



**Facilitating
Access,
Enabling
Affordability**

Sustainability Report – 2017-18

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM 

Contents

About Us	2	Responsible Healthcare Offerings	26
CEO's Message	6	Building a Robust Supply Chain	32
Our Value Creation Model	8	Empowering Teams to Create Value	38
Material Matters	10	Caring for Community	48
Stakeholder Engagement	16	Protecting our Natural Ecosystem	56
Our Strategy and Approach	14	Our Sustainability Performance	63
Risks and Opportunities	18	GRI Content Index	66
Making Healthcare Accessible	22	Independent Assurance Statement	70

2017-18 Highlights



Financial Capital

₹1,42,028 million

Revenue
(as per IFRS consolidated statements)

₹18,265 million

Invested in R&D
(12.9% of the total revenue)

Acquisition of Teva portfolio at \$350 million



Manufactured Capital

25

Manufacturing facilities

Global Quality Management System implemented across all our manufacturing facilities



Human Capital

22,981

Associates worldwide

4,044

Women workforce

0.89

Total Recordable Injury Frequency Rate (TRIFR)



Intellectual Capital

10

R&D centers

139

Products Launched

Generic filings (19 ANDA filings and 1 NDA filing)

Major products launched in North America

Liposomal Doxorubicin, Ezetimibe-Simvastatin, Palonosetron, Sevelamer Carbonate and Bivalirudin injection

73

Drug masters filed worldwide



Social and Relationship Capital

Successful partnerships

With other pharma majors and research facilities

₹328 million

Total CSR spend



Natural Capital

8%

Share of renewable energy in total energy mix

46%

Of our total freshwater consumption harvested through rain water harvesting and reuse

91%

Hazardous waste co-processed and recycled

7,480 tons

Of by-products upcycled

Implemented **193 energy** conservation projects thereby saving **₹314 million** and avoided GHG emission by **45,497 TCO₂ eq.**

About the Report

Through our Sustainability Performance Review FY2018, we at Dr. Reddy's Laboratories (Dr. Reddy's) represent our value creation story to all the stakeholders, incorporating key financial and non-financial aspects, including information on our environmental, social and governance performance. The Report primarily presents information on our performance in the key focus areas and material issues identified for the period 1 April 2017 to 31 March 2018.

Reporting Guidelines

While following the GRI Standards - Core option for reporting the key non-financial information, we adopted some of the key guiding principles and content elements of the Integrated Reporting <IR> framework from the International Integrated Reporting Council (IIRC). Our aim is to showcase our 'integrated thinking' process, along with how we create value for our stakeholders in the short, medium and long term, using both our financial and non-financial resources. All material sustainability information relevant to our operations has been included as part of our reporting on the six capitals as per the <IR> framework. Please refer to the GRI Content Index (Page 66-69) for a complete listing of GRI disclosures included in this Report.

Reporting Boundary

The Report provides information and data on the key manufacturing operations and R&D facilities spanning across five countries, where Dr. Reddy's has operational control, to describe our endeavors during the reporting period. It does not cover the subsidiaries and Joint Ventures (JVs) which are primarily linked to marketing activities and do not have significant environmental or social impacts. It presents the details of the value we create for all our stakeholders.

Reporting Principles

We have followed the principles of stakeholder inclusiveness, materiality, sustainability context and completeness for developing this Report. This Report presents the engagement process and key issues identified by different stakeholder groups. By engaging with all the key

stakeholders, we identify the material issues that impact our ability of value creation. Based on these material issues, we present the associated performance for the reporting year.

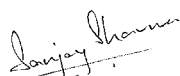
Moreover, the GRI Standards set out principles for defining reporting quality and we have taken several actions to meet these principles:

- We safeguard the quality of information contained in this Report through a robust assurance process, leveraging our internal expertise and external assurance carried out by DNV GL Business Assurance India Private Limited (DNV GL), an independent third, party assurance provider. Please find our Assurance Report on 83-85. The financial data and general information about the business presented in the Organizational Profile and Economic Performance sections of this Report are audited for disclosure in our Annual Report 2017-18.
- We continue to improve the availability of timely information to internal leaders to facilitate informed decision making and drive performance.

As a responsible corporate citizen, we believe we have a significant role to play in meeting the Sustainable Development Goals (SDGs) and hence, we have attempted to map our GRI disclosure with the SDGs, presented on Page 17. We also abide by all laws of the land and the 10 principles of the United Nations Global Compact (UNGC). We take into account industry best practices and global benchmarks in defining our policies.

Leadership Responsibility

The Report has been developed under the guidance of the top management of our Company, drawing inputs from various functions, and the initiative has been primarily driven by the Executive Vice President and Head, Global Manufacturing Operations. In addition, the external assurance process has been carried out involving the senior management of the Company.



Name: Mr. Sanjay Sharma

About Us

Dr. Reddy's Laboratories Limited is an integrated pharmaceutical company, committed to providing affordable and innovative medicines for healthier lives. We are a patient-centric organization and leverage our experience and expertise to accelerate access to high-quality and affordable medicines.



Our Promises

We are driven by the purpose of accelerating access to affordable and innovative medicines and live by the promises we make, by fulfilling customer requirements and our commitments. Our promises are listed below:



Our Key Businesses

We utilize our strengths of advanced product development skills and understanding of compliance requirements, intellectual property rights and global quality standards to develop top-notch medicines. Our robust supply-chain and innovation-led cost competitiveness helps us to be one of the leading manufacturers of Active Pharmaceutical Ingredients (APIs) and Global Generics (GG).

Pharmaceutical Services and Active Ingredients (PSAI)



As part of our API business, we partner with several leading generic formulator companies in bringing their molecules first to the market. Our API development efforts also enable cost competitiveness in our own generic medication business.

Our Pharmaceutical Services business is one of the largest in India. We offer the entire suite of services, from product development to manufacturing, to the innovator companies, ensuring lesser time to market, and support lifecycle management.

Global Generics



We offer more than 200 high-quality generic drugs, keeping costs reasonable by leveraging our integrated operations.

- **Over the counter**
Apart from prescribed medicines, we develop products that are available without a doctor's prescription. These important OTC medications reach a much broader population.
- **Biosimilars**
Our biosimilars portfolio comprises affordable yet high-quality and innovative versions of originator products. We have four products commercialized in various markets and an industry-leading development pipeline focusing on oncology and auto-immune diseases.

Proprietary Products and Others



Our Proprietary Products business focuses on developing differentiated formulations that present significantly enhanced benefits and resolve unmet patient needs.

For more details on our key product segments and therapeutic areas, please refer to our website - www.drreddys.com

Our Footprint

We have manufacturing, sales and marketing operations across 25 countries, with 10 R&D facilities and 25 manufacturing units. Our major manufacturing plants are located in India (Hyderabad, Vishakhapatnam and Baddi), the US (Middleburg, Bristol and Shreveport), the UK (Mirfield, Beverley) and Mexico (Cuernavaca).

Our major markets include the US, India, Russia and Commonwealth of Independent States (CIS) regions and Europe. At the same time, we ensure our products are accessible in some of the markets where availability to desirable healthcare and medicines is still a challenge. These markets include South Africa, Australia, Jamaica, New Zealand, Brazil, China and the Association of South East Asian Nations (ASEAN).

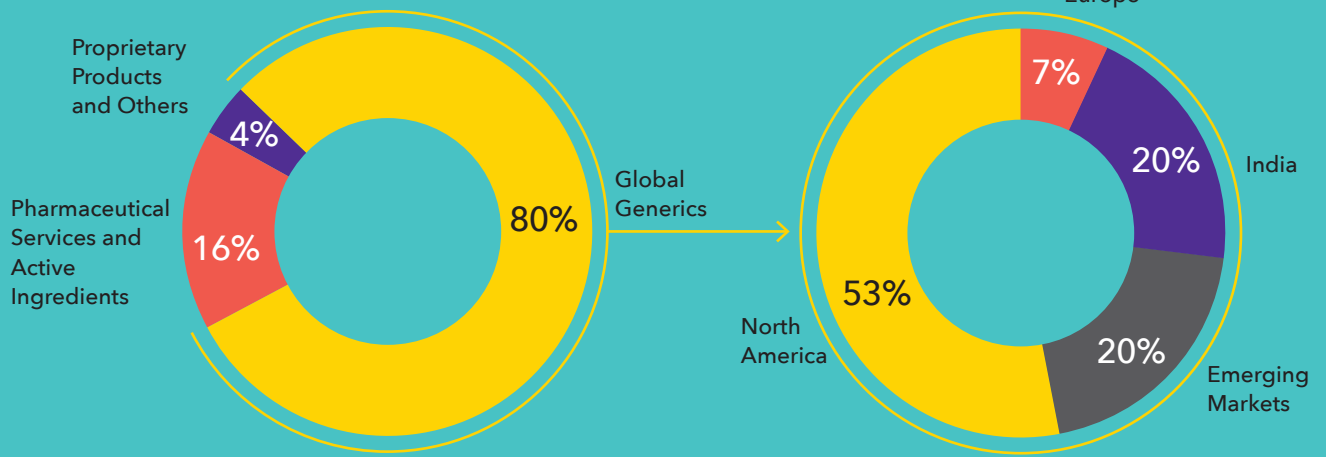


Global Presence

-  Sales & Marketing Offices
-  R&D Centers
-  Headquarters
-  Manufacturing Facilities

Segment-wise Revenues for FY2018 (in %)

Global Generics Region-wise Break-up



CEO's Message



Dear Stakeholders,

The need for access to better healthcare is greater today than ever before. Patients require innovative and affordable medicines. They are also looking for services and solutions that go beyond medicines and help them manage their disease better.

Over the past three decades, Dr. Reddy's has constantly challenged itself to meet the rapidly changing healthcare expectations around the globe. Across 80 countries, millions of patients have benefited from our medicines and count on Dr. Reddy's to keep them in "Good Health."

We are committed to accelerating access to affordable and innovative medicines because we believe that "Good Health Can't Wait."

This purpose represents all that we have stood for over the years, while also providing context for our future direction. Our business strategy and operating priorities are carefully chosen to enable us to deliver the maximum positive impact on the lives of patients around the world.

From our origins in deep science and a global workforce that believes in always doing what is right, Dr. Reddy's is characterized by the values our people live by:

- Integrity and Transparency
- Safety
- Quality
- Productivity
- Respect for the Individual
- Collaboration and Teamwork
- Sustainability

The Sustainability Imperative

At Dr. Reddy's, achieving our business goals while creating a positive impact on the environment and the community that we are a part of is a responsibility we take very seriously. Our sustainability efforts create lasting value for all our stakeholders - shareholders, employees, partners and society - without a trade-off on their mutual or individual interests. We approach this objective by making ourselves accountable for the Triple Ps - Planet. People. Profits.

Planet

The processes that we deploy focus on eliminating waste and conserving natural resources such as energy and water. We work with the best expertise available to implement systems for recycling, zero discharge of effluent and zero waste to landfill. To drive environmental conservation, we have set ourselves six key performance targets to achieve by 2020, keeping 2010 as our base year:

40% reduction in specific consumption of energy:

Our consumption has come down by 16% and stands at 37.6 GJ/ ₹ million sales as of FY2018.

25% share of renewable energy in total consumption:

This has increased from a zero base in FY2010 to 8% in FY2018.

40% reduction in specific water consumption:

We are ahead of target here, having achieved a 58% reduction by FY2018 itself. Our current consumption stands at 13.6 KL/ ₹ million sales.

Become a water-neutral company: As of FY2018, water is recharged through structures by 46% of the total freshwater consumed at sites.

40% reduction in specific generation of hazardous waste:

We have gone past this key performance target as well. Our hazardous waste generation stands at 0.19 metric tons/ ₹ million sales, a reduction of 47%.

40% reduction in hazardous waste sent to landfill:

We have achieved 82% reduction as of FY2018 and are now targeting to be a 'zero waste to landfill' company by 2020.

The full details of progress on these goals are available on Page 63-65 of this Report.

People

At the heart of Dr. Reddy's people practices lies a leadership philosophy that inspires each person in the organization to be the best that he or she can be.

We are investing in talent from diverse backgrounds and cultures who are continuously seeking to learn and improve and are committed to our purpose of delivering affordable and innovative healthcare.

In FY2018, we won the Bengt Lindquist Inclusive Employer Award and the CII - Indian Women Network (IWN) Award for gender parity. We were also the only pharmaceutical company globally and the only Indian company to be featured in the Bloomberg Gender Index.

Profits

Profitability is a natural outcome of doing all the above right! To deliver shareholder value, we manage risks responsibly, engage in prudent fiscal management and ensure sustained investment in research. This positions us for future growth.

We have consistently invested more than 10% of our revenues in R&D. To put this in perspective, during FY2018, we filed 20 Abbreviated New Drug Applications (ANDAs) with the US FDA and as of 31 March 2018, we have 110 generic filings pending for approval with the US FDA.

We operate on a lean philosophy and have identified several areas for creating leaner and flexible structures across the organization. Our efforts have begun yielding results and our operating expenditure in FY2018 has come down as compared to the previous year.

Operational Excellence

A culture of excellence is essential to drive sustainable business operations. At Dr. Reddy's, our Operational Excellence framework for manufacturing is based on the eight pillars of People, Safety, Quality, Availability, Productivity, Engineering Excellence, Environment & Community and Continuous Improvement. We drive improvement across these pillars simultaneously to achieve excellence.

In several other areas too, we have established well-defined processes as well as Key Performance Indicators (KPIs) and extensively use digitalization to achieve and sustain excellence in them.

Corporate Governance

At Dr. Reddy's, we are committed to high ethical standards in our operations and our behavior. Our Board of Directors consist of leaders from diverse fields and our Board processes are designed to ensure robust discussion and oversight. We go beyond the statute to implement good governance practices and leverage the expertise of our Board.

We have adopted a Code of Business Conduct and Ethics (COBE), which applies to every employee, regardless of their level or position, and lays down the principles that guide our conduct. Our success and reputation depend on the trust our stakeholders place in us. COBE helps us to build and sustain that trust.

We have also defined seven principles to guide our actions in securing a sustainable future growth for Dr. Reddy's:

- Aspire for market leadership in every business segment we choose to compete in
- Collaborate across functional, geographic and business boundaries to deliver value
- Ensure transparency and accountability for sustainable high performance
- Build cost competitiveness for sustainable advantage
- Take decisions rapidly
- Build excellence in delivery
- Invest in developing the next generation of leaders

Conclusion

The healthcare industry is transforming rapidly and we are preparing for this change. We are driven by the belief that Good Health Can't Wait. In the pursuit of this belief, we will continue to innovate and develop products and services, always keeping the patient at the center of our actions.

Our purpose, values and principles have brought us this far. They will continue to be our strength, identity and the reasons for our success.

Yours sincerely,

G V Prasad
Co-chairman and CEO

Our Value Creation Model

Our five promises clarify what we do, what we offer and the commitments we make to our stakeholders.

Bringing expensive medicines within reach

Addressing unmet patient needs

● Capitals

Financial Capital

- ₹8,894 million invested for manufacturing, R&D facilities and other assets
- ₹3,788 million invested for contractual commitments

Manufactured Capital

- Right quality raw materials sourced from approved suppliers (more details on Page 32-37)
- 25 world-class manufacturing facilities with latest technologies
- External manufacturing network, comprising 60 external manufacturers

Intellectual Capital

- R&D expenses for FY2018 were ₹18,265 million, or 12.9% of revenue
- Around 1,200 scientists engaged in R&D activities

Human Capital

- 4,264 new recruits in FY2018
- 22,981 employees worldwide
- ₹160 million+ spent on employee training and development

Social and Relationship Capital

- Community care programs in the realms of education, health, livelihood generation, rural development and capacity development
- 5,220 employee volunteering hours
- Enduring supplier relationship with a network of 900+ suppliers and distributors
- Adhering to the applicable regulations and norms

Natural Capital

- 1.68 million KL water consumed
- 4.64 million GJ energy consumed
- ₹249.34 million invested in energy conservation projects

● Key Inputs

● Business Processes

Salient features of our business processes are:

- Investing in R&D to meet the unmet needs of patients
- Developing product pipeline that is aligned to major therapeutic focus areas
- Creating world-class manufacturing infrastructure
- Setting up a robust supply and distribution network
- Focusing on Continuous Improvement (CI) projects to optimize use of resources
- Developing and maintaining of efficient and compliant regulatory, pharmacovigilance systems
- Handling products as per label requirement in the distribution chain
- Collaborating with different institutions to facilitate accessibility and enable affordability

Growth Enablers

Industry know-how and consistent focus on innovation

State-of-the-art manufacturing sites

Helping patients manage disease better

Working with partners to help them succeed

Enabling and helping our partners ensure that our medicines are available where needed

● Outputs

Revenue
₹142 billion

EBITDA
₹24.1 billion

150+
API products

200+
Branded high-quality generic drugs

4
Biosimilars launched

Extensive pipeline of differentiated formulations that present enhanced benefits

→ Please refer Page 5-6 of the Annual Report for details

● Outcomes

- 1% increase in consolidated revenue over FY2017
- Strong cash generation enabling reinvestment into the business - total cash reserves of ₹2,542 million

- We implement Global Manufacturing Practices (GMP) at all our manufacturing facilities
- Achieving greater efficiency with reduced cycle time, reduced solvent consumption and smaller footprint with continuous manufacturing process

- We filed 19 new ANDAs and one NDA.
- A total of 139 new products launched in different markets

- Our employee engagement scores are among the top quartile globally
- Recognized by sector-neutral Bloomberg Gender-Equality Index I

- 2.7 million CSR beneficiaries
- 38 suppliers/ external manufactures audited on Sustainability aspects
- Approval granted to sell our products in 25 countries

- 91% hazardous waste co-processed and recycled
- 0.97 million KL waste water recycled
- 46% of our total freshwater consumption harvested through rain water harvesting and reuse*
- Saved ₹314 million through energy conservation projects and avoided GHG emission by 45,497 TCO₂ eq.
- 8% share of renewable energy in total energy mix

* This value considers rain water harvesting and recharge quantity at four of our India locations following the theoretical approach. Rainfall data is sourced from IMD database and runoff coefficients as applicable to the type of soil/ surface area/ drainage have been sourced from published literature.

Talent development and retention

Robust R&D capabilities and quality assurances

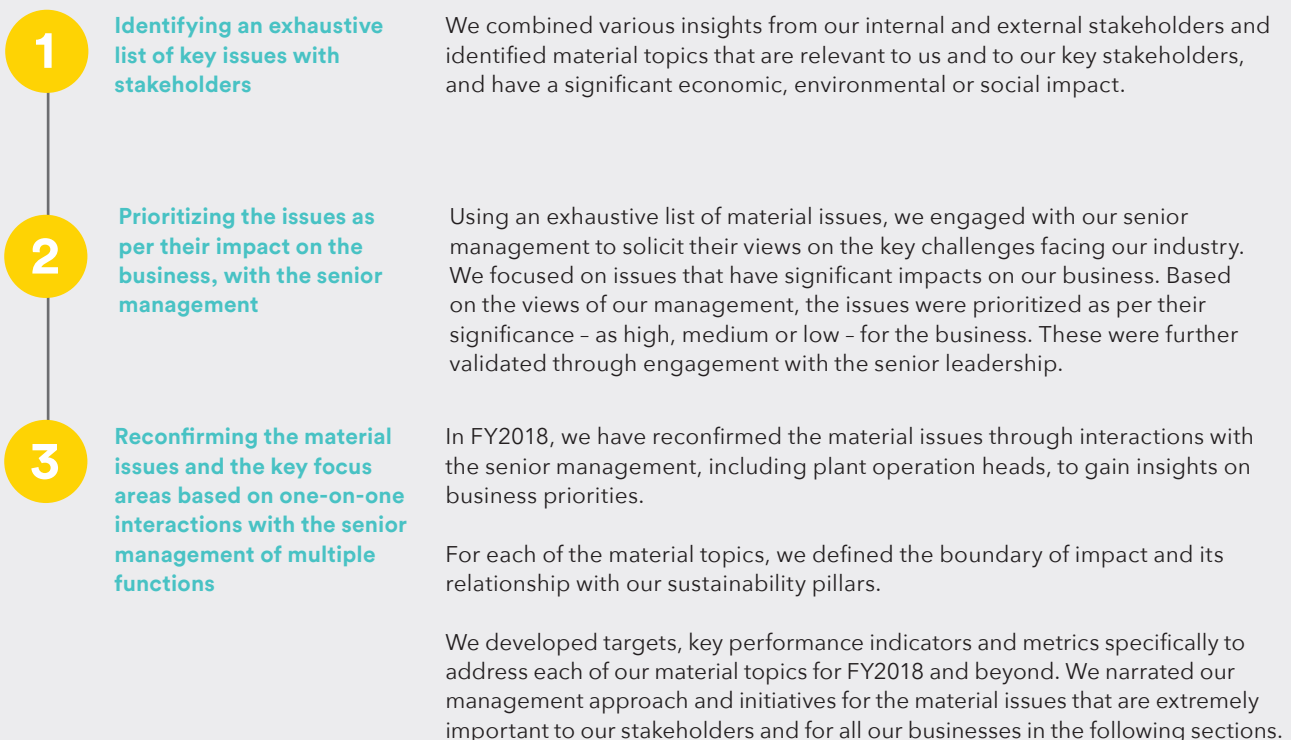
Robust risk management

Material Matters

We believe that it is important for us to identify our material issues that impact our value-creation process and matter the most to our stakeholders as well. The process through which we identify our material issues involves identifying and prioritizing issues according to the expectations of Dr. Reddy's stakeholders and then assessing their impacts on Dr. Reddy's value-creation activities. Our methodology for materiality assessment is aligned with internationally recognized sustainability standards.

Materiality Review Process

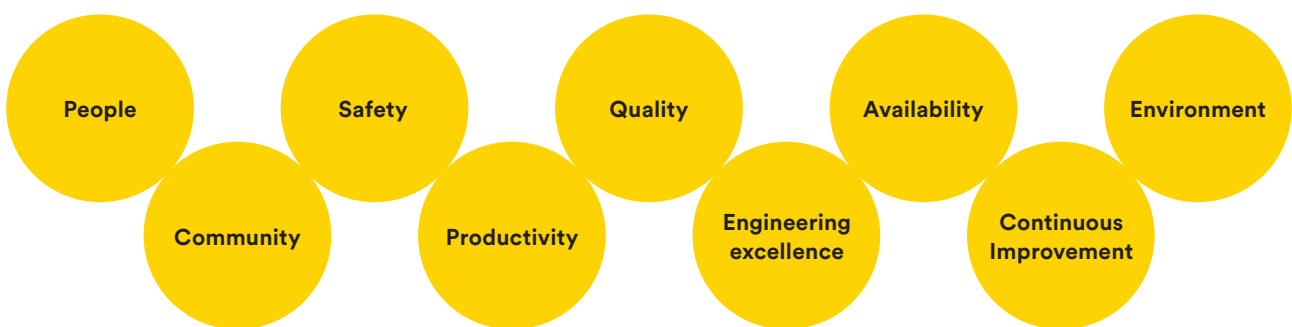
We review our material issues every year to ensure that our preparation for different risks and opportunities is timely and we strategically prioritize our activities.



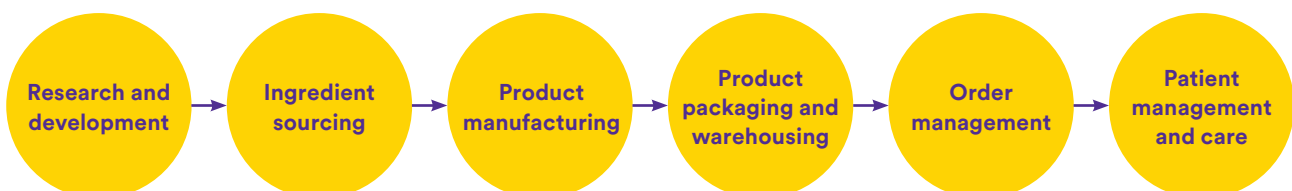
Materiality Issues

Material Topic	Relation to Our Sustainability Pillar	Internal Boundary	External Boundary
Affordable and Innovative Medicines AM: Affordable medicines INT: Investment in new technologies PI: Product innovation DC: Development of complex molecules	Availability, Community, Continuous Improvement, Engineering Excellence	Product manufacturing R&D	Ingredient sourcing Patient management and care
Product Responsibility PS: Product safety and quality	Continuous Improvement, Quality, Safety, Productivity	R&D Product manufacturing	Ingredient sourcing Product packaging and warehousing Order management Patient management and care
Sustainable Sourcing RP: Reduction in packaging material footprint SS: Sustainable sourcing	Quality, Safety	Product manufacturing	Ingredient sourcing Product packaging and warehousing
Environmental Management and Climate Change EC: Environmental compliance RC: Resource consumption RP: Reduction in packaging material footprint	Continuous Improvement, Environment, Productivity, Community	Product manufacturing	Ingredient sourcing Product packaging and warehousing
Being an Employer of Choice OHS: Occupational health and safety	Safety, People	Product manufacturing	Ingredient sourcing
Caring for Communities Cle: Community involvement, engagement and satisfaction	Community, Environment	Product manufacturing	Patient care and management

Pillars of Sustainable Operations



Our Value Chain




Stakeholder Engagement

At Dr. Reddy's, we are responsible towards our stakeholders and engaging with them is of paramount importance to our business. Therefore, we acknowledge their diversity. Whether it be our suppliers and external manufacturers who help us manufacture our products, the customers or patients whose medical needs are met by our products and services or the shareholders or our own employees, we ensure that we engage with each of these crucial stakeholder groups at regular intervals.


Stakeholder engagement occurs across different functions and levels of the Company, from employees at our manufacturing sites to the senior management in our business segments and functional departments.

Through engagement with different stakeholder groups, we identify the issues that matter most to them and the value the organization creates for each stakeholder group.


Employees

Method of Engagement	Value Created	Priority Issues
<ul style="list-style-type: none"> • Organization Health Index • In-house publications: Around Dr. Reddy's (monthly) Elixir (quarterly) • Intranet (round-the-year) • Chief Executive Officer (CEO) and Chief Operating Officer (COO) Communications (quarterly) • 360° feedback • Celebrations • Sustainability programs focused interviews and focus groups • Circulation of the Sustainability Report • Employee satisfaction surveys • Team building workshops • Capacity building and training • Grievance redressal mechanisms 	<p>Engagement is fostered through regular interactions between our Group managers and our permanent as well as contractual employees. More specifically, we conduct various programs to develop the skill sets and talent of our employees. We also concentrate on employee welfare by gauging employee expectations by interacting with various employee representative bodies at all our locations.</p> <p> More details on Page 38-47</p>	<ul style="list-style-type: none"> • Occupational health and safety • Career planning and development • Market-based compensation, benefits and amenities • Employee welfare • Collective bargaining/freedom of association • Diversity at workplace (gender, ethnicity and disability) • Contract labor management practices • Sustainability performance, especially environment, health and safety • Training and capacity building • Code of conduct and corporate policies


Suppliers/Business Partners

Method of Engagement	Value Created	Priority Issues
<ul style="list-style-type: none"> • Face-to-face interactions • Supplier and vendor meets • Strategic business partner training and development • Carrying and forwarding agent meets • Supplier audit programs and interviews • Supplier/vendor awards 	<p>For us, quality begins with sourcing the right raw materials. Moreover, to ensure quality and compliance with applicable environmental, social and governance standards, we engage closely with our suppliers for audits, training and knowledge exchange.</p> <p> More details on Page 32-37</p>	<ul style="list-style-type: none"> • Economic growth • Business ethics • Transparency • Status of compliance • Training and development of partners and suppliers • Environmental footprint of operations • Social accountability • Long-term sustainability targets and goals • New initiatives and campaigns • Industry best practices


Investors/Shareholders

Method of Engagement	Value Created	Priority Issues
<ul style="list-style-type: none"> • Investor and analyst meets • Presentations at industry forums • Circulation of the Annual Report and Sustainability Report • Communicating financial results to shareholders through email • All official news releases and presentations made to institutional investors and analysts are posted on the corporate website • Quarterly and annual results are published in widely circulated national newspapers and also disseminated internationally through Business Wire • Earning calls with analysts and investors 	<p>We are striving to maintain profitability with cost management efforts for better efficiency and sustainable growth.</p> <p> http://www.drreddys.com/investors/investor-services/investor-meeting-details/</p>	<ul style="list-style-type: none"> • Economic performance • Sustainable wealth creation • Risk management • Responsible investment practices • Sustainability reporting and disclosures • Investments in new products and processes • Transparency and disclosure of performance

Communities and NGOs

Method of Engagement	Value Created	Priority Issues
<ul style="list-style-type: none"> • Direct engagement at facility • Dedicated Corporate Social Responsibility (CSR) team • CSR initiatives and healthcare projects • Visits and camps • Dr. Reddy's Foundation (DRF) - creating sustainable livelihoods 	<p>We believe in developing and steering long-term relationships with our local stakeholders across the globe. Through our varied CSR projects as well as our healthcare services, we facilitate access to healthcare and we also invest in enabling affordability of healthcare.</p> <p> More details on Page 48-55</p>	<ul style="list-style-type: none"> • Infrastructure development • Education and healthcare • Environmental protection • Employment opportunities and employability • Human rights • Environmental footprint of operations

Patients/Customers/Healthcare Professionals

Method of Engagement	Value Created	Priority Issues
<ul style="list-style-type: none"> • Dr. Reddy's Foundation for Health Education (DRFHE) meets • Mobile Medical Van - life at your doorstep • Living Well programs in association with Art of Living • Sparsh, Liv Positive and CHEER 	<p>Our strategy is devised with the key principle of being customer-centric. We constantly strive to provide our customers added value and competitive solutions that are tailored for and cater to the present and future demands of our customers' end users. At every stage of manufacturing, we prioritize patient safety. At the same time, we aim to assist patients through various programs that meet their specific needs.</p> <p> More details on Page 26-31</p>	<ul style="list-style-type: none"> • Affordable medicines and patient safety initiatives • Access to healthcare • Emergency medicines • Cure of difficult diseases

Our Strategy and Approach

Our Focus Area

● Underserved Markets – Emerging Markets

● Affordable Branded Generics

Strategic Priority

We operate within the emerging markets, which are home to around 85% of the world's population - 6 billion people. We are determined to make an impact on this large population. Our strategy for growth in the emerging markets is to focus on oncology, GI, cardiovascular, anti-diabetes, allergy, gynecology and pain management and expand into the similars segment as well.

In line with our purpose, our aspiration is to be among the top Branded Generics (BGx) players in the markets where we operate. While maintaining our leadership position in these markets, we aim to improve our market share in our focus brands and core TAs.

Progress

- During the year, we entered Brazil, Turkey and Algeria and scaled up our business in Columbia.
- We have grown well in the China market and expect it to be a relatively high growth market in the next few years
- We have entered emerging markets while laying a strong foundation to enter new markets in the upcoming years.

- We have gained significant market share in certain products such as Metoprolol, Omeprazole and Sirolimus in North America.
- We have launched multiple new products in Germany and the UK and also started making inroads into some new countries such as France, Italy and Spain.
- We launched five First Generic to Launch (FTGL) products in the Brazilian market and increased the overall access to quality and affordable medication by two to three times.
- Oncology is one of the key TAs. In this area, we have developed 12 molecules across 14 cancer types and are present in more than 25 countries with more than 100 filings.
- Brands such as Ibuclin, Femibion and Razo in Russia have shown considerable improvement in their ranks over the years in terms of units sold and the value garnered.

Sales, Marketing and Commercial Excellence in Global Generics Indian Business

We will continue to focus on the growth for Global Generics (GG) India. We aim to drive this business through sales excellence with strong focus on capability building, marketing excellence and new launches and commercial excellence. Simultaneously, we aim to focus on our key TAs and big brands, along with the scaling up our new product launches.

- We have had some big launches (through in-licensing deals) this year and we have launched 6-7 brands in the first wave of BGx launches.
- Progressing on the core areas of customer and patient centricity, we have made significant efforts to create impact through Purple Health programs. Purple Packs have improved the performance of more than 70% of the enabled brands. We have achieved substantial scale with Purple Packs (15% of GG-India sales). The diabetes brand, Glimy - where the entire communication story was on Purple Pack innovation - showed 5% more growth in FY2017 versus FY2018 despite static market conditions. The Purple Pack program covers 25 brands, 75,000+ doctors and 20 million patients.


Strategic Partnerships

We will strengthen the local manufacturing initiatives through strategic partnerships in key markets. The launch of several biosimilars and small molecules is likely to garner strong growth in meaningful markets in the coming years. We are fostering successful partnerships to ensure that we leverage the strengths of our partners and cater to the unmet needs of patients by providing them affordable medicines.

- We have tied up with a local Onco Injectable facility to contract manufacture the products for accessing Russia's oncology market.
- On our journey of fulfilling our promise to make innovative medicines accessible to Indian patients, we entered into a strategic alliance with one of the world's leading biopharmaceutical company. Through this alliance, we have made innovative medicines such as Prolia® (denosumab), Repatha®(evolucumab), Vectibix®(panitumumab), Kyprolis®(carfilzomib) and Xgeva®(denosumab) available to Indian patients.
- We collaborated with Aurigene, a wholly owned subsidiary of Curis Inc., to develop and commercialize small molecule antagonists for immuno-oncology and precision oncology targets.
- We entered into an agreement with the biosimilars division of Merck KGaA, Darmstadt, Germany, formerly known as Merck Serono, to co-develop a portfolio of biosimilar compounds in oncology, primarily focused on monoclonal antibodies.

Integrating Sustainability

We aim to integrate sustainability in all aspects of the business value-creation process, including product development, manufacturing operations, product stewardship, patient engagement and sustainable community relations. At the same time, we aim to be identified as the most desirable employer in our markets.

- An employee engagement score of 88.8% was achieved during FY2018.
 - Volunteering activities under the Dr. K Anji Reddy Spirit of Giving initiatives saw Dr. Reddy's employees engaged in diverse projects. These include, making learning fun in Government schools, cheering up the residents of old age homes, providing nutritious meals to the poor and tree plantation.
 - We have spent ₹328 million for CSR-related projects during the year.
 - By implementing 197 energy saving projects across our operations, we have realized 207,786 GJ savings in our total energy consumption.
 - To attain water neutrality by 2020, we initiated one pioneering project on water shed management in one our lands at Budhera, Hyderabad. This project has helped us in increasing our rain water harvesting capacity from 44% to 46% during the year.
-  **More details on Page 16-17**
- We have co-processed/ recycled 91% of our total hazardous waste during FY2018.

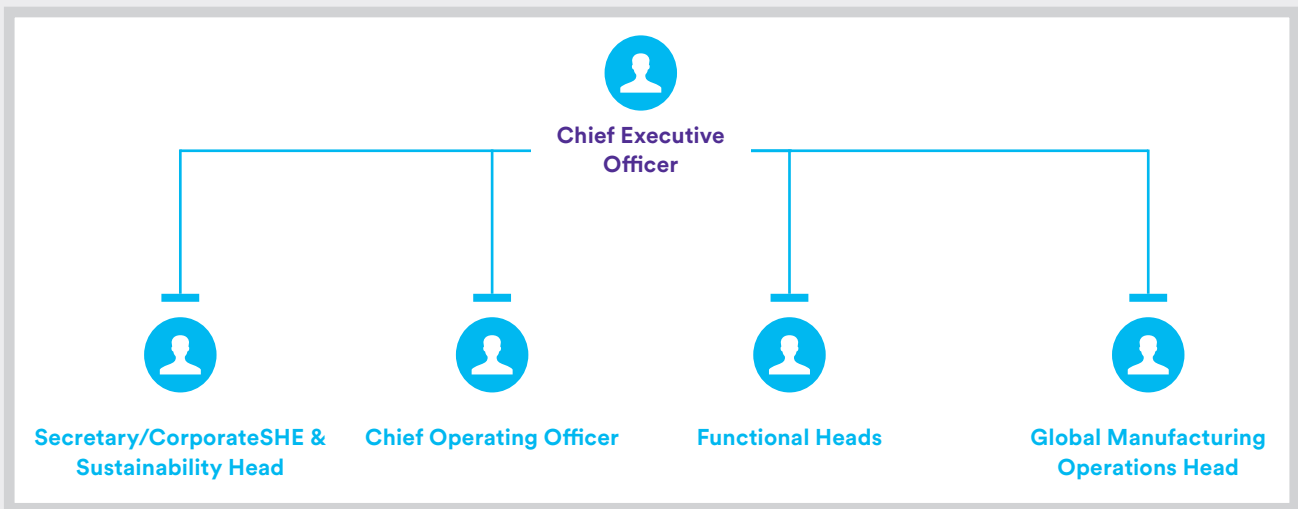
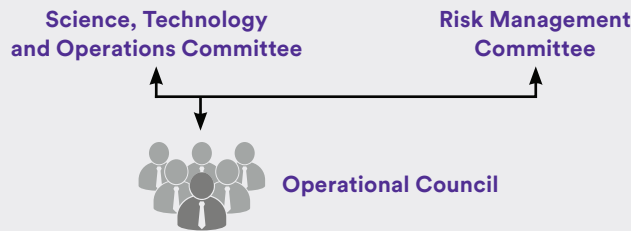
Integrating Sustainability

In the process of meeting our strategic priorities, we engage with various stakeholders and address the different material issues. Further, we also contribute to the SDGs that we believe are material to us.

Sustainability is at the core of our business strategy and is driven by our leadership through the organization. Our Board bears the overall responsibility for the implementation of our sustainability strategy. The Operational Council (OC), comprising our Chief Executive Officer, Corporate SHE & Sustainability Head and Global Manufacturing Operations Head, supports the implementation and progress of our sustainability strategy.

The OC also revises the strategy based on the findings of material and emerging issues and opportunities. The Council is further supported by individual Business Unit (BU) operations heads and subject matter experts as and when required. The governance structure presented below also lists the primary objectives of our OC and the overall governance structure we follow for our "Sustainable Operations."

Our "Sustainable Operations": Governance Structure



Institutionalize the eight blocks of sustainable operations across all the BUs for continuous improvement

Design and institutionalize specific initiatives (including cross implementation of successful projects in specific BUs) in the operations workspace

Drive functional accountability of operations team on agreed KPI is on operations excellence

Explore options of executing Company-wide operations initiatives that will build a sustainable competitive advantage for Dr. Reddy's

Define and drive the various sustainability interventions and external commitments

Serve as a platform for sharing IT practices across the BUs and work towards standardization of the practices

Sharing of best practices (internal/external, pharma and non-pharma) and facilitating the transfer of learnings







Integrate the safety and quality transformation initiatives at the corporate level to drive their synergies with the other pillars

Material Issues	Sustainability Pillars	Our Actions in these Focus Areas Address the Material Issues	Relevant GRI Standard Topic	SDGs Linked	Key Capitals Impacted to Address the Relevant Material Issues
Affordable and innovative medicine	<ul style="list-style-type: none"> Availability Community Continuous improvement Engineering excellence 	<ul style="list-style-type: none"> Underserved markets - Emerging markets Affordable BGx 	<ul style="list-style-type: none"> Economic performance Indirect economic impacts 	 	   
Environment management and climate change	<ul style="list-style-type: none"> Continuous improvement Environment Productivity Community 	<ul style="list-style-type: none"> Integrating sustainability 	<ul style="list-style-type: none"> Energy Water Emissions Effluent and wastes Materials 	   	  
Being an employer of choice	<ul style="list-style-type: none"> Safety People 	<ul style="list-style-type: none"> People practices Integrating sustainability 	<ul style="list-style-type: none"> Employment Anti-corruption Occupational health and safety Training and education Diversity and equal opportunity Labor or management relations 	  	 
Product responsibility	<ul style="list-style-type: none"> Continuous improvement Quality Safety Productivity 	<ul style="list-style-type: none"> Underserved markets - Emerging markets Affordable BGx Integrating sustainability 	<ul style="list-style-type: none"> Customer health and safety 	 	   
Sustainable sourcing	<ul style="list-style-type: none"> Quality Safety 	<ul style="list-style-type: none"> Integrating sustainability 	<ul style="list-style-type: none"> Procurement practices Supplier environmental assessment 	 	  
Caring for communities	<ul style="list-style-type: none"> Community Environment 	<ul style="list-style-type: none"> Integrating sustainability 	<ul style="list-style-type: none"> Local communities Indirect economic impacts 	  	 

Sustainable Development Goals (SDGs)

 No Poverty	 Affordable and Clean Energy
 Good Health and Well-being	 Reduced Inequalities
 Quality Education	 Clean Water and Sanitation
 Gender Equality	 Responsible Consumption and Production
 Decent Work and Economic Growth	 Climate Action
 Industry, Innovation and Infrastructure	

Key Capitals

 Intellectual	 Natural
 Financial	 Human
 Manufactured	 Social and Relationship

Risks and Opportunities

Our Risks

We reckon that our business is exposed to various risks presented by our external environment as well as the internal factors. Our approach to long-term value creation is based on not only mitigating the short-to long-term risks, but it is also about getting prepared and capitalizing the opportunities presented by the external environment.

● Compliance Risks

Context

If we fail to comply fully with government regulations or fail to maintain continuing regulatory oversight applicable to our R&D activities or if a regulatory agency amends or withdraws existing approvals to market our products, it may delay or prevent us from developing or manufacturing our products.

Capitals Impacted



Mitigation Action

We are constantly developing improved practices for our R&D and manufacturing processes. We abide by the best quality practices in the industry and quality management systems are implemented in a manner designed to satisfy the different types of regulatory audits.

● Industry Risks

Concentration of sales to certain customers increases our credit risks. Consolidation among distributors and pharmaceutical companies could also increase this risk and adversely impact our business prospects.



In order to reduce our risk exposure in the rapidly changing distribution networks, we are aiming to broad base our customer network and reduce our dependence on a select few distributors and customers.

● Legislative Risks

In case there are changes in trade agreements and pharmaceutical companies are successful in limiting the use of generics through their legislative, regulatory and other efforts, sales of our generic products may be adversely impacted.



We are increasingly vigilant of the changes in the market and are concentrating on reducing the cycle time required from the R&D stage to the marketing stage of a new generic. This helps us stay ahead of other pharmaceutical companies that are trying to introduce "next-generation" products prior to the expiration of market exclusivity of generic products. At the same time, we are concentrating on branded generics to build our exclusivity.

Key Capitals



Intellectual



Natural



Manufactured



Financial



Human



Social and Relationship

R&D Uncertainty

The R&D efforts invested in our differentiated formulations pipeline may not achieve the expected results.



We are increasingly investing significant resources to develop differentiated products, both through our own efforts and through collaborations, in-licensing and acquisition of products from or with third parties. We are collaborating with third-party partners and contract research organizations that have the capability to handle complex technologies and products. From time to time, we also acquire in-process R&D assets, which require significant resources and expenses to continue to develop, both through our own efforts and through collaborations.

Pricing Risks

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



Going by the very objective of our business, we are focused on affordability of our medicines, while working on cost management of our operations. Along with this, we are also enhancing our focus on marketing efforts to ensure consistent demand of our products.

Environmental Laws and Regulation

We are subject to significant national and state environmental laws and regulations that govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations in our facilities.



We adhere to the precautionary principle and take measures to minimize our impacts, going beyond the stipulated regulations. We ensure that our environment management systems abide by the applicable laws of the region where we operate. We not only meet the regulatory requirement, but also aspire to achieve industry benchmarks on many environmental aspects, including energy conservation, GHG abatement, hazardous waste management and water management.

Risks and Opportunities

● Product Quality Risks

Context

We may be susceptible to significant product liability claims that are not covered by insurance. Class action lawsuits could expose us to significant liabilities, result in negative publicity, harm our reputation and have a material adverse effect on the price of our American Depositary Shares (ADSs).

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

Capitals Impacted



Mitigation Action

By maintaining Global Manufacturing Practices (GMP) and ensuring implementation of quality management systems at every stage of the value chain, we relentlessly try to meet the right product quality standards, as prescribed by the relevant regulatory authorities such as the US FDA.

At the same time, we are part of various advocacy and consumer awareness initiatives that address the issue of counterfeit drugs.

● Political and Economic Instability

We have operations in certain countries susceptible to political and economic instability that could lead to disruption or other adverse impacts upon our business.



We monitor significant political, legal, regulatory and economic developments in the regions where we operate and attempt to mitigate our exposure where possible. We invest in hedging options to safeguard our business from fluctuating exchange rates. At the same time, strengthening our balance sheet is significant for us to counter the fluctuations.

● Information Security Risks

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



By adopting the best of digital technology and safeguard measures, we ensure that the data privacy and security of our customers are not compromised. Data integrity, confidentiality and data privacy requirements are incorporated into our legal contracts. We have invested heavily in the protection of data and information technology to prevent these risks.

Our Opportunities

Our success depends on our ability to successfully develop and commercialize new pharmaceutical products. With that, we are not only meeting the requirement of accessibility and affordability, but are also ensuring that our generics business is not affected by the faster movement and development of pharmaceutical products by our competitors.

● New Customer Engagement Model

We are focusing on a new consumer engagement model using systematic digital intervention. This can be a significant growth driver, helping us to meet several unmet needs in the market. Hence, we are focusing on therapy adoption and treatment adherence by patients.

● Supply Chain Management

With a renewed focus on marketing initiatives, we are strengthening channel management capabilities

and resources. This, in turn, ensures accessibility and availability, which are key differentiators for us.

● Strategic Partnerships

To consolidate our position in the relevant developed and emerging markets, we are exploring strategic partnering with other significant players in the healthcare space. Focusing on developing our in-house capabilities and R&D expertise, we are working toward retaining and attracting qualified personnel.

● Technology

While adhering to the traditional lean applications, we continue to drive efficiencies and advances in the availability of data, disruptions in computational power and advanced analytics. All these will allow us to uncover new opportunities for performance improvements.

Policy Advocacy

As a global player in the generics business, we believe we can play a significant role as an influential voice in the pharmaceutical industry to make healthcare more accessible and affordable. We represent ourselves in various leading capacities across national and international industry forums. We play an active role in advocating the significant impact pharmaceutical companies may have in improving access to healthcare and making healthcare affordable in emerging markets.

Memberships/Associations

● Chamber of Commerce and Industries (CCI)

● Life Sciences Skill Development Council of India

● National Council of the Confederation of Indian Industry (CII)

● Indian Pharmaceutical Alliance (IPA)

● Board of Trade, Ministry of Commerce, Government of India

● India-Russia CEO Council of CII

● India-Spain CEO Forum for Economic Expansion

● India-Indonesia CEO Forum Alliance (IPA)

Making Healthcare Accessible

Over 70 years ago, the World Health Organization (WHO) acknowledged that “the enjoyment of the highest attainable standard of health is one of the fundamental rights of every human being without distinction of race, religion, political belief, economic or social condition.”





Although significant progress has been made in the healthcare industry, challenges faced in the sector continue to evolve with time. The need of the hour is to develop a deeper cooperation among stakeholders, combined with a greater understanding of the ground realities. While governments remain key factors in fulfilling critical gaps in access and affordability, pharmaceutical organizations can play a crucial role in supplementing and strengthening the governments' efforts.

Capitals Impacted	Financial, Manufactured, and Social and Relationship
Material Issues	Affordable and Innovative Medicine

'Access to healthcare' is more than delivering the right drugs and products to patients. It also includes offering choices that are both accessible and affordable. At Dr. Reddy's, identifying diseases and incidences helps us discern and prioritize region-wise healthcare needs. Our explicit objective is to develop, implement and increase access to medicine where it is needed.

We adopt a wide variety of innovative approaches that generate lasting outcomes. We work with various stakeholder groups to find affordable alternatives, facilitating market access and availability of high-quality medicines. Our best-in-class manufacturing practices and robust supply chain reinforce our commitments to our patients worldwide.

We currently offer more than 200 branded generic drugs in 25 countries.

Focus on Improving Access to Healthcare

● Collaborations with government and non-profit agencies



Objective	To identify strategic alliances and open innovative programs that help improve access and affordability of our pharmaceutical products
Key Initiatives	<ul style="list-style-type: none"> • Sparsh - A financial assistance program that addresses the critical needs of cancer patients in India by increasing the access and affordability of medicines
Impact	<ul style="list-style-type: none"> • 3,600+ patients received access to Reditux per year • 45,000+ patients assisted through this program

● Developing infrastructure and distribution mechanism in markets where we operate



Objective	To help achieve timely access to our products, with a targeted pricing strategy
Key Initiatives	<ul style="list-style-type: none"> • Accelerating access to high-quality and affordable biosimilars • Ensuring drug availability for patients in the US
Impact	<ul style="list-style-type: none"> • Over the last 8 years, CRESP® has helped increase patient access to Darbepoetin and the drug has been administered to 75,000+ patients in India • Launched three products in the US - Ezetimibe and Simvastatin tablets, Doxorubicin Hydrochloride Liposome Injection, Sevelamer Carbonate tablets - which illustrate our commitment toward ensuring life-saving medicines are available when needed

● Shift from a product-driven approach to a patient-centric approach



Objective	To go beyond making world-class medicines and offer a holistic product experience that improves compliance with treatment, and thereby delivers good health and provides greater affordability and choice
Key Initiatives	<ul style="list-style-type: none"> • Purple pack – redesigning packaging for patient convenience
Impact	<ul style="list-style-type: none"> • The new packaging offers the following advantages to patients: <ul style="list-style-type: none"> • Stub extensions • Dosing matrix • Multi-weekly dosage packs • Color-coded stubs • Drip-free bottles • Re-designed measuring cups <p>Purple packs are available for 25 of our brands</p> <p>These innovative packs are reaching out to 75,000+ doctors and over 20 million patients across the country</p>

● Partnering institutions through licensing agreements



Objective	To help register, manufacture and distribute our products
Key Initiatives	<ul style="list-style-type: none"> • Partnered with Amgen for offering access to treatment that was not available in the areas of oncology, osteoporosis and cardiology • Collaboration agreement with Curis Inc. • Agreement with Merck Serono • Asset purchase agreement with Teva Pharmaceutical Industries Limited
Impact	<ul style="list-style-type: none"> • The REPATHA® (Evolocumab) injection, a monoclonal antibody, reduces LDL-C levels by a much wider margin in cases where statins such as Atorvastatin and Rozuvastatin simply have no effect, thus setting a new benchmark in lipid control • Denosumab, under the brand name PROLIA®, offers a relatively safer, more convenient and more efficacious alternative. Treatment is through a subcutaneous injection taken just once in six months • Denosumab, under the brand name XGEVA®, is used to treat cancer patients for whom the disease has spread to their bones. By efficiently increasing bone mass, it helps them manage their condition better and enjoy a better quality of life • Discover, develop and commercialize small molecule antagonists for immuno-oncology and precision oncology targets • Entered into a collaboration agreement to co-develop a portfolio of biosimilar compounds in oncology, primarily focused on monoclonal antibodies • Entered into a definitive purchase agreement with Teva and an affiliate of Allergan plc (Allergan) to acquire eight ANDAs in the US

● Engaging in a dialogue with healthcare professionals



Objective	To increase awareness among all stakeholder groups
Key Initiatives	<p>DRFHE touches all stakeholders in the healthcare delivery chain through its various initiatives, some of which are:</p> <ul style="list-style-type: none"> • Inner Circle - Soft skills program for young doctors • Manthan - Soft skills program for senior doctors • Abhilasha - Soft skills program for nurses • Sarathi - Soft skills program for physicians' assistants and front office • Sanjeevani - Soft skills program for pharmacists • Awareness for Life - Lifestyle disease awareness program for corporates
Impact	<ul style="list-style-type: none"> • DRFHE training and awareness programs have attained scale and impact a sizeable section of healthcare professionals and general public • 304,000 total beneficiaries

Source: DRL AR 2016-17]



Responsible Healthcare Offerings

Our patients are at the heart of everything we do. At Dr. Reddy's, we have a patient-centric approach that enables us to cater to their needs by supplying high-quality, affordable medicines. This underpins our strategy on both a global and local scale.



We work toward accelerating access to affordable medicines and addressing unmet patient needs, thereby helping patients manage their disease better, creating value for the organization and also enabling our partners succeed.

Capitals Impacted	Financial, Manufactured, Intellectual and Social and Relationship
Material Issues	Affordable and Innovative Medicine and Product Responsibility
GRI Indicators	GRI 416-2, 417-2

Our objective is realized through our rich and diverse portfolio of products at various stages: launched, filed and under-development. Of these, about 20+ assets are in the category of complex generics, which is a high-risk, high-reward space due to huge investment and lower anticipated competition. These assets include peptides, liposomes, microspheres, complex drug delivery systems, particulate suspensions, ophthalmics, topicals, inhalation and other complex technologies.

Additionally, we have invested in advanced characterization tools and added on our capabilities of complex APIs, custom-made formulation lines and complex manufacturing systems to help in our complex generics journey. We have also forayed into acquisitions and partnerships to augment our existing capability network.

Over the years, we have launched multiple complex generic products and have been able to capture a significant market share. We were the first to market many of them the Decitabine, Fondaparinux and Azacitidine injections. This enabled us to serve patients with high-quality and affordable substitutes for their prevailing treatment.

Our portfolio of complex assets delivered through timely and effective execution continues to build a strong foundation to achieve our organizational mission of "Good Health Can't Wait"!

75

Patent applications filed

Quality - A Way of Life at Dr. Reddy's

Our patient-centric approach extends to our quality policy as well. Our quality strategy is focused on ensuring reliable, compliant supply to our customers, assuring that our products are available when required.

We apply and follow a strict set of quality standards. Our policies and procedures help to identify, measure, control and sustain product-quality excellence. Moreover, we continuously strive to improve these standards to augment procedures and ensure ongoing compliance with Current Good Manufacturing Practices (CGMPs). Our colleagues receive relevant quality and CGMPs trainings to facilitate better and effective performance. We ensure all applicable employees are trained and regularly monitor the effectiveness of such trainings. Our Quality Management System (QMS) focuses on continuous improvement aimed at enhancing processes

and eliminating non-value-adding efforts in production. These efforts are primarily directed toward reducing variability in process and product quality characteristics.

We have the following four-step procedure to help decrease inconsistency in procedures and product quality characteristics:

- Adopt the Quality by Design (QbD) approach in manufacturing and clearly identify sources of variability and minimize them on an ongoing basis
- Be first-time right; identify and eliminate defects and improve efficiency
- Undertake risk-based approach to manufacturing and mitigate risks wherever they are likely to impact quality
- Develop transparency in all areas of operations and build a robust quality culture across the organization

Quality by Accountability

- Governance enhancement
- Multi-tiered reviews
- Steering quality, right from the top management
- Audit readiness
- Quality risk management
- Transparency in all areas of operations

Quality by Design (QbD)

- Statistical, analytical and risk management methodologies
- Electronic lab, environmental management and 'Six-Sigma' thinking
- QbD integration across the product development life cycle
- Continuous manufacturing

Quality Ingrained in the Culture

- Systemic Gap Assessment approach
- Infrastructure and IT enablement
- Capability building
- Standardized policies, processes and procedures
- Good Manufacturing Practice (GMP) standards

Product Responsibility

At Dr. Reddy's, we want our customers to trust the products we introduce for their high-quality, safety and effectiveness. We have set up the following rigorous processes that focus on building this trust:

1. Pharmacovigilance across the product development cycle
2. Proactive stand on product recalls

We introduced structural changes across product lifecycles to integrate quality systems in product development and manufacturing, while focusing on digitization and safety. Our focus is on embedding safety in the production process, as well as continuing to scrutinize product safety after sales.

The key aspects of our product safety assurance process include:

Product Development	<ul style="list-style-type: none"> • QbD • Pharmacovigilance: For evaluation of drug safety during clinical trials
Manufacturing	<ul style="list-style-type: none"> • Quality control and assurance, whereby stability is tested under various environmental conditions
Post Launch	<ul style="list-style-type: none"> • Post marketing surveillance • Stability testing to ensure products meet the specification for the shelf life

1. Pharmacovigilance

Through the pharmacovigilance process, we assess and address potential risks related to our drugs. The Pharmacovigilance team and Clinical Strategy Group are our key arms that ensure product safety. Our product safety standards are in line with globally recognized safety benchmarks such as the International Conference on Harmonization (ICH) guidelines and pharmacovigilance mandates.

- In the monitoring period, we were not imposed any monetary fine for non-compliance with respect to the use of our products and services.
- We make it easier for our consumers to report on Adverse Drug Reactions (ADRs) through an electronic gateway with the US FDA for submission of adverse event reports.

2. Managing Instances of Product Recalls Proactively

We monitor post-market product performance and supervise a feedback loop to continually make product improvements. We are committed to undertaking any recall issues by following the regulations of the markets/ countries impacted and using our expertise in quality management to implement the required actions. Post product recall, details are communicated to the respective regulatory authorities and identified product batches are withdrawn from the market. During FY2018, we did not have any Class 1 recalls.

Classification	Product	Reason for Recall
Class 2	Pravastatin sodium tablets 10 mg	Related substance (Impurity C) test failure at 3M stability
	Ramipril tablets	Batches released in Germany market without completing process validation
	Docetaxel injection USP 20mg/ml	Repeated market complaints of sealed top comes off

Fighting Counterfeit

Counterfeit drugs are a serious threat to our patients' health, our reputation and our patients' trust on the brand. The onus is on us to fight counterfeit drugs for our patients and our Company. Listed below are the key initiatives we have undertaken during the year to fight counterfeits in Europe market:

1. Use a unique serial number on the pack
2. Unique identifier code in human readable form and in an encrypted 2-D matrix on all secondary packages
3. Anti-tampering device included as a safety feature in the secondary packages

Approach towards Antimicrobial Resistance (AMR)

Dr. Reddy's is a prominent producer of antibiotics globally by sales volume. We have an environmental risk-management strategy that is based on a Zero-Liquid Discharge (ZLD) process at all our manufacturing sites, including sites producing antibiotics that address the issue of Anti-microbial Resistance (AMR). We are ensuring that all hazardous waste generated at our sites is being sent for co-processing, thereby making sure that we are not contributing to any downstream pollution. At the physician level, we promote our products to physicians only in the approved therapeutic indications and also emphasize on the usage of these products in the right dosage, for the right duration.

Through our disease education programs and product CMEs, we work toward educating the physicians on rational usage of the antimicrobials using the "4R" principle - Right drug in the Right dose to the Right patient for the Right duration.

For example, each year, we run a medical education program for dermatologists under the banner "Manthan". The program focuses on on rational use of antifungal agents and their role in restricting the spread of antifungal resistance, importance of patient education on using the drug in the right dose and for the right duration and the role of dermatologists in the same.

In FY2018, we conducted a national conference on Manthan, connecting with approximately 120 thought leaders in dermatology. With their help, we educated approximately 1,000 dermatologists across the country on antifungal resistance and rational use of antifungal agents through "Manthan CMEs".

Product Innovation and Green Chemistry

New Technologies Adopted

1. Single-use/ Disposable Platform for Bioreactor, Product Hold/ Solution Preparation Mixing Vessels

This is an emerging technology trend followed globally for product safety and quality (residual clearance batch) and reliability improvement. This technology was piloted and tested by adding a 1,000 L reactor in our biologics plant. Recently, we commissioned a new plant adopting this technology and also qualified it for manufacturing.

Benefits

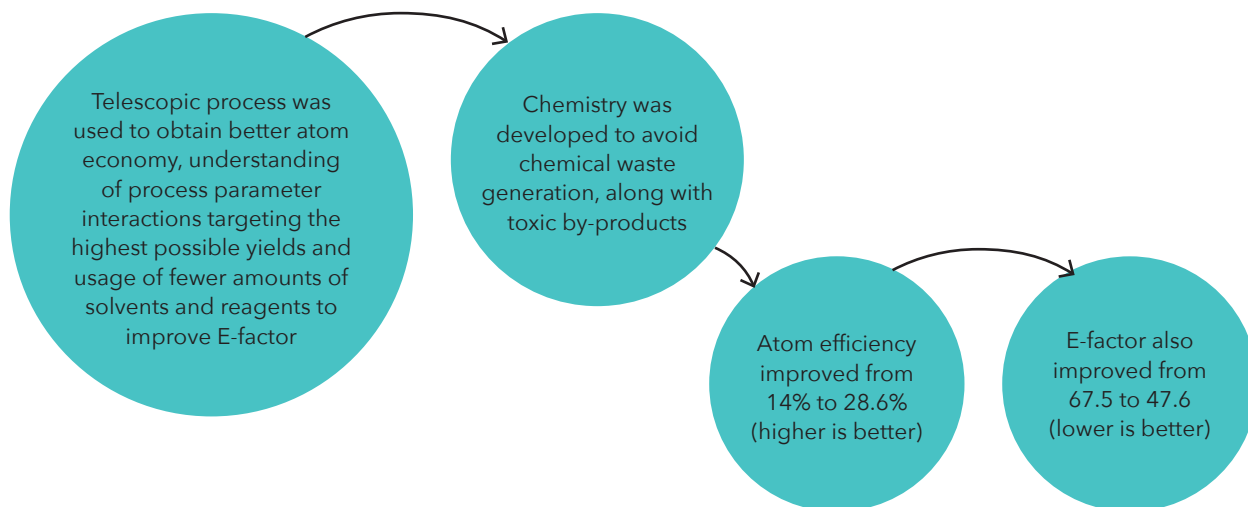
- Eliminated resource-intensive Clean In Place (CIP) and Stem In Place (SIP) steps post process operations, which are in practice for conventional stainless steel equipment
- Reduced water, steam and wastewater by over 75%; no cleaning chemical (caustic lye) used

2. Facilities and Utilities at Finished Dosage Facilities

- We have commissioned one new line each for ointment, soft gelatin capsules and Metered Dosage Inhalers MDIs at one of our finished dosage facilities (FTO SEZ) at Srikakulam district in India. This facility was provided with containment isolator technology for safety of operators while handling the extremely potent products
- Existing water systems in operational facilities were updated with Supervisory Control and Data Acquisition (SCADA) systems to ensure controls and data integrity
- We use Electrically Communicated (EC) coupled motors for HVAC systems as they are more efficient than Direct Current (DC) motors and blowers

Initiatives Undertaken for Green Chemistry

Detailed analysis of green metrics attributes pertaining to Roxadustat



Responsible Marketing and Communication

We believe responsible communication can help us build trust among our end users, patients and medical practitioners. Our communication strategy involves product labeling, development of promotional content, patient interactions and doctor meets.

We also organize customer relationship programs, scientific seminars and symposia for building patient awareness. We further continue to train our Professional Sales Representatives (PSRs) to develop their know-how of product information and communication skills.

In the reporting period, no materials were recalled because of errors in medical communication.

Patient Centricity – Caring Beyond the Pill

The different initiatives undertaken as part of the Purple Health, our patient centric programme include:

Sparsh

Sparsh is a financial assistance program for addressing the critical needs of cancer patients in India by increasing the access and affordability of medicines. Currently, it operates in 22 cities across India and efforts are underway to open more centers in diverse geographies to broad-base effective and affordable cancer treatment.

18,000

Patients have received access to Reditux till date since its launch

45,000

Patients assisted through Sparsh till date since its launch

Liv Positive

Hepatitis B is often referred to as a silent disease because it has minimal symptoms, which lead to late diagnosis. Lack of awareness is the primary reason for missed opportunities for appropriate treatment and care. Liv Positive is a patient support and education program that runs with the objective of bridging the knowledge gap about the disease. Its aims at improving adherence to Hepatitis B treatment and thus, better disease management. Under the program, patients are provided disease counselling for disease management, subsidized diagnostic support, help for maintaining treatment compliance and health tips in regional languages.

1,453

Patients on Entaliv who have enrolled for this program during FY2018

4,878

Total active patients as on 31 March 2018

1,500

Projection for new patients in FY2019

CHEER

The detection of Chronic Kidney Disease (CKD) is often delayed due to minimal symptoms. In most cases, the kidney function is impaired by the time CKD is detected. CKD patients have a high pill burden; therefore treatment and adherence are critical for better outcomes. However, it is observed that at times, doctors are not able to address all patient queries. To solve this issue, we introduced Committed to Help Educate and Encourage Renal Patients (CHEER), a patient assistance program that helps them through value-added services such as health tips, dose reminders and hemoglobin monitoring and tracking. The program also aids physicians to help them understand the compliance of patients toward medication.

823

Patients assisted through the CHEER program during FY2018

4,940

Total active patients as on 31 March 2018

1,000

Projection for new patients in FY2019



Building a Robust Supply Chain

As a global pharmaceutical company, it is critical for us to be trusted by all our stakeholders in the long run. We recognize the importance of a robust supply chain management to stay committed to our value creation model for our stakeholders.



Snapshot of Our Performance in FY2018

250

Supplier sites audited as per the quality audit plan

38

Audits conducted with suppliers for sustainability assessment

60%

Of total procurement spent on local suppliers (India)

57%

Reduction in the number of high-risk suppliers with respect to quality issues

30+
countries

Supplier locations

Over the years, we have developed a strong supply chain with 900+ suppliers to provide us the requisite raw materials. Our initiatives on supplier groups vary across almost 30+ countries. The nature of initiatives vary as per the nature of business and the relevant geographies.

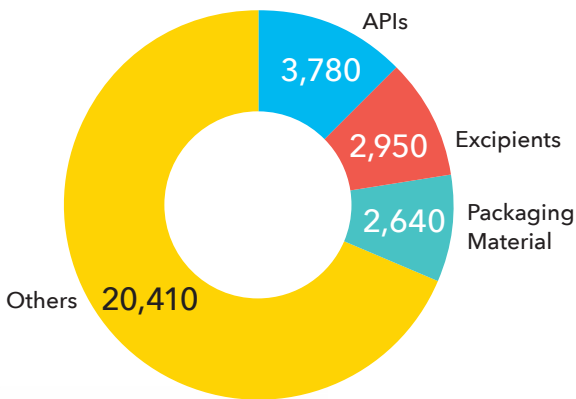
Capitals Impacted	Social and Relationship Capital, Manufactured Capital, Natural Capital
Material Issues	Reduction in Packaging Material Footprint and Sustainable Sourcing
GRI Indicators	GRI 204-1, GRI 205-1, GRI 308-1 and GRI 414-1, 414-2

Ensuring Strategic Purchasing

The evolving business challenges and focus on customer satisfaction have made purchase a strategic process, as these have the potential to affect our margins as well as our sustainability. At Dr. Reddy's, we believe in developing a strategic purchasing association and enduring relationship with our suppliers through a shared value approach.

Supplier Purchases

At Dr. Reddy's, our resource conservation efforts are closely linked to our materials sourcing decision. Reflecting our "integrated" approach toward environmental sustainability and materials purchasing, we also focus on reducing wastage in the process (Please refer Page 63-65 for "Our Sustainability Performance"). During FY2018, we recorded an annual procurement spend of ₹29,000+ million and procurement spend for each segment was as follows:



Total: ₹ 29,780 million

Supplier Code of Conduct

Our strong portfolio of businesses and products provide us an edge in an increasingly competitive global market. They allow us to offer affordable medication to people across the world regardless of geographic and socio-economic barriers. We have implemented the Supplier Code of Conduct (the code) for our suppliers and service providers to retain consistent quality and ensure operational efficiency without compromising on the sustainability aspects.

"The code" is modeled on the Pharmaceutical Supply Chain Initiative report along with recognized standards such as International Labor Organization Standards (ILO), Universal Declaration of Human Rights (UDHR), Social Accountability International (SAI), the Ethical Trading Initiative (ETI) and Global Reporting Initiative (GRI) guidelines.

"The code" ensures suppliers strictly observe and comply with all the fundamental principles expressed in it, in all their activities and sites worldwide. The key aspects covered in "the code" are:

- Ethics
- Labor and human rights
- Wages and benefits
- Health and safety
- Environment
- Management systems
- Bribery and corruption

The Code of Business Conduct & Ethics (COBE) is applicable to our supply chain as well.

To know more about "the code", please visit http://www.drreddys.com/media/127136/supplier_code_of_conduct.pdf

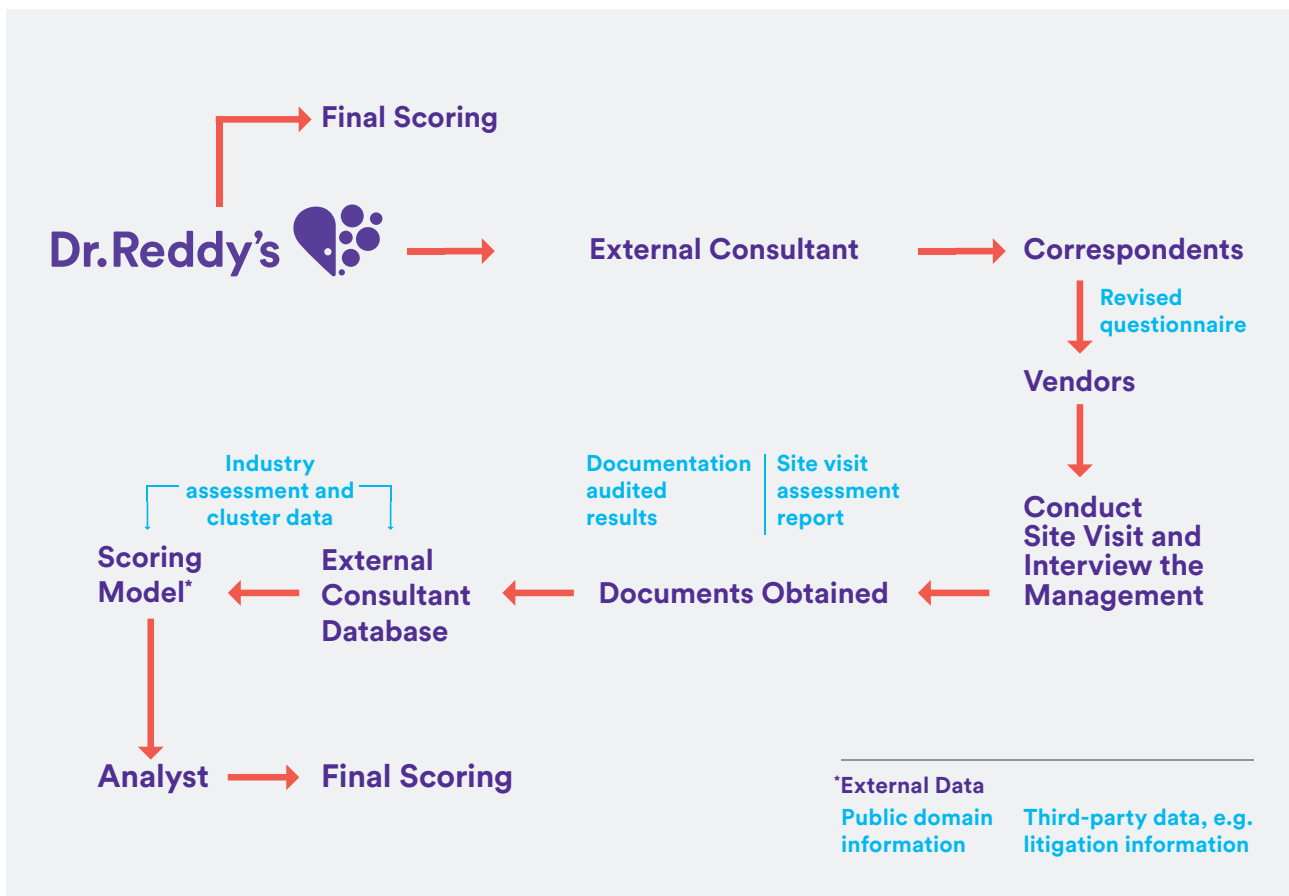
Supplier Risk Assessment Framework

At Dr. Reddy's, we believe in mutually sustainable growth coupled with stability. In line with this philosophy, we conduct a supplier risk assessment to ensure the sustainability and stability of our suppliers.

Our supplier risk assessment framework comprises two different aspects. The key risk categories for assessment are "Organizational Risks" and "Supplier Sustainability Risks".



We have also associated with a risk assessment agency to conduct the supplier risk assessment for Dr. Reddy's. We used the following process to conduct our supplier risk assessment:



All critical suppliers contributing to 80% of sales value have to undergo re-assessment at a fixed frequency depending on the sourcing category.

During FY2018, 38 suppliers were assessed for APIs and three excipients were rated high risk. The negative over-rider was predominantly assigned to net losses made by the companies, which may have an impact on business continuity and subsequently, the supply of materials.

The parameters for risk assessment include:

- Ethics
- Labor
- Warehouse Management
- Environment
- Health and Safety
- CSR

Some of the risk mitigation measures undertaken are as follows:

- Alternate supplier development was initiated for all materials supplied by suppliers rated as high risk
- The health of the suppliers in terms of on-time and quality supplies was assessed for the last two years to decide on business continuity. In case of continuity, we signed off a go-ahead document and the suppliers were further monitored closely to mitigate the risk associated with reliability of supplies

Supplier Quality Audit

The pharmaceutical industry operates in a highly regulated environment, which emphasizes on quality. This makes it essential for us to source quality raw materials as they impact our final products. At Dr. Reddy's, we obtain the highest standards of raw materials that helps deliver best-in-class final products.

Supplier audits form a critical part of assuring the quality of our raw materials. Schedules for audits are maintained for the calendar year. They help us shortlist the right suppliers for our products as we conduct periodic site audits to ensure our suppliers/vendors are adhering to all relevant regulations and our quality framework. We also handhold them to help deliver our required raw materials and abide by the regulations. The details of these audits are reviewed by the senior management.

During FY2018, we carried out total 250 site audits and qualified 230 suppliers for sourcing of materials. Some of the areas in which the suppliers were found to have critical gaps are:

1. Lack of electronic data management controls in the laboratory
2. Failure in building and facility maintenance and upkeep controls to prevent contamination and cross-contamination controls
3. Lack of Good Document Practices (GMP) and material management controls
4. Material manufacturing in non-Good Manufacturing Practices (GMP) blocks
5. Inadequate cleaning of equipment

We are handholding 13 of the disqualified suppliers to build capability in the opportunity areas as identified above.

Supplier Diversity



* There have been no significant changes to the organization and its supply chain over the last reporting cycle.

Value Creation for Suppliers

Our suppliers form an important part of our production process. We undertake their development through the following initiatives:

Supplier Meets

During FY2018, we conducted three supplier meets to sensitize our suppliers on-current regulatory expectations and challenges.

Training

We also organized training sessions on data integrity, contamination and cross-contamination controls, electronic data controls and material quality issues for our suppliers.






Supplier Performance Scorecard

A supplier Supplier scorecard was implemented with an objective of detecting performance issues and providing remedial measures to enhance performance in terms of On Time In Full (OTIF), quality, price competitiveness and overall supplier development.

As a part of the supplier recognition program, we also conducted a session in the Global Business Partner Summit.

In addition to customized programs for suppliers, in case of any supplier grievance from the supplier's end, the suppliers or employees can communicate directly to the senior management in our Human Resources department or with the compliance manager.

Key Priority Areas for the “Supply Chain Management” Team

Material Issues	Pillar	Sustainability Objective	Target	Achievement	Status
Being an employer of choice	People	Retention of employees	<ol style="list-style-type: none"> More than 95% for high-potential candidates More than 90% for total employees 	<ol style="list-style-type: none"> None of the high-potential employees have left the organization Achieved 94% in overall employee retention 	
Affordable and innovative medicines	Availability	Developing backup support for production of key APIs	Enabling product transfers for three products	Completed for all three products; regulatory approval granted for two of them	
		Implementation and stabilization to achieve end-to-end integration of supply chain and operations management to make the process from “market demand to availability of medicines at Point Of Sale (POS)” smoother and faster	Stabilization to be achieved by March 2018	Completed	
		Ensuring raw material/ packing material/ excipients availability On Time, In Full and Quality (OTIFQ)	To achieve OTIFQ more than 95% for all businesses	<ul style="list-style-type: none"> Pharmaceutical Services and Active Ingredients (PSAI): 95% Global Generics (GG): 89% 	
Sustainable Sourcing	Productivity and continuous improvement	De-risking of single-source suppliers	Single-source reduction: Key Supply Materials (KSM) >30 <ul style="list-style-type: none"> APIs: >10 Excipients: >20 	Single-source reduction: <ul style="list-style-type: none"> KSM achieved: 33 API achieved: 12 Excipients achieved: 31 	

Status

 Completed
  In Progress
  Pending

Empowering Teams to Create Value

At Dr. Reddy's, we have created a diverse team that works toward achieving the same set of combined objectives. Unified in purpose and catalysts to our value creation process, our team is at the heart of our organization. We have a global workforce of more than 22,000 individuals in 25 countries, who come together to ensure our products reach the places where they are needed.



We are committed to fostering an inclusive, open and trusting workplace that provides a congenial work environment and ample opportunities for our team members to deliver their best performance every day. Our values of "empathy and dynamism" are embedded in the fabric of the organizational culture.

Dr. Reddy's is driven by the zeal of our colleagues and it is essential to empower our diverse team and provide them a safe work atmosphere. These areas of concern are critical to our ambition to be listed among the most admired employers and form part our strategic priorities. At Dr. Reddy's, all our endeavors are focused on developing an engaged workforce that is agile and innovation-oriented.

Capitals Impacted	Human Capital and Financial Capital
Material Issues	Being an employer of choice OHS: Occupational Health and Safety
GRI Indicators	GRI 401-1, GRI 401-2, GRI 401-3, GRI 403-2, GRI 404-1, 404-2 and GRI 405-1

Fostering Team Dr. Reddy's

Transparency, accountability and innovation are entrenched deep in our culture. We are strengthening them further through various policies and positive reinforcements. Moreover, we are engaging with our colleagues through innovative ways and consistently investing in learning and development to grow their skills. We treat safety as an ongoing process and conduct regular safety drives to reinforce it in our facilities.

We are focused on developing a team that is aligned to our purpose and values. Our approach toward managing our human resources thus encompasses the following key tenets that contribute to the long-term value creation of the Company:

- Building an inclusive work environment, which encourages diversity and utilizes the diverse skillsets effectively
- Developing capacities and capabilities of our resources to dynamically build the knowledge bank and promote a culture of innovation within the Company
- Creating multiple platforms for engaging employees across all levels, while building transparency and accountability
- Ensuring a safe working environment for the workforce and adherence to all applicable regulations in the respective geographical regions

Snapshot of Our Performance in FY2018

88%

Overall employee engagement in FY2018

125

Average training hours per employee

18%

Global gender diversity ratio

90,818

Hours of safety training

13,51,306

Total training hours

3.3%

Of unionized workforce

₹160 mn

Spent on external and skill development training programs

0.89

Total recordable injury frequency rate (employees + contract employees)

95.5%

Employee retention rate for high-potential employees

Talent Management

As a merit-based organization, we invest in our workforce by identifying talented individuals with the required capabilities. We attract the best professionals in the industry and retain them through our robust talent management architecture. Our focus remains steadfast on developing an agile team that rapidly adopts new skillsets and expertise. We believe good leadership is critical for enhancing the performance and engagement level of employees. During FY2018, we identified 536 employees who demonstrated higher potential for growth and can move on to take leadership roles in future.

- During FY2018, we identified 536 high-potential employees, of which 512 are still a part of the Company, reflecting a retention rate of 95.5%.



Employee Engagement

At Dr. Reddy's, we drive performance, productivity and loyalty of the workforce through various employee engagement programs. During FY2018, we conducted the following employee engagement programs:

● Enthusia 2017 – a Platform to Engage with Our SMT community

We celebrated Enthusia 2017 – our annual community living sports and cultural festival. It is a major part of the value-based integral work and education system practiced across the Vizag cluster of community living every year. Over 400 Self-managed Team (SMT) members participated in the festival, which featured athletic and sporting competitions, along with cultural performances.

● Annual Day Celebration

The 2018 annual celebration theme was "People First". It was a fitting way to underscore our commitment toward the Company's most important constituent: our people. It set the tone for our increasing focus on enhancing the skills, knowledge and competence of our colleagues, going forward. Our global locations witnessed similar celebrations conducted in various ways.

● Building a Culture of Appreciation

We arranged a special event in our warehouse department at one of our finished dosage facilities (FTO Unit 2), where colleagues expressed their gratitude toward one another for support, collaboration and guidance at work. The program was organized to foster a culture of appreciation among our people. During the event, notable contributions by team members that positively impacted the business were also highlighted.

● Effective Coaching

Dr. Marshall Goldsmith, the author of the bestselling book "What Got You Here Won't Get You There" and arguably the world's best-known leadership coach, bestowed coaching to several senior executives from Dr. Reddy's on the various hues of human behavior. Over 150 India-based participants spanning various functions spent an entire day understanding the traits that hinder their effectiveness as leaders. They learned how to "feed forward" – a more enabling way of giving feedback – gained insights from cases of some of the most successful leaders of change and understood a time-tested framework for coaching.

● Annual Self-managed Work-teams Conclave

The Annual Self-managed Work-teams Conclave offers a platform to recognize the outstanding efforts of our work team across the Global Manufacturing Organization (GMO), which comprises API manufacturing units and finished dosage operations. The program offers our people opportunities to continuously learn, excel and grow. During the reporting period, awards were presented for Annual Best Work-teams, Best Kaizens, Best Safety Starcaps and Best Academic Stars.

● Employee Engagement Survey

We use employee engagement to measure our team's energy and passion toward the Company. We assess employee engagement by measuring the level of pride, motivation and commitment they have toward the organization. During FY2018, we conducted an employee engagement survey in collaboration with a top agency, covering 19,000 of our colleagues, and scored 88% in overall employee engagement across the organization.

Diversity and Inclusivity

We value all our colleagues and their unique skills, know-hows and experiences. As a company with global footprints, we employ people from diverse backgrounds and promote inclusivity at Dr. Reddy's.

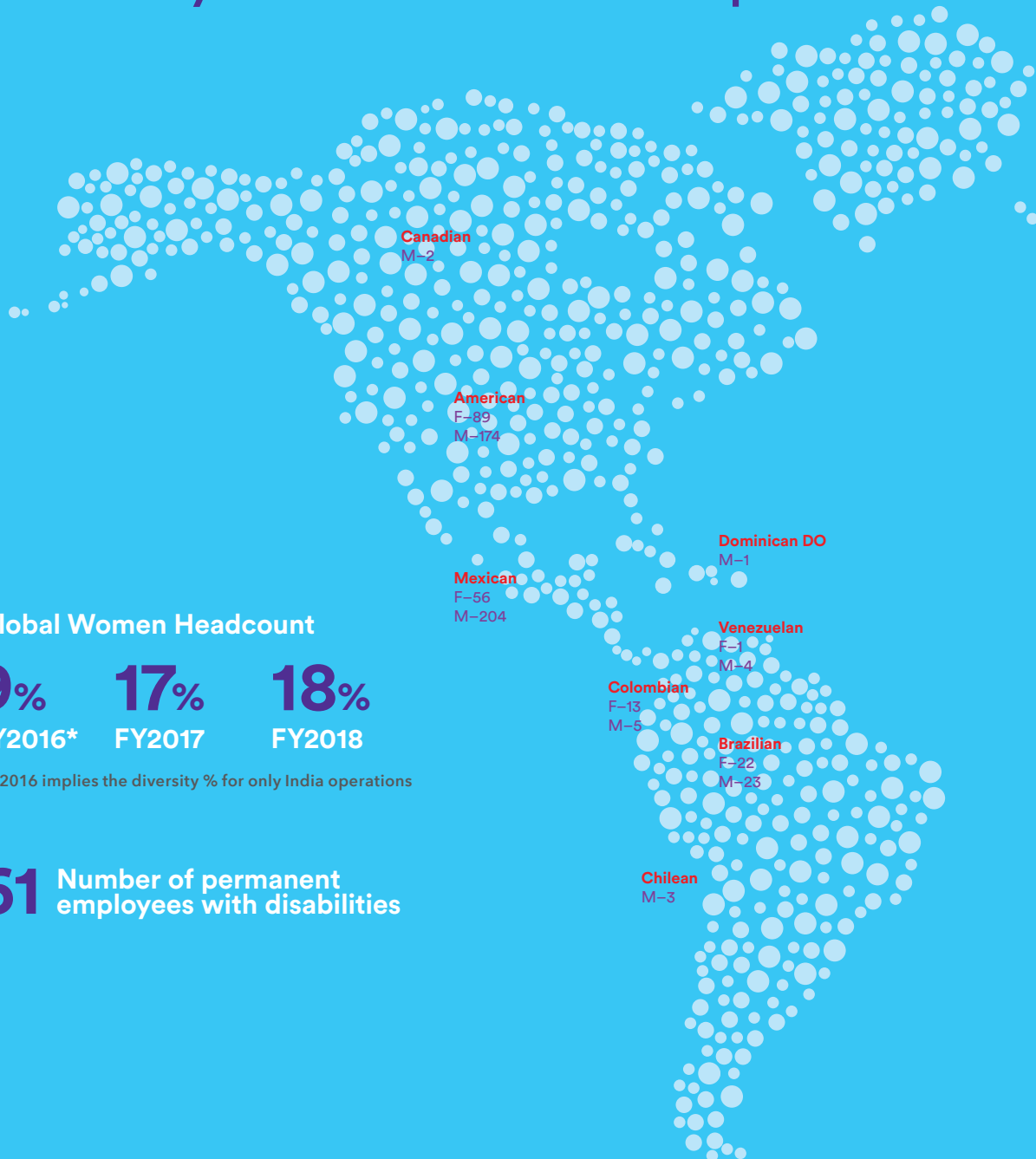
Supportive Policies to Bolster Diversity and Inclusivity

We believe in creating a supportive work environment for all our employees and ensure that Dr. Reddy's contributes to their overall well-being. In line with this philosophy, we have devised policies for our people to fulfill their parenting responsibilities.

Some of the important policies introduced in this regard are:

- Women employees get six months of paid maternity leave and three months of unpaid extended maternity leave for childcare
- New mothers transitioning back to work can take two hours off work every day for a year
- Crèches are available where employees can enroll their kids free of cost
- We launched a Buddy Mothers Program, where experienced mothers counsel women prior and post maternity

Nationality-wise Workforce Breakup



Global Women Headcount

9% FY2016* **17%** FY2017 **18%** FY2018

*FY2016 implies the diversity % for only India operations

61 Number of permanent employees with disabilities

- We also facilitate sharing childcare responsibilities for our male colleagues and offer new fathers five days of paternity leave and two hours off every day for six months
- Women teammates returning from maternity leave are exempt from bell curve during that year's appraisal
- Women employees proceeding on business travel during pregnancy can travel by flight irrespective of the role band
- Mothers who have children through surrogacy are also eligible for the regular maternity benefits
- Mothers adopting a child less than three-years-old can take up to four months of paid leave and if the child is

older than three years, they may take up to two months of paid leave

By implementing these policies, in the last few years, we have multiplied our focus toward improving gender diversity at Dr. Reddy's. This has resulted in significant positive outcomes as today, we enjoy a global gender diversity ratio of 18%. We have also substantially increased the number of our female colleagues in non-conventional domains such as manufacturing.



F: Female
M: Male

Educating Women Colleagues on Finance, Health and Hygiene

On the occasion of International Women's Day at one of our finished dosage facilities (FTO Unit 3), we organized a series of activities for our female colleagues. These included a session on financial management by experts from leading insurance and investment companies and doctor's talk regarding occupational healthcare where the benefits of hygiene, healthy living and prevention of specific diseases were discussed.

Safety, Health and Wellbeing

We are aware of the inherent safety and health risks in the pharmaceutical manufacturing operations and understand the importance of providing a safe work atmosphere to our colleagues. We are implementing several safety procedures, in compliance with global norms, that ensure our colleagues remain safe and healthy, while in their line of duty. We also adopted a risk-based approach for identifying top safety risks and initiated controls to eliminate them.

During the last financial year, we had two fatal incidents - one at Chemical Technological Operations (CTO Unit 3) in Hyderabad and another one in the finished dosage facility (FTO Unit 7), Vishakhapatnam. Thorough investigation of the incidents were carried out to identify the systemic deficiencies. Corrective and preventive actions were implemented in the areas of i) Process Safety Management ii) Handling of Flammable Chemicals iii) Personal Protective Equipment iv) Fire Safety v) Risk Assessment & Engineering Controls vi) Training and vii) Safe Operating Practices. The other unfortunate incident occurred due to a pre-medical condition of one of the contract employees. As a corrective and preventive action, we have enforced minimum physical medical examination for all contract workers across the locations for entry into the sites.

We also strive to improve the health and well-being of our people through activities such as stress management training, yoga and meditation activities and others.

Communication of Safety Norms

We are communicating the good practices in safety by setting up a fully functional learning room - prototype demo laboratory at one of our finished dosage facilities (FTO Unit 3). The laboratory is helping our recruits and contract colleagues better understand how safety standards at Dr. Reddy's work.

During FY2018, we undertook various initiatives to improve employee health and well-being. Listed below are few of the initiatives:

- We invited eminent medical practitioners to speak on various contemporary health issues, lifestyle diseases, and various preventive methods in a series of programs called "Health Talk". The doctors delivered interactive sessions, and in some cases, specialist clinics, on topics such as diabetes, thyroid, women's health, eye diseases and musculo-skeletal disorders, among others.
- We undertook various wellness initiatives for our people, which included camps and consultation on diverse health-related issues such as orthopedic, gynecology, hypertension and others. Over 1,000 people derived benefits from these camps and consultations

>1,000

Participated and benefited from Health Talk

Focus on Changing Behavioral Patterns

Additionally, we set up a fully functional learning room – prototype demo laboratory – to facilitate learning about safety features. The laboratory is helping our recruits and contract colleagues better understand how safety standards at Dr. Reddy's work.

Lose Big to Win Big!

We undertook this unique initiative to encourage our colleagues to live a better and fitter lifestyle. This was a 30-day weight loss challenge, which aimed to make weight loss a fun and exciting community activity, where our people participated in teams. The month-long activity helped the participants lose weight through Yoga, Zumba and customized diet plans. At the end of the program, the teams and individuals who registered the largest drop in weight received motivational prizes. Over 500 people registered and participated enthusiastically in the program.



Details Displayed in the Safety, Health and Environment (SHE) Demo Lab @ FTO Unit 3

- SHE policy and management view toward SHE
- Fire extinguishers and fire safety materials for awareness
- Plant layout to understand the emergency evacuation
- Demos such as electrical arc, machine guarding, fire alarm system, aerosol system, etc.
- Safety instructions related to equipment's and static charge related awareness
- Various PPEs and usage details described in local language

Reinforcing Safety as a Priority

We organized a National Safety Day, where ~1,200 colleagues gathered to observe the day on the theme 'Reinforce positive behavior at workplace' to achieve safety and health goals. Our people pledged their support toward safe practices. Message on road safety was also shared with the employees on this occasion. We also set up an exhibition on safety awareness among shop floor personnel and conducted several interesting safety quizzes.



Learning and Development

The dynamism of the pharmaceutical industry adds to the need of constant reskilling and upskilling of its workforce. At Dr. Reddy's, we provide development opportunities to enhance the careers of our people and increase their knowledge base.

Expanding leadership learning

● **New Horizons Leadership Program (NHLP)**

The NHLP program, launched in 2012, is our flagship senior leadership development program. It focuses on personal transformation to drive organizational transformation. During FY2018, we had 1,680 man-hours of training under this initiative and till date, over 120 leaders have been through NHLP. The program covers leadership functions such as personal effectiveness, people leadership and collaboration and has significantly improved the performance of participants.

● **New Horizons Management Program (NHMP)**

This advanced management development program was initiated in FY2016. It is a rigorous six-month program with a blended learning approach, designed for managers to instill the mindset and skillset necessary to enhance personal effectiveness. The program further aims to strengthen the ability to drive business impact and change among participants. In the past two years, NHMP has covered 607 people managers from various business units.

In FY2018, NHMP was branched into two variants - NHMP Advanced - six-month learning journey (R2-R3 people managers) and NHMP Foundation - four-month learning journey (R1 people managers), keeping in mind

the different learning needs of managers at different levels. For FY2018, an improvement of 20% (Pre-Program - 65% and Post Program - 85%) was witnessed for NHMP Advanced. During the same period, the NHMP Foundation observed an overall improvement of 8% (Pre Program - 81% and Post Program - 89%)

● **Shreveport Leadership Program (SLP)**

SLP was conceived as a program for the Shreveport unit, focused on teamwork, communication, problem solving and overall leadership, and offered day-long workshops over the course of 10 months. The program kicked off with the slogan of #OneShreveport and unified all departments for a common cause. Participants learned communication and collaboration, leading change, root cause analysis and a customized version of The Leadership Challenge in SLP.

● **Sphere**

We launched Sphere in Princeton as a nine-month initiative designed for managers. It provides workshops on management fundamentals and communication excellence. The program's 18 participants will undergo training for management strategy, time management, supervisory skills, managing effective meetings and business writings, among others.

Accountability and Transparency

We are building a robust team that functions on the twin ideas of accountability and transparency. At Dr. Reddy's, we empower our people with decision-making capabilities and concurrently make them accountable for those decisions. Through various checks and balances, including appraisals, periodic reviews, grievance redressal systems and other whistle-blower systems, transparency is ensured in the organization, which is again extremely critical for our growth.

During FY2018, we were involved in the following activities that encouraged accountability and transparency in the Company:

- **We certified 92% of colleagues on Code of Business Conduct & Ethics (COBE). It covers all our operations and the supply chain.**
- **84 reports on ethics concern and 49 reports on non-ethics concerns were reported and investigated under the 'Ombudsperson Policy'.**

Awards

- **Bagged the "HR Innovation Award" for innovation in HR practices from HT Mint in association with CNBC TV 18**
- **Received the award for the Most Effective Talent Acquisition for our SMT recruitment practices**
- **Conferred with CII IWN Award for Gender Parity in Manufacturing**
- **Awarded the Bengt Lindqvist award for being a Socially Inclusive Employer**
- **Featured in Bloomberg Gender Index — the only pharmaceutical company globally and only Indian company to do so**
- **Bestowed with Working Mother & AVTAR Award for being one of the Best Companies for Women in India**

Caring for Community

Everything we do at Dr. Reddy's is to drive affordable and innovative medication for all because we believe "Good Health Can't Wait". With this belief, we are serving a larger community purpose of building a better society through empowerment.





We are helping shape healthier communities by focusing on education, livelihood generation, healthcare, enabling change makers and promoting a scientific temperament.

At Dr. Reddy's, all our community work is built on certain basic tenets, outlined below, that form our approach:

- Building capabilities of social change agents through collaborations
- Nurturing institutions that demonstrate new pathways of human development
- Including low-income communities into mainstream economy by providing education and vocational training
- Being sensitive to the community situations and the constraints of social development systems

During FY2018, we made significant impact in all our major focus areas.

Capitals Impacted	Social and Relationship Capital and Financial Capital
Material Issues	Caring for communities Cle: Community involvement, engagement and satisfaction
GRI Indicators	GRI 203-2, GRI 413-1

Snapshot of Our Performance in FY2018

Education

47,780

Beneficiaries

Livelihood

8,141

Beneficiaries

Health

2,14,641

Beneficiaries

Capacity building

51

Beneficiaries

Rural development

Community benefitted

Our Community Care Strategy

We have a systematic approach to take our social initiatives forward that focuses on identifying projects that require our interventions. We work directly on them or collaborate with specialized NGOs to develop our social responsibility programs. We also have a strong employee volunteering program across all our locations.

Our community care strategy is based on the following elements:

Identifying Projects

We use the Participatory Rural Appraisal (PRA) mapping process to ascertain all our CSR projects. Then, based on a consensus and discussion with local authorities, community representatives and Gram Panchayats, we prioritize the projects.

Partnering to Bring Social Change

We roll out the projects in association with specific NGO partners and foundations, which have great sensitivity for the causes.

Volunteering Program

We have a systematic employee volunteering program, Spirit of Giving, which facilitates the engagement of our employees with a variety of causes and also encourages the engagement of the community.

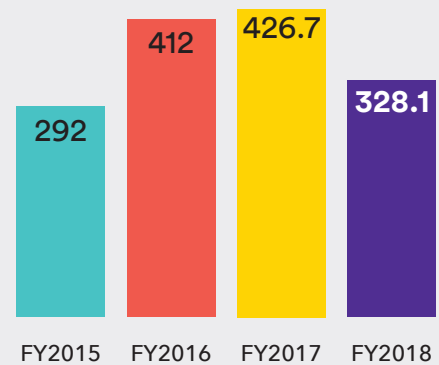
Evolving Need-based Interventions

We transform our CSR programs according to the needs of the community and follow an empowerment approach toward creating value for the society.

Periodically, we review the reach and impact of our community-based activities and the assessment results are reviewed by the Board CSR committee. The details can be found in the Business Responsibility Report in AR 2017-18. Through the various community development initiatives, Dr. Reddy's is contributing directly or indirectly to the larger global agenda of SDGs (Please refer to Page 14-15 on "Our Strategy and Approach"). At the same time, we also adhere to different international standards.

CSR Spend over the Years

₹ million



Education

Education is a key facilitator that opens new doors of opportunities for individuals. It is a major enabler in nation building, as it nurtures young minds into responsible citizens.

At Dr. Reddy's, we believe every child has the right to education and with this philosophy, we have adopted several programs that support education. We have a holistic approach toward education and collaborate with schools, communities and other stakeholders to deliver our interventions in the domain of education.

School Improvement Program (SIP)

The program commenced in 2011 with the objective of enhancing learning outcomes in government schools.

Key Objective

SIP focuses on enhancing the learning outcomes of students in government schools by providing better infrastructure and learning opportunities.

During FY2018, SIP was involved in the following key activities:

- Helped 4,312 students from 45 Zilla Parishad (ZP) high schools to appear for SSC Board Examination; improvement in their academic performance was noticed
- Provided Dr. Reddy's Scholarship to 506 meritorious students to facilitate higher education
- Extended continuous remedial support to 5,000 students from 45 ZP high schools, focusing on subjects such as Math, English and Telugu
- Engaged with parents regularly through parents-teachers meeting, with active involvement of local community leaders, for spreading awareness on the importance of education
- Improved infrastructural support in school premises

33,056 students in 74 government schools benefited from SIP

Perna

Project Perna focuses on making quality education in Science available for all.

Key Objective

Project Perna's objective is to make quality Science education available for all and inculcate scientific reasoning among school students and communities.

During FY2018, Perna was involved in the following key activities:

- Organized 193 mobile science lab visits resulting in 26,584 student exposure hours and 40,570 exposure hours for 101 teachers
- Conducted 25 community visits, resulting in 896 children exposure hours and 661 exposure hours for adults
- Coordinated 147 visits covering 512 Young Instructor Leaders, resulting in 5,475 exposure hours

4,475 students benefited from Perna during FY2018

Kallam Anji Reddy Vocational Junior College (KAR-VJC)

KAR-VJC was established in 2003 with the objective of offering management-based vocational courses, along with other professional and conventional courses.

Key Objective

KAR-VJC provides management-based vocational courses, along with other professional and conventional courses for youth from low-income groups.

Pudami Schools

We established the Pudami schools in 2007 to pursue social inclusion through quality education.

Key Objective

Pudami schools deliver quality education through English medium for children from low-income communities.

7,509 students were provided quality English-medium education through Pudami schools during FY2018



Helping gain knowledge

"Pudami scholarship came as a boon to me during the condition when my family was in difficult financial crisis. This type of scholarship for students who have the potential helps them pursue their further education."

Gouri

Ex-Pudami school student

Livelihood

Our livelihood programs are focused on improving the employability of youth and enhancing their earning potential. We have programs that seek to bring differently-abled individuals into the mainstream economy. We are empowering the socially marginalized sections of society, especially the agri-community.

GROW – Youth

GROW - Youth aims to develop employability skills among the youth and ensures to build the aspirants' competency levels to match their job profiles. Additionally, it continues to support its members post placement to help decrease attrition and enhance performance. During FY2018, 165 candidates enrolled in the program.

Key Objective

GROW - Youth aims to develop employability skills among the youth to build their competency levels for matching their aspirational job profiles.

GROW– People with Disability (PwD)

Despite growth in India's economy, only 1% of its specially-abled youth find employment. Moreover, most of the specially-abled youngsters lack employable skills.

Key Objective

GROW - PwD helps specially-abled youth gain core employability skills.



Training to secure employment

"I credit GROW for my success. The individual attention I received from my fabulous trainers helped me identify my weaknesses and improve my skills in those areas."

Sonali Darekar
Back-office Executive,
in a reputed firm

Marking Integrated Transformation for Resourceful Agriculture (MITRA)

Agriculture continues to provide livelihood to ~70% of India's population. Thus, it is imperative to increase incomes in this sector to uplift a large section of the nation's population. MITRA aims to address the complex problem of ineffective agri-extension service for small and marginal farmers. It is a collaborative program that invites diverse stakeholder groups to work together for impactful solutions. Currently, it is spread over 15 districts in seven states in India. The program's objective iWs to empower farmers to become agri-entrepreneurs by providing them access to the latest technologies and innovative solutions to enhance their incomes.

Key Objective

MITRA's objective is to empower farmers to become agri-entrepreneurs by accessing the latest technologies and innovative solutions that enhance their incomes.

MITRA is available in 15 districts in seven states in India



165 candidates enrolled in GROW – Youth during FY2018



Cultivating new hope

"By implementing this new method (MITRA), I got 34 bags of paddy per acre and earned a net profit of ₹27,100. Next year, I will expand my cultivation area and support my fellow farmers to promote this low-cost technology."

Pandranki Simhachalam
Farmer

Health

Health is a crucial factor in helping a nation grow. Despite the government's best efforts to develop India's healthcare infrastructure, there is still a long way to go before every Indian in every corner of the country receives quality healthcare.

At Dr. Reddy's, we are providing primary and preventive healthcare in rural India.

Community Health Intervention Program (CHIP)

We commenced CHIP in association with an NGO to offer primary and preventive health protection at rural India's doorstep for those who do not have access to reliable healthcare.

CHIP provides healthcare to 2.15 lakh people in 145 villages across Telangana and Andhra Pradesh in India. It aims to achieve the following:

- Generate health awareness
- Improve access to healthcare
- Change behavior and improve performance indicators

During FY2018, the project's key activities were:

- Reduction in maternal and new-born mortality rate observed from the baseline conducted in 2014
- 184 women support groups formed to disseminate health knowledge in both the states
- 1,859 pregnant women availed CHIP services
- 90% of the beneficiaries availed Fixed Day Health Services
- Special campaign was undertaken to spread awareness on sunstroke at 17 construction sites covering 4,195 workers

Key Objective

CHIP is an ambitious project that aims to provide primary and preventive health protection in rural India for those who do not have access to safe and reliable healthcare.

184 women support groups formed to disseminate health knowledge

1,859 pregnant women availed CHIP services



Facilitating better maternal and child care

"My family and I are extremely grateful to the CHIP team for insisting in tests like TT vaccination, fundal height and doppler test. They averted a life-threatening situation for me and ensured I deliver my baby smoothly."

S K Sajeetha

Homemaker and new mother



Capacity Building of Change Makers

Social transformations can only be accomplished by collective efforts of people with diverse skillsets who come together to nurture, guide and bring the change. We identify and encourage these change makers to help create wide-ranging, inclusive and sustainable social reforms.

Center for Social Initiative and Management (CSIM)

We partnered with CSIM – Hyderabad to help social entrepreneurs find their footing.

During FY2018, we nurtured 51 potential change makers who joined social sector organizations or who build their own institutions to create a positive impact on the society.

Key Objective

The program supports social entrepreneurs, helping them pave the way for social change through training at CSIM – Hyderabad.

51 potential change makers nurtured during FY2018

Spirit of Giving

Spirit of Giving is an organization-wide year-long volunteering program for our employees across various fields.

The volunteering activities range from teaching in schools, life skills activities for youth, visits to old-age homes and homes for destitute children and lake cleaning to distribution drives. During FY2018, we also invited the spouses of our employees and during FY2017, 2,088 volunteers contributed their skills, time and energy in various volunteering activities.

Key Objective

Spirit of Giving allows our colleagues to volunteer in various community care activities. During the reporting period, we invited the spouses of our employees to be part of this initiative.

2,088 volunteers participated in FY2018

Celebrating the Spirit of Giving Beyond India

Our people, across all European Union (EU) locations, participate in volunteering for social causes. During the reporting period, the team in Augsburg (Germany) spent a day at the old-age home, entertaining them with songs, reading to them and, in general, spending quality time with them.

In Basel (Switzerland), our colleagues helped at the local Red Cross Shop to sort out the cloth donations. The team in Leiden launched a campaign to donate their last working hour of the year to a charity and provided hands-on support at The Stochemhoeve, a specialized home for disabled people.

Our Cambridge employees volunteered a day as part of "Spirit of Giving" at a local hospice. They helped the organization with gardening (weeding, pruning and mowing), maintenance of driveways and signage, and upkeep of the playground.

Special social initiatives in Russia

During FY2018, we provided special community services in Russia with the following activities:

- Supplied an orphanage in Moscow with potable water, while our employees spent time with the children, teaching them life skills and guiding them toward bright careers
- Helped Life – an organization that helps families settle in Moscow for the treatment of children with oncological diseases – by raising funds for it through a charity event
- Equipped underprivileged children for school by collecting books, school bags and gift certificates
- Supported the All-Russia non-commercial organization for elderly people with employee volunteering services that involved spending time with residents and raising funds to build a special recreational room



Protecting Our Natural Ecosystem

We recognize that a healthy environment is a necessity for better health and stronger communities. Our objective is to safeguard a healthy environment for everyone by using innovative science to find new ways to conserve our natural resources.





We are committed to reduce environmental impacts on human health and the natural world. Our approach spans the entire product life cycle and our science-based focus drives continuous improvement across our value chain, while improving efficiency, reducing costs and preserving our ability to conduct business in future.

Capitals Impacted	Natural Capital, Financial Capital and Manufactured Capital
Material Issues	Environmental management and climate change EC: Environmental compliance RC: Resource consumption RP: Reduction in packaging material footprint
GRI Indicators	GRI 301-1, GRI 302-1, GRI 302-3, GRI 302-4, GRI 303-1, GRI 303-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5, GRI 305-7, GRI 306-1 and GRI 306-2







Environmental Stewardship

At Dr. Reddy's, we have established an "Environmental Commitment Statement" that communicates measurable objectives for each key environmental performance indicator, including energy, emissions, water and waste.

Our management and governance systems reflect these four priorities and incorporate them within our daily business processes. We focus on employee

participation, methodology for monitoring, reporting and implementation to realize our environmental care purposes.

We extend environment stewardship beyond our premises and actively educate and encourage our suppliers and partners to adopt environment, friendly practices.

Performance Target	Status	Progress
Aim to reduce our specific consumption of energy by about 5% every year so as to achieve a 40% reduction by 2020		As on FY2018, we have reduced our specific energy consumption by 16% from the base year 2010.
Strive to increase the percentage share of renewable energy in our total energy consumption by 2.5% every year over the next 10 years, such the renewable energy share reaches 25% by 2020		8% of our total energy requirement is met through renewable energy sources, though we have plans in place to achieve our 2020 target.
Aim to reduce our specific water consumption by about 5% every year over the next 10 years so as to achieve a 40% reduction by 2020		As on FY2018, we have reduced our specific water consumption by 58% compared to the base year 2010 while our target was to reduce 40% by 2020.
Strive to become water neutral by 2020 by replenishing the water table with an amount of water equal to what we consume, using means such as water harvesting		46% of our total water consumption is harvested through rain water harvesting and reuse, though we have plans in place to achieve our 2020 target.
Attempt to reduce our specific generation of hazardous waste		As on FY2018, we have reduced specific generation of hazardous waste by 47% compared to the base year 2010.
Reduce the quantum of hazardous waste sent by us to landfill/incineration by about 5% every year over the next 10 years so as to achieve a 40% reduction by 2020		As on FY2018, 91% of total hazardous waste is co-processed/recycled.

Note: In FY2018, the absolute energy consumption in the company went up due to a substantive increase in coal consumption at our Co-Gen plant, which was operationalized in the 1st quarter of FY2018. This resulted in an increase in specific energy consumption & a drop in renewable energy share, as compared to previous years. A course-correction plan has been put in place to achieve our stated 2020 target on these commitments.

Status

 2020 targets already achieved  Plans are in place to achieve the target

Performance Highlights in FY2018

193

Energy conservation projects

Implemented, thereby saving ₹314 million savings

45,497 TCO₂ eq. GHG emission avoided*

8%

Share of renewable energy in overall energy mix

46%

Of our total freshwater consumption harvested through rain water harvesting and reuse

91%

Hazardous waste co-processed and recycled

7,480 tons

of by products (salt) upcycled

* For more details on the emission factors please refer page no. 65

Water Saving

Responsible Use of Water

Recent reports suggest that by 2050, ~¼th of the world's population will be affected by chronic freshwater shortages. At Dr. Reddy's, we comprehend the need for water conservation and its responsible usage. We are working to minimize the use of water across our operations and manufacturing unit. We further ensure to treat the utilized water before its discharge.

Approach toward water utilization at finished dosage facility FTO Unit 3

This unit is one of our largest facilities with maximum use of water, having the biggest impact on Dr. Reddy's overall environmental performance. It uses:

- **Purified water:** Goes thrice through RO (Reverse Osmosis) + EDI (Electrodeionization) in the final stage, touches the product directly and requires the highest purity
- **Potable water:** Passes twice through RO with ozonation for utilization in GMP areas for equipment wash and other usages
- **Utility and boiler water:** Undergoes a single RO treatment; it uses water from external source recycled water from Waste Water Recycling Facility (WWRF)
- **Raw water:** Uses borewell/WWRF water for gardening, wash rooms, utensil washing and other purposes

Over the years, we have enhanced our water management capabilities with a water network diagram for the entire site. Additionally, we have also installed water meters for all inlet lines and important usage header lines to analyze the department-wise consumption pattern. This has helped us in identifying few water conservation projects, which include:

1. 130 KL/day of purified RO reject systems water from the manufacturing plant was going to Effluent Treatment Plant (ETP) for treatment. Now, the line is diverted and reject water is directly being used for toilet flushing and cooling tower operations.
2. We have installed water-less urinals. With this intervention, we have realized borewell/ RO reject water use reduction by 5 KL/day.
3. We have installed rain water treatment and recycling facility of capacity 30 KL/hour. We are using the treated water as WWRF RO feed, in fire hydrant systems and in washroom flush, replacing purified RO rejects and borewell water.
4. We have introduced spray guns for cleaning of process equipment and this has reduced water consumption by 20%.

Rainwater harvesting facility

Aspiring to achieve water neutrality by adopting a watershed development approach

During the year, we initiated a pioneering initiative for achieving water neutrality to some extent by adopting a watershed development and management approach. This initiative is being implemented at Budhera, Medak district, Telangana.

We have constructed simple mud and stone structures across the natural drainage lines of the landscape, which help in conserving soil and moisture. With the interventions across the site, we could capture 4,83,755 KL. of water during the FY2018. Additionally, we planted 14,480 trees (out of which 40 are native species and 10 are exotic species). The trees will help in restoring the ecosystem of the site over a period of time and have benefited around 100 households from the nearby locality who worked at the facility in generating their livelihoods. Communities outside the site also reported a rise in ground water levels in the wells and borewells.

The project work will be completed in the next four years starting from FY2018



Matured Approach to Hazardous Wastes

In Dr, Reddy's, responsible waste management includes the implementation of the 'principle of 3Rs' – reduce, recycle and reuse. It incorporates minimization of waste generation, reutilization and appropriate end-of-life disposals. We categorize wastes as either hazardous or non-hazardous and dispose them according to government guidelines. We are also exploring avenues of circular economy and reduce waste generation itself. Our initiatives on waste management are prevalent across manufacturing units globally. And our endeavor is to not only comply with local regulatory norms but to go beyond them.

With the application of "green chemistry", we are continuously striving to find innovative and greener routes to manufacture our products with reduced environmental footprint. Striving to achieve Zero Hazardous waste to landfill by 2020.

We have ambitiously undertaken a target of 'zero solid waste to landfill' by the end of 2020. We have undertaken several initiatives to reuse/recycle the waste to attain this objective. We co-processed and recycled 91% of our total hazardous waste generated during the FY2018.

Our API facilities in India, have already achieved 'zero hazardous waste to landfill'.

Reduction of excess rejection material

During the production of Metoprolol Succinate at one of our finished dosage facility, FTO Unit 3, it was observed that the product contributes to 51% of total "plant solutions" rejection and was identified that 70% of the solution rejects is from the over coating stage of the product. On an average, approx. 120 kgs of solution was being rejected in the over coating stage in every batch.

Improvement- To minimize the rejection material, the dispensing procedure was modified in such a way that only the yield of the previous stage is considered during next stage dispensing instead of 100% material dispensing.

Benefits realized- With the change in methodology we have achieved,

- On an average approx. 120kg of rejected solution turns into 0 (nil), thus eliminating generation of waste and the manual effort required for waste handling
- Eliminated the cost of disposal of hazardous waste
- Cost saving of ₹ 65 Lacs per year accrued as a result of this initiative

We are proactively addressing the problem of plastic packaging litter.

Plastic packaging plays a critical role in preserving products, informing consumers and thereby ensuring the safety and efficacy of a vast range of products. We are committed to towards contributing to sustainable packaging - to work with other businesses, civil society organisations and governments towards achieving this goal. We believe that the right solution to this problem is not banning plastics but ensuring that these get collected and disposed off in an environmentally, socially and financially responsible manner.

Our research revealed that cement kilns provide the most viable way of processing flexible packaging waste. The packaging waste burns cleanly and efficiently in cement kilns given the very high temperature and excess of oxygen. Cement kilns are present across large parts of India and the capital assets required are already in place. This makes the route the cheapest way of dealing with the problem.

We have facilitated processing of 20 tons (four truckloads) of flexible packaging in Hyderabad by diverting it to cement kilns. Having proven that the concept works, we now want to extend this model to the entirety of our flexible waste footprint in India, over one thousand tons per year. We aspire to become India's first 'flexibles-neutral' company. We will leverage our position in the Industry to get other companies to adopt this model. We will engage the government and Industry associations in supporting this cause.

Shreveport, USA processed 48 tons of waste through our recycling contractor during FY2018

Enhancing Energy Efficiency

At Dr. Reddy's, energy efficiency is a key concern as it constitutes a substantial portion of our operational expenses. Our focus is on minimizing our energy consumption, through a clear understanding of our energy usage across the value chain and life cycle of our products.

We foresee enormous potential and value in developing our energy efficiency projects for our manufacturing units. We believe we can improve our business as well as environmental performance by concentrating on our sustainable energy practices. We are looking towards a resource-efficient and low carbon future.

Approach towards energy efficiency

We have further set energy metrics and benchmarking to enhance energy efficiency. At Dr. Reddy's, we identify, develop budget and implement energy conservation projects across the organization. These projects have helped us facilitate fuel conservation, emission reductions, cost efficiency, improved processes and productivity gains, among others.

Despite of our energy conservation efforts, we have observed a steep increase in our absolute energy consumption during the year. To support our manufacturing expansion plans, we have commissioned one coal-based Cogen plant in April-2017, which has resulted in increase

in overall coal consumption at our facilities. This has also resulted in steep increase in absolute energy consumption and contributed to 21% increase in our overall GHG emission. Our specific energy consumption also increased by 40% during the financial year as compared to FY2017, though we have plans in place to achieve our 2020 target.

As a combination of our efforts in the energy conservation and increased renewable energy share, we target to achieve 40% reduction in carbon intensity by 2020 from the year 2010. The combined scope 1, 2 and 3 emission intensity during the year stands at 5.9 tCO₂/ ₹ million sales. We have extended our geography of reporting for scope 3 emission this year and included most of our international operations excluding site Mirfield and Beverley in the calculation.



Enhancing Energy Efficiency

Energy conservation initiatives

During FY2018, we have implemented 193 energy conservations projects across various business units and accrued savings of ₹314.23 million, thus eliminating GHG emission by 45,497 tons of CO₂e.

Energy conservation initiative implemented around finished dosage facilities

The problem of "scaling", which is caused due to the 'hardness' in the water, was a big issue in all our manufacturing facilities. The pipes of the chiller condenser in air-conditioning systems routinely get clogged with scaling, reducing their efficiency. Periodic "descaling" activities were conducted for each air-conditioning chiller.

The process of descaling takes at least six hours to complete under fairly hostile conditions, involving the use of acids and other harmful chemicals. Given the manual nature of the effort, there are chances of leaks and spillage, which are undesirable in a plant environment. Our FTO Unit 3 plant team had made multiple efforts to overcome this problem. Their first attempt was to try and maintain the quality of water such that it does not cause scaling. However, the efforts in this direction weren't successful. They then approached their Original Equipment Manufacturers (OEMs) to check if they had a solution that could ensure automatic descaling of the condenser. The OEM had proposed a solution that though effective, involved changing the design of the condenser itself, occupied much more floor space and would end up costing almost 35% of the condenser cost. Therefore, this was not a feasible option.

After a few other futile attempts, we could identify a mechanized process of pushing special sponge balls through the condenser pipes, which acted as brushes scrubbing the inner walls of the pipes and thereby preventing scaling. We conducted a pilot of the solution with one of the machines at FTO Unit 3. The system started yielding noticeable improvements within the first month itself giving assurance of its scalability. By March 2016, it was fully deployed at FTO Unit 3 and has since been deployed in all our finished dosage facilities.

Using the new system, we have eliminated the requirement of manual descaling of condenser chillers, saving about 640 manhours, improved the overall life cycle of the chiller and reduced the energy consumption by 12%, saving over ₹60 lakhs annually. It has also resulted in the reduction in carbon footprint (908 tons of CO₂ per annum). The plan is now to extend this solution across CTOs as well

Renewable energy at Dr. Reddy's

We target to achieve 25% renewable energy share in our total energy mix by 2020. The share of renewable energy in our total energy consumption stands at 8% this year as compared to 12% in FY2017. This drop is realized because of the increase in absolute energy consumption, which is contributed by the Cogen plant. However, the solar installation contributed reduction in GHG emissions.

During the year, our solar energy consumption was ~51.7 million kWh, thus saving 49,611 tons of CO₂e. We have also generated 183.63 TJ of energy using biomass/rice husk briquettes, thus avoiding GHG emission by 18,769 tons of CO₂e.



Our Sustainability Performance

All data as of 31st March of the respective financial year

Indicator	Unit	2014-15	2015-16	2016-17	2017-18
Economic Performance					
Revenue	₹ Million	150,233	155,683	141,961	142,810
Operating cost ¹	₹ Million	123,978	130,045	128,139	130,858
Employee compensation	₹ Million	29,446	31,174	31,068	32,149
Payments to provider of capital ²	₹ Million	4,677	5,022	20,007	5,323
Payment to Govt. (tax)	₹ Million	5,464	7,014	5,770	2,761
Community investment	₹ Million	291.6	412	426.7	328
Economic Value Retained (PAT)	₹ Million	23,364	21,306	12,921	9,468
Financial assistance received from Govt.	₹ Million	0	0	0	0
Materials					
API- Raw materials (Top 10 used for formulations)	Kgs	354,786	476,978	507,313	545,272
Excipients Raw materials - Top 10	Kgs	3,982,699	4,240,126	6,289,305	5,746,708
Energy use & efficiency					
Fuel consumption- Non-renewable sources	GJ	1,666,006	1,424,248	1,760,870	3,222,184
Fuel consumption- Renewable sources	GJ	339,716	250,386	388,642	369,659
Direct energy consumption	GJ	2,005,721	1,752,639	1,961,034	3,408,424
Indirect energy consumption	GJ	1,107,857	1,122,647	1,590,417	1,232,775
GHG emissions³					
Scope 1 emissions	tCO ₂ -e	177,841	135,140	154,808	298,791
Scope 2 emissions	tCO ₂ -e	254,563	335,254	306,000	259,822
Water					
Total water withdrawal	KL	1,360,106	1,266,609	1,689,330	1,675,292
Municipality	KL	281,260	274,240	468,764	288,758
Surface water	KL	599,518	542,047	505,667	695,454
Ground water	KL	479,327	450,322	714,900	691,080
Total water recycled	KL	828,200	848,367	850,960	968,176
Waste					
Hazardous waste generated	MT	22,277	26,247	21,241	23,710

⁽¹⁾ Includes material costs and employee compensation

⁽²⁾ Includes dividend paid, net interest and buyback of equity shares

⁽³⁾ Emission factors provided in the IPCC Guideline for National Greenhouse Gas Inventories of 2006 were used to calculate GHG emissions from stationary combustion sources. Activity data (quantity of fuel consumed) is multiplied with the respective Net Calorific Value (NCV) to arrive at the energy consumption value, which is multiplied by the emission factor to quantify the direct emission from stationary combustion sources. Emissions from purchased electricity are calculated as per Central Electricity Authority's CO₂ Baseline Database for the Indian Power Sector, User Guide Version 12.0, May 2017 for Indian operations. Respective country-specific emission factors are used for the locations outside India. All indirect emissions (excluding Scope 2) are calculated following the Green House Gas reporting standard published by the UK Government.

Our Sustainability Performance

Indicator	Unit	2014-15	2015-16	2016-17	2017-18
Hazardous waste disposed (to landfill/TSD/ incineration)	MT	15,572	11,639	4,043	2,115
Hazardous waste reused/ recycle (to cement plants & others)	MT	6,705	6,657	17,198	21,595
Non-Hazardous waste generated (Eg: Food waste, PPE waste etc)	MT	21,861	22,750	24,827	28,571
Air Quality					
Suspended Particulate Matter	Tons/yr	61	81	176	163
NOx	Tons/yr	2,674	2,646	630	251
Sox	Tons/yr	1,221	1,191	360	440
Environmental expenditure					
Environmental expenditure	₹ Million	621	559	840	728
Total workforce-gender type					
Male	% age	91.7%	91%	83%	82%
Female	% age	8.3%	9%	17%	18%
Total workforce-age type					
<30	% age	54%	45%	45%	38%
30-50	% age	44%	53%	52%	58%
>50	% age	2%	2%	3%	4%
Total workforce-employment type					
Management	Numbers	15,847	17,913	21,728	22,005
Workers	Numbers	809	790	953	976
Contractual	Numbers	686	493	658	904
New employee hire - gender wise					
Male	Numbers	4,316	4,563	3,923	3,431
Female	Numbers			1,152	833
New employee hire - age wise					
<30	Numbers	--	--	3,458	2,777
30-50	Numbers	--	--	1,547	1,477
>50	Numbers	--	--	70	60
Employee turnover rate					
Employee turnover	% age	17.7	17.3	16.7	16
Parental leave					
Employees availing parental leave	Numbers	Male-653 Female-103	Male-722 Female- 95	Male-883 Female- 159	Male-990 Female-146
Employees returning to work after the leave period	Numbers	--	Male-722 Female- 71	Male-883 Female- 159	Male-990 Female-146

Our Sustainability Performance

Indicator	Unit	2014-15	2015-16	2016-17	2017-18
Employees who returned to work after parental leave ended and were still employed for twelve months after their return to work	Numbers	--	--	Male-751 Female- 129	Male-857 Female-138
Safety performance					
Reportable Injuries (Employees) (LTI+MTI+RWI)	Numbers	26	26	27	26
Lost days (Employees)	Days	Not tracked			6,222
Fatalities (Employees)	Numbers	0	0	0	1
Reportable Injuries (Contractual workforce) (LTI+MTI+RWI)	Numbers	19	19	31	23*
Lost days (Contractual workforce)	Numbers	Not tracked			6,885
Fatalities (Contractual workforce)	Numbers	0	0	1	1
Total reportable injury frequency rate (Employee+ Contractor)	Numbers	--	--	1.04	0.89
Occupational disease rate (Employee+ Contractor)	Numbers			0	0
LTI- When an accident causes bodily injury to any person as it prevents the person injured from working for a period of 48 hours or more immediately after following the accident, such injury is classified as an LTI.					
MTI- A MTI is a work-related injury for which medical treatment is indicated but that does not result in lost work or work restrictions.					
RWI- A RWI is an injury in which a work-related injury or illness prevents the employee from working a complete shift (or from doing any tasks that are part of his or her routine job functions that may be performed or assigned in a one-week period) but does not result in lost workdays.					
Injury frequency rate is calculated on the basis of number of injuries per million man-hours worked					
Note: Excludes first aid cases					
* Including 3 apprentice person					
Total hours of Training					
Classroom	Hours	--	--	2,108,387	2,284,379*
Computer based training	Hours			353,897	564,199*
Skill-based	Hours	--	--	33,890	48,406
External	Hours	--	--	3,366	2,664

*included training hours for sales and marketing team

Note- The data on performance indicators provided in above table for FY 15 and FY16 represents our India operations. FY 17 and FY 18 values represent our global operations. We have started tracking data for our global operations and the data collection, monitoring and reporting systems are still evolving.

GRI Content Index

GENERAL STANDARD DISCLOSURES		
General Standard Disclosures	Page Number (or Link)	External Assurance
	Information related to Standard Disclosures required by the 'in accordance' options may already be included in other reports prepared by the organization. In these circumstances, the organization may elect to add a specific reference to where the relevant information can be found.	Indicate if the Standard Disclosure has been externally assured.
STRATEGY AND ANALYSIS		
102-14	CEO's message, Page 6-7	
ORGANIZATIONAL PROFILE		
102-1	Name of the organization, Page 2-3	
102-2	About Us, Page 2-7	
102-3	Location of headquarters, About Us, Page 4-5	
102-4	Location of operations, About Us, Page 4-5	
102-5	Ownership and legal structure, Annual Report 2017-18, Page 4 and Page 48	
102-6	Markets served, Annual Report 2017-18, Page 5	
102-7	Scale of the organization, Annual Report 2017-18, Page 4	
102-8	Information on employees and other workers, Our sustainability performance, Page 63-65	
102-9	Supply chain, Building a robust supply chain, Page 32-37	
102-10	Significant changes to the organization and its supply chain, Building a robust supply chain, Page 32-37	
102-11	Precautionary Principle or approach, Risks and Opportunities, Page 18-21	
102-12	External initiatives, About the Report, Page 01 & Integrating Sustainability, Page 16-17	
102-13	Membership of associations, Page 21	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
102-45	Entities included in the consolidated financial statements, Annual Report 2017-18	
102-46	Defining report content and topic Boundaries, Inside Cover	
102-47	List of material topics, Page 10-11	
102-48	Restatement of information, Not relevant	
102-49	Changes in reporting, About the Report, Page 01	
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups, Stakeholder engagement Page 12-13	
102-41	Collective bargaining agreements, Empowering teams to create value, Page 40	
102-42	Identifying and selecting stakeholders, Stakeholder engagement, Page 12-13	
102-43	Approach to stakeholder engagement, Stakeholder engagement, Page 12-13	
A102-44	Key topics and concerns raised, Stakeholder engagement, Page 12-13	
REPORT PROFILE		
102-50	Reporting period, About the report, Page 01	
102-51	Date of most recent report, About the report, Page 01	
102-52	Reporting cycle, About the report, Page 01	
102-53	Contact point for questions regarding the report, About the report, Page 01	
102-54	Claims of reporting in accordance with the GRI Standards, About the report, Page 01	
102-55	GRI Content Index	
102-56	External assurance, Page 70-72	

GRI Content Index

GENERAL STANDARD DISCLOSURES				
GOVERNANCE				
102-18	Governance Structure, Corporate Governance- Page 38 and Integrating Sustainability- Page 16			
ETHICS AND INTEGRITY				
102-16	Values, principles, standards, and norms of behavior, Annual Report 2017-18, Business Responsibility report, Page 22			
SPECIFIC STANDARD DISCLOSURES				
DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	External Assurance
	Information related to Standard Disclosures required by the 'in accordance' options may already be included in other reports prepared by the organization. In these circumstances, the organization may elect to add a specific reference to where the relevant information can be found.	In exceptional cases, if it is not possible to disclose certain required information, identify the information that has been omitted.	In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission.	Indicate if the Standard Disclosure has been externally assured.
CATEGORY: ECONOMIC				
MATERIAL ASPECT: ECONOMIC PERFORMANCE				
103	Management Discussion and Analysis, Annual Report 2017-18, Page 34-45			
201-1	'Our Sustainability Performance', Page 63-65			
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS				
103	'Caring for community' Page 48-55			
203-2	Significant indirect economic impacts, Page 48-55, 'Caring for community'			
MATERIAL ASPECT: PROCUREMENT PRACTICES				
103	Page 32-37, 'Building a robust supply chain'			
204-1	Page 32-37, 'Building a robust supply chain'			
MATERIAL ASPECT: ANTI CORRUPTION				
103	Page 32-37, 'Building a robust supply chain'; Page 27 and 55 of Annual Report 2017-18			
205-1	Page 27 and 55 of Annual Report 2017-18			
205-2	Page 27 of Annual Report 2017-18; Accountability and Transparency, page 47	Employee category and region wise data not reported	We are in the process of monitoring the same and will be reporting it in the next reporting cycles	
CATEGORY: ENVIRONMENTAL				
MATERIAL ASPECT: MATERIALS				
103	Please refer page 32-37, 'Building a robust supply chain' - Ensuring strategic purchasing)			
301-1	Materials used by weight or volume, 'Our Sustainability Performance'	Amount of packaging material not reported	We are in the process of monitoring the same and will be reporting it in the next reporting cycles	
MATERIAL ASPECT: ENERGY				
103	Please refer page 56-62, Safeguarding the environment - 'Enhancing energy efficiency'			
302-1	Energy consumption within the organization, 'Our Sustainability Performance', page 63-65			

GRI Content Index

302-3	Energy intensity, 'Our Sustainability Performance', page 63-65			
302-4	Reduction of energy consumption, Page 56-62, Safeguarding the environment, page 63-65			
MATERIAL ASPECT: WATER				
103	Page 56-62, Safeguarding the environment			
303-1	'Our Sustainability Performance', page 63-65			
303-3	'Our Sustainability Performance', page 63-65			
MATERIAL ASPECT: EMISSIONS				
103	Page 56-62, Safeguarding the environment			
305-1	'Our Sustainability Performance', page 63-65			
305-2	'Our Sustainability Performance', page 63-65			
305-3	'Enhancing energy efficiency', page 61-62			
305-4	'Our Sustainability Performance', Page 63-65, Safeguarding the environment			
305-5	'Our Sustainability Performance', Page 63-65, Safeguarding the environment			
305-7	Our sustainability performance, page 63-65			
MATERIAL ASPECT: EFFLUENTS AND WASTE				
103	Page 56-62, Safeguarding the environment			
306-1	'Our Sustainability Performance', page 63-65			
306-2	'Our Sustainability Performance', page 63-65			
MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT				
103	Please refer page 32-37, 'Building a robust supply chain'			
308-1	New suppliers that were screened using environmental criteria, Page 35, 'Supplier Risk Assessment Framework'			
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK				
MATERIAL ASPECT: EMPLOYMENT				
103	Page 38-47, Empowering teams to create value			
401-1	Page 38-47, Empowering teams to create value, Our Sustainability Performance			
401-2	Page 38-47, Empowering teams to create value, Our Sustainability Performance, page 63-65			
401-3	'Our sustainability performance', page 63-65			
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY				
103	Page 38-47, 'Empowering teams to create value'			
403-2	Our Sustainability Performance and Page 38-47 'Empowering teams to create value'		Absenteeism not tracked as a central corporate indicator	
MATERIAL ASPECT: TRAINING AND EDUCATION				
103	Page 38-47 'Empowering teams to create value'			
404-1	Our Sustainability Performance and Page 38-47 'Empowering teams to create value'			
404-2	Our Sustainability Performance and Page 38-47 'Empowering teams to create value'			

GRI Content Index

MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY			
103	Annual Report 2017-18 – Corporate Governance, Page 48		
405-1	Our Sustainability Performance, Page 63-65 and Annual Report 2017-18, Page 16-19		
MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
103	Business Responsibility Report, Annual Report 2017-18, page 29		
407-1	Business Responsibility Report, Annual Report 2017-18, page 29		
MATERIAL ASPECT: CHILD LABOR			
103	Business Responsibility Report, Annual Report 2017-18, page 29		
408-1	Business Responsibility Report, Annual Report 2017-18, page 29		
MATERIAL ASPECT: LOCAL COMMUNITIES			
103	Page 48-55, 'Caring for community'		
413-1	Page 48-55, "Caring for community"		
MATERIAL ASPECT: SUPPLIER SOCIAL ASSESSMENT			
103	Page 32-37, 'Building a robust supply chain'		
414-1	Page 32-37, 'Building a robust supply chain'		
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY			
103	Page 26-31, 'Responsible healthcare offerings'		
416-2	Page 26-31, 'Responsible healthcare offerings' – 'Managing product recalls'		
MATERIAL ASPECT: MARKETING AND LABELLING			
103	Page 26-31, 'Responsible healthcare offerings'		
417-2	Page 26-31, 'Responsible healthcare offerings'		

Independent Assurance Statement

Scope and Approach

DNV GL Business Assurance India Private Limited has been commissioned by the management of Dr. Reddy's Laboratories Limited (Corporate Identity Number L85195TG1984PLC004507, hereafter referred as 'the Company') to carry out an independent assurance of the qualitative and quantitative information related to sustainability performance in its Sustainability Report 2017-18 ('the Report') and references in its Annual Report 2017-18, for the financial year ending 31st March 2018.

The sustainability performance disclosures presented in the Report has been prepared by the Company based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016 ('GRI Standards') and its Core option of reporting, and considering key guiding principles and elements of the International Integrated Reporting Council's (IIRC's) Integrated Reporting <IR> framework ('the <IR> framework'). The scope and boundaries of disclosures are described in the Sections 'About the Report' and 'Material Matters' of the Report, and includes performance related to operations in India, Mexico, the Netherlands, the United Kingdom (UK) and the United States of America (USA) where the Company exercises operational control. The boundary excludes the performance of subsidiaries and joint ventures, which are primarily related to marketing activities.

We performed a limited level of assurance based on our assurance methodology VeriSustain™, which is based on our professional experience, international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* and GRI Guidelines. Our assurance engagement was planned and carried out during June 2018 - September

2018.

The intended user of this Assurance Statement is the Management of the Company ('the Management'). We disclaim any liability or responsibility to a third party for decisions, whether investment or otherwise, based on this Assurance Statement.

Responsibilities of the Management and of the Assurance Providers

The Management has the sole responsibility for the preparation of the Report and are responsible for all information disclosed in the Report as well as the processes for collecting, analysing and reporting the information presented in the Report. In performing this assurance work, our responsibility is to the Management; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of the Company.

We provide a range of other services to the Company none of which in our opinion, constitute a conflict of interest with this assurance work. Our assurance engagement is based on the assumption that the Company has provided us data and information during our review in good faith. We were not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. We expressly disclaim any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Basis of our Opinion

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our

assurance opinion, and as part of the assurance, a multi-disciplinary team of sustainability and assurance specialists performed work at the Company's Corporate Office in Hyderabad and sample facilities in Visakhapatnam and Hyderabad, in India. We undertook the following activities:

- Review of the approach to materiality determination and stakeholder engagement, and the outcome as stated in this Report. We did not have any direct engagement with external stakeholders;
- Review of supporting evidence for key claims and data in the Report;
- Interviews with selected senior managers responsible for management of sustainability issues and review of selected evidence to support topics disclosed in the Report. We were free to choose interviewees and interviewed those with overall responsibility to deliver the Company's sustainability objectives;
- Site visits to sample facilities ie. Chemical Technical Operations (CTOs) and Formulations Technical Operations (FTOs) in India ie. FTO-SEZ, FTO-SEZ-2 and CTO-6 in Vishakhapatnam, and FTO-2, CTO-2 and Custom Pharmaceutical Services (CPS) at Hyderabad, in India, to review processes and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose sites for conducting assessments on the basis of their materiality;
- Remote audits via teleconference for operations at the Company's manufacturing unit at Cuernavaca, Mexico, and Bristol, Tennessee in the USA to review the systems for data management of environmental and safety parameters at these sites;

¹ The VeriSustain protocol is available on www.dnvgl.com

* Assurance Engagements other than Audits or Reviews of Historical Financial Information.

- Review of the processes for gathering and consolidating the performance data related to the chosen GRI Standards;
- Verification of the data consolidation of reported performance disclosures in context to the Principle of Completeness as per VeriSustain for a limited level of verification; and,
- An independent assessment of the Report against the requirements of the GRI Standards: Core option of reporting.

During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement. The reported data on economic performance, expenditure towards Corporate Social Responsibility (CSR) and other financial data are based on audited financial statements issued by the Company's statutory auditors, and presented in its Annual Report 2017-18, which is subject to a separate audit process. We were not involved in the review of financial data from the Annual Report.

Opinion

On the basis of the verification undertaken, nothing has come to our attention to suggest that the Report does not properly describe the Report's adherence to the GRI Standards: Core option of reporting including the GRI 102: General Disclosures 2016, GRI 103: Management Approach 2016 and disclosures related to the following GRI Standards which have been chosen by the Company to bring out its performance against its identified material topics:

- GRI 201: Economic Performance 2016 - 201-1;
- GRI 203: Indirect Economic Impacts 2016 - 203-2;
- GRI 204: Procurement Practices 2016 - 204-1;
- GRI 205: Anti-Corruption 2016 - 205-1, 205-2*;
- GRI 301: Materials 2016 - 301-1*;
- GRI 302: Energy 2016 - 302-1, 302-3, 302-4;

- GRI 303: Water 2016 - 303-1, 303-3;
- GRI 305: Emissions 2016 - 305-1, 305-2, 305-3, 305-4, 305-5, 305-7;
- GRI 306: Effluents and Waste 2016 - 306-1, 306-2;
- GRI 308: Supplier Environmental Assessment 2016 - 308-1;
- GRI 401: Employment 2016 - 401-1, 401-2, 401-3;
- GRI 403: Occupational Health and Safety 2016 - 403-2*;
- GRI 404: Training and Education 2016 - 404-1, 404-2;
- GRI 405: Diversity and Equal Opportunity 2016 - 405-1;
- GRI 407: Freedom of Association and Collective Bargaining - 407-1;
- GRI 408: Child Labor 2016 - 408-1;
- GRI 413: Local Communities 2016 - 413-1;
- GRI 414: Supplier Social Assessment 2016 - 414-1;
- GRI 416: Customer Health and Safety 2016- 416-2;
- GRI 417: Marketing and Labelling 2016 - 417-2.

***Certain information/data points as per GRI Standards are currently not aggregated and reported, and the reasons for these omissions has been brought out within the Report i.e. systems are being developed for full reporting.**

Observations

Without affecting our assurance opinion, we provide the following observations against the principles of VeriSustain:

Materiality

The process of determining the issues that is most relevant to an organization and its stakeholders.

The Company has identified material topics which impacts the Company's value-creation process, matters most to its stakeholders, and are aligned to its sustainability pillars. Key issues which have been identified from interactions and engagement with internal and external stakeholders have been prioritized through consultation with the Company's senior management personnel. The prioritised list of material topics were further validated through

consultations with management personnel across various levels of the Company. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report indicates employees, business partners, investors, communities and non-governmental organisations (NGOs), and patients, customers and healthcare professionals as being the Company's most significant stakeholders. The Report brings out the Company's processes for identifying and responding to stakeholder concerns and processes through which Dr. Reddy's has created value for each stakeholder group. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

Responsiveness

The extent to which an organization responds to stakeholder issues.

The outcomes from stakeholder engagement and the Company's processes of creating value for each stakeholder group are adequately brought out in the Report, through its policies, strategies, management systems and governance mechanisms. The management systems include processes for monitoring and reviewing targets, key performance indicators and metrics to address identified material issues. The Company may further define short, medium and long term targets for material topics across its value chain as required by the GRI Standards and the <IR> framework. Nothing has come to our attention to suggest that the responses related to identified material topics are not adequately represented in the Report, and that the Report does not meet the requirements related to the Principle of Responsiveness.

Reliability

The system for maintaining the quality of underlying sustainability disclosures and performance management systems including the accuracy and comparability of information presented in the Report

The majority of data and information verified at the Corporate Office and at sample FTO and CTO locations visited by us were found to be fairly accurate. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and the errors have been corrected. The Company may implement formal processes and tools for sustainability data management including processes for periodic reviews and

validation to further strengthen the reliability of its sustainability performance data. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported?

The Report fairly brings out Dr. Reddy's Economic, Environmental and Social performance for its identified reporting boundaries and material topics through appropriate GRI Standards and through descriptions of value creation strategies across identified capitals. Nothing has come

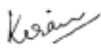
to our attention to suggest that the Report does not meet the Principle of Completeness with respect to scope, boundary and time.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The disclosures related to sustainability performance and issues are presented in a neutral tone, in terms of content and presentation, along with key challenges faced during the period. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

For DNV GL Business Assurance India Private Limited

	
<p>Kiran Radhakrishnan Lead Verifier Senior Assessor DNV GL Business Assurance India Private Limited, India.</p>	<p>Vadakepatth Nandkumar Assurance Reviewer Head - Regional Sustainability Operations - Region India and Middle East DNV GL Business Assurance India Private Limited, India.</p>

25th September 2018, Bengaluru, India.

DNV GL Business Assurance India (Private) Limited is part of DNV GL - Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnvgl.com



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

www.drreddys.com

Feedback or questions pertaining to content of the report may be directed to:

Sanjay Sharma

Executive Vice President and Head, Global Manufacturing Operations
sustainability@drreddys.com