	824
95,000,000 (March 31, 2025: 95,000,000) equity shares of ₹ 10/- each of Svass Wellness Limited, India (Formerly Regkinetics Services Limited, India)	950	950
134,513 (March 31, 2025: 134,513) equity shares of ₹ 10/- each of Cheminor Investments Limited, India	1	1
34 (March 31, 2025: 34) equity shares of US \$ 10/- each of Dr. Reddy's Laboratories Inc.	1	1
23,650,000 (March 31, 2025: 15,050,000) equity shares of ₹ 10/- each of Dr. Reddy's Formulations Limited	237	151
734,400,000 (March 31, 2025: 734,400,000) equity shares of ₹ 10/- each of Dr. Reddy's and Nestle Health Science Limited	7,344	7,344
Equity shares held in Dr. Reddy's Laboratories LLC, Russia ⁽¹⁾	5,654	-
	40,414	34,674
Less: Impairment		
Dr. Reddy's Farmaceutica Do Brasil Ltda., Brazil	(622)	(622)
Svass Wellness Limited (Formerly Regkinetics Services Limited, India)	(950)	(950)
Total unquoted investments in equity shares of subsidiary companies (I)	38,842	33,102
II. In joint ventures		
Equity shares held in Kunshan Rotam Reddy Pharmaceutical Co. Limited, China ⁽¹⁾	429	429
8,580,000 (March 31, 2025: 8,580,000) equity shares of ₹ 10/- each of DRES Energy Private Limited, India	86	86
Total unquoted investments in equity shares of joint ventures (II)	515	515
III. In associate		
13,649,600 (March 31, 2025: 13,649,600) equity shares of ₹ 10/- each of O2 Renewable Energy IX Private Limited	136	136
Total unquoted investments in equity shares of joint ventures (II)	136	136
Compulsory Convertible Debentures		
IV. In associate		
222,704 (31 March 2025: 171,504) compulsory convertible debentures of ₹ 1,000/- each of O2 Renewable Energy IX Private Limited	223	172
Total unquoted investments in compulsory convertible debentures in joint ventures (II)	223	172
Total investments carried at cost (I+II)(B)	39,716	33,925

* During the year ended March 31, 2025, the nominal value of equity shares has been changed from CHF 1 per share to USD 1.19 per share.

⁽¹⁾ Shares held in Dr. Reddy's Laboratories LLC, Russia and Kunshan Rotam Reddy Pharmaceutical Co. Limited, China are not denominated in number of shares as per the laws of the country.

Investments at FVTPL		
I. Investment in unquoted equity shares		
8,859 (March 31, 2025: 8,859) equity shares of ₹ 100/- each of Jeedimetla Effluent Treatment Limited, India	1	1
Ordinary shares of Biomed Russia Limited, Russia ⁽¹⁾⁽²⁾	-	-
200,000 (March 31, 2025: 200,000) equity shares of ₹ 10/- each of Altek Engineering Limited, India ⁽²⁾	-	-



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

2.6 Financial assets (Continued)

Particulars	As at March 31, 2026	As at March 31, 2025
24,000 (March 31, 2025: 24,000) equity shares of ₹ 100/- each of Progressive Effluent Treatment Limited, India ⁽²⁾	-	-
20,250 (March 31, 2025: 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 (I)	1	1
⁽¹⁾ Shares held in Biomed Russia Limited are not denominated in number of shares as per the laws of the country.		
⁽²⁾ Rounded off to millions in the note above.		
II. Investment in partnership firms		
ABCD Technologies LLP	456	397
III. Investment in unquoted mutual funds	30,015	28,743
IV. Investment in quoted equity shares		
Nil (March 31, 2025: 174,142) equity shares of Journey Medical Corporation	-	87
V. Others		
1,161,861 (March 31, 2025: 196,544) preference shares of 0.01 NIS ⁽³⁾ each of Edity Therapeutics Ltd.	267	40
⁽³⁾ NIS - New Israeli shekel		
Total investments at FVTPL (I + II + III + IV+V) (C)	30,739	29,268
Investments carried at amortised cost		
I. Investments in 6,200,000 (March 31, 2025: 6,200,000) Non- convertible preference shares of USD 100 each of Dr. Reddy's Laboratories SA, Switzerland**	62,520	54,672
II. Investment in 20,000,000 (March 31, 2025: 20,000,000) preference shares shares of ₹ 10/- each of Svass Wellness Limited, India (Formerly Regkinetics Services Limited, India)	200	200
III. Investments in bonds	8,511	1,001
IV. Investment in Non-convertible debentures of Dr. Reddy's Laboratories Inc.**	14,462	13,069
<i>Less: Impairment</i>		
Svass Wellness Limited (Formerly Regkinetics Services Limited, India)*	(200)	(200)
* Refer to the note ⁽¹⁾ mentioned under Investment in equity shares carried at cost		
** Refer to note 2.42 for details of funds invested in intermediaries and further invested by intermediaries. Further investment includes interest accrued but not due of ₹ 3,722 on Non-convertible preference shares and ₹ 238 on Non- Convertible debentures		
Total investments carried at amortised cost (D)	85,493	68,742
Total investments (A+B+C+D)	155,948	131,935
Current	32,335	28,830
Non-current	123,613	103,105
	155,948	131,935
Aggregate book value of quoted investments	-	87
Aggregate market value of quoted investments	-	87
Aggregate value of unquoted investments	157,720	133,620
Aggregate amount of impairment in the value of investments in the unquoted equity shares	1,772	1,772

NOTES TO FINANCIAL STATEMENTS

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

2.6 Financial assets (Continued)

2.6 B. Trade receivables

Particulars	As at March 31, 2026	As at March 31, 2025
Trade receivables from other parties	20,830	18,877
Receivables from related parties (Refer note 2.24)	20,356	40,713
	41,186	59,590
Details of security		
Considered good, unsecured	41,297	59,667
Credit impaired	555	508
	41,852	60,175
Less: Allowance for credit losses	(666)	(585)
	41,186	59,590
Current	41,186	59,590
	41,186	59,590

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 March 31, 2026 and March 31, 2025 are as follows:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Balance at the beginning of the year	585	548
Provision made during the year, net of reversals	126	100
Trade receivables written off during the year	(45)	(63)
Balance at the end of the year	666	585

Trade Receivables Ageing Schedule

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	21,117	17,650	1,975	23	-	-	40,765
(ii) Undisputed Trade Receivables - credit impaired	-	5	32	197	154	111	499
(iii) Disputed Trade Receivables - considered good	-	-	-	-	-	532	532
(iv) Disputed Trade Receivables - credit impaired	-	28	-	-	-	28	56
							41,852
<i>Less: Allowance for credit losses</i>							(666)
Balance As at March 31, 2026							41,186



NOTES TO FINANCIAL STATEMENTS

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

2.6 Financial assets (Continued)

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	40,201	16,994	1,768	236	-	-	59,199
(ii) Undisputed Trade Receivables - credit impaired	-	14	16	207	49	170	456
(iii) Disputed Trade Receivables - considered good	-	-	-	-	467	-	467
(iv) Disputed Trade Receivables - credit impaired	-	-	6	5	4	38	53
							60,175
Less: Allowance for credit losses							(585)
Balance As at March 31, 2025							59,590

2.6 C. Loans

Particulars	As at March 31, 2026	As at March 31, 2025
Considered good, unsecured		
Loans and advances to related parties ⁽¹⁾	1,007	14
	1,007	14
Considered doubtful, unsecured		
Loans and advances to related parties ⁽¹⁾	-	-
	1,007	14
Less: Allowance for doubtful loans and advances	-	-
	1,007	14
Current	1,002	-
Non-current	5	14
	1,007	14

⁽¹⁾ Loans and advances to related parties comprise (Refer Note 2.24):

Particulars	Balance as at		Maximum amount outstanding at any time during the year ended	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Subsidiaries				
DRL Impex Limited, India ⁽²⁾	5	7	7	7
Aurigene Oncology Limited, India ⁽¹⁾	1,002	-	1,002	-
Dr. Reddy's Formulations Limited	-	7	7	7
Dr. Reddy's Bio-sciences Limited, India	-	-	50	-
	1,007	14		

⁽¹⁾ Loans and advances to Aurigene Oncology Limited, India are given for the purpose of working capital and other business requirements, settlement of these loans is expected within the next twelve months, and interest rate of 6.64%. Further the outstanding balance comprises interest accrued but not due of ₹ 2.

⁽²⁾ Loans and advances to DRL Impex Limited, India 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 and it is interest free.

NOTES TO FINANCIAL STATEMENTS

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

2.6 Financial assets (Continued)

2.6 D. Other financial assets

Particulars	As at March 31, 2026	As at March 31, 2025
I. Non-current assets		
Considered good, unsecured		
Security deposits	673	562
Term deposits with banks (remaining maturity more than 12 months)	2,013	4,000
Term deposits with financial institutions (remaining maturity more than 12 months)	-	4,000
	2,686	8,562
II. Current assets		
Considered good, unsecured		
Term deposits with banks (remaining maturity less than 12 months)	17,425	-
Claims receivable	365	41
Dues from related parties (refer note 2.24)	85	265
Other assets	1,476	604
Unsecured, considered doubtful		
Claims receivable	134	134
	19,485	1,044
Less: Allowance for doubtful advances	(134)	(134)
	19,351	910

2.6 E. Cash and cash equivalents

Particulars	As at March 31, 2026	As at March 31, 2025
Balances with banks		
In current accounts	1,508	912
In EEFC accounts	1,307	65
In term deposits with banks (original maturities less than 3 months)	397	2,070
Cash on hand*	-	-
Other balances		
In unclaimed dividend accounts	73	80
LC and Bank guarantee margin money	90	70
Cash and cash equivalents in the statement of cash flow (including restricted cash)	3,375	3,197
* Rounded off to millions.		
Restricted cash balances included above		
Balance in unclaimed dividend account	73	80
Other restricted cash balances	90	70

2.6 F. Other bank balances

Particulars	As at March 31, 2026	As at March 31, 2025
Term deposits with banks (original maturities more than 3 months but less than 12 months)	16,201	6,571
	16,201	6,571



NOTES TO FINANCIAL STATEMENTS

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

2.7 Other assets

Particulars	As at March 31, 2026	As at March 31, 2025
A. Non-current assets		
Considered good, unsecured		
Capital advances	632	662
Others	211	-
	843	662
B. Current assets		
Considered good, unsecured		
Balances and receivables from statutory authorities ⁽¹⁾	16,248	11,214
Advances to material suppliers	2,447	2,992
Government incentives receivable ⁽²⁾	400	2,956
Prepaid expenses	909	828
Dues from related parties (Refer note 2.24)	8	8
Others ⁽³⁾	2,175	1,637
Considered doubtful, unsecured		
Other advances	144	90
	22,331	19,725
Less: Allowance for doubtful advances	(144)	(90)
	22,187	19,635

- ⁽¹⁾ Balances and receivables from statutory authorities primarily consist of amounts recoverable towards the goods and service tax ("GST"), excise duty, value added tax and from customs authorities of India.
- ⁽²⁾ Primarily consist of amounts receivable from various government authorities of India towards benefits on export sales made by the Company and other incentives.
- ⁽³⁾ Others primarily includes advances given to other vendors, employees

2.8 Inventories

Particulars	As at March 31, 2026	As at March 31, 2025
Raw materials (includes in transit ₹ 111 ; March 31, 2025: ₹ 88)	17,898	18,314
Work-in-progress	14,858	13,725
Finished goods	6,157	4,143
Stock-in-trade	3,030	3,872
Packing materials, stores and spares	7,613	5,704
	49,556	45,758

During the year ended March 31, 2026, the Company recorded inventory write-down of ₹ 4,488 (March 31, 2025: ₹ 2,771) in the statement of profit and loss.

NOTES TO FINANCIAL STATEMENTS

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

2.9 Share capital

Particulars	As at March 31, 2026	As at March 31, 2025
Authorised share capital**		
1,450,000,000 equity shares of ₹ 1/- each (1,450,000,000 equity shares of ₹ 1/- each)	1,450	1,450
Issued equity capital**		
834,657,970 equity shares of ₹ 1/- each fully paid-up (March 31, 2025: 834,456,365 equity shares of ₹ 1/- each)	835	834
Subscribed and fully paid-up**		
834,656,970 equity shares of ₹ 1/- each fully paid-up (March 31, 2025: 834,455,365 equity shares of ₹ 1/- each)	835	834
Add: Forfeited share capital (e)	-	-
	835	834

(a) Reconciliation of the equity shares outstanding is set out below:

Particulars	For the year ended March 31, 2026		For the year ended March 31, 2025	
	No. of shares (of ₹ 1/- each)	Amount	No. of share (of ₹ 1/- each)	Amount
Opening number of equity shares/share capital (face value of ₹ 1/ each)	834,455,365	834	166,818,266	834
Add: Equity shares issued pursuant to employee stock option plan ⁽¹⁾ prior to stock split	-	-*	58,680	-
Add: Increase in outstanding shares on account of stock split**	-	-	667,507,784	
Add: Equity shares issued pursuant to employee stock option plan ⁽¹⁾ after stock split	201,605	1	70,635	-
Closing number of equity shares/share capital**	834,656,970	835	834,455,365	834
Treasury shares ⁽²⁾	1,965,575	1,815	2,452,260	2,264

- * Rounded to the nearest million
- ** The Board of Directors of the Company at their meeting held on July 27, 2024 have approved the sub-division/ stock split of each equity share having a face value of ₹ 5/- each, fully paid-up, into five equity shares having a face value of ₹ 1/- each, fully paid-up (the "stock split"), by alteration of the capital clause of the Memorandum of Association of the Company. Further, each American Depositary Share ("ADS") of the Company will continue to represent one underlying equity share and, therefore, the number of ADSs held by an American Depositary Receipt ("ADR") holder would consequently increase in proportion to the increase in number of equity shares. On 12 September 2024 the approval of the shareholders of the Company was obtained through a postal ballot process with a requisite majority. Consequently, the authorized share capital, the outstanding shares and Treasury shares were sub-divided into equity shares having a face value of ₹ 1/- each with effective from record date of October 28, 2024.
- ⁽¹⁾ During the years ended March 31, 2026 and March 31, 2025, 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 Scheme, 2002 and the Dr. Reddy's Employees Stock Option Scheme, 2007. The options exercised had an exercise price of ₹ 1, ₹ 521, ₹ 563, ₹ 736, ₹ 781, ₹ 1060, (after stock split) per share. 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 July 27, 2018, the Dr. Reddy's Employees ESOS Trust (the "ESOS Trust") was formed to support the Dr. Reddy's Employees Stock Option Scheme, 2018 by acquiring, from the Company or through secondary market acquisitions, equity shares which are used for issuance to eligible employees (as defined therein) upon exercise of stock options thereunder. During the year ended March 31, 2025, 1,168,490 shares were acquired from the



NOTES TO FINANCIAL STATEMENTS

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

2.9 Share capital (Continued)

open market. The total amount paid to acquire the shares was ₹ 1,389. During the years ended March 31, 2026 and March 31, 2025, an aggregate of 486,685(after stock split) and 22,077 (prior to stock split) and 54,800 (after stock split) equity shares, respectively were issued as a result of the exercise of vested options granted to employees pursuant to the Dr. Reddy's Employees Stock Option Scheme, 2018. The options exercised had an exercise price of ₹ 2,607, ₹ 2,814, ₹ 3,679, ₹ 3,906 ₹ 4,212, ₹ 4,338, ₹ 4,663 or ₹ 5,301 (prior to stock split) and ₹ 521, ₹ 563, ₹ 736, ₹ 781, ₹ 842, ₹ 889, ₹ 933, ₹ 981 and ₹ 1,060 (after stock split) per share. 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. In addition, any difference between the carrying amount of treasury shares and the consideration received was recognised in the "securities premium".

As of March 31, 2026 and March 31, 2025, the ESOS Trust had outstanding 1,965,575 and 2,452,260 shares, respectively, which it purchased from the secondary market for an aggregate consideration of ₹ 1,815 and ₹ 2,264, respectively. Refer note 2.25 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 ₹ 1 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 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 Director. The details of dividends paid by the Company are as follows:

Particulars	During the year ended March 31, 2026	During the year ended March 31, 2025
Dividend per share (in absolute ₹) *	8	8
Dividend paid during the year (net off treasury shares)	6,659	6,662
Towards the fiscal year	2025	2024

* Dividend per share is computed after giving effect to 1:5 forward stock split effective October 28, 2024

At the Company's Board of Directors' meeting held on May 12, 2026, the Board proposed a dividend of ₹ 8 per share (face value of ₹ 1/ each) and aggregating to ₹ 6,677, which is subject to the approval of the Company's shareholders.

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

Particulars	As at March 31, 2026		As at March 31, 2025	
	No. of shares (of ₹ 1/- each)**	% holding	No. of shares (of ₹ 1/- each)	% holding
Life Insurance Corporation of India and their associates	101,502,343	12.16	60,015,393	7.19
GVP Family Trust	96,095,920	11.51	-	-
VSD Family Trust	75,630,620	9.06	-	-
Satish Reddy Kallam	10,107,505	1.21	85,738,125	10.27
G V Prasad	-	-	96,095,920	11.52

NOTES TO FINANCIAL STATEMENTS

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

2.9 Share capital (Continued)

(d) 180,985 (March 31, 2025: 313,790) 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", 1,403,802 (March 31, 2025: 1,140,235) 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 2,456,473 (March 31, 2025: 2,399,070) 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 2.25)

(e) Represents 1000 equity shares (after effect of stock split) of ₹ 1/- each, amount paid-up ₹ 500/- (rounded off to millions in the note above) forfeited due to non-payment of allotment money.

(f) Details of shares held by promoters

Promoter Name	As at March 31, 2026		As at March 31, 2025		% change during the year*
	No. of shares at the end of the year (of ₹ 1/- each)	% of Total Shares	No. of shares at the end of the year (of ₹ 1/- each)	% of Total Shares	
GVP Family Trust	96,095,920	11.51%	-	0.00%	100.00%
VSD Family Trust	75,630,620	9.06%	-	0.00%	100.00%
Satish Reddy Kallam (HUF)	27,618,385	3.31%	27,618,385	3.31%	0.00%
Gunupati Venkateswara Prasad (HUF)	12,717,090	1.52%	12,717,090	1.52%	0.00%
Satish Reddy Kallam ⁽²⁾	10,107,505	1.21	85,738,125	10.27%	-88.21%
Anuradha Gunupati	46,025	0.01%	46,025	0.01%	0.00%
Deepti Reddy Kallam	25,700	0.00%	25,700	0.00%	0.00%
G.V. Sanjana Reddy	25,700	0.00%	25,700	0.00%	0.00%
G. Mallika Reddy	25,695	0.00%	25,695	0.00%	0.00%
Sharathchandra Reddy Gunupati	13,000	0.00%	13,000	0.00%	0.00%
G V Prasad ⁽²⁾	-	0.00%	96,095,920	11.52%	-100.00%

Promoter Name	As at March 31, 2025		As at March 31, 2024		% change during the year*
	No. of shares at the end of the year (of ₹ 1/- each)	% of Total Shares	No. of shares at the end of the year (of ₹ 5/- each)	% of Total Shares	
G V Prasad	96,095,920	11.52%	-	0.00%	100.00%
Satish Reddy Kallam	85,738,125	10.27%	901,002	0.54%	1803.17%
Satish Reddy Kallam (HUF)	27,618,385	3.31%	5,523,677	3.31%	0.00%
Gunupati Venkateswara Prasad (HUF)	12,717,090	1.52%	2,543,418	1.52%	0.00%
Anuradha Gunupati	46,025	0.01%	9,205	0.01%	0.00%
Deepti Reddy Kallam	25,700	0.00%	5,140	0.00%	0.00%
G.V. Sanjana Reddy	25,700	0.00%	5,140	0.00%	0.00%
G. Mallika Reddy	25,695	0.00%	5,139	0.00%	0.00%
Sharathchandra Reddy Gunupati	13,000	0.00%	2,600	0.00%	0.00%
Samrajyam Reddy Kallam	-	0.00%	1,120,499	0.67%	-100.00%
APS Trust ⁽¹⁾	-	0.00%	34,345,308	20.59%	-100.00%



NOTES TO FINANCIAL STATEMENTS

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

2.9 Share capital (Continued)

The percentage shareholding above has been computed considering the outstanding number of shares 834,656,970 and 834,455,365 As at March 31, 2026 and March 31, 2025, respectively.

- * The outstanding number of shares as at March 31, 2024 and shares held during the year by respective promoters have been adjusted to give the the effect of stock split i.e., 1:5 for the computation of % change during the year ended March 31, 2025.
- ⁽¹⁾ On May 22, 2024, the APS Trust transferred 15,126,124 (prior to stock split) equity shares, representing 9.07% of outstanding equity shares, to Satish Reddy Kallam and 19,219,184 (prior to stock split) equity shares, representing 11.52% of outstanding equity shares, to G V Prasad. This change has not resulted in any change in the total promoter shareholding of the company. Further, there are no shares held by APS after May 22, 2024.
- ⁽²⁾ Mr. K. Satish Reddy transferred 75,630,620 equity shares to the VSD Family Trust on September 17, 2025, and Mr. G.V. Prasad transferred 96,095,920 equity shares to the GVP Family Trust on September 17, 2025. This change has not resulted in any change in the total promoter shareholding of the company.

2.10 Financial liabilities

2.10 A. Current borrowings

Particulars	As at March 31, 2026	As at March 31, 2025
From Banks		
Unsecured		
Pre-shipment credit	19,600	32,855
Other working capital borrowings	34,590	1,000
	54,190	33,855

- a) The interest rate profile of short-term borrowings from banks is given below:

Particulars	As at March 31, 2026		As at March 31, 2025	
	Currency	Interest Rate	Currency	Interest Rate
Pre- Shipment Credit and Other working capital borrowings	INR	3 Month T-bill + 35 bps	INR	3 Month T-bill + 35 bps to 60 bps
	INR	1 Month T-bill + 35 bps to 55 bps	INR	1 Month T-bill + 35 bps
	US \$	Nil	US \$	6 Month SOFR + 10 bps to 65 bps
	INR	1M Repo + 75bps	INR	7.50%

- (b) The Company had uncommitted lines of credit of ₹ 22,930 and ₹ 32,195 as of March 31, 2026 and March 31, 2025, 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.

- (c) Reconciliation of liabilities arising from financing activities

Current borrowings⁽¹⁾

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening balance at the beginning of the year	33,855	7,100
Borrowings during the year	117,035	78,786
Borrowings repaid during the year	(96,754)	(52,946)
Effect of changes in foreign exchange rates	54	915
Closing balance at the end of the year	54,190	33,855

⁽¹⁾ Does not include movement in bank overdraft

NOTES TO FINANCIAL STATEMENTS

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

2.10 Financial liabilities (Continued)

2.10 B. Lease liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Secured		
Non-current		
Long-term maturities of lease obligation	2,501	765
	2,501	765
Current		
Current maturities of lease obligation	679	309
	679	309

- (a) The aggregate maturities of long-term leases, based on contractual maturities

Particulars	As at March 31, 2026	As at March 31, 2025
Maturing in		
Less than 1 year	791	364
1-2 years	606	260
2-3 years	533	196
3-4 years	434	126
4-5 years	362	85
Thereafter	1,605	501
Total	4,331	1,532
Less: Finance component	(1,151)	(458)
Total	3,180	1,074

- (b) Reconciliation of liabilities arising from financing activities

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening balance at the beginning of the year	1,074	829
Recognition of right-of-use liability during the year	2,488	526
Payment of principal portion of lease liabilities	(382)	(281)
Closing balance at the end of the year⁽¹⁾	3,180	1,074

⁽¹⁾ Includes current portion.



NOTES TO FINANCIAL STATEMENTS

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

2.10 Financial liabilities (Continued)

2.10 C Trade payables

Particulars	As at March 31, 2026	As at March 31, 2025
Trade payables to third parties		
Due to micro, small and medium enterprises (MSME) ⁽¹⁾	316	210
Other than micro, small and medium enterprises (Others)	17,387	18,343
Trade payables to subsidiaries including step down subsidiaries (Refer note 2.24)	1,339	1,378
	19,042	19,931

- ⁽¹⁾ (a) The principal amount remaining unpaid as at March 31, 2026 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" (MSMED) is ₹ 316 (March 31, 2025: ₹ 210). The interest amount computed based on the provisions under Section 16 of the MSMED is ₹ 0.18 (March 31, 2025: ₹ 0.00) is remaining unpaid as of March 31, 2026.
- (b) 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 (March 31, 2025: ₹ Nil).
- (c) Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

For details regarding the Company's exposure to currency and liquidity risks, see note 2.29 of the financial statements under "Liquidity risk".

Trade Payables aging schedule

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
(i) Undisputed dues - MSME	316	-	-	-	316
(ii) Undisputed dues - others	17,745	345	5	48	18,142
(iii) Disputed dues - Others	-	-	-	584	584
Balance As at March 31, 2026	18,061	345	5	632	19,042

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	
(i) Undisputed dues - MSME	210	-	-	-	210
(ii) Undisputed dues - others	18,737	202	40	230	19,209
(iii) Disputed dues - Others	-	-	512	-	512
Balance As at March 31, 2025	18,947	202	552	230	19,931

NOTES TO FINANCIAL STATEMENTS

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

2.10 Financial liabilities (Continued)

2.10 D Other financial liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Accrued expenses	10,447	10,974
Payable to subsidiary companies including step down subsidiaries (Refer note 2.24)	6,449	3,248
Capital creditors	2,709	5,221
DRHL Merger Payable a/c ⁽¹⁾	130	203
Unclaimed dividends ⁽²⁾	73	80
Trade and security deposits received	59	59
Others ⁽³⁾	401	170
	20,268	19,955

- ⁽¹⁾ represents balance portion of costs, charges and expenses relating to merger scheme to borne out of the surplus assets of DRHL including ₹59 tax refund received during the year ended March 31, 2025 for AY 21-22 (refer note 2.37).
- ⁽²⁾ Unclaimed amounts are transferred to Investor Protection and Education Fund after seven years from the due date.
- ⁽³⁾ Includes book overdraft and interest accrued but not due on loan.

2.11 Provisions

Particulars	As at March 31, 2026	As at March 31, 2025
A. Non-current provisions		
Provision for employee benefits		
Long service award benefit plan	86	26
Compensated absences	34	28
	120	54
B. Current provisions		
Provision for employee benefits		
Gratuity	-	521
Long service award benefit plan	30	94
Compensated absences	581	549
Other provisions (a)		
Refund liability	1,522	1,360
Others	936	871
	3,069	3,395



NOTES TO FINANCIAL STATEMENTS

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

2.11 Provisions (Continued)

(a) Details of changes in other provisions during the year ended March 31, 2026 are as follows:

Particulars	Refund liability ⁽¹⁾	Others ⁽²⁾
Balance as at beginning of the year	1,360	871
Provision made during the year, net of reversals	1,662	65
Provision used during the year	(1,500)	-
Balance as at end of the year	1,522	936

Details of changes in other provisions during the year ended March 31, 2026 are as follows:

Particulars	Refund liability ⁽¹⁾	Others ⁽²⁾
Balance as at beginning of the year	1,317	804
Provision made during the year, net of reversals	1,754	67
Provision used during the year	(1,711)	-
Balance as at end of the year	1,360	871

- ⁽¹⁾ Refund liability is accounted for by recording a provision based on the Company's estimate of expected sales returns. See note 1.3(m) 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.

2.12 Other liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
A. Non-current liabilities		
Deferred revenue (Refer note 2.13)	1,779	619
Cash settled ESOP's	186	363
Others	455	870
	2,420	1,852
B. Current liabilities		
Salary and bonus payable	2,160	2,656
Cash settled ESOP's	14	32
Due to statutory authorities	3,513	3,539
Advance from customers	488	411
Deferred revenue (Refer note 2.13)	145	368
	6,320	7,006

NOTES TO FINANCIAL STATEMENTS

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

2.13 Revenue from contracts with customers and trade receivables

Revenue from contracts with customers:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Sales ⁽¹⁾	201,022	218,448
Service income	631	1,369
License fees ⁽²⁾	2,953	10,651
	204,606	230,468

- ⁽¹⁾ During the year ended 31 March 2026, consequent to resolution of a Shelf Stock Adjustment claim arising from reduction in price of its generic product Lenalidomide in the United States, the Company has recorded an amount of Rs. 4,530 million (USD 50 million) as a reduction of "Revenue from operations" in the Company's Global Generics Segment.
- ⁽²⁾ During the year ended March 31, 2025, this primarily includes the following amounts:
- a) ₹ 8,113(excluding GST) received as consideration towards transfer of its nutraceutical and vitamins, minerals, herbals, and supplements portfolio to its subsidiary (Dr.Reddy's and Nestle Health Science Limited) as part of the definitive agreement. This acquisition pertains to Company's Global Generics segment.
- b) ₹ 1,266 (US \$ 15) received as a milestone payment upon U.S.FDA approval of DFD 29, in accordance with the license and collaboration agreement dated June 29, 2021 with Journey Medical Corporation.This transaction pertains to the Company's Others segment.

Details of refund liabilities:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Balance at the beginning of the year	1,360	1,317
Provision made during the year, net of reversals	1,662	1,754
Provision used during the year	(1,500)	(1,711)
Balance at the end of the year	1,522	1,360
Current	1,522	1,360
Non-current	-	-
	1,522	1,360

Details of contract asset:

As mentioned in the accounting policies for refund liability set forth in note 1.3 (l) of these financial statements, the Company recognises an asset, (i.e., the right to the returned goods) which is included in inventories for the products expected to be returned. The Company initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. Along with re-measuring the refund liability at the end of each reporting period, the Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

As on March 31, 2026 and March 31, 2025, the Company had ₹ 64 and ₹ 51, respectively as contract assets representing the right to returned goods.

Details of contract liabilities:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Advance from customers	488	411
	488	411



NOTES TO FINANCIAL STATEMENTS

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

2.13 Revenue from contracts with customers and trade receivables (Continued)

Details of deferred revenue:

Tabulated below is the reconciliation of deferred revenue for the years ended March 31, 2026 and March 31, 2025:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Balance at the beginning of the year	987	536
Revenue recognised during the year	(757)	(1,072)
Milestone received during the year	1,694	1,523
Balance at the end of the year	1,924	987
Current	145	368
Non-current	1,779	619
	1,924	987

2.14 Other operating income

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Sale of spent chemicals	385	437
Scrap sales	279	232
Miscellaneous income	58	17
	722	686

2.15 Other income

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest income		
On fixed deposits	1,759	1,743
On investment and loans to subsidiaries ⁽¹⁾ (Refer note 2.24)	4,643	2,686
Others	1,369	396
Fair value gain on financial instruments measured at fair value through profit or loss ⁽²⁾	2,052	3,128
Foreign exchange gain, net	2,780	1,524
Profit on disposal of property, plant and equipment and other intangibles, net	2,074	-
Miscellaneous income, net	2,219	557
	16,896	10,034

⁽¹⁾ Includes interest on Non-Convertible Debentures from Dr. Reddy's Laboratories Inc ₹ 904 (March 31, 2025: ₹999), interest on loans given to Aurigene Pharmaceutical Services Limited ₹ Nil (March 31, 2025: ₹9) and interest on Preference Shares @ 6.33% cumulative from Dr. Reddy's Laboratories SA, Switzerland ₹ 3,736 (March 31, 2025: ₹ 1,677).

⁽²⁾ Total Net gains on fair value changes includes net realised gain on sale of investments of ₹ 461 (March 31, 2025: ₹ 3,041).

NOTES TO FINANCIAL STATEMENTS

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

2.16 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Opening		
Work-in-progress	13,725	12,071
Finished goods	4,143	5,263
Stock-in-trade	3,872	2,667
	21,740	20,001
Closing		
Work-in-progress	14,858	13,725
Finished goods	6,157	4,143
Stock-in-trade	3,030	3,872
(Increase)/Decrease in inventory	(2,305)	(1,739)

During the year ended March 31, 2026 and March 31, 2025, an amount of ₹ 1,150 and ₹ 3,298 representing government grants has been accounted for as a reduction from cost of material consumed respectively.

2.17 Employee benefits expense

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, wages and bonus	27,552	26,077
Contribution to provident and other funds (Refer 2.26)	3,560	2,282
Staff welfare expenses	4,072	3,930
Share-based payment expenses	315	586
	35,499	32,875

2.18 Depreciation and amortisation expense

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation of property, plant and equipment ⁽¹⁾	9,701	8,184
Amortisation of intangible assets	2,373	2,210
	12,074	10,394

⁽¹⁾ During the year ended 31 March 2026, the Company capitalized depreciation cost of Rs.150 with respect to qualifying assets under Property, plant and equipment.

2.19 Finance costs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest on lease liabilities	231	133
Interest on other borrowings	1,252	966
	1,483	1,099



NOTES TO FINANCIAL STATEMENTS

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

2.20 Other expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Consumption of stores, spares and other materials	10,340	11,620
Clinical trial expenses	2,374	4,119
Other research and development expenses	4,624	4,927
Advertisements	1,095	1,452
Commission on sales	171	146
Carriage outward	4,732	5,802
Marketing expenses (Refer note 2.30 (vii))	8,242	5,502
Communication expenses	1,628	1,221
Other selling expenses	8,863	7,451
Legal and professional	5,060	5,724
Power and fuel	4,734	4,801
Repairs and maintenance		
Buildings	289	304
Plant and equipment	1,411	1,050
Others	2,424	2,405
Insurance	616	636
Travel and conveyance	1,266	1,246
Rent	194	201
Rates and taxes	272	517
Corporate Social Responsibility (Refer note ⁽¹⁾ below)	1,114	775
Donations (Refer note ⁽²⁾ below)	9	469
Allowance for credit losses, net (Refer note 2.6 B)	126	100
Allowance for doubtful advances, net	49	3
Non-Executive Directors' remuneration	152	134
Auditors' remuneration (Refer note 2.22)	40	41
Loss on sale/disposal of property , plant and equipment and other intangibles, net	-	428
Other general expenses	2,047	1,694
	61,872	62,768

Note:

⁽¹⁾ Details of Corporate Social Responsibility expenditure in accordance with section 135 of the Companies Act, 2013:

NOTES TO FINANCIAL STATEMENTS

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

2.20 Other expenses (Continued)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
i) Amount required to be spent by the company during the year	1,113	774
ii) Amount approved by the Board	1,114	774
iii) Total CSR obligation for the financial year	1,114	774
iv) Amount of expenditure incurred		
(a) Construction/acquisition of any asset		2
(b) On purposes other than (a) above	991	722
	991	724
v) (Excess)/Shortfall at the end of the year*	123	50
vi) Total of previous years shortfall	-	-
vii) Reason for shortfall	Pertains to ongoing projects	Pertains to ongoing projects
viii) Nature of CSR activities	Environmental Sustainability, promoting education, healthcare, livelihood enhancement projects, relief and rural development projects	
ix) Details of related party transactions, e.g.,contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	729	623
x) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision	NA	NA

* Total amount unspent for the year ended March 31, 2026 ₹ 123 has been transferred to Unspent CSR Account on April 15, 2026.

⁽²⁾ Donations include Political contributions amounting to Nil (₹ 350) made to Prudent Electoral Trust for year ended March 31, 2026 and March 31, 2025 respectively.

2.21 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 March 31, 2026	For the year ended March 31, 2025
Employee benefits expense (included in note 2.17)	5,230	5,121
Other expenses (included in note 2.20)		
Materials and consumables	8,185	9,579
Clinical trial expenses and Other research and development expenses	6,998	9,046
Power and fuel	372	421
	20,785	24,167

NOTES TO FINANCIAL STATEMENTS

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

2.22 Auditors’ remuneration

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
As Auditor:		
Audit fees	25	26
Limited review	9	8
In Other Capacity:		
Other charges – Certification fee	2	3
Reimbursement of out of pocket expenses	4	4
	40	41

2.23 Earnings per share (EPS)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Earnings		
Profit attributable to equity shareholders of the Company	32,197	53,494
Shares		
Number of equity shares at the beginning of the year (excluding treasury shares)	832,003,105	832,642,375
Effect of equity shares issued on exercise of stock options	437,482	308,031
Weighted average number of equity shares – Basic	832,440,587	832,950,406
Dilutive effect of stock options outstanding ⁽¹⁾	891,102	1,228,728
Weighted average number of equity shares – Diluted	833,331,689	834,179,134
Earnings per share of par value ₹ 1/- – Basic (₹) ⁽²⁾	38.68	64.22
Earnings per share of par value ₹ 1/- – Diluted (₹) ⁽²⁾	38.64	64.13

⁽¹⁾ As at March 31, 2026 and March 31, 2025, 1,983,310 and 941,080 options, respectively, were excluded from the diluted weighted average number of equity shares calculation because their effect would have been anti-dilutive. The average market value of the Company’s shares for the purpose of calculating the dilutive effect of stock options was based on quoted market prices for the year during which the options were outstanding.

⁽²⁾ Earnings per share is computed after giving effect to 1:5 forward stock split effective October 28, 2024 for all periods presented. Refer to Note 2.9 of these financial statements for further details regarding such stock split.

2.24 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.
2 Aurigene Oncology Limited (Formerly, Aurigene Discovery Technologies Limited)
3 Aurigene Pharmaceutical Services Limited
4 beta Institut gemeinnützige GmbH
5 betapharm Arzneimittel GmbH
6 Cheminor Investments Limited
7 Dr. Reddy’s Farmaceutica Do Brasil Ltda.
8 Dr. Reddy’s Laboratories (EU) Limited

NOTES TO FINANCIAL STATEMENTS

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

2.24 Related parties (Continued)

9 Dr. Reddy’s Laboratories (Proprietary) Limited
10 Dr. Reddy’s Laboratories (UK) Limited
11 Dr. Reddy’s Laboratories Canada, Inc.
12 Dr. Reddy’s Laboratories Chile SPA.
13 Dr. Reddy’s Laboratories Inc.
14 Dr. Reddy’s Laboratories Japan KK
15 Dr. Reddy’s Laboratories Kazakhstan LLP
16 Dr. Reddy’s Laboratories Malaysia Sdn. Bhd.
17 Dr. Reddy’s Laboratories New York, LLC
18 Dr. Reddy’s Laboratories Philippines Inc.
19 Dr. Reddy’s Laboratories Romania Srl
20 Dr. Reddy’s Laboratories SA
21 Dr. Reddy’s Laboratories Taiwan Limited
22 Dr. Reddy’s Laboratories (Thailand) Limited
23 Dr. Reddy’s Laboratories LLC, Ukraine
24 Dr. Reddy’s New Zealand Limited.
25 Dr. Reddy’s Srl
26 Dr. Reddy’s Bio-Sciences Limited
27 Dr. Reddy’s Laboratories (Australia) Pty. Limited
28 Dr. Reddy’s Laboratories SAS
29 Dr. Reddy’s Netherlands B.V. (formerly Dr. Reddy’s Research and Development B.V.)
30 Dr. Reddy’s (Beijing) Pharmaceutical Co. Limited
31 DRL Impex Limited
32 Dr. Reddy’s Formulations Limited
33 Idea2Enterprises (India) Pvt. Limited
34 Imperial Owners and Land Possessions Private Limited (Formerly, Imperial Credit Private Limited)(entity under liquidation) (Dissolved on August 05, 2025)
35 Industrias Quimicas Falcon de Mexico, S.A. de CV
36 Lacock Holdings Limited
37 Dr. Reddy’s Laboratories LLC
38 Promius Pharma LLC
39 Reddy Holding GmbH
40 Reddy Netherlands B.V.
41 Reddy Pharma Iberia SAU
42 Reddy Pharma Italia S.R.L.
43 Reddy Pharma SAS
44 Svaas Wellness Limited (Divested on April 07, 2026)
45 Nimbus Health GmbH
46 Dr. Reddy’s Laboratories Jamaica Limited
47 Dr. Reddy’s and Nestle Health Science Limited (Formerly, Dr. Reddy’s Nutraceuticals Limited)
48 Northstar Switzerland SARL (effective from September 30, 2024)
49 North Star OpCo Limited (effective from September 30, 2024)
50 North Star Sweden AB (effective from September 30, 2024)
51 Dr. Reddy’s Denmark ApS (effective from October 04, 2024)
52 Dr. Reddy’s Finland Oy (effective from December 20, 2024)
53 Dr. Reddy’s Laboratories (Vietnam) Company Limited (effective from May 09, 2025)

NOTES TO FINANCIAL STATEMENTS

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

2.24 Related parties (Continued)

Joint ventures		
54	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
55	Kunshan Rotam Reddy Medicine Company Limited	Enterprise which is wholly owned subsidiary of Kunshan Rotam Reddy Pharmaceutical Company Limited
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
Associate		
57	O2 Renewable Energy IX Private Limited	Enterprise over which the Company exercises joint control and holds 26% of equity shares
58	Clean Renewable Energy KK 2A Private Limited (effective from July 31, 2024)	Associate of Aurigene Oncology Limited
Other consolidating entities		
59	Cheminor Employees Welfare Trust, India	The Company does not have any equity interests in this entity, but has significant influence or control over it.
60	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.
61	Dr. Reddy’s Employees ESOS Trust, India	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 Industries 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 Co-chairman
6.	K Deepti Reddy	Spouse of Chairman
7.	G Mallika Reddy	Daughter of Co-chairman
8.	G V Sanjana Reddy	Daughter of Co-chairman
9.	Akhil Ravi	Son-in-law of Co-chairman
10.	Shravya Reddy Kallam	Daughter of Chairman
11.	Dr. Reddy’s Foundation	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.	Green Park Hospitality Services Private Limited	Enterprise controlled by relative of a whole-time director
14.	Zenfold Sustainable Technologies Private Limited (w.e.f. July 27, 2024)	Enterprise over which relative of a whole-time directors have significant influence

* Ceases to be related party upon their demise on February 19, 2025

NOTES TO FINANCIAL STATEMENTS

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

2.24 Related parties (Continued)

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 Managerial Personnel.

List of Key Managerial Personnel of the Company is as below:		
1.	K Satish Reddy	Whole-time director (Chairman)
2.	G V Prasad	Whole-time director (Co-Chairman and Managing Director)
3.	Dr. K P Krishnan	Independent director
4.	Kalpana Morparia (till July 30, 2024)	Independent director
5.	Leo Puri	Independent director
6.	Penny Wan	Independent director
7.	Shikha Sharma	Independent director
8.	Arun Madhavan Kumar	Independent director
9.	Dr. Claudio Albrecht	Independent director
10.	Dr. Alpna Hansraj Seth	Independent director
11.	Sanjiv Soshil Mehta	Independent director
12.	Archana Bhaskar (till September 30, 2025)	Management council member
13.	Jayanth Sridhar (till 31 January 2026)	Management council member
14.	Deepak Sapra	Management council member
15.	Erez Israeli	Chief Executive Officer and Management council member
16.	Marc Kikuchi (till May 24, 2024)	Management council member
17.	M V Ramana	Management council member
18.	Mannam Venkata Narasimham (w.e.f. August 01, 2024)	Chief Financial Officer and Management council member
19.	Parag Agarwal (till July 31, 2024)	Chief Financial Officer and Management council member
20.	Patrick Aghanian	Management council member
21.	Sanjay Sharma	Management council member
22.	Sushrut Kulkarni	Management council member
23.	Krishna Venkatesh	Management council member
24.	B Phanimitra	Management council member
25.	K Randhir Singh	Company secretary, Compliance officer and Head-CSR

d. Particulars of related party transactions

The following is a summary of significant related party transactions:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenues from:		
Subsidiaries including step down subsidiaries:		
Dr. Reddy’s Laboratories Inc.	57,573	88,783
Dr. Reddy’s Laboratories LLC, Russia	20,691	17,690
Dr. Reddy’s Laboratories SA	5,040	4,385
Dr. Reddy’s Laboratories (UK) Limited	3,440	4,058
betapharm Arzneimittel GmbH, Germany	3,816	2,685



NOTES TO FINANCIAL STATEMENTS

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

2.24 Related parties (Continued)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Dr Reddy's Laboratories LLP, Kazakhstan	2,344	2,312
Dr. Reddy's Laboratories (Proprietary) Limited, South Africa	1,812	1,383
Dr. Reddy's Laboratories, LLC Ukraine	1,399	1,883
Dr. Reddy's Farmaceutica Do Brasil Ltda.	3,314	1,874
Reddy Pharma Iberia SA	1,192	641
Dr. Reddy's Laboratories SAS, Colombia	1,074	698
Dr. Reddy's Srl	1,328	543
Industrias Quimicas Falcon de Mexico, S.A. de CV	164	1,760
Dr. Reddy's Laboratories Canada, Inc.	1,597	1,256
Reddy Pharma SAS, France	543	337
Dr. Reddy's and Nestle Health Science Limited	175	127
Others	3,150	2,839
	108,652	133,254
Joint Ventures		
Kunshan Rotam Reddy Pharmaceutical Company Limited	113	67
Kunshan Rotam Reddy Medicine Company Limited	77	-
Other related parties		
Zenfold Sustainable Technologies Private Limited	8	8
Total	108,850	133,329
Interest income from subsidiaries including step down subsidiaries:		
Dr. Reddy's Laboratories SA ⁽¹⁾	3,736	1,677
Dr. Reddy's Laboratories Inc. ⁽²⁾	904	999
Aurigene Pharmaceutical Services Limited	-	9
Dr.Reddy's Bio Sciences	0*	-
Dr. Reddy's Formulations Limited	1	0*
Aurigene Oncology Limited	2	-
Total	4,643	2,686
* Rounded off to millions.		
⁽¹⁾ Represents Interest on Cumulative Non-Convertible Preference Shares		
⁽²⁾ Represents Interest on Non-Convertible debentures		
License & Service income from subsidiaries including step down subsidiaries:		
Dr. Reddy's and Nestle Health Science Limited	-	8,113
Dr. Reddy's Laboratories SA	41	38
Aurigene Pharmaceutical Services Limited	48	154
Dr. Reddy's Laboratories Inc.	22	33
Total	111	8,338
Royalty Income from subsidiaries including step down subsidiaries:		
Dr. Reddy's and Nestle Health Science Limited	109	82
Commission on guarantee to subsidiaries including step down subsidiaries:		
Aurigene Pharmaceutical Services Limited	38	38

NOTES TO FINANCIAL STATEMENTS

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

2.24 Related parties (Continued)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Lease rentals received from		
Subsidiaries including step down subsidiaries:		
Aurigene Pharmaceutical Services Limited	86	78
Dr. Reddy's Formulations Limited	24	24
Joint ventures		
DRES Energy Private Limited	1	1
Total	111	103
Reimbursement of operating expenses by subsidiaries and step down subsidiaries:		
Aurigene Pharmaceutical Services Limited	78	67
Dr. Reddy's Laboratories Inc. (Refer to note 2.25)	27	42
Svaas Wellness Limited, India	3	3
Dr. Reddy's and Nestle Health Science Limited	774	564
Aurigene Oncology Limited	12	10
Total	893	686
Purchases and services from Subsidiaries including step down subsidiaries:		
Dr. Reddy's Laboratories LLC, Russia	6,317	3,515
Industrias Quimicas Falcon de Mexico, S.A. de CV	1,007	1,838
Dr. Reddy's and Nestle Health Science Limited	1,550	1,135
Dr. Reddy's Laboratories (EU) Limited	899	1,240
Dr. Reddy's Laboratories Inc.	602	684
Dr. Reddy's (Beijing) Pharmaceutical Co. Limited	395	525
Dr. Reddy's Laboratories LLC, Ukraine	668	596
Dr Reddy's Laboratories LLP, Kazakhstan	583	493
Aurigene Oncology Limited	903	774
Others	628	625
Total	13,552	11,425
Joint ventures		
DRES Energy Private Limited	130	138
Associates		
O2 Renewable Energy IX Private Limited	63	-
Clean Renewable Energy KK 2A Private Limited	32	7
Other related parties		
Dr. Reddy's Institute of Life Sciences	164	276
Indus Projects Private Limited	262	380
Zenfold Sustainable Technologies Private Limited	88	58
Total	514	714



NOTES TO FINANCIAL STATEMENTS

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

2.24 Related parties (Continued)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Purchase / (Sale) or (Transfer) of assets and liabilities		
<i>Subsidiaries including step down subsidiaries</i>		
Dr. Reddy's Laboratories New York, LLC	79	-
Aurigene Oncology Limited	-	(9)
Dr. Reddy's and Nestle Health Science Limited	-	(254)
<i>Other related parties</i>		
Dr Reddy's Institute of Life Sciences	0*	(1)
Total	79	(264)
<i>*Rounded off to millions.</i>		
Contributions towards social development		
Dr. Reddy's Foundation	729	623
Others		
Catering services from Green Park Hospitality Services Private Limited	490	479
Facility management services from Green Park Hospitality Services Private Limited	46	46
Hotel expenses		
Green Park Hotels and Resorts Limited	56	46
Stamlo Industries Limited	5	8
Total	61	54
Lease rentals paid under cancellable leases to		
<i>Subsidiaries</i>		
Idea2Enterprises (India) Private Limited, India	14	14
Dr. Reddy's Bio-Sciences Limited	9	9
DRL Impex Limited	4	4
Cheminor Investments Limited	2	2
Total	29	29
Key Managerial Personnel		
K Satish Reddy	19	16
Relatives of Key Managerial Personnel	22	23
Total	41	39
Salaries to relatives of Key Managerial Personnel	28	21
Remuneration to Key Managerial Personnel		
Salaries and other benefits ⁽¹⁾	660	677
Contributions to defined benefit plans	53	37
Commission to directors	399	379
Share-based payments expense	174	179
Total	1,286	1,272

NOTES TO FINANCIAL STATEMENTS

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

2.24 Related parties (Continued)

(1) Some of the Key Managerial 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 March 31, 2026	For the year ended March 31, 2025
Investment made/(disposed) in		
<i>Subsidiaries</i>		
Dr. Reddy's Laboratories SA, Switzerland*	-	52,995
Dr. Reddy's and Nestle Health Science Limited	-	7,344
Aurigene Oncology Limited	-	6,500
Industrias Quimicas Falcon de Mexico S.A. de C.V., Mexico	-	1,344
Dr. Reddy's Laboratories LLC, Russia	5,654	-
Dr. Reddy's Bio-sciences Limited, India	-	50
Dr. Reddy's Formulations Limited	86	60
Imperial Credit Private Limited, India	-	(31)
Total	5,740	68,262
<i>*Pertains to investment in non- convertible preference shares of USD 100 each</i>		
Associate		
O2 Renewable Energy IX Private Limited	51	296
Loans/advances given to		
Aurigene Oncology Limited	1,000	-
Dr. Reddy's Bio-sciences Limited, India	50	-
Dr. Reddy's Formulations Limited	-	7
Dr. Reddy's and Nestle Health Science Limited	-	50
Total	1,050	57
Loans/advances repaid by		
Dr. Reddy's Bio-sciences Limited, India	50	-
Aurigene Pharmaceutical Services Limited	-	600
DRL Impex Limited, India	2	4
Dr. Reddy's Formulations Limited	7	6
Dr. Reddy's and Nestle Health Science Limited	-	50
Total	59	660



NOTES TO FINANCIAL STATEMENTS

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

2.24 Related parties (Continued)

e. The Company has the following amounts due from/to related parties:

Particulars	As at March 31, 2026	As at March 31, 2025
Due from / (Due to) related parties		
<i>Subsidiaries including step down subsidiaries (included in trade receivables, trade payables and other current liabilities)</i>		
Dr. Reddy's Laboratories LLC, Russia	4,043	8,534
Dr. Reddy's Laboratories SA	2,446	3,188
Dr.Reddys Farmaceutica Brasil, LTDA	1,288	1,315
Dr.Reddy's Laboratories Kazakhstan	1,181	1,249
Dr. Reddy's Laboratories (UK) Limited	1,154	1,046
Dr. Reddy's Laboratories LLC, Ukraine.	247	587
Dr. Reddy's and Nestle Health Science Limited	167	48
Industrias Quimicas Falcon de Mexico, S.A. de CV	124	1,720
Dr. Reddy's Laboratories (EU) Limited	(127)	(582)
Dr. Reddy's (Beijing) Pharmaceutical Co. Limited	(275)	(142)
Dr. Reddy's Laboratories Inc.	(4,384)	13,665
Others	6,579	5,421
Total	12,443	36,049
Due from related parties		
<i>Joint ventures (included in trade receivables- Refer note 2.6 B)</i>		
DRES Energy Private Limited	-	1
Kunshan Rotam Reddy Pharmaceutical Company Limited	45	41
Kunshan Rotam Reddy Medicine Company Limited	62	-
Total	107	42
<i>Subsidiaries including step down subsidiaries (included in other assets- Refer note 2.6 D)</i>		
Svaas Wellness Limited, India	-	175
Aurigene Pharmaceutical Services Limited	31	42
Dr. Reddy's Laboratories Inc.*	30	33
Dr. Reddy's Formulations Limited	21	14
Others	3	1
Total	85	265
<i>* Includes ESOP receivable of ₹ 24 (March 31, 2025: ₹ 28)</i>		
<i>Subsidiaries including step down subsidiaries (included in loans- Refer note 2.6 C)</i>		
DRL Impex Limited	5	7
Aurigene Oncology Limited	1,002	-
Dr. Reddy's Formulations Limited	-	7
Total	1,007	14

NOTES TO FINANCIAL STATEMENTS

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

2.24 Related parties (Continued)

Particulars	As at March 31, 2026	As at March 31, 2025
Others		
Rental deposit to Key Managerial Personnel and their relatives	8	8
<i>Subsidiaries including step down subsidiaries (interest accrued but not due)</i>		
Dr. Reddy's Laboratories SA	3,722	1,677
Dr. Reddy's Laboratories Inc.	238	249
Total	3,960	1,926
Due to related parties (included in trade payables and other current liabilities)		
<i>Joint ventures</i>		
DRES Energy Private Limited	16	3
Others		
Zenfold Sustainable Technologies Private Limited	12	22
Greenpark Hospitality Services Private Limited	-*	17
Indus Projects Private Limited	19	20
Green Park Hotels & Resorts Limited	-*	-*
Stamlo Hotels Limited	-*	-*
Total	31	59
Outstanding Guarantee given on behalf of Aurigene Pharmaceutical Services Limited	3,800	3,800

* Rounded off to millions.

Terms and conditions of related parties

The related party transactions entered during the year ended March 31, 2026 and March 31, 2025 are in the ordinary course of business and on terms as applicable to third party in an arm's length transaction. Settlement of outstanding balances as at March 31, 2026 and March 31, 2025 occurs in cash.

Note i: The Company had provided a letter of guarantee towards the credit facilities obtained by Aurigene Pharmaceuticals Services Limited (APSL), a subsidiary company for a maximum amount of ₹ 3,800. The Company charges a commission at fair value for such guarantee and as the Balance sheet date, does not believe that there are any counter party non-performance risks.

Note ii: Equity held in subsidiaries and joint venture has been disclosed under “Financial assets-Investments” (Note 2.6 A). Loans and advances to subsidiaries and joint venture have been disclosed under “Loans” (Note 2.6 C). Other receivables from subsidiaries and joint venture have been disclosed under “Other financial assets” (Note 2.6 D).

2.25 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 September 24, 2001. The DRL 2002 Plan covers all employees and directors (excluding promoter directors) of the parent company and its subsidiaries (collectively, “eligible employees”).

NOTES TO FINANCIAL STATEMENTS

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

2.25 Employee stock incentive plans (Continued)

The Nomination, Governance and Compensation Committee of the Board of the parent company (the “Committee”) administers the DRL 2002 Plan and grants stock options to eligible employees. The Committee determines which eligible employees will receive options, the number of options to be granted, the exercise price, the vesting period and the exercise period. The vesting period is determined for all options issued on the date of grant. The options issued under the DRL 2002 Plan vest in periods ranging between one and four years and generally have a maximum contractual term of five years from the vesting date.

The DRL 2002 Plan, as amended at annual general meetings of shareholders held on July 28, 2004 and on July 27, 2005, provides for stock option grants in two categories:

Category A: 1,500,000 stock options out of the total of 11,477,390 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: 9,977,390 stock options out of the total of 11,477,390 options reserved for grant having an exercise price equal to the par value of the underlying equity shares (i.e., ₹ 1 per option).

Under the DRL 2002 Plan, the exercise price of the fair market value options granted under Category A above is determined based on the average closing price for 30 days prior to the grant in the stock exchange where there is highest trading volume during that period. Notwithstanding the foregoing, the Committee may, after obtaining the approval of the shareholders in the annual general meeting, grant options with a per share exercise price other than fair market value and par value of the equity shares.

After the stock split effected in the form of a stock dividend issued by the Company in August 2006 and October 2024, 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	1,500,000	9,977,390	11,477,390
Options exercised prior to stock dividend date (A)	470,305	738,965	1,209,270
Balance of shares that can be allotted on exercise of options (B)	1,029,695	9,238,425	10,268,120
Options arising from stock dividend (C)	1,029,695	9,238,425	10,268,120
Options reserved after stock dividend (A+B+C)	2,529,695	19,215,815	21,745,510

The term of the DRL 2002 plan was extended for a period of 10 years effective as of January 29, 2012 by the shareholders at the Company's Annual General Meeting held on July 20, 2012.

Stock option activity under the DRL 2002 Plan for the two categories of options during the years ended March 31, 2026 and March 31, 2025 is as follows:

Category A - Fair Market Value Options: There was no stock activity under this category during the years ended March 31, 2026 and March 31, 2025 and there were no stock options outstanding under this category as of March 31, 2026 and March 31, 2025.

NOTES TO FINANCIAL STATEMENTS

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

2.25 Employee stock incentive plans (Continued)

Category B - Par Value Options: Stock options activity under this category during the years ended March 31, 2026 and March 31, 2025 was as set forth in the below table after giving effect to the stock split in October 2024.

Particulars	For the year ended March 31, 2026			
	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	313,790	1.00	1.00	44
Expired/forfeited during the year	(3,910)	1.00	1.00	-
Exercised during the year	(128,895)	1.00	1.00	-
Outstanding at the end of the year	180,985	1.00	1.00	32
Exercisable at the end of the year	167,660	1.00	1.00	29

Particulars	For the year ended March 31, 2025			
	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	501,045	1.00	1.00	55
Expired/forfeited during the year	(21,435)	1.00	1.00	-
Exercised during the year	(165,820)	1.00	1.00	-
Outstanding at the end of the year	313,790	1.00	1.00	44
Exercisable at the end of the year	245,745	1.00	1.00	38

The weighted average share price on the date of allotment of options during the years ended March 31, 2026 and 2025 was ₹ 1,283 and ₹ 1,242 per share, respectively.

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 July 27, 2005. The DRL 2007 Plan became effective upon its approval by the Board of Directors on January 22, 2007. The DRL 2007 Plan covers all employees and directors (excluding promoter directors) of DRL and its subsidiaries (collectively, “eligible employees”). The Committee administers the DRL 2007 Plan and grants stock options to eligible employees. The Committee determines which eligible employees will receive the options, the number of options to be granted, the exercise price, the vesting period and the exercise period. The vesting period is determined for all options issued on the date of grant. The options issued under the DRL 2007 Plan vest in periods ranging between one and four years and generally have a maximum contractual term of five years from vesting date.

The DRL 2007 Plan provides for option grants in two categories:

Category A: 1,913,475 stock options out of the total of 7,653,895 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: 5,740,420 stock options out of the total of 7,653,895 stock options reserved for grant having an exercise price equal to the par value of the underlying equity shares (i.e., ₹ 1 per option).



NOTES TO FINANCIAL STATEMENTS

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

2.25 Employee stock incentive plans (Continued)

Stock options activity under the DRL 2007 Plan for the above two categories of options during the years ended March 31, 2026 and March 31, 2025 was as follows after giving effect to the stock split in October 2024:

Category A -Fair Market Value Options

Particulars	For the year ended March 31, 2026			
	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	1,015,295	521.40 to 1,171.20	971.50	70
Granted during the year	353,057	1,162.00	1,162.00	96
Expired/forfeited during the year	(7,055)	981.40 & 1,060.20	985.42	-
Exercised during the year	(46,405)	521.40 to 1,060.20	694.26	-
Outstanding at the end of the year	1,314,892	562.80 to 1,270.00	1,032.36	66
Exercisable at the end of the year	388,360	562.80 to 1,171.20	789.96	48

Category B - Fair Market Value Options

Particulars	For the year ended March 31, 2025			
	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	1,080,420	521.40 to 1,171.20	845.25	72
Granted during the year	272,310	1,270.00	1,270.00	96
Expired/forfeited during the year	(232,970)	562.80 to 1,270.00	828.05	-
Exercised during the year	(104,465)	521.40 to 1,060.20	763.78	-
Outstanding at the end of the year	1,015,295	521.40 to 1,270.00	971.50	70
Exercisable at the end of the year	57,945	521.40 to 1,171.20	728.47	33

The weighted average grant date fair value of options granted during the years ended March 31, 2026 and 2025 was ₹ 388 and ₹ 455 per option, respectively. The weighted average share prices on the date of allotment of options during the years ended March 31, 2026 and 2025 was ₹ 1,306 and ₹ 1,383 per share, respectively.

Category B — Par Value Options

Particulars	For the year ended March 31, 2026			
	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	124,940	1.00	1.00	43
Expired/forfeited during the year	(9,725)	1.00	1.00	-
Exercised during the year	(26,305)	1.00	1.00	-
Outstanding at the end of the year	88,910	1.00	1.00	34
Exercisable at the end of the year	88,910	1.00	1.00	34

NOTES TO FINANCIAL STATEMENTS

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

2.25 Employee stock incentive plans (Continued)

Category B — Par Value Options

Particulars	For the year ended March 31, 2025			
	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	302,575	1.00	1.00	61
Expired/forfeited during the year	(83,885)	1.00	1.00	-
Exercised during the year	(93,750)	1.00	1.00	-
Outstanding at the end of the year	124,940	1.00	1.00	43
Exercisable at the end of the year	71,130	1.00	1.00	29

The weighted average grant date fair value of options granted during the years ended March 31, 2026 and 2025 was ₹ 0 and ₹ 0, respectively. The weighted average share price on the date of allotment of options during the years ended March 31, 2026 and 2025 was ₹ 1,329 and ₹ 1,363 per share, respectively.

Dr. Reddy's Employees Stock Option Scheme, 2018 (the “DRL 2018 Plan”):

The Company instituted the DRL 2018 Plan for all eligible employees pursuant to the special resolution approved by the shareholders at the Annual General Meeting held on July 27, 2018. The DRL 2018 Plan covers all employees and directors (excluding independent and promoter directors) of the parent company and its subsidiaries (collectively, “eligible employees”). Upon the exercise of options granted under the DRL 2018 Plan, the applicable equity shares may be issued directly by the Company to the eligible employee or may be transferred from the Dr. Reddy's Employees ESOS Trust (the “ESOS Trust”) to the eligible employee. The ESOS Trust may acquire such equity shares through primary issuances by the Company and/or by way of secondary market acquisitions funded through loans from the Company. The Nomination, Governance and Compensation Committee of the Board of the parent company (the “Compensation Committee”) administers the DRL 2018 Plan and grants stock options to eligible employees, but may delegate functions and powers relating to the administration of the DRL 2018 Plan to the ESOS Trust. The Compensation Committee determines which eligible employees will receive the options, the number of options to be granted, the exercise price, the vesting period and the exercise period. The vesting period is determined for all options issued on the date of grant. The options issued under the DRL 2018 Plan vest in periods ranging between the end of one and five years, and generally have a maximum contractual term of five years from vesting date.

The DRL 2018 Plan provides for option grants having an exercise price equal to the fair market value of the underlying equity shares on the date of grant as follows after giving effect of stock split in October 2024:

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	12,500,000	7,500,000	20,000,000
Options reserved against ADRs	-	5,000,000	5,000,000
Total	12,500,000	12,500,000	25,000,000

NOTES TO FINANCIAL STATEMENTS

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

2.25 Employee stock incentive plans (continued)

The outstanding shares purchased from secondary market as of March 31, 2026 and 2025, are 1,965,575 and 2,452,260 shares for an aggregate consideration of ₹ 1,815 and ₹ 2,264 respectively.

Stock option activity under the DRL 2018 Plan during the years ended March 31, 2026 and March 31, 2025 was as follows:

Fair Market Value Options

Particulars	For the year ended March 31, 2026			
	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	2,399,070	521.40 to 1,274.00	959.34	67
Granted during the year	915,763	1,162.00	1,162.00	96
Expired/forfeited during the year	(371,675)	521.40 to 1,270.00	1,093.04	-
Exercised during the year	(486,685)	521.40 to 1,060.20	750.23	-
Outstanding at the end of the year	2,456,473	521.40 to 1,274.00	1,056.09	67
Exercisable at the end of the year	536,635	521.40 to 1,274.00	757.05	38

Fair Market Value Options

Particulars	For the year ended March 31, 2025			
	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	2,087,265	521.40 to 1,102.80	832.80	70
Granted during the year	706,670	1,270.00 & 1,274.00	1,270.00	96
Expired/forfeited during the year	(229,680)	521.40 to 1,270.00	956.89	-
Exercised during the year	(165,185)	521.40 to 1,060.20	692.69	-
Outstanding at the end of the year	2,399,070	521.40 to 1,274.00	959.34	67
Exercisable at the end of the year	366,420	521.40 to 1,102.80	671.61	31

The weighted average grant date fair value of options granted during the years ended March 31, 2026 and 2025 was ₹ 388 and ₹ 454 per option, respectively. The weighted average share price on the date of allotment of options during the years ended March 31, 2026 and 2025 was ₹ 1,262 and ₹ 1,290 per share, respectively

Valuation of stock options:

The fair value of services received in return for stock options granted to employees is measured by reference to the fair value of stock options granted. The fair value of stock options granted under the DRL 2002 Plan, DRL 2007 Plan and the DRL 2018 Plan has been measured using the Black–Scholes-Merton model at the date of the grant.

The Black-Scholes-Merton model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. In respect of par value options granted, the expected term of an option (or “option life”) is estimated based on the vesting term and contractual term, as well as the expected exercise behavior of the employees receiving the option. In respect of fair market value options granted, the option life is estimated based on the simplified method. Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of the Company’s publicly traded equity shares. Dividend yield of the options is based on recent dividend activity. Risk-free interest rates are based on the government securities yield in effect at the time of the grant.

NOTES TO FINANCIAL STATEMENTS

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

2.25 Employee stock incentive plans (continued)

These assumptions reflect management’s best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company’s control.

As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in future periods, stock based compensation expense could be materially impacted in future years.

The estimated fair value of stock options is recognized in the 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 were as follows:

Particulars	Grants made on			
	May 09,2025	November 04, 2024	May 06, 2024	May 06, 2024
Expected volatility	24.99%	23.89%	24.65%	25.47%
Exercise price	₹ 1,162.00	₹ 1,274.00	₹ 1,270.00	₹ 1,270.00
Option life	5.5 Years	5.0 Years	4.5 Years	5.5 Years
Risk-free interest rate	6.16%	6.79%	7.18%	7.19%
Expected dividends	0.69%	0.63%	0.64%	0.64%
Grant date share price	₹ 1,155.90	₹ 1,268.30	₹ 1,258.69	₹ 1,258.69

Share-based payment expense

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Equity settled share-based payment expense ⁽¹⁾	299	382
Equity settled share-based payment expense receivable from subsidiary (refer note 2.24)	27	42
Cash settled share-based payment expense ⁽²⁾	16	193
	342	617

⁽¹⁾ As of March 31, 2026 and March 31, 2025, there was ₹395 and ₹ 388 respectively, of total unrecognized compensation cost related to unvested stock options. This cost is expected to be recognized over a weighted-average period of 1.72 years and 1.70 years, respectively.

⁽²⁾ Certain of the Company’s employees are eligible to receive share based payment awards that are settled in cash. These awards vest only upon satisfaction of certain service conditions which range from 1 to 4 years. A category of these awards are also linked to the overall performance of the company. These awards entitle the employees to a cash payment on the vesting date. The amount of the cash payment is determined based on the share price of the Company at the time of vesting. As of March 31, 2026 and 2025, there was ₹ 122 and ₹ 171, respectively, of total unrecognized compensation cost related to unvested awards. This cost is expected to be recognized over a weighted-average period of 1.80 years and 1.30 years, respectively. This scheme does not involve dealing in or subscribing to or purchasing securities of the Company, directly or indirectly.



NOTES TO FINANCIAL STATEMENTS

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

2.26 Employee benefits

Total employee benefit expenses, including share-based payments, incurred during the years ended March 31, 2026 and March 31, 2025 amounted to ₹ 35,499 and ₹ 32,875, 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 September 01, 1999, the Company established the Dr. Reddy’s Laboratories Gratuity Fund (the “Gratuity Fund”) to fund the Gratuity Plan. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund. Trustees administer the contributions made to the Gratuity Fund.

The components of gratuity cost recognised in the statement of profit and loss for the years ended March 31, 2026 and March 31, 2025 consist of the following:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current service cost	512	432
Interest on net defined benefit liability	27	19
Past Service cost (refer note 2.35)	901	-
Gratuity cost recognised in statement of profit and loss	1,440	451

Details of the employee benefits obligations and plan assets are provided below:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Present value of funded obligations	4,965	3,863
Fair value of plan assets	(4,981)	(3,339)
Net defined benefit liability / (asset) recognised	(16)	524

Details of changes in the present value of defined benefit obligations are as follows:

Particulars	As at March 31, 2026	As at March 31, 2025
Defined benefit obligations at the beginning of the year	3,863	3,404
Current service cost	512	432
Past service cost	901	-
Interest on defined obligations	256	225

NOTES TO FINANCIAL STATEMENTS

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

2.26 Employee benefits (continued)

Particulars	As at March 31, 2026	As at March 31, 2025
Re-measurements due to:		
Actuarial loss/(gain) due to change in financial assumptions	(109)	102
Actuarial loss/(gain) due to demographic assumptions	92	(35)
Actuarial loss/(gain) due to experience changes	(63)	72
Benefits paid	(484)	(330)
Liabilities transferred*	(3)	(7)
Defined benefit obligations at the end of the year	4,965	3,863

* Liabilities transferred: During the year ended March 31, 2026 and March 31, 2025 amount of ₹ 3 and ₹ 7 respectively represents transfer of liabilities on account of transfer for employees between the parent company and its subsidiaries.

Details of changes in the fair value of plan assets are as follows:

Particulars	As at March 31, 2026	As at March 31, 2025
Fair value of plan assets at the beginning of the year	3,339	3,064
Employer contributions	1,844	362
Interest on plan assets	229	206
Re-measurements due to:		
Return on plan assets excluding interest on plan assets	54	37
Benefits paid	(484)	(330)
Assets transferred *	(1)	-
Plan assets at the end of the year	4,981	3,339

* Assets transferred: During the year ended March 31, 2026 and March 31, 2025 amount of ₹ 1 and ₹ Nil respectively represents transfer of liabilities on account of transfer for employees between the parent company and its subsidiaries.

Sensitivity Analysis:

Particulars	As at March 31, 2026	As at March 31, 2025
Defined benefit obligation without effect of projected salary growth	3,212	2,618
Add: Effect of salary growth	1,753	1,245
Defined benefit obligation with projected salary growth	4,965	3,863
Defined benefit obligation, using discount rate minus 50 basis points	5,123	3,967
Defined benefit obligation, using discount rate plus 50 basis points	4,815	3,762
Defined benefit obligation, using salary growth rate plus 50 basis points	5,121	3,970
Defined benefit obligation, using salary growth rate minus 50 basis points	4,816	3,761

Summary of the actuarial assumptions: The actuarial assumptions used in accounting for the Gratuity plan are as follows:



NOTES TO FINANCIAL STATEMENTS

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

2.26 Employee benefits (continued)

The assumptions used to determine benefit obligations:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Discount rate	6.90%	6.65%
Rate of compensation increase	8.00%	8.10%

Contributions: The Company expects to contribute ₹ Nil to the Gratuity Plan during the year ending March 31, 2027.

Disaggregation of plan assets: The Gratuity Plan's weighted-average asset allocation at March 31, 2026 and March 31, 2025, by asset category, was as follows:

Particulars	As at March 31, 2026	As at March 31, 2025
Funds managed by insurers	100%	100%
Others	-	-

The expected future cash flows in respect of gratuity as at March 31, 2026 were as follows:

Particulars	Amount
Expected contributions	
During the year ended 31 March 2027 (estimated)	Nil
Expected future benefit payments	
31 March 2028	743
31 March 2029	709
31 March 2030	633
31 March 2031	570
31 March 2032	507
Thereafter	5,175

The weighted average duration to the payment of these cash flows at the year ended March 31, 2026 is 6.19 years (March 31, 2025: 5.40 years)

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 ₹ 1,429 and ₹ 1,327 to the provident fund plan during the years ended March 31, 2026 and March 31, 2025, respectively.

NOTES TO FINANCIAL STATEMENTS

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

2.26 Employee benefits (continued)

Superannuation benefits

Certain categories of employees of the Company participate in superannuation, a defined contribution plan administered by the Life Insurance Corporation of India. The Company makes monthly contributions based on a specified percentage of each covered employee's salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company contributed ₹ 142 and ₹ 151 to the superannuation plan during the years ended March 31, 2026 and March 31, 2025, 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 ₹ 615 and ₹ 577 as at March 31, 2026 and March 31, 2025, respectively.

Refer note 2.35 for Impact of the New Labour Codes.

2.27 Income taxes

a. Income tax expense/ (benefit) recognized in the statement of profit and loss

Income tax expense recognized in the statement of profit and loss consists of the following:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current taxes	9,177	17,905
Deferred taxes expense	1,139	960
Total income tax expense recognized in the statement of profit and loss	10,316	18,865

b. Income tax expense/(benefit) recognized directly in other comprehensive income

Income tax expense/(benefit) recognized directly in equity consist of the following:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Tax effect on effective portion of change in fair value of cash flow hedges	(427)	59
Tax effect on actuarial losses on defined benefit obligations	34	(26)
Total income tax benefit recognized in the other comprehensive income	(393)	33



NOTES TO FINANCIAL STATEMENTS

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

2.27 Income taxes (continued)

c. Reconciliation of effective tax rate

The following is a reconciliation of the Company's effective tax rates for the years ended March 31, 2026 and March 31, 2025:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Profit before income taxes	42,513	72,359
Enacted tax rate in India	25.17%	25.17%
Computed expected tax expense	10,701	18,212
Effect of:		
Reversal of deferred tax asset on Indexation of land	-	464
Income exempt from income taxes	(937)	(422)
Income from sale of capital assets	(53)	(243)
Expenses not deductible for tax	808	928
Other items	(203)	(74)
Income tax expense	10,316	18,865
Effective tax rate	24.26%	26.07%

The Company's average effective tax rate for the years ended March 31, 2026 and March 31, 2025 were 24.26% and 26.07%, respectively.

The Company's effective tax rate for the year ended March 31, 2026, was lower as compared to the year ended March 31, 2025. increase was primarily on account of:

- an increase in dividend income from subsidiaries for the years ended March 31, 2026, for which the company is eligible to claim deductions under Section 80M of the Income Tax Act.
- Reversal of deferred tax asset on Indexation of Land during the year ended March 31, 2025.

d. 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 March 31, 2026	As at March 31, 2025
Deferred tax assets/(liabilities):		
Trade receivables	258	240
Current liabilities and provisions	894	430
Right of use asset	(751)	(256)
Other assets	17	5
Property, plant and equipment	(6,122)	(5,240)
Lease Liabilities	800	270
Investments	(995)	(603)
Net deferred tax assets/(Liabilities)	(5,899)	(5,154)

NOTES TO FINANCIAL STATEMENTS

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

2.27 Income taxes (continued)

In assessing whether the deferred income tax assets will be realized, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of the deferred income tax assets 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.

e. Movement in deferred tax assets and liabilities during the years ended March 31, 2026 and March 31, 2025

Particulars	As at April 01, 2025	Recognized in the statement of profit and loss	Recognized in equity	As at March 31, 2026
Deferred tax assets/(liabilities)				
Trade receivables	240	18		258
Current liabilities and provisions	430	70	394	894
Lease- ROU Assets	(256)	(495)		(751)
Other assets	5	12		17
Property, plant and equipment	(5,240)	(882)		(6,122)
Lease Liabilities	270	530		800
Investments	(603)	(392)		(995)
Net deferred tax assets/(liabilities)	(5,154)	(1,139)	394	(5,899)

Particulars	As at April 01, 2024	Recognized in the statement of profit and loss	Recognized in equity	As at March 31, 2025
Deferred tax assets/(liabilities)				
Trade receivables	230	10	-	240
Current liabilities and provisions	508	(45)	(33)	430
Right of use asset	(189)	(67)	-	(256)
Other assets	5	-	-	5
Property, plant and equipment	(4,316)	(924)	-	(5,240)
Lease Liabilities	208	62	-	270
Investments	(607)	4	-	(603)
Net deferred tax assets/(liabilities)	(4,161)	(960)	(33)	(5,154)

f. Uncertain tax positions

The company is contesting various disallowances by the Indian Income Tax authorities. The associated tax impact for disallowances being more likely than not to accepted by Tax authorities is ₹ 2,340 and accordingly, no provision is made in these financial statements as of March 31, 2026.

NOTES TO FINANCIAL STATEMENTS

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

2.28 Financial instruments (continued)

2.28 Financial instruments

The carrying value and fair value of financial instruments as at March 31, 2026 and March 31, 2025 were as follows:

Particulars	As at March 31, 2026		As at March 31, 2025	
	Total carrying value	Total fair value/ amortised cost	Total carrying value	Total fair value/ amortised cost
Financial assets				
Cash and cash equivalents	3,375	3,375	3,197	3,197
Other bank balances	16,201	16,201	6,571	6,571
Investments*	155,948	155,948	131,935	131,935
Trade receivables	41,186	41,186	59,590	59,590
Loans	1,007	1,007	14	14
Derivative financial instruments	39	39	539	539
Other financial assets	22,037	22,037	9,472	9,472
Total	239,793	239,793	211,318	211,318
Financial liabilities				
Trade payables	19,042	19,042	19,931	19,931
Short-term borrowings	54,190	54,190	33,855	33,855
Lease Liabilities	3,180	3,180	1,074	1,074
Derivative financial instruments	6,785	6,785	1,273	1,273
Other financial liabilities	20,268	20,268	19,955	19,955
Total	103,465	103,465	76,088	76,088

*Includes Interest accrued but not due on investments in Non- convertible preference shares and Non- convertible debentures.

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 March 31, 2026:

Particulars	Level 1	Level 2	Level 3	Total
FVTPL - Financial asset - Investments in units of mutual funds	30,015	-	-	30,015
FVTPL - Financial asset – Investment in limited liability partnership firm ⁽²⁾	-	-	456	456
FVTPL - Financial asset - Investment in equity securities	-	-	1	1
FVTPL - Financial asset - Investment in others	-	-	267	267
Derivative financial instruments – net gain/(loss) on outstanding foreign exchange forward, option and interest rate swap contracts ⁽¹⁾	-	(6,746)	-	(6,746)
FVTPL – Financial liability – Contingent consideration	-	-	(220)	(220)

NOTES TO FINANCIAL STATEMENTS

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

2.28 Financial instruments (continued)

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2025:

Particulars	Level 1	Level 2	Level 3	Total
FVTPL - Financial asset - Investments in units of mutual funds	28,743	-	-	28,743
FVTPL - Financial asset – Investment in limited liability partnership firm ⁽²⁾	-	-	397	397
FVTPL - Financial asset - Investment in equity securities	87	-	1	88
FVTPL - Financial asset - Investment in others	-	-	40	40
Derivative financial instruments – net gain/(loss) on outstanding foreign exchange forward, option and interest rate swap contracts ⁽¹⁾	-	(734)	-	(734)
FVTPL – Financial liability – Contingent consideration	-	-	(187)	(187)

Further, financial guarantee as at March 31, 2025 and 2026 is measured at FVTPL under Level 3 hierarchy.

- ⁽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 foreign exchange forward option. 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 March 31, 2026 and March 31, 2025, 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.
- ⁽²⁾ Fair value of these instruments is determined based on independent valuation report, which considers net asset value method.

Derivative financial instruments

The Company had a derivative financial asset and derivative financial liability of ₹ 39 and ₹ 6,785, respectively, as at March 31, 2026 as compared to derivative financial asset and derivative financial liability of ₹ 539 and ₹ 1,273, respectively, as at March 31, 2025 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 to hedge highly probable forecast transactions during the applicable year ended:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Net (loss)/ gain recognised as part of statement of profit and loss in respect of foreign exchange derivative contracts and cross currency interest rate swaps contracts	(451)	(10)
Net gain/(loss) recognised in equity in respect of hedges of highly probable forecast transactions, net of amounts reclassified from equity and recognised as component of revenue	(1,698)	234
Net (loss)/ gain reclassified from equity and recognised as component of revenue occurrence of forecasted transaction	(2,631)	(893)

The net carrying amount of the Company's "hedging reserve" as a component of equity before adjusting for tax impact was a loss of ₹ 1,555 as at March 31, 2026, as compared to a gain of ₹ 143 as at March 31, 2025.

NOTES TO FINANCIAL STATEMENTS

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

2.28 Financial instruments (continued)

Outstanding foreign exchange derivative contracts

The following table gives details in respect of the notional amount of outstanding foreign exchange derivative contracts as of March 31, 2026:

Category	Instrument	Currency ⁽¹⁾	Cross Currency ⁽¹⁾	Amounts in millions	Buy/Sell
Hedges of recognised assets and liabilities	Forward contract	CAD	INR	CAD 11	Sell
	Forward contract	US \$	INR	US \$ 914	Sell
	Forward contract	ZAR	INR	ZAR 231	Sell
	Forward contract	GBP	INR	GBP 11	Sell
	Forward contract	AUD	INR	AUD 4	Sell
	Forward contract	EUR	INR	EUR 26	Sell
	Forward contract	US \$	MXN	US \$ 13	Sell
	Forward contract	US \$	BRL	US \$ (17)	Buy
	Forward contract	US \$	CLP	US \$ (4)	Buy
	Forward contract	US \$	COP	US \$ (3)	Buy
	Forward contract	US \$	KZT	US \$ (12)	Buy
	Forward contract	RUB	US \$	RUB 1000	Sell
	Currency swap	US \$	INR	US \$ 100	Swap
Hedges of highly probable forecast transactions	Forward contract	US \$	INR	US \$ 228	Sell
	Forward contract	RUB	US \$	RUB 1610	Sell
	Forward contract	BRL	US \$	BRL 5	Sell
	Options contract	US \$	INR	US \$ 255	Sell

The following table gives details in respect of the notional amount of outstanding foreign exchange derivative contracts as of March 31, 2025:

Category	Instrument	Currency ⁽¹⁾	Cross Currency ⁽¹⁾	Amounts in millions	Buy/Sell
Hedges of recognised assets and liabilities	Forward contract	CAD	INR	CAD 1	Sell
	Forward contract	US \$	INR	US \$ 842	Sell
	Forward contract	ZAR	INR	ZAR 216	Sell
	Forward contract	GBP	INR	GBP 10	Sell
	Forward contract	AUD	INR	AUD 8	Sell
	Forward contract	EUR	INR	EUR 12	Sell
	Forward contract	US \$	BRL	US \$ (10)	Buy
	Forward contract	US \$	CLP	US \$ (4)	Buy
	Forward contract	US \$	COP	US \$ (9)	Buy
	Forward contract	US \$	KZT	US \$ (8)	Buy
	Forward contract	RUB	US \$	RUB 3700	Sell
	Currency swap	US \$	INR	US \$ 100	Sell

NOTES TO FINANCIAL STATEMENTS

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

Category	Instrument	Currency ⁽¹⁾	Cross Currency ⁽¹⁾	Amounts in millions	Buy/Sell
Hedges of highly probable forecast transactions	Forward contract	US \$	INR	US \$ 30	Sell
	Forward contract	RUB	US \$	RUB 2500	Sell
	Forward contract	BRL	US \$	BRL 106	Sell
	Options contract	US \$	INR	US \$ 771	Sell

(1) “INR” means Indian Rupees, “US\$” means United States dollars, “RUB” means Russian roubles. “GBP” means U.K. Pounds Sterling, “AUD” means Australian dollars, “ZAR” means South African Rands, “EUR” means Euro, “COP” means Colombian Peso, “BRL” means Brazilian Real, “RON” means Romanian Leu, “CLP” means Chilean pesos, “CAD” means Canadian dollar and KZT” means Kazakhstani Tenge.

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 March 31, 2026	As at March 31, 2025
Cash flows in US\$		
Not later than one month	4,770	6,535
Later than one month and not later than three months	9,996	13,069
Later than three months and not later than six months	11,949	18,616
Later than six months and not later than one year	19,062	30,258
	45,777	68,478
Cash flows in Russian Roubles		
Not later than one month	419	716
Later than one month and not later than three months	1,455	1,841
	1,874	2,557
Cash flows in Brazilian Reals		
Not later than one month	90	263
Later than one month and not later than three months	-	532
Later than three months and not later than six months	-	756
	90	1,585



NOTES TO FINANCIAL STATEMENTS

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

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. 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 and option contracts, a 10% decrease/increase in the respective exchange rates of each of the currencies underlying such contracts would have resulted in:

- ₹ 4,059/(3,688) increase/(decrease) in the Company's hedging reserve before tax and a ₹ 7,294/(7,192) increase/(decrease) in the Company's profit from such contracts, as at March 31, 2026;
- ₹ 6,053/(6,184) increase/(decrease) in the Company's hedging reserve before tax and a ₹ 7,140/(7,140) increase/(decrease) in the Company's profit from such contracts, as at March 31, 2025;

NOTES TO FINANCIAL STATEMENTS

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

2.29 Financial risk management (continued)

The following table analyses foreign currency risk from non-derivative financial instruments as at March 31, 2026:

(All figures in equivalent Indian Rupees millions)

Particulars	US\$	Euro	Russian roubles	Others ⁽¹⁾	Total
Assets:					
Cash and cash equivalents	1,759	-	88	134	1,981
Trade receivables	21,732	4,010	15,414	4,285	45,441
Investments	76,744	-	-	-	76,744
Other financial assets	420	1	-	46	467
Total	100,655	4,011	15,502	4,465	124,633
Liabilities:					
Trade payables	5,340	701	564	829	7,434
Lease Liabilities	-	-	3	49	52
Other financial liabilities	3,317	180	5,046	593	9,136
Total	8,657	881	5,613	1,471	16,622

The following table analyses foreign currency risk from non-derivative financial instruments as at March 31, 2025:

(All figures in equivalent Indian Rupees millions)

Particulars	US\$	Euro	Russian roubles	Others ⁽¹⁾	Total
Assets:					
Cash and cash equivalents	144	11	141	33	329
Trade receivables	34,821	2,089	13,655	2,402	52,967
Investments	69,545	-	-	-	69,545
Other financial assets	263	16	3	9	291
Total	104,773	2,116	13,799	2,444	123,132
Liabilities:					
Trade payables	5,808	743	528	665	7,744
Short-term borrowings	10,855	-	-	-	10,855
Lease Liabilities	-	-	2	25	27
Other financial liabilities	2,185	452	2,382	868	5,887
Total	18,848	1,195	2,912	1,558	24,513

(1) Others include currencies such as Mexican pesos, U.K pounds sterling, Swiss francs, New Zealand Dollar, Singapore dollar, Australian dollars, Brazilian Real, South African Rands, Japanese Yen, Canadian dollar, Swedish krona, People's Republic of China, Ukrainian Hryvnia, Thai Baht, Kazakhstani Tenge, United Arab Emirates Dirham, Danish Krone, Colombian Peso, Malaysian Ringgit, Philippine peso, New Taiwan dollar, Uzbekistani Som and Venezuelan Bolivares.

For the years ended March 31, 2026 and March 31, 2025, 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 ₹10,436 and ₹ 9,697, respectively.

NOTES TO FINANCIAL STATEMENTS

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

2.29 Financial risk management (continued)

Interest rate risk

As at March 31, 2026, the Company had loans with interest rates as follows:

₹41,500 of loans carrying a floating interest rate of T-bill + 35 to 55 bps; ₹ 12,690 of loans carrying a floating interest rate of Repo rate + 75 bps.

As at March 31, 2025, the Company had loans with floating interest rates as follows:

₹ 8,000 of loans carrying a floating interest rate of 3 Months India Treasury Bill plus 35 bps; ₹ 5,000 of loans carrying a floating interest rate of 3 Months India Treasury Bill plus 46 bps; ₹ 4,000 of loans carrying a floating interest rate of 3 Months India Treasury Bill plus 45 bps; ₹ 2,000 of loans carrying a floating interest rate of 3 Months India Treasury Bill plus 60 bps; ₹ 3,000 of loans carrying a floating interest rate of 1 Months India Treasury Bill plus 35 bps; ₹ 7,350 of loans carrying a floating interest rate of 6 Months SOFR plus 10 bps; ₹1,966 of loans carrying a floating interest rate of 6 Months SOFR plus 65 bps; ₹1,539 of loans carrying a floating interest rate of 6 Months SOFR plus 47 bps.

For details of the Company's short-term and long-term loans and borrowings, including interest rate profiles, refer note 2.10A of these financial statements.

For the years ended March 31, 2026 and March 31, 2025, every 10% increase or decrease in the floating interest rate component (i.e., Treasury bill) applicable to its loans and borrowings would affect the Company's net profit by ₹ 276 and ₹ 190, respectively.

The Company's investments in term deposits (i.e, certificates of deposit) with banks and short-term liquid mutual funds are for short and long 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 March 31, 2026, the Company had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

b. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments. For details of financial guarantee, refer note 2.24.

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.

NOTES TO FINANCIAL STATEMENTS

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

2.29 Financial risk management (continued)

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 March 31, 2026. 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 March 31, 2026	As at March 31, 2025
Neither past due nor impaired	21,117	40,201
Past due		
Less than 365 days	19,625	18,762
More than 365 days	555	703
Past due-Impaired		
Less than 365 days	64	36
More than 365 days	491	473
	41,852	60,175
Less: Allowance for credit losses	(666)	(585)
Total	41,186	59,590

Refer note 2.6 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 2.6 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 March 31, 2026 and March 31, 2025, the Company had uncommitted lines of credit from banks of ₹ 22,930 and ₹ 32,195 respectively.



NOTES TO FINANCIAL STATEMENTS

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

2.29 Financial risk management (continued)

As at March 31, 2026, the Company had working capital of ₹ 73,807, including cash and cash equivalents of ₹ 3,375, investments in term deposits with banks (i.e., deposits having original maturities more than 3 months but less than 12 months) of ₹ 16,201, investments in bonds of ₹ 8,511, investment in commercial paper of ₹ Nil and investments in mutual funds of ₹ 30,015.

As at March 31, 2025, the Company had working capital of ₹ 78,512, including cash and cash equivalents of ₹ 3,197, investments in term deposits with banks (i.e., deposits having original maturities more than 3 months but less than 12 months) of ₹ 6,571, investments in bonds of ₹ 1,001, investment in commercial paper of ₹ Nil and investments in mutual funds of ₹ 28,743.

The table below provides details regarding the contractual maturities of significant financial liabilities (other than long-term borrowings and obligations under leases, which have been disclosed in note 2.10 B to these financial statements) as at March 31, 2026:

Particulars	On demand	2027	2028	2029	2030	Thereafter	Total
Trade payables		19,042	-	-	-	-	19,042
Short-term borrowings		54,190	-	-	-	-	54,190
Other financial liabilities		20,268	-	-	-	-	20,268
Derivative financial instruments – liabilities		6,785	-	-	-	-	6,785
Financial guarantee (Refer note 2.24)	3,800						3,800

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 2.10 B to these financial statements) as at March 31, 2025:

Particulars	On demand	2026	2027	2028	2029	Thereafter	Total
Trade payables		19,931	-	-	-	-	19,931
Short-term borrowings		33,855	-	-	-	-	33,855
Other financial liabilities		19,955	-	-	-	-	19,955
Derivative financial instruments – liabilities		1,273	-	-	-	-	1,273
Financial guarantee (Refer note 2.24)	3,800						3,800

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 (collectively, “Legal Proceedings”), including patent and commercial matters that arise from time to time in the ordinary course of business. Most of the claims involve complex issues. Often, these issues are subject to uncertainties and therefore the probability of a loss, if any, being sustained and an estimate of the amount of any loss is often difficult to ascertain. Consequently, for a majority of these claims, it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings. This is due to a number of factors, including: the stage of the proceedings (in many cases trial dates have not been set) and the overall length and extent of pre-trial discovery; the entitlement of the parties to an action to appeal a decision; clarity as to theories of liability; damages and governing law; uncertainties in timing of litigation; and the possible need for further legal proceedings to establish the

NOTES TO FINANCIAL STATEMENTS

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

2.30 Contingent liabilities and commitments (continued)

appropriate amount of damages, if any. In these cases, the Company, based on internal and external legal advice, assesses the need to make a provision or discloses information with respect to the nature and facts of the case.

The Company also believes that disclosure of the amount sought by plaintiffs, if that is known, would not be meaningful with respect to those legal proceedings.

Although there can be no assurance regarding the outcome of any of the Legal Proceedings referred to in this Note, the Company does not expect them to have a materially adverse effect on its financial position, results of operations or cash flows, as it believes that the likelihood of loss in excess of amounts accrued (if any) is not probable. However, if one or more of such Legal Proceedings were to result in judgments against the Company, such judgments could be material to its results of operations or cash flows in a given period.

(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 March 31, 2006, the Company received a notice from the NPPA demanding the recovery of the price charged by the Company for sales of Norfloxacin in excess of the maximum selling price fixed by the NPPA, which was ₹ 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 defence 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



NOTES TO FINANCIAL STATEMENTS

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

2.30 Contingent liabilities and commitments (continued)

consisting of experts in the field. On July 20, 2016, the Supreme Court remanded the matters concerning the inclusion of Norfloxacin as a “specified product” under the DPCO back to the High Court for further proceedings. During the three months ended September 30, 2016, the Supreme Court dismissed the Special Leave Petition pertaining to the fixing of prices for Norfloxacin formulations.

During the three months ended December 31, 2016, a writ petition pertaining to Norfloxacin was filed by the Company with the Delhi High Court. In addition, the Company has filed writ petitions challenging the inclusion and designation of Theophylline/Doxofylline, Cloxacillin and Ciprofloxacin as “specified products” under the DPCO and the related demand notices issued thereunder. These matters were consolidated with the Norfloxacin matter and have been adjourned to October 28, 2026, for hearing.

Based on its best estimate, the Company has recorded a provision for potential liability for sale proceeds in excess of the notified selling prices, including the interest thereon, and believes that the likelihood of any further liability that may arise on account of penalties pursuant to this litigation is not probable.

Litigation relating to Cardiovascular and Anti-diabetic formulations

In July 2014, the NPPA, pursuant to the guidelines issued in May 2014 and the powers granted by the Government of India under the Drugs (Price Control) Order, 2013, issued certain notifications regulating the prices for 108 formulations in the cardiovascular and antidiabetic therapeutic areas. The Indian Pharmaceutical Alliance (“IPA”), in which the Company is a member, filed a writ petition in the Bombay High Court challenging the notifications issued by the NPPA on the grounds that they were ultra vires, ex facie and ab initio void. The Bombay High Court issued an order to stay the writ in July 2014. On September 26, 2016, the Bombay High Court dismissed the writ petition filed by the IPA and upheld the validity of the notifications/orders passed by the NPPA in July 2014. Further, on October 25, 2016, the IPA filed a Special Leave Petition with the Supreme Court, which was dismissed by the Supreme Court.

During the three months ended December 31, 2016, the NPPA issued show-cause notices relating to allegations that the Company exceeded the notified maximum prices for 11 of its products. The Company has responded to these notices.

On March 20, 2017, the IPA filed an application before the Bombay High Court for the recall of the judgment of the Bombay High Court dated September 26, 2016. This recall application filed by the IPA was dismissed by the Bombay High Court on October 04, 2017. Further, on December 13, 2017, the IPA filed a Special Leave Petition with the Supreme Court for the recall of the judgment of the Bombay High Court dated October 04, 2017, which was dismissed by Supreme Court on January 10, 2018.

During the three months ended March 31, 2017, the NPPA issued notices to the Company demanding payments relating to the foregoing products for the allegedly overcharged amounts, along with interest. On July 13, 2017, in response to a writ petition which the Company had filed, the Delhi High Court set aside all the demand notices of the NPPA and directed the NPPA to provide a personal hearing to the Company and pass a speaking order. A personal hearing in this regard was held on July 21, 2017. On July 27, 2017, the NPPA passed a speaking order along with the demand notice directing the Company to pay an amount of ₹ 776. On August 03, 2017, the Company filed a writ petition challenging the speaking order and the demand notice. Upon hearing the matter on August 08, 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 September 13, 2017 and submitted a bank guarantee of ₹ 676 dated September 15, 2017 to the Registrar General, Delhi High Court. On November 22, 2017, the Delhi High Court directed the Union of India to file a final counter affidavit within six weeks, subsequent to which the Company could file a rejoinder. On May 10, 2018, the counter affidavit was filed by the Union of India. The Company subsequently filed a rejoinder and both were taken on record

NOTES TO FINANCIAL STATEMENTS

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

2.30 Contingent liabilities and commitments (continued)

by the Delhi High Court. The Union of India filed an Affidavit on July 08, 2025, conceding the ground on 10% increase on Maximum Retail Price for every 12 months basis the Bard Judgement (Bharat Serums and Vaccines Limited vs Union of India & Ors.) of the Delhi High Court dated November 08, 2023, and shared the recomputed demand for ₹ 664 in place of the original demand of ₹ 776. The matter has been adjourned to August 11, 2026 for hearing.

Based on its best estimate, the Company has recorded a cumulative provision of ₹ 521(₹ 479 through March 31, 2025) under “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.

(ii) Internal Investigation

The Company received an anonymous complaint in September 2020, alleging that healthcare professionals in Ukraine and potentially in other countries were provided with improper payments by or on behalf of the Company in violation of U.S. anti-corruption laws, specifically the U.S. Foreign Corrupt Practices Act. The Company disclosed the matter to the U.S. Department of Justice (“DOJ”), Securities and Exchange Commission (“SEC”) and Securities Exchange Board of India. The Company engaged a U.S. law firm to conduct the investigation at the instruction of a committee of the Company’s Board of Directors. On July 06, 2021 the Company received a subpoena from the SEC for the production of related documents, which were provided to the SEC.

The Company engaged with the SEC and DOJ, including through submissions and presentations regarding the initial complaint and additional complaints relating to other markets, and in relation to its Global Compliance Framework, which included enhancement initiatives undertaken by the Company, and the Company complied with its listing obligations as it relates to updating the regulatory agencies. On February 23, 2026 the Company received a letter from the SEC stating that, based on the information available to it, the SEC has concluded its investigation and does not intend to recommend any enforcement action against the Company at this time. On 05 March 2026, the Company received a letter from the DOJ stating that, based on the information available to it, the DOJ has closed its inquiry.

(iii) 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 that, as a result, in January 2016, this caused the U.S. FDA to deny Mezzion’s New Drug Application (“NDA”) for udenafil for an erectile dysfunction (“ED”) indication..The Company filed a motion to dismiss Mezzion’s complaint on the technical grounds that the Court lacks jurisdiction over the Company. In January 2018, the Court denied the Company’s motion to dismiss the complaint on the jurisdictional matter. The Company’s interlocutory appeal of said denial was also denied. The case is continuing in pretrial discovery. A trial date for the same is yet to be scheduled. The Company denies any wrongdoing or liability in this regard, and intends to vigorously defend against the claims asserted in Mezzion’s complaint. Any liability that may arise on account of this claim is unascertainable. Accordingly, no provision was made in these financial statements.



NOTES TO FINANCIAL STATEMENTS

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

2.30 Contingent liabilities and commitments (continued)

(iv) Revlimid® Antitrust Litigation

In 2023 and 2024, three lawsuits were filed against the Company and its wholly owned subsidiary in the United states, Dr. Reddy's Laboratories, Inc. ("DRL Inc.") (" the Company" and together with DRL Inc., "DRL"), and three additional groups of plaintiffs sought to add DRL to their pending actions and/or through additional lawsuits, in federal court in New Jersey concerning the drug product Revlimid® and generic equivalents. Litigation has been pending in that court since at least 2019 by various plaintiffs asserting antitrust claims and similar claims against Celgene Corporation ("Celgene") and Bristol-Myers Squibb Company ("BMS") related to Revlimid®, In re Revlimid & Thalomid Purchaser Antitrust Litigation, C.A. No. 19-cv-07532 (D.N.J.) ("In re Revlimid action"). Starting in 2022, certain plaintiffs also filed lawsuits in this litigation against Teva Pharmaceuticals USA Inc. ("Teva") and Natco Pharma Limited ("Natco") as well. Then, in 2023, plaintiffs Mayo Clinic and LifePoint Corporate Services, General Partnership filed a complaint against DRL Inc. as well as defendants Celgene, BMS, Natco, and Teva (C.A. No. 23-cv-22321 (D.N.J.)). In a second lawsuit in 2023 (C.A. No. 23-cv-22117 (D.N.J.)), plaintiff Intermountain Health, Inc. filed a complaint against DRL Inc. and the same group of defendants Celgene, BMS, Natco, and Teva (Mayo Clinic, LifePoint Corporate Services, General Partnership, and Intermountain Health, Inc., together, the "Hospital Plaintiffs"). The Hospital Plaintiffs have subsequently added the Company as a defendant to their lawsuits. In a third lawsuit, filed in 2024 (C.A. No. 24-cv-00379 (D.N.J.)), plaintiffs Walgreen Co., Kroger Specialty Pharmacy, Inc., and CVS Pharmacy Inc. (together, the "Retailer Plaintiffs"), who previously had sued Celgene, BMS, Natco, and Teva, filed an additional complaint against DRL Inc. and DRL Ltd. The Hospital Plaintiffs' and Retailer Plaintiffs' actions against DRL have been consolidated with the In re Revlimid action. Subsequently, through amended complaints, three additional groups of plaintiffs have sought to add DRL as a defendant in their already pending lawsuits previously consolidated into the In re Revlimid action. The first such plaintiff is United Healthcare Services, Inc. ("United") (C.A. No. 20-cv-18531 (D.N.J.)).

The second such group of plaintiffs is composed of Cigna Corp., Humana Inc., Blue Cross Blue Shield Association, Health Care Service Corporation, Blue Cross and Blue Shield of Florida, Inc., and Molina Healthcare, Inc. (C.A. Nos. 19-cv-07532 (D.N.J.), 21-cv-11686 (D.N.J.), 21-cv-10187 (D.N.J.), 21-cv-06668 (D.N.J.), and 22-cv-04561(D.N.J.)) (together, the "Insurer Plaintiffs"). The third such group of plaintiffs is composed of Jacksonville Police Officers and Fire Fighters Health Insurance Trust, Carpenters and Joiners Welfare Fund, Teamsters Local 237 Welfare Fund and Teamsters Local 237 Retirees' Benefit Fund, and Teamsters Western Region and New Jersey Health Care Fund, who bring their claims on behalf of a purported class of end-payors of Revlimid® and generic equivalents (C.A. No. 22-cv-06694 (D.N.J.)) (the "EPP Plaintiffs").

The allegations brought by the Hospital Plaintiffs, the Retailer Plaintiffs, United, the Insurer Plaintiffs, and the EPP Plaintiffs (collectively, "Plaintiffs") against DRL in these cases are similar: they allege that the patent settlement agreement among DRL, Celgene and BMS concerning Revlimid® violated federal and state antitrust laws and state consumer protection laws by improperly delaying generic entry of Revlimid® through 2022 and then limiting generic competition of Revlimid® through 2026. The Plaintiffs' claims against DRL are also substantially similar to the claims these plaintiffs have brought against defendants Celgene, BMS, Natco, and Teva.

Each of these lawsuits naming DRL as a defendant have been consolidated with the ongoing In re Revlimid action. A trial date has not yet been scheduled. On 06 June 2024, the court issued an order on the pending motions to dismiss filed by other defendants, in which the court dismissed all claims at issue in that motion, including claims challenging the patent settlement agreements. The order allowed plaintiffs to file amended complaints. On 05 August 2024, all Plaintiffs filed amended complaints, including the amended complaints filed by United, Insurer Plaintiffs, and EPP Plaintiffs, described above, which sought to add DRL as a defendant in those actions for the first time. On 07 October 2024, DRL and all other

NOTES TO FINANCIAL STATEMENTS

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

2.30 Contingent liabilities and commitments (continued)

defendants to the In re Revlimid action filed motions to dismiss each of Plaintiffs' lawsuits in their entirety. Those motions are pending, and discovery currently is stayed.

On 16 December 2024, several of the Insurer Plaintiffs also filed substantially similar complaints to those already pending in the In re Revlimid action against DRL, Natco, Teva, and AbbVie Inc. (C.A. Nos. 24-cv-11168 (D.N.J.); 24-cv-11169 (D.N.J.); 24-cv-11176 (D.N.J.); 24-cv-1121 (D.N.J.); 24-cv-11230 (D.N.J.)) (the "Standalone Actions"). On 13 January 2025, DRL and all other defendants to the Standalone Actions filed a letter requesting the court that they be allowed to brief a motion to dismiss the Standalone Actions, including for substantially the same reasons already briefed in the motion to dismiss the claims raised in the In re Revlimid action.

On 05 May 2025, the cases were reassigned from Judge Esther Salas to Judge Michael Farbiarz, also of the District of New Jersey. A trial date has not been set.

The Company intends to vigorously defend its positions. Any liability that may arise on account of this litigation is unascertainable. Accordingly, no provision has been made in these 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 Union of India and others in the Supreme court of India for safety of people living in the Patancheru and Bollaram areas of the Medak district. Such writ named the Company among the list of alleged polluting industries. In 1996, the Andhra Pradesh District Judge ordered the alleged polluting industries to compensate affected farmers at prescribed rates of ₹ 0.0013 per acre of dry land and ₹ 0.0017 per acre for wet land. Pursuant to this order, the Company paid total compensation of ₹ 3 to the affected farmers. The Andhra Pradesh High Court dismissed the writ petition on 12 February 2013 and transferred the case to the National Green Tribunal (the "NGT"), Chennai, India. The interim orders passed in the writ petitions will continue until the matter is decided by the NGT, and a Fact Finding Committee was constituted in October 2015 through an order by the NGT.

The NGT allowed the alleged polluting industries to nominate a representative to the Fact Finding Committee. However, the Company, along with others, challenged the Committee's constitution and composition, and the NGT directed that the Committee not commence operations until such challenges are disposed of. The NGT, Chennai disposed of the challenge on October 24, 2017, following which the Bulk Drug Manufacturers Association of India, in which the Company is a member, filed a review petition against the judgment on various aspects.

In another case (in which the Company was not a party), the NGT, Delhi issued a judgment dated November 16, 2017 directing the continuation of the Fact Finding Committee's moratorium imposed in the Patancheru and Bollaram areas until the Ministry of Environment, Forest and Climate Change passes an order. The Company filed an appeal challenging this judgment before the High Court of Hyderabad.

In June 2022, the Hon'ble High Court of Hyderabad disposed of the appeal, allowing the Company to seek remedies available under the NGT Act, 2010 before the Supreme Court of India.

On April 24, 2019, the Government of Telangana issued Government Order Manuscript (G.O.Ms.) No. 24, permitting the expansion of existing units in the Patancheru–Bollaram area upon payment of an amount equal to 1% of the annual turnover of the applicable unit for the fiscal year ended March 31, 2019, based on the NGT's October 24, 2017 order.



NOTES TO FINANCIAL STATEMENTS

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

2.30 Contingent liabilities and commitments (continued)

Accordingly, the Company accordingly made a provision of ₹ 29.4 for the year ended March 31, 2019 representing the estimated probable cost of its planned expansion of industrial units in the area.

Subsequently, in September 2019, the Telangana State Pollution Control Board (“TSPCB”) issued operational guidelines requiring a retrospective levy on industrial units equal to 0.5% of their annual turnover for fiscal years 2016-2017 to 2018–2019 for the purposes of restoration of such affected area. The Company has four industrial units in the area and is contesting these guidelines. The TSPCB recommended the issuance of a Consent For Operation for the change in product mix for one of the Company’s industrial units, subject to payment of an amount equal to 0.5% of the annual turnover of such unit for fiscal years 2016–2017 to 2018-2019. The Company vigorously defend itself against the operational guidelines

In November 2019, the TSPCB issued demand notices to certain industrial units of the Company seeking a remediation fee of 0.5% of prior year turnover for fiscal years 2015–2016 to 2018–2019, based on its operational guidelines and relevant orders. On November 22, 2019, the Hon’ble High Court of Judicature at Hyderabad issued an interim order which stayed the demands on the condition that the Company deposit ₹ 60 as the remediation fee for fiscal year 2018–2019, which the Company has paid. The stay continues, and the Hon’ble High Court has since disposed of the interim order with liberty for the Company to approach the NGT, if necessary.

The Company believes that any additional liability that might arise in this regard is not probable. Accordingly, no provision relating to these claims has been made in the financial statements.

(vi) Fuel Surcharge Adjustments

The Andhra Pradesh Electricity Regulatory Commission (the “APERC”) has issued various orders approving the levy of Fuel Surcharge Adjustment (“FSA”) charges for the period from April 01, 2008 to March 31, 2013. The Company has challenged the validity of such levies through writ petitions, which are pending before the High Court of Andhra Pradesh and the Hon’ble Supreme Court of India. The total amount approved by the APERC in respect of FSA charges is ₹ 482. The Company has recognized ₹ 219 as potential liability towards FSA charges after taking into account all of the available information and legal provisions.

However, the Company has paid ₹ 354 under protest pursuant to demands raised by power distribution companies through electricity bills. The Company remains exposed to additional liability should the APERC orders be upheld by the Courts

During the three months ended June 30, 2016, the Supreme Court of India dismissed the Special Leave Petition filed by the Company in this regard for the period from April 01, 2012 to March 31, 2013. As a result, for the quarter ended 30 June 2016, the Company recognized an expenditure of ₹ 55 (by de-recognizing the payments under protest) representing the FSA charges for the period from April 01, 2012 to March 31, 2013.

(vii) Indirect taxes related matters

The Company received a field tax audit report from the Federal Tax Service authority in respect of one of its foreign subsidiaries for the period from January 2020 to December 2022. The report concluded that certain services were subject to value-added tax (VAT). The Company filed objections to the findings, and a revised audit report was issued on

NOTES TO FINANCIAL STATEMENTS

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

2.30 Contingent liabilities and commitments (continued)

September 15, 2025. Based on its best estimate, the Company had recorded a provision of ₹ 695 under “Other Expenses” during the three months ended September 30, 2025.

The Company continued to defend its position and submitted further objections, asserting that the specified services should not be subject to VAT. On 23 March 2026, the Company received the final order from the Federal Tax Service authorities, pursuant to which the originally proposed VAT liability was substantially reduced.

During the three months ended March 31, 2026, based on the final order, the Company has recorded an additional provision of ₹ 1,141 (making the cumulative provision recorded during the year ended March 31, 2026 to ₹ 1,836) "under “Marketing Expenses” under the head “Other Expenses” including applicable interest and penalties and covering the periods both under audit as well as subsequent period from calendar year 2023 through March 31, 2026.

The Company believes that the likelihood of any further liability that may arise on account of this field tax audit is not probable.

Notices from Commissioner of Goods and Services Tax, India

In January 2020, the Commissioner of Goods and Services Tax, India issued notices alleging that the Company has improperly claimed an input tax credit of ₹ 307. The Company then received an order from the Additional Commissioner of Goods and Services Tax in favor of the Company’s right to claim such input tax credit. Subsequently the tax authorities filed an appeal against the favorable order with the Commissioner of Goods and Services Tax (Appeals). The Commissioner of Goods and Service Tax (Appeals) passed an order rejecting the Company’s right to claim such input tax credit. The Company filed an appeal against such order before the Hon’ble High Court of Telangana. The Company believes that it has correctly distributed and availed the input tax credit within the provisions of the applicable Act and hence no additional liability will accrue in this regard.

The Company has also received an order from Goods and Services Tax (“GST”) authorities of various states in respect of its claimed input tax credit on education cess. The Company has filed an appeal against these orders before the Hon’ble High Court of Telangana and recorded a provision of ₹ 31 as of March 31, 2026.

In both the above-mentioned cases, pursuant to the constitution of the Goods and Services Tax Appellate Tribunal (“GSTAT”), which is the designated appellate authority under the GST law, the Company has withdrawn the appeal pending before the Hon’ble High Court of Telangana and is in the process of filing the appeal before the GSTAT.

In February 2022, the Company paid under protest an amount of ₹ 123 towards a GST reverse charge. In January 2025, the Additional Commissioner of GST passed an order confirming the demand as per the show-cause notice dated 05 July 2024. Aggrieved by the order, the Company filed an appeal before the first appellate authority. The appellate authority passed an order on February 27, 2026 sustaining the demand confirmed by the Additional Commissioner of GST.

The Company is in the process of filing a further appeal against the appellate order before GSTAT and believes the demand in such order is not enforceable and the likelihood of any liability is not probable.

NOTES TO FINANCIAL STATEMENTS

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

2.30 Contingent liabilities and commitments (continued)

Other indirect tax related matters

Additionally, the Company is in receipt of various demand notices from the Indian Sales and Service Tax authorities. The total disputed amount is ₹ 482. The Company has responded to such demand notices and believes that the chances of any liability arising from such notices are not probable. Accordingly, no provision is made in these financial statements as of March 31, 2026.

Tax claim for Merger of Dr. Reddy's Holdings Limited into Dr. Reddy's Laboratories Limited

The Company received a reassessment notice from the Income Tax Department of India for income alleged to have escaped assessment due to the merger of Dr. Reddy's Holdings Limited into Dr. Reddy's Laboratories Limited. For details, see Note 2.37 below.

Others

Additionally, the Company is involved in other disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, investigations and proceedings, including patent and commercial matters that arise from time to time in the ordinary course of business. Except as discussed above, the Company does not believe that there are any such contingent liabilities that are expected to have any material adverse effect on its financial statements.

B. Commitments:

Particulars	As at March 31, 2026	As at March 31, 2025
Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances)	8,414	12,176

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 inturn 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.

NOTES TO FINANCIAL STATEMENTS

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

2.33 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 it's 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 March 31, 2026 and March 31, 2025 was 15% and 11%, respectively.

2.34 Geopolitical Conflicts

The Company considered the uncertainties relating to ongoing geopolitical instability and armed conflicts and hostilities (including in Russia, Ukraine and the Middle East) in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. The outcome of the conflict is difficult to predict, and any of them could have an adverse impact on the macroeconomic environment. Management has considered all potential impacts of these conflicts including adherence to global sanctions and other restrictive measures against Russia and any retaliatory actions taken by Russia, as well as disruptions in global trade routes and transportation infrastructure arising from ongoing conflicts in the Middle East. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements (i.e., May 12, 2026)

Based on its judgments, estimates and assumptions, the Company expects to fully recover the carrying amount of receivables, inventory, goodwill, intangible assets, investments and other assets. Accordingly, during the year ended March 31, 2026, the impact of such instability, conflicts and disruptions on the Company's operations and financial condition was not material. The Company will continue to closely monitor any material changes to future geopolitical and economic conditions.

2.35 Impact of the New Labour Codes

The Government of India has consolidated 29 existing labour legislations into a unified framework comprising four labour codes as follows: Code on Wages, 2019, Code on Social Security, 2020, Industrial Relations Code, 2020 and Occupational Safety, Health and Working Conditions Code 2020 (collectively referred to as the "New Labour Codes"). The New Labour Codes are effective from 21 November 2025 and introduce changes that include, among other things, setting a uniform definition of wages. The New Labour Codes have implications on employee benefits including gratuity, leave encashment, and other related obligations.

The Company has assessed the implications of the New Labour Codes and has recognized an incremental cost of ₹ 1,101 towards employee benefits during the year ended 31 March 2026. The Company continues to monitor the developments pertaining to the implementation of the New Labour Codes, including related rules there to and the impact of these will be accounted in accordance with applicable accounting standards.

2.36 Regulatory Inspection of facilities

Tabulated below are the details of the U.S. FDA inspections carried out at various facilities of the Company which were carried out remained open during the year ended March 31, 2026:

Located in India

Month and year	Unit	Details of observations
October 2023 and September 2025	Biologics, Hyderabad, India	Nine observations were noted in the U.S. FDA inspection. The Company responded to the observations. Further to this inspection, five observations were noted in the Pre-Approval Inspection ("PAI") conducted by the U.S. FDA from September 4-12, 2025, to which the Company has responded within the stipulated timelines. The Company has received a Post Application Action Letter ("PAAL") from the U.S. FDA on January 9, 2026 to which the Company has responded within the stipulated timelines and has received dates for inspection.

NOTES TO FINANCIAL STATEMENTS

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

2.36 Regulatory Inspection of facilities (continued)

Month and year	Unit	Details of observations
May 2025	API Miryalaguda (CTO Unit-V) plant, Telangana, India	Two observations were noted in the U.S. FDA inspection, conducted from May 19-24, 2025, to which the Company has responded on June 13, 2025. The Company received an Establishment Inspection Report ("EIR"), from the U.S. FDA and the facility was classified as Voluntary Action Indicated.
July 2025	Formulations Srikakulam plant 11, Andhra Pradesh, India	Seven observations were noted in the U.S. FDA inspection conducted from July 10-18, 2025, to which the Company has responded on August 08, 2025. The Company received an EIR on October 20, 2025, from the U.S. FDA and the facility was classified as Voluntary Action Indicated.
November 2025	API Srikakulam Plant (SEZ), Andhra Pradesh, India	No observations were noted in the U.S. FDA inspection conducted from November 10-14, 2025. The Company received an EIR on March 2, 2026, from the U.S. FDA and the facility was classified as No Action Indicated.
December 2025	Formulations Srikakulam plant 1 (SEZ), Andhra Pradesh, India	Five observations were noted in the U.S. FDA inspection conducted from December 4-12, 2025, to which the Company has responded within the stipulated timelines. The Company received an EIR on March 5, 2026, from the U.S. FDA and the facility was classified as Voluntary Action Indicated.

2.37 Merger of Dr. Reddy's Holdings Limited into Dr. Reddy's Laboratories Limited

The Board of Directors, at its meeting held on July 29, 2019, had approved the amalgamation of Dr. Reddy's Holdings Limited ("DRHL"), an entity held by the Promoter Group, which held 24.83% of Dr. Reddy's Laboratories Limited into the Company (the "Scheme"). This Scheme was subject to the approval of shareholders, stock exchanges, the Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT") and other relevant regulators as per the provisions of Section 230 to 232 and any other applicable provisions of the Companies Act, 2013.

The Scheme was intended to simplify the shareholding structure and reduction of shareholding tiers. The Promoter Group cumulatively was to continue to hold the same number of shares in the Company, pre and post the amalgamation. All costs, charges and expenses relating to the Scheme was borne out of the surplus assets of DRHL. Further, any expense, if exceeding the surplus assets of DRHL, will be borne directly by the Promoter Group.

During the fiscal year ended March 31, 2020, the Scheme was approved by the board of directors, members and unsecured creditors of the Company. The no-observation letters from the BSE Limited and National Stock Exchange of India Limited were received on the basis of no comments received from Securities and Exchange Board of India ("SEBI"). The petition for approval of the said Scheme was filed with the Hon'ble NCLT, Hyderabad Bench.

The aforementioned Scheme was approved by the Hon'ble NCLT, Hyderabad vide its Order dated April 05, 2022. Subsequently, the Company filed the NCLT order, with the Ministry of Company Affairs on April 08, 2022 ('Effective Date'). Pursuant to the Scheme of Amalgamation and Arrangement as approved by the NCLT, an aggregate of 41,325,300 equity shares, face value of ₹ 5 each held by DRHL in the share capital of the Company have been cancelled and an equivalent 41,325,300 number of equity shares, face value of ₹ 5 each were allotted to the shareholders of DRHL. There was no change in the total equity shareholding (Promoter/Public Shareholding) of the Company, on account of the allotment/ cancellation of equity shares pursuant to the approved Scheme.

In relation to this merger approved by the NCLT, the Company received a show cause notice on April 04, 2025, under Section 148A(1) of the Income-tax Act, 1961. The notice sought an explanation as to why a reassessment notice under Section 148 should not be issued for income alleged to have escaped assessment due to the merger. Subsequent to the submission of the reply in response to the above notice, the Company received an order 148A(3) and a notice under section 148 of the Income Tax Act on May 30, 2025 from the tax authorities, proposing to assess or reassess the income for the relevant year.

NOTES TO FINANCIAL STATEMENTS

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

2.37 Merger of Dr. Reddy's Holdings Limited into Dr. Reddy's Laboratories Limited (continued)

The Company has filed a writ petition before the Hon'ble High Court for the State of Telangana, challenging the validity of the order passed under Section 148A(3) of the Incometax Act, 1961 and the consequent notice issued under Section 148, both dated May 30, 2025. Pending disposal of the writ petition, the Hon'ble High Court has, by way of interim relief, granted a stay on further proceedings pursuant to the order under Section 148A(3) and the notice under Section 148. The stay shall remain in force until the next date of hearing. The matter is currently scheduled for hearing on June 18, 2026.

The Company believes that there is no escaped tax pursuant to the said merger scheme as the amalgamation was carried out for the above stated purpose. Further, it was carried out in compliance with various applicable laws in India and after taking with applicable regulatory approvals. The Company will take suitable action to defend its position, and believes that the chances of any liability arising from such orders are less than probable. Accordingly, no provision is made in the standalone financial statements as of March 31, 2026.

Further, the said merger scheme also provides that the Promoters of the Company will jointly and severally indemnify, defend and hold harmless the Company, its directors, employees, officers, representatives, or any other person authorized by the Company (excluding the Promoters) for any liability, claim, or demand, which may devolve upon the Company on account of this amalgamation

2.38 Ratio analysis and its elements.

Ratio	Numerator	Denominator	March 31, 2026	March 31, 2025	Variance (in %)
Current ratio	Current Assets	Current Liabilities	1.66	1.91	-12.85%
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.18	0.12	51.11% ⁽⁴⁾
Debt Service Coverage ratio	Earnings for debt service ⁽¹⁾	Debt service ⁽²⁾	13.02	29.71	-56.18% ⁽⁴⁾⁽⁵⁾
Return on Equity ratio	Net Profits after taxes	Average Shareholder's Equity	0.11	0.20	-46.93% ⁽⁵⁾
Inventory Turnover ratio	Cost of goods sold	Average Inventory	1.41	1.41	0.16%
Trade Receivable Turnover Ratio	Revenue	Average Trade Receivable	4.07	4.37	-6.72%
Trade Payable Turnover Ratio	Net credit purchases	Average Trade Payables	3.65	3.28	11.35%
Net Capital Turnover Ratio	Revenue	Working capital	2.78	2.94	-5.51%
Net Profit ratio	Net Profit	Revenue	15.68%	23.14%	-32.24% ⁽⁵⁾
Return on Capital Employed	Earnings before interest and taxes	Capital Employed ⁽³⁾	12.67%	24.12%	-47.45% ⁽⁵⁾
Return on Investment	Income generated from investments	Time weighted average investments	7.32%	8.23%	-11.11%

⁽¹⁾ Net profit after taxes + non-cash and non-operating expenses + Interest + Other adjustments like loss on sale of assets etc.

⁽²⁾ Interest + lease payments + principal repayments.

⁽³⁾ Tangible Net Worth + total debt.

⁽⁴⁾ Movement led by additional short term borrowings taken during the year.

⁽⁵⁾ Decline mainly due to price reduction in high-margin products, partly offset by favourable foreign exchange.



NOTES TO FINANCIAL STATEMENTS

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

2.39 Other Statutory Information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any transactions with struck off companies.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not entered in to any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (vi) The Company has not been declared as wilful defaulter by any bank or financial institution or other lender.
- (vii) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (viii) No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013, during the year.
- (ix) The Company does not have any borrowings from banks or financial institutions against security of its current assets.

2.40 Subsequent events

Please refer to notes 2.9, 2.30 and 2.36 of these financial statements for the details of subsequent events relating to the proposed dividend, contingencies and regulatory inspection of facilities respectively.

2.41 Details of funds advanced or loaned or invested in intermediaries and further invested or loaned by intermediaries

During the year ended March 31, 2025

Intermediaries in which amounts were invested by the Company	Nature of transaction	Date	Amount
Dr. Reddy's Laboratories SA, Switzerland	Investment in cumulative non-convertible preference shares	September 17, 2024	51,976
Aurigene Oncology Limited, India (Formerly Aurigene Discovery Technologies Limited, India)	Investment in equity shares	May 22, 2024	6,500

Parties to which such funds are further invested by Dr. Reddy's Laboratories SA, Switzerland

Name of the party	Nature of transaction	Date	Amount
Haleon UK Enterprise Limited	Purchase of equity shares of NorthStar SARL limited towards acquisition of Nicotine replacement therapy business	September 30, 2024	51,407

NOTES TO FINANCIAL STATEMENTS

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

2.41 Details of funds advanced or loaned or invested in intermediaries and further invested or loaned by intermediaries (continued)

Parties to which such funds are further invested by Aurigene Oncology Limited

Name of the party	Nature of transaction	Date	Amount
Aurigene Pharmaceutical Services Limited	Purchase of Capex and Working Capital Requirements	May 29, 2024	6,500

There are no such transactions in the year ended March 31, 2026.

a. Complete details of intermediaries and ultimate beneficiaries

Name of the entity	Registered Address	Government Identification Number (CIN/RCCM)	Relationship with the Company
Dr. Reddy's Laboratories SA, Switzerland	Elisabethenanlage 11, CH-4051, Basel	CHE-113.571.287	Subsidiary
Aurigene Oncology Limited, India (Formerly Aurigene Discovery Technologies Limited, India)	39-40, KIADB Industrial Area, Electronic city Phase II, Bengaluru - 560100.	U24239KA2001PLC029391	Subsidiary
Haleon UK Enterprises Limited	Building 5, First Floor, The Heights, Weybridge, Surrey KT13 0NY, United Kingdom	NA	Seller
Aurigene Pharmaceutical Services Limited	39-40, KIADB Industrial Area, Electronic city Phase II, Bengaluru - 560100.	U74999KA2019PLC127964	Step-down Subsidiary

- b. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - i. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - ii. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

There are no such transactions in the year ended March 31, 2026.

2.42 Audit trail

The company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, there are no instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved as per the statutory requirements for record retention.

As per our report of even date attached

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

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

per Shankar Srinivasan
Partner
Membership No.: 213271

Place: Hyderabad
Date: May 12, 2026

K Satish Reddy
G V Prasad
Erez Israeli
M V Narasimham
K Randhir Singh
Chairman, DIN: 00129701
Co-Chairman & Managing Director, DIN: 00057433
Chief Executive Officer
Chief Financial Officer
Company Secretary

Place: Hyderabad
Date: May 12, 2026

INDEPENDENT AUDITOR’S REPORT

To the Members of Dr. Reddy’s Laboratories Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dr. Reddy’s Laboratories Limited (hereinafter referred to as “the Holding Company”), its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) its associates and joint ventures comprising of the consolidated Balance sheet as at March 31 2026, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated 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 consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2026, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated 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 Consolidated Financial Statements’ section of our report. We are independent of the Group, associates, joint ventures 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 audit opinion on the consolidated 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 consolidated financial statements for the financial year ended March 31, 2026. These matters were addressed in the context of our audit of the consolidated 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 consolidated 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 consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters

How our audit addressed the key audit matter

Contingencies, including litigations (as described in note 1.3(m) of the material accounting policies, and note 2.33 containing details of contingencies in the consolidated financial statements)

The Company is involved in disputes, lawsuits, claims, governmental and / or regulatory inspections, inquiries, investigations and proceedings, including patent and commercial matters that arise from time to time in the ordinary course of business.

The Company recognizes a liability for those legal contingencies for which it has a possible or a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The Company assisted by their internal and external legal counsel assesses the need to make provision or discloses information with respect to the nature and facts of the case.

This area is significant to our audit, since auditing management’s determination of whether a loss for a contingency is probable and reasonably estimable, reasonably possible or remote, and the related disclosures, is highly subjective and requires significant judgment..

Our audit procedures, among others included the following:

- We obtained an understanding, evaluated the design and tested the operating effectiveness of controls relating to completeness, valuation, presentation and disclosure of legal contingencies. This included testing controls related to the Company’s process for identification, recognition, measurement and disclosure of contingencies, including litigations.
- To test the Company’s contingencies, our substantive audit procedures included, among others, testing the completeness of the contingencies subject to evaluation by the company through review of minutes of board meetings and evaluation of legal expenses.
- We also evaluated the Company’s analysis of its assessment of the probability of outcome for each material contingency through inspection of responses to inquiry letters sent to external legal counsel, discussions with internal counsel, as well as external legal counsel, when deemed necessary, to confirm our understanding of the allegations and potential outcomes and obtaining written representations from executives of the Company.
- We also evaluated the adequacy of Company’s disclosures in relation to these matters.

Chargebacks relating to Revenues (as described in note 1.3(n) of the material accounting policies of consolidated financial statements and note 2.14 of the consolidated financial statements)

Revenues from product sales are recognized upon transfer of control to a customer, usually when the title passes to the customer, either upon shipment or upon receipt of goods by the customer, net of estimated chargebacks accruals, which are estimated at the time of sale, to reflect the amount of consideration to which the Company expects to be entitled.

Auditing the estimation of chargebacks accruals, which are netted against product sales, is complex and requires significant judgment. The estimated chargebacks accruals are based on assumptions and inputs used in the estimate, such as current contractual terms, wholesaler inventory levels and historical data.

Our audit procedures, among others included the following:

- We obtained an understanding, evaluated the design and tested the operating effectiveness of internal controls over the chargeback processes. This included, for example, testing controls over management’s review of significant assumptions and inputs used in the estimate of chargeback accruals, including actual sales, contractual terms, and historical data such as actual customer inventory levels of the Company’s products, and estimated sales subject to chargeback. We also tested management’s controls relating to the accuracy and completeness of the estimates used to calculate chargeback accruals.



Key audit matters	How our audit addressed the key audit matter
	To test management's estimated chargebacks accruals, our audit procedures included, among others, evaluating the methodology used and the underlying data used by the Company. For example, we tested management's estimates over the determination of chargeback accruals by comparing the rates and pricing clauses used in management's estimate to the underlying contracts and historical chargebacks data and where relevant to current payment trends We also considered the historical accuracy of management's estimates in prior years, and to assess the estimated amounts, we evaluated trends in actual sales and chargeback accrual balances. We also tested the underlying data used in management's calculations for accuracy and completeness, which included inspection of source data supporting product pricing, inventory levels and chargeback claims paid subsequent to period end and settled during the period. We also evaluated the adequacy of the Company's disclosures in relation to these matters

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Statutory reports, Corporate governance and Board's report included in the Annual report, 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. The other information does not include the Standalone financial statements, Consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated 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 and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures 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. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of their respective companies 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 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of their respective companies 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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the financial reporting process of their respective companies.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Holding Company has adequate internal financial controls with reference to financial statements 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 ability of the Group and its associates and joint ventures 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 consolidated 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 Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.



We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 consolidated financial statements for the financial year ended March 31, 2026 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.

Other Matters

- (a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs. 31,687 Mn as at March 31, 2026, total revenues of Rs. 35,102 Mn and net cash inflow of Rs. 803 Mn for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.
- (b) The consolidated financial statements also include the Group's share of net profit of Rs. 134 Mn for the year ended March 31, 2026, as considered in the consolidated financial statements, in respect of two associates and two joint ventures, whose financial statements and other financial information have not been audited and whose unaudited financial statements have been furnished to us by the Management. Our opinion, in so far as it

relates amounts and disclosures included in respect of these joint ventures and associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid joint ventures and and associates, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies incorporated in India, as noted in the 'Other Matters' paragraph, we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint ventures which have been audited, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
 - (a) We/the other auditors whose report we have relied upon 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 of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on March 31, 2026 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2026 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 with reference to consolidated financial statements of the Holding Company and its subsidiary companies, incorporated in India, and the operating effectiveness of such controls refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended March 31, 2026 has been paid / provided by the Holding Company and its subsidiaries, incorporated in India, to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:

- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures in its consolidated financial statements – Refer Note 2.33 to the consolidated financial statements;
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 2.31 to the consolidated financial statements;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India, during the year ended March 31, 2026.
- iv.
 - a) The respective managements of the Holding Company and its subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries, associate and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The respective managements of the Holding Company and its subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act have



represented to us and the other auditors of such subsidiaries that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor’s notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v) a) The final dividend paid by the Holding Company during the year in respect of the same declared for the previous

year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

- b) As stated in note 2.10 to the consolidated financial statements, the Board of Directors of the Holding Company, have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- vi) Based on our examination which included test checks and that performed by the respective auditors of the subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, and as described in note 2.43 the Holding Company and subsidiaries have used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of audit, we and respective auditors of the above referred subsidiaries did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Shankar Srinivasan**
Partner
Membership Number: 213271
UDIN: 26213271EVICNN4807

Place of Signature: Hyderabad
Date: May 12, 2026

ANNEXURE ‘1’

REFERRED TO IN PARAGRAPH UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

Re: Dr. Reddy’s Laboratories Limited (“the Holding Company”)

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- xxi. There are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements. The report of two associates and a joint venture included in the Consolidated Financial Statements has not been issued by its auditor till the date of our auditor’s report.

Sr. No	Name of the joint venture Company / Associate	Corporate Identification Number
1	O2 Renewable Energy IX Private Limited	U40108DL2022FTC404866
2	DRES Energy Private Limited	U40104KA2015PTC083148
3	Clean Renewable Energy KK 2A Private Limited	U35106DL2023PTC418410

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Shankar Srinivasan**
Partner
Membership Number: 213271
UDIN: 26213271EVICNN4807

Place of Signature: Hyderabad
Date: May 12, 2026



ANNEXURE ‘2’

TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED 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”)

In conjunction with our audit of the consolidated financial statements of Dr. Reddy’s Laboratories Limited (hereinafter referred to as the “Holding Company”) as of and for the year ended March 31, 2026, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”), its associates and joint ventures, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 (ICAI). 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 respective 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 Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Holding Company’s internal financial controls with reference to consolidated 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, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. 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 with reference to consolidated 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company’s internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to consolidated 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 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 financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated 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 Holding Company and its subsidiaries , which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2026, based on the internal control over financial reporting criteria established by the Holding Company

considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to the subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India and does not include report in respect of two associates and a joint venture incorporated in India, where such report has not been made available to us. Our opinion is not qualified in this matter.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Shankar Srinivasan**
Partner
Membership Number: 213271
UDIN: 26213271EVICNN4807

Place of Signature: Hyderabad
Date: May 12, 2026

CONSOLIDATED BALANCE SHEET

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

Particulars	Note	As at March 31, 2026	As at March 31, 2025
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	100,778	72,984
Capital work-in-progress	2.2	14,602	23,994
Goodwill	2.3	14,797	13,139
Other intangible assets	2.4	105,058	96,141
Intangible assets under development	2.5	-	662
Investment in equity accounted investees	2.6	5,673	4,811
Financial assets			
Investments	2.7 A	8,942	2,393
Other financial assets	2.7 C	2,917	8,875
Deferred tax assets, net	2.30	22,190	18,325
Tax assets, net		3,503	1,821
Other non-current assets	2.8 A	981	940
Total-non current assets		279,441	244,085
Current assets			
Inventories	2.9	76,534	71,085
Financial assets			
Investments	2.7 A	38,233	33,307
Trade receivables	2.7 B	101,234	90,420
Derivative financial instruments	2.31	155	557
Cash and cash equivalents	2.7 D	15,368	14,654
Other bank balances	2.7 E	18,119	9,948
Other financial assets	2.7 C	22,255	3,142
Other current assets	2.8 B	29,895	27,068
Total current assets		301,793	250,181
Total assets		581,234	494,266
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.10	835	834
Other equity		378,080	334,662
Equity attributable to equity shareholders of parent company		378,915	335,496
Non-Controlling Interests (NCI)	2.39 A	3,394	3,778
Total Equity		382,309	339,274
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	2.11 A	-	3,800
Lease liabilities	2.11 C	12,203	4,064
Other financial liabilities	2.11 D	432	198
Provisions	2.12 A	338	298
Deferred tax liabilities, net	2.30	15,467	14,038
Other non-current liabilities	2.13 A	3,011	2,256
Total non-current liabilities		31,451	24,654
Current liabilities			
Financial Liabilities			
Borrowings	2.11 B	62,935	38,045
Lease liabilities	2.11 C	2,203	857
Trade payables	2.11 E		
Total outstanding dues of micro enterprises and small enterprises		334	210
Total outstanding dues of creditors other than micro enterprises and small enterprises		30,045	26,268
Derivative financial instruments	2.31	6,898	1,286
Other financial liabilities	2.11 D	40,085	39,698
Other current liabilities	2.13 B	11,921	13,190
Tax Liabilities, net		4,353	3,028
Provisions	2.12 B	8,700	7,756
Total current liabilities		167,474	130,338
Total equity and liabilities		581,234	494,266

The accompanying notes are an integral part of consolidated financial statements.
As per our report of even date attached for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories Limited**

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

per **Shankar Srinivasan**
Partner
Membership No.: 213271

K Satish Reddy
G V Prasad
Erez Israeli
M V Narasimham
K Randhir Singh

Chairman, DIN: 00129701
Co-Chairman & Managing Director, DIN: 00057433
Chief Executive Officer
Chief Financial Officer
Company Secretary

Place: Hyderabad
Date: May 12, 2026

Place: Hyderabad
Date: May 12, 2026

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

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

Particulars	Note	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue from operations			
Sales	2.14	326,213	316,320
License fees and service income	2.14	9,720	9,215
Other operating income	2.15	1,069	904
Total revenue from operations		337,002	326,439
Other income	2.16	13,584	10,973
Total income		350,586	337,412
Expenses			
Cost of materials consumed		65,012	56,835
Purchase of stock-in-trade		61,616	48,411
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.17	(4,236)	(5,447)
Employee benefits expense	2.18	59,909	55,800
Depreciation and amortisation expense	2.19	20,588	17,037
Impairment of non-current assets, net (Refer notes 2.1, 2.2, 2.4 and 2.5)		3,518	1,693
Finance costs	2.20	3,738	2,829
Other expenses	2.21	86,648	83,676
Total expenses		296,793	260,834
Profit before tax and before share of equity accounted investees		53,793	76,578
Share of profit of equity accounted investees, net of tax		134	217
Profit before tax		53,927	76,795
Tax expense	2.30		
Current tax		13,945	22,581
Deferred tax		(1,594)	(3,038)
Profit for the year		41,576	57,252
Other comprehensive income (OCI)			
A. (I) Items that will not be reclassified subsequently to profit or loss			
(a) Changes in the fair value of financial instruments		(35)	(199)
(b) Re-measurement gains/(loss) on defined benefit plans		178	(94)
(II) Tax impact on above items		(56)	24
		87	(269)
B. (I) Items that will be reclassified subsequently to profit or loss			
(a) Exchange differences on translating the financial statements of a foreign operations.		8,579	(1,560)
(b) Exchange differences on translating the financial statements profit and loss on divestment of foreign operation		-	1,504
(c) Effective portion of changes in fair value of cash flow hedges, net		(1,663)	2,432
(II) Tax impact on above items		392	(58)
		7,308	2,318
Total other comprehensive income for the year, net of tax		7,395	2,049
Total comprehensive income for the year		48,971	59,301
Profit for the year			
Attributable to:			
Equity holders of the parent company		41,960	56,551
Non-controlling interests		(384)	701
Total comprehensive income for the year			
Attributable to:			
Equity holders of the parent company		49,355	58,600
Non-controlling interests	2.39 A	(384)	701
Earnings per share attributable to equity shareholders of parent *	2.24		
Basic earnings per share of ₹ 1/- each		50.41	67.89
Diluted earnings per share of ₹ 1/- each		50.35	67.79

* Earnings per share is computed after giving effect to 1:5 forward stock split effective October 28, 2024 for all periods presented. Refer to Note 2.10 of these consolidated financial statements for further details regarding such stock split.

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

As per our report of even date attached for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories Limited**

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

per **Shankar Srinivasan**
Partner
Membership No.: 213271

K Satish Reddy
G V Prasad
Erez Israeli
M V Narasimham
K Randhir Singh

Chairman, DIN: 00129701
Co-Chairman & Managing Director, DIN: 00057433
Chief Executive Officer
Chief Financial Officer
Company Secretary

Place: Hyderabad
Date: May 12, 2026

Place: Hyderabad
Date: May 12, 2026

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

Particulars	Attributable to the equity holders of the parent company															
	Reserves and surplus														Non-Controlling Interests	Total equity
	Equity share capital*	Treasury shares ⁽¹⁾	Securities premium ⁽²⁾	Share-based payment reserve ⁽³⁾	Capital reserve ⁽⁴⁾	Capital redemption reserve ⁽⁵⁾	General reserve ⁽⁶⁾	Special economic zone re-investment reserve ⁽⁷⁾	Other Reserves ⁽²⁾	Remeasurements of the net defined benefits plan ⁽⁸⁾	Retained earnings	Cash flow hedge reserve ⁽⁸⁾	FVTOCI ^{(**)(9)}	Foreign currency translation reserve ⁽¹¹⁾		
Balance as at April 01, 2025 (A)	834	(2,264)	8,553	1,447	267	173	20,374	-	3,979	(280)	300,522	108	(3,754)	5,537	3,778	339,274
Profit for the year	-	-	-	-	-	-	-	-	-	-	41,960	-	-	-	(384)	41,576
Net change in fair value of equity instruments and debt instruments, net of tax benefit of ₹ 0	-	-	-	-	-	-	-	-	-	-	-	-	(35)	-	-	(35)
Exchange differences on translating the financial statements of a foreign operations, net of tax expense of ₹ 0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges, net of tax benefit of ₹ 392 (Refer note 2.31)	-	-	-	-	-	-	-	-	-	-	-	(1,271)	-	-	-	(1,271)
Re-measurement gains/(loss) on defined benefit plans, net of tax expense of ₹56 (Refer note 2.28)	-	-	-	-	-	-	-	-	-	122	-	-	-	-	-	122
Total comprehensive income (B)	-	-	-	-	-	-	-	-	-	122	41,960	(1,271)	(35)	8,579	(384)	48,971
Issue of equity shares on exercise of options (Refer note 2.10)	1	449	231	(284)	-	-	-	-	-	-	-	-	-	-	-	397
Share-based payment expense (Refer note 2.29)	-	-	-	326	-	-	-	-	-	-	-	-	-	-	-	326
Dividend paid***	-	-	-	-	-	-	-	-	-	-	(6,659)	-	-	-	-	(6,659)
Total transactions with owners of the Company (C)	1	449	231	42	-	-	-	-	-	-	(6,659)	-	-	-	-	(5,936)
Balance as at March 31, 2026 [(A)+(B)+(C)]	835	(1,815)	8,784	1,489	267	173	20,374	-	3,979	(158)	335,823	(1,163)	(3,789)	14,116	3,394	382,309

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

Particulars	Attributable to the equity holders of the parent company															
	Reserves and surplus										Other comprehensive income					
	Equity share capital*	Treasury shares ⁽¹⁾	Securities premium ⁽²⁾	Share-based payment reserve ⁽³⁾	Capital reserve ⁽⁴⁾	Capital redemption reserve ⁽⁵⁾	General reserve ⁽⁶⁾	Special economic zone re-investment reserve ⁽⁷⁾	Other Reserves ⁽¹²⁾	Remeasurements of the net defined benefits plan ⁽⁸⁾	Retained earnings	Cash flow hedge reserve ⁽⁹⁾	FVTOCI ⁽¹⁰⁾	Foreign currency translation reserve ⁽¹¹⁾	Non-Controlling Interests	Total equity
Balance as at April 01, 2024 (A)	834	(991)	8,186	1,313	267	173	20,374	653	-	(210)	249,980	(69)	(3,555)	5,593	-	282,548
Profit for the year	-	-	-	-	-	-	-	-	-	-	56,551	-	-	-	701	57,252
Net change in fair value of equity instruments and debt instruments, net of tax benefit of ₹ 0	-	-	-	-	-	-	-	-	-	-	-	-	(199)	-	-	(199)
Reclassification adjustment upon divestment - net of tax expense of ₹ 0, (13) (Refer Note 2.16) (Refer Note 1.3(c))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translating the financial statements of a foreign operations, net of tax expense of ₹ 0	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,560)	-	(1,560)
Effective portion of changes in fair value of cash flow hedges, net of tax expense of ₹ 58 (Refer note 2.31)	-	-	-	-	-	-	-	-	-	-	-	2,374	-	-	-	2,374
Re-measurement gains/(loss) on defined benefit plans, net of tax benefit of ₹ 24 (Refer note 2.28)	-	-	-	-	-	-	-	-	-	(70)	-	-	-	-	-	(70)
Total comprehensive income (B)	-	-	-	-	-	-	-	-	-	(70)	56,551	2,374	(199)	(56)	701	59,301
Acquisition of interest by holders of NCI in subsidiary (Refer note 2.39 A)	-	-	-	-	-	-	-	-	3,979	-	-	-	-	-	3,077	7,056
Issue of equity shares on exercise of options (Refer note 2.10)	-	116	367	(290)	-	-	-	-	-	-	-	-	-	-	-	193
Share-based payment expense (Refer note 2.29)	-	-	-	424	-	-	-	-	-	-	-	-	-	-	-	424
Purchase of treasury shares	-	(1,389)	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,389)
Dividend paid***	-	-	-	-	-	-	-	-	-	-	(6,662)	-	-	-	-	(6,662)
Total transactions with owners of the Company (C)	-	(1,273)	367	134	-	-	-	-	3,979	-	(6,662)	-	-	-	3,077	(378)
Adjustment of cash flow hedge gain to purchase consideration (Refer note 2.39 B)	-	-	-	-	-	-	-	-	-	-	-	(2,197)	-	-	-	(2,197)
Transfer from special economic zone re-investment reserve on utilization	-	-	-	-	-	-	-	(653)	-	-	653	-	-	-	-	-
Total other adjustments (D)	-	-	-	-	-	-	-	(653)	-	-	653	(2,197)	-	-	-	(2,197)
Balance as at March 31, 2025 [(A)+(B)+(C)+(D)]	834	(2,264)	8,553	1,447	267	173	20,374	-	3,979	(280)	300,522	108	(3,754)	5,537	3,778	339,274

* Refer to Note 2.10 of these consolidated financial statements for details of "Share capital".

** FVTOCI represents fair value through other comprehensive income.

*** Net of dividend paid on treasury shares



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

- ⁽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 to note 2.29 of these consolidated 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, including key management personnel, as part of their remuneration. Refer to note 2.29 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 the 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 consolidated statement of profit and loss.

⁽⁷⁾ The Company has created a Special Economic Zone ("SEZ") Reinvestment Reserve out of profits of its eligible SEZ Units in accordance with the terms of Section 10AA(1) of the Indian Income Tax Act, 1961. This reserve was transferred to Retained earnings upon acquiring the Plant and equipment in accordance with Section 10AA(2) of such Act.

⁽⁸⁾ 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 consolidated statement of profit and loss in the period in which the hedged transaction occurs.

⁽⁹⁾ This reserve represents mark to market gain or loss on financial assets classified as FVTOCI. Depending on the category and type of the financial asset, the mark to market gain or loss is either reclassified to Statement of Profit and Loss or retained earnings upon disposal of the investment.

⁽¹⁰⁾ Remeasurements of the net defined benefits plan reserve comprises the cumulative net gains/ losses on actuarial valuation of post-employment obligations. Refer note 2.28 for further details.

⁽¹¹⁾ The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income, net of taxes and is presented within equity in the foreign currency translation reserve.

⁽¹²⁾ Following the acquisition of interest in the Nutraceuticals subsidiary by Nestle India (ie., NCI), difference between cash consideration received from NCI and the proportionate share of net assets is recognized in "Other reserves" with in equity

⁽¹³⁾ Includes reclassification of cumulative amount of foreign exchange gain from Foreign currency translation reserve to the profit or loss account upon divestment or liquidation of foreign operations during the year ended March 31, 2025.
- The accompanying notes are an integral part of consolidated 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 **Shankar Srinivasan**
Partner
Membership No.: 213271

Place: Hyderabad
Date: May 12, 2026

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

K Satish Reddy
G V Prasad
Erez Israeli
M V Narasimham
K Randhir Singh

Chairman, DIN: 00129701
Co-Chairman & Managing Director, DIN: 00057433
Chief Executive Officer
Chief Financial Officer
Company Secretary

Place: Hyderabad
Date: May 12, 2026



CONSOLIDATED STATEMENT OF CASH FLOW

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

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Cash flows from / (used in) operating activities :		
Profit before tax	53,927	76,795
<i>Adjustments for:</i>		
Fair value changes and profit on sale of financial instruments measured at FVTPL*, net	(2,359)	(3,554)
Depreciation and amortisation expense	20,588	17,037
Impairment of non-current assets, net	3,518	1,693
Allowance for credit losses (on trade receivables and other advances)	690	161
Profit on sale/disposal of assets, net	(2,547)	(1,512)
Share of profit of equity accounted investees	(134)	(217)
Unrealized exchange loss/(gain), net	(529)	211
Interest income	(3,726)	(2,677)
Finance costs	3,738	2,829
Equity settled share-based payment expense	326	424
Inventories write-down	7,517	5,220
<i>Changes in operating assets and liabilities:</i>		
Trade receivables	(6,722)	(10,283)
Inventories	(8,601)	(12,753)
Trade payables	2,790	340
Other assets and other liabilities, net	1,787	(7,293)
Cash flows generated from operations	70,263	66,421
Income tax paid, net	(13,526)	(19,993)
Net cash flows from operating activities	56,737	46,428
Cash flows from / (used in) investing activities		
Purchase of property, plant and equipment	(23,306)	(27,504)
Proceeds from sale of property, plant and equipment	309	512
Purchase of other intangible assets	(15,099)	(6,894)
Proceeds from sale of other intangible assets	1,401	732
Investment in associates	(51)	(317)
Purchase of investments (including bank deposits)	(46,718)	(28,492)
Proceeds from sale of investments (including bank deposits)	19,602	53,610
Payment for acquisition of business(Refer note 2.39 B)	(3,152)	(53,096)
Interest and dividend received	1,521	3,372
Net cash flows used in investing activities	(65,493)	(58,077)
Cash flows from / (used in) financing activities		
Proceeds from issuance of equity shares (including treasury shares)	397	193
Purchase of treasury shares	-	(1,389)
Proceeds from short-term loans and borrowings, net (Refer note 2.11 A & 2.11 B)	20,257	24,490
Repayment of long-term loans and borrowings (Refer note 2.11 A & 2.11 B)	(1)	-
Proceeds from issuance of equity shares in subsidiary to non controlling interest (Refer note 2.39 A)	-	7,056
Payment of principal portion of lease liabilities (Refer note 2.11 C)	(1,263)	(1,294)
Dividends paid	(6,659)	(6,662)
Interest paid	(4,441)	(3,483)
Net cash flows from financing activities	8,290	18,911
Net increase/(decrease) in cash and cash equivalents	(466)	7,262
Effect of exchange rate changes on cash and cash equivalents	1,241	224
Cash and cash equivalents at the beginning of the year (Refer note 2.7 D)	14,593	7,107
Cash and cash equivalents at the end of the year ⁽¹⁾(Refer note 2.7 D)	15,368	14,593

*FVTPL (fair value through profit or loss)

⁽¹⁾ Adjusted for Bank-overdraft of ₹ Nil and ₹ 61 for year ended March 31, 2026 and March 31, 2025, respectively.

The accompanying notes are an integral part of consolidated 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 **Shankar Srinivasan**
Partner
Membership No.: 213271

Place: Hyderabad
Date: May 12, 2026

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

K Satish Reddy
G V Prasad
Erez Israeli
M V Narasimham
K Randhir Singh

Chairman, DIN: 00129701
Co-Chairman & Managing Director, DIN: 00057433
Chief Executive Officer
Chief Financial Officer
Company Secretary

Place: Hyderabad
Date: May 12, 2026



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Note 1 Description of the Group and material accounting policies information

1.1 Description of the Group

Dr. Reddy's Laboratories Limited (the "parent company"), together with its subsidiaries, (collectively, the "Company"), joint ventures and associates, is a leading India-based pharmaceutical company headquartered and having its registered office in Hyderabad, Telangana, India. The Company offers a portfolio of products and services including active pharmaceutical ingredients ("APIs"), generics, branded generics, biosimilars, over the counter ("OTC") products and pharmaceutical services.

The Company's principal research and development facilities are located in the states of Telangana and Andhra Pradesh in India, Cambridge in the United Kingdom; its principal manufacturing facilities are located in the states of Telangana, Andhra Pradesh and Himachal Pradesh in India, Cuernavaca-Cuautla in Mexico, and Mirfield in the United Kingdom and its principal markets are in India, Russia, the United States and Germany. The Company's shares are listed on the Bombay Stock Exchange, the National Stock Exchange, the NSE IFSC Limited in India and on the New York Stock Exchange in the United States.

Please refer note 2.27 for list of subsidiaries, step-down subsidiaries, associates and joint ventures of the parent company.

1.2 Basis of preparation of consolidated financial statements

a) Statement of compliance

These consolidated financial statements as of and for the year ended March 31, 2026 comply in all material aspects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015, and presentation requirements of Division II of Schedule III to the Companies Act, 2013, and as amended from time to time.

These consolidated financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2026. These consolidated financial statements were authorised for issuance by the Company's Board of Directors on May 12, 2026.

b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost convention, except for the following material items in the balance sheet which are measured on the basis stated below and in accordance with the respective accounting policies:

- derivative financial instruments are measured at fair value;
- financial assets and financial liabilities are measured either at fair value or at amortised cost, depending on the classification based on accounting policy;
- long-term borrowings are measured at amortised cost using the effective interest rate method;
- equity-settled and cash-settled share-based payments are measured at fair value on the grant date and the reporting date, respectively;
- assets acquired and liabilities assumed as part of business combinations are measured at fair value on the acquisition date; and
- contingent consideration arising out of business combination are measured at fair value.

c) Use of judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates implies that actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 1.3(b) and 2.6 — Evaluation of joint arrangements;
- Note 1.3(c) — Assessment of functional currency;
- Note 1.3(d), 2.31 and 2.32 — Financial instruments;
- Note 1.3(e) and 2.39 — Business combinations;
- Notes 1.3(f) and 1.3(g) — Useful lives of property, plant and equipment and intangible assets;
- Note 1.3(i) 2.9 — Valuation of inventories;
- Note 1.3(j) and 2.1, 2.3 and 2.4 — Measurement of recoverable amounts of cash-generating units;
- Note 1.3(m) and 2.12 — Provisions and other accruals;
- Note 1.3(n) — Measurement of transaction price in a revenue transaction (sales returns, rebates, medicaid and chargeback provisions);
- Note 1.3(q) and 2.30 — Evaluation of recoverability of deferred tax assets, and estimation of income tax payable and income tax expense in relation to uncertain tax positions; and
- Note 1.3(m) and 2.33 — Contingencies

d) Current and non-current classification

The Company segregates assets and liabilities into current and non-current categories for presentation in the consolidated balance sheet after considering its normal operating cycle and other criteria set out in Ind AS 1, "Presentation of Financial Statements". For this purpose, current assets and liabilities include the current portion of non-current assets and liabilities respectively. Deferred tax assets and liabilities are always classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their

realisation in cash and cash equivalents. The Company has identified period up to twelve months as its operating cycle.

1.3 Material accounting policies information:

(a) New standards, interpretations and amendments adopted by the Company effective from 01 April 2025:

The Company applied for the first time the below amendments, which are effective for annual periods beginning on or after 01 April 2025. The Company has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(i) Amendments to Ind AS 21: Lack of exchangeability

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2025, which amend Ind AS 21, The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

This amendment had no material impact on these consolidated financial statements.

(ii) Amendments to Ind AS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

In August 2025, the MCA notified amendments to paragraphs 69 to 76 of Ind AS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 April 2025 retrospectively in accordance with Ind AS 8. The amendments have not resulted in additional disclosures and have not had an impact on the classification of Company's liabilities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(iii) Amendments to Ind AS 12 – International Tax Reform Pillar Two Model Rules

In August 2025, the MCA notified amendments to Ind AS 12 Income Taxes in response to the OECD's BEPS Pillar Two rules and include:

A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 01 April, 2025, but not for any interim periods ending on or before 31 March, 2026.

Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Company operates are above 15%, and thus Pillar Two income taxes would not apply. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply, and the Pillar Two effective tax rate is lower than 15%. This amendment had no material impact on these consolidated financial statements.

Standards notified but not yet effective

There are no standards that are notified and not yet effective as on the date.

b) Basis of consolidation
Subsidiaries

The consolidated financial statements comprise the consolidated financial statements of the parent Company and its subsidiaries as at March 31, 2026. Subsidiaries are all entities that are controlled by the Company. Control exists when the Company (i) has power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee), (ii) is exposed to, or has rights to variable returns from its involvement with the

entity and (iii) has the ability to affect those returns through power over the entity.

The Company re-assesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the elements of control. The consolidated financial statements of subsidiaries are included in these consolidated financial statements from the date when the Company obtains control and continues until the date that control ceases.

Joint arrangements (equity accounted investees)

Joint arrangements are those arrangements over which the parties have joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in joint ventures are accounted for using the equity method and are initially recognized at cost. The carrying value of the Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The Company does not consolidate entities where the non-controlling interest ("NCI") holders have certain significant participating rights that provide for effective involvement in significant decisions in the ordinary course of business of such entities.

Subsequent to initial recognition, the investment includes the Company's share of the profit or loss and Other Comprehensive Income ("OCI") of equity accounted investees, until the date on which joint control ceases.

Associates (equity accounted investees)

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

or joint control over those policies. Interests in Associates are accounted using the equity method. They are initially recognized at cost.

Profits and losses arising on transactions between the Company and its associates are recognized only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying value of the equity accounted investee.

Changes in ownership interests:

Acquisition of some or all of the NCIs in an entity and changes in the interests in subsidiaries that do not result in a loss of control are accounted for as a transaction with equity holders in their capacity as equity holders. Consequently, the difference arising between the fair value of the purchase consideration received and the carrying value of the NCI is recorded as an adjustment to Other reserves that is attributable to the parent company. The associated cash flows are classified as financing activities. No goodwill is recognized as a result of such transactions.

Profit, loss, and equity attributed to NCIs in subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated balance sheet, respectively.

Consolidation procedure

Assets, liabilities, income and expenses of a subsidiary during the year are included in the consolidated financial statements. Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Company and to the

non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries, joint venture and associates have been changed where necessary to align them with the policies adopted by the Company. Furthermore, the consolidated financial statements of subsidiaries, joint ventures and associates are prepared for the same reporting period as of the Company.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss.

c) Foreign currency

Functional and presentation currency

These consolidated financial statements are presented in Indian rupees, which is the functional currency of the parent company. All financial information presented, except information related to share and per share data, in Indian rupees has been rounded to the nearest million.

In respect of subsidiaries that operate as marketing arms of the parent company in their respective countries/regions, the functional currency has been determined to be the functional currency of the parent company (i.e., the Indian rupee). The operations of these entities are largely restricted to importing of finished goods from the parent company in India, sales of these products in the foreign country and making of import payments to the parent company. The cash flows realised from sales of goods are available for making import payments to the parent company and cash is paid to the parent company on a regular basis. The costs incurred by these entities are primarily the cost of goods imported from the parent company. The financing of these subsidiaries is done directly or indirectly by the parent company.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

In respect of subsidiaries whose operations are self-contained and integrated within their respective countries/regions, the functional currency has been generally determined to be the local currency of those countries/regions, unless use of a different currency is considered appropriate.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the consolidated 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 equity instruments where the Company had made an irrevocable election to present subsequent changes in the fair value in OCI and;
- qualifying cash flow hedges, to the extent that the hedges are effective.

When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date.

Foreign operations

In case of foreign operations whose functional currency is different from the parent company's functional currency, the assets and liabilities of such foreign operations, including goodwill and fair value adjustments arising upon acquisition,

are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to the reporting currency at the monthly average exchange rates prevailing during the year. Resulting foreign currency differences are recognized in OCI and presented within equity as part of FCTR. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the relevant amount in the FCTR is reclassified to the consolidated statement of profit and loss.

d) 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 marketplace (e.g., 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 generally do not contain any significant financing component requiring separation and are therefore recognised initially at the transaction price determined as per Ind AS 115 "Revenue from Contracts with Customers".

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 OCI (FVTOCI);
- Debt instruments, derivatives and equity instruments at Fair Value Through Profit or Loss (FVTPL); and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

- Equity instruments measured at FVTOCI.

Debt instruments at amortised cost

A "debt instrument" is measured at the amortized cost if both the following conditions are met:

- a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method and are subject to impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in the consolidated statement of profit and loss and presented in "other income". The losses arising from impairment are recognized in the consolidated 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:

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

Debt instruments included within the FVTOCI category are measured initially at fair value plus transaction cost and subsequently at each reporting date at the fair value. Fair value movements are recognised in the OCI. However, the Company recognises interest income (calculated using the effective interest rate method), impairment losses

and reversals and foreign exchange gain or loss in the consolidated statement of Profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the consolidated 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 recognized by an acquirer in a business combination to which Ind AS 103 applies, are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election upon initial recognition on an instrument-by-instrument basis. The classification is made upon initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the consolidated statement of profit and loss, even on sale of investment.

However, on sale the Company may transfer the cumulative gain or loss within equity.

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

Derecognition

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

- the rights to receive cash flows from the asset have expired; or
- Both (1) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and (2) either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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 and other financial assets, if any, representing a contractual right to receive cash or another financial asset.

For this purpose, the Company follows a "simplified approach" for recognition and measurement of impairment loss allowance on the contract asset and trade receivable balances. The application of this simplified approach does not require the Company to track changes in credit risk. Rather, it 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 FVTPL, 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.

Subsequent measurement

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

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities at FVTPL primarily comprise derivative financial instruments entered into by the Company and not designated as hedging instruments in hedge relationship as defined by Ind AS 109.

Gains or losses on such financial liabilities are recognised in the consolidated statement of profit and loss.

The Company has not designated any financial liability as FVTPL.

Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method and, thereby, any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of Profit and loss over the period of the borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The effective interest rate amortisation is included under the head finance expense in the consolidated statement of Profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Gain or loss arising on de-recognition, measured as difference between, the carrying amount of financial liability and the settlement amount, is recognised under the head finance costs in consolidated 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 U.S. dollars, U.K. pounds sterling, Russian roubles, Brazilian reals, Swiss francs, South African rands, Kazakhstan tenges, Romanian new leus, Australian dollars and Euros, and foreign currency debt in U.S. dollars, Russian roubles, Mexican pesos and Brazilian reals.

The Company uses derivative financial instruments such as foreign exchange forward contracts, option contracts and swap contracts to mitigate its risk of changes in foreign currency exchange rates. The Company also uses non-derivative financial instruments as part of its foreign currency exposure risk mitigation strategy. Derivatives are classified as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Hedges of highly probable forecasted transactions

The Company classifies its derivative financial instruments that hedge foreign currency risk associated with highly probable forecasted transactions as cash flow hedges and measures them at fair value. The effective portion of such cash flow hedges is recorded in the OCI and accumulated in the hedging reserve as a component of equity. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the hedging reserve and

included in the initial cost or other carrying amount of the hedged asset or liability. In all other cases, the amount so accumulated is re-classified to the consolidated statement of Profit and loss and presented as part of the hedged item in the same period in which the forecasted transaction impacts the consolidated statement of Profit and loss. The ineffective portion of such cash flow hedges is recorded in the consolidated statement of Profit and loss as finance costs immediately.

The Company also designates certain non-derivative financial liabilities, such as foreign currency borrowings from banks, as hedging instruments for hedge of foreign currency risk associated with highly probable forecasted transactions. Accordingly, the Company applies cash flow hedge accounting to such relationships. Re-measurement gains or loss on such non-derivative financial liabilities are recorded in the same manner as stated above for derivative instruments designated as hedging instruments.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in OCI remains there until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in OCI is recognised immediately in the consolidated statement of Profit and loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For this purpose, "short-term" means investments having original maturities of three months or less from the date of investment. Bank overdrafts, which are repayable on demand and form an integral part of the Company's cash management, are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

e) Business combinations and goodwill

Business combinations are accounted for using the acquisition method, regardless of whether equity instruments or other assets are acquired, unless the transaction is treated as an asset acquisition by applying the optional concentration test or otherwise. The optional concentration test permits the acquirer to make an election on a transaction-by-transaction basis, and apply a simplified assessment for determining whether an acquired set of activities and assets is a business. The optional concentration test is met, and the acquired set of activities and assets is not a business, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

The consideration transferred for the acquisition is comprised of:

- fair values of the assets transferred;
- fair values of liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Company;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest.

At the acquisition date, the identifiable assets acquired, and liabilities and contingent liabilities in business combination assumed are, with limited exceptions, measured initially at their fair values. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration is classified either as equity or a financial liability. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a financial liability is subsequently re-measured to fair value, with changes in fair value recognised in the consolidated statement of profit and loss.

Goodwill is initially measured at cost, being the excess of (i) the aggregate of the consideration transferred, the amount of non-controlling interest in the acquired entity, and the acquisition date fair value of any previous equity interest in the acquired entity, over (ii) the fair value of the Company's share of net identifiable assets acquired.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference, after reassessment, is recognised in the consolidated statement of profit and loss as a bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units or the group of cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

f) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.

Software for internal use which is acquired from third-party vendors and forms an integral part of a tangible asset, including consultancy charges for implementing the software, is capitalised as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognised as expense as incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date and the cost of property, plant and equipment not ready to use before such date are disclosed under other non-current assets. Assets not ready for use are not depreciated but are tested for impairment.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

The cost of replacing part of an item of property, plant and equipment is 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 consolidated statement of Profit and loss as incurred.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within "other income/other expenses" in the consolidated statement of profit and loss.

Depreciation

Depreciation is recognised in the consolidated statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Land is not depreciated but subject to impairment.

When parts of an item of property, plant and equipment have different useful lives, they are depreciated separately based on their respective economic useful lives.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and any changes are considered prospectively.

The estimated useful lives are as follows:

Particulars	Years
Buildings	
- Factory and administrative buildings	20 to 50
- Ancillary structures	3 to 15
Plant and equipment	3 to 15
Furniture, fixtures and office equipment	3 to 10
Vehicles	4 to 5

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