



**Good
Health
Can't
Wait.**

Dr. Reddy's Laboratories Limited
Integrated Report 2022-23

The Next and the New

Strategy at Work

Celebrating the legacy of our founder

A tribute to Dr. K. Anji Reddy



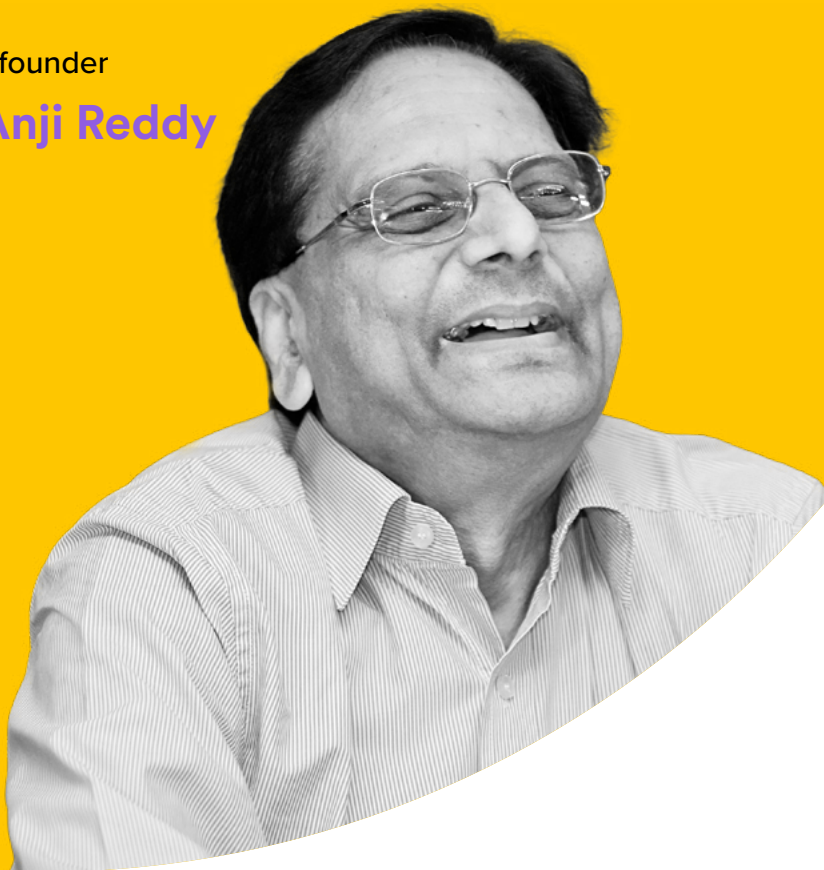
Dr. Kallam Anji Reddy
1941-2013

Scientist Entrepreneur Philanthropist

“What really drives me is the science. Can I bring a drug into the market which can change the way people live?”

March 15, 2023, marked ten years since Dr. K. Anji Reddy left us. We take this opportunity to pay tribute to our visionary founder.

Celebrating the legacy of our founder
A tribute to Dr. K. Anji Reddy



Our founder, Dr. K. Anji Reddy, was a scientist, entrepreneur and philanthropist. He was among the pioneers of the modern Indian pharmaceutical industry. His legacy lives on through our work.

“ It was a dream. It was not a plan on the drawing board, no. But it was a dream. I wanted to be a pharmaceutical manufacturer and obviously, god-willing, number one in India.”

Under his leadership, our Company broke new frontiers

Dr Reddy's Charts Expansion Plans For Canada, Europe

KVY CHARTA
Hyderabad, Dec 24
After gaining enough strength in the US generic market, Dr. Reddy's Laboratories (DRL) plans to expand its presence in other markets including Canada, South Africa, and Europe.

Dr. Reddy's launches new molecule
Special Correspondent

HYDERABAD: Dr. Reddy's Laboratories has announced the launch of Reditux, a monoclonal antibody (MAb) used in the treatment of Non-Hodgkin's Lymphoma (NHL).

Reditux was unveiled here on Monday in the presence of 100 leading oncologists. The launch was followed by a technical session on the development of the drug.

NHL describes a group of cancers arising from lymphocytes, a type of white blood cell.

It is distinct from Hodgkin lymphoma in its pathologic features: epidemiology, common sites of involvement, clinical behaviour, and treatment.

Talking at the technical session Dr Anji Reddy, Chairman, Dr. Reddy's Laboratories said, "Reditux is yet another example of this commitment. The



Dr Reddy's on shopping spree in UK, Germany

By Jayanta Ghosh
Times News Network
NEW DELHI: Dr Reddy's Laboratories (DRL) is in acquisition mode. The company is currently in talks with generic drug manufacturers in the UK and Germany for acquisitions, chairman K Anji Reddy told The Times of India. Although refusing to divulge the name of the companies DRL is negotiating with, Reddy said the \$100 million revenue from the company's American Depository Receipts would be used towards this end. The details of amount of equity pick-up and the number of companies are being shared but, he added.



The exclusive one

Dr Reddy's Labs: Fluoxetine exports lifts bottomline

Dr. Reddy's Laboratories (DRL) has surprised analysts with a bewildering performance in the second quarter ended September 2001. It surpassed the expectations of all and reported 92 per cent growth in sales to Rs 467 crore. Analysts expected a turnover of around Rs 139 crore. The company also reported an exponential jump of four times in net profit to Rs 141 crore as against analysts' expectations of around Rs 30 to 35 crore. The company will enjoy exclusivity period till the end of fiscal year 2002-03. DRL also reported a 250 per cent growth in exports to Rs 297 crore. One of the largest success stories for this growth in exports is fluoxetine. Recently, DRL has secured the first Indian company to obtain marketing rights for an exclusivity period of six months for 40 mg capsules of fluoxetine (Zanidol) in a

Dr Reddy's Labs takes a big dialysis test

Launches darbepoetin alfa, which is used to treat anaemia due to kidney disease and anaemia due to chemotherapy



Dr. Bruce Carter, Executive Vice-President, Health Care Discovery and Development, Novo Nordisk, exchanging copies of the agreement with Dr. K. Anji Reddy, Chairman, Dr. Reddy's Research Foundation.

Dr. Reddy's unit licenses products to Novo Nordisk

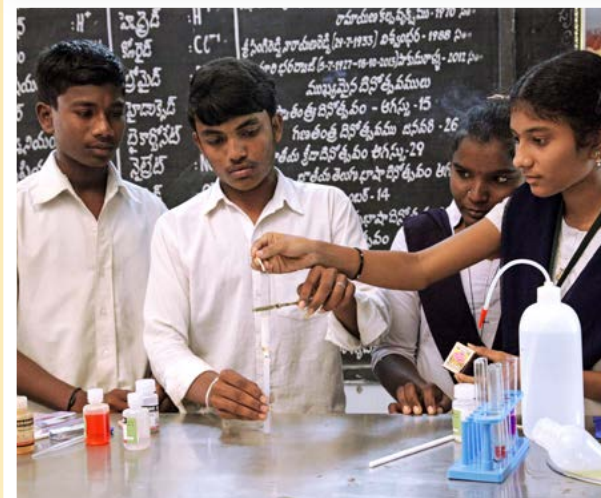
Our Staff Correspondent
HYDERABAD, March 3
Novo Nordisk covers compounds having potential for treatment of diabetes, obesity, dyslipidemia and complications associated with these dis-

And became a pioneer in Indian pharma

Celebrating the legacy of our founder
A tribute to Dr. K. Anji Reddy

“ Everyone has a purpose in life and a unique talent to give to others. And when we blend this unique talent with service to others, we experience the ecstasy and exultation of our own spirit, which is the ultimate goal of all goals. The highest patriotism and philanthropy consists in helping and stimulating men and women to elevate and improve themselves by their own free and independent individual action.”

He was determined to give back to society



He was recognised for his path-breaking efforts



“ We should not settle for anything short of excellence in everything we do in reaching our vision. Excellence is an umbrella for everything.”

Based on the core tenets of deep science, robust governance and progressive people practices, our Company rose to become a global leader in pharma. Today we continue Dr. Anji Reddy's vision of access, affordability and innovation for patients.

Contents

CORPORATE OVERVIEW

Who we are	8
Our global operations	10
Our key performance indicators	12
Message from the Chairman and Co-Chairman	14
The year in pictures - partner of choice	16
The year in pictures - our people, our pride	18
Key awards and recognitions	20
Board of Directors	22
Management Council	24

OUR STRATEGY

Introducing our Integrated Reporting	26
Our ESG journey	28
Our ESG aspiration and progress	30
Materiality assessment	32
Value creation model	34
Our strategy pillars	36

OUR PERFORMANCE

Our patients	38
Our people	46
Our communities	52
Our planet	56
Governance	65

STATUTORY REPORTS

Management Discussion and Analysis	72
Five years at a Glance and Key Financial Ratios	88
Board’s Report and annexures	90
Business Responsibility and Sustainability Report	114
Corporate Governance Report	151
Additional Shareholders’ Information	184

FINANCIAL STATEMENTS

Standalone Financial Statements (Ind AS)	198
Consolidated Financial Statements (Ind AS)	285
Extract of Audited IFRS Consolidated Financial Statements	400

ANNEXURES

Independent Assurance Statement	403
GRI Index	408
Glossary	412

NOTICE OF 39th ANNUAL GENERAL MEETING

414

ABOUT US

Dr. Reddy’s Laboratories Ltd. is a global pharmaceutical Company headquartered in Hyderabad, India. Established in 1984, we are committed to providing access to affordable and innovative medicines. Driven by our purpose of ‘Good Health Can’t Wait’, we offer a portfolio of products and services including APIs, generics, branded generics, biosimilars and OTC. Our major therapeutic areas of focus are gastrointestinal, cardiovascular, diabetology, oncology, pain management and dermatology. Our major markets include – USA, India, Russia & CIS countries, China, Brazil and Europe. As a Company with a history of deep science that has led to several industry firsts, we continue to plan ahead and invest in businesses of the future. As an early adopter of sustainability and ESG actions, we released our first Sustainability Report in 2004. Our current ESG goals aim to set the bar high in environmental stewardship; access and affordability for patients; diversity; and governance.



For more information, log on to:
www.drreddys.com



The Next and the New Strategy at Work

Our strategy of strengthening our core **(the ‘next’)** and building the future **(the ‘new’)** continues to guide our business. We are pursuing productivity, digitalisation and patient-focused innovation while building the right portfolio of products. Our financial position allows us to invest in innovative solutions to address patient needs. With sustainability at the centre of business strategy, we have set ourselves bold goals in affordability, access and innovation while reducing our environmental footprint.

Our first Integrated Report is a showcase of our strategy at work. We have combined our Annual Report and our Sustainability Report to present a holistic view of the Company and how we create value for all stakeholders.

Who we are

OUR PURPOSE

We accelerate access to affordable and innovative medicines because **Good Health Can't Wait.**



OUR PROMISES

Bringing

expensive medicines within reach

Addressing

unmet patient needs

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

OUR PRINCIPLES

Empathy

We understand the needs of our patients and partners better than others

Dynamism

We solve challenges that only a few can, and do this with agility



OUR VALUES

In pursuit of our purpose of providing affordable and innovative medicines for healthier lives, we will create an environment of innovation and learning while continually reaching for higher levels of excellence.

Integrity and transparency

We will uphold the highest standards of integrity and transparency in all our transactions

Productivity

We strive to achieve more with less through a culture of innovation, continuous improvement and a substantial focus on elimination of waste

Sustainability

We will create value for all our stakeholders in a manner that respects our natural environment and serves the best interests of the communities in which we live and work

Safety

We are committed to providing safe working environments through continuous improvement of our infrastructure, work practices and behaviours

Respect for the individual

We are committed to creating a work environment that encourages diverse perspectives and upholds the dignity of work and of individuals

Quality

We are dedicated to designing quality into our products and processes to delight our stakeholders

Collaboration and teamwork

We will leverage expertise and resources from across our global network to create greater value for our stakeholders

OUR LEADERSHIP BEHAVIOURS

Aspirational growth mindset

We target industry-leading growth through innovation, cost leadership and taking risks

Speed and rigour in execution

We act with agility; we are disciplined and rigorous in execution

People leadership

We inspire people to reach their full potential through work and continuous learning

Innovation

We drive patient and customer-focused innovation in all areas using cutting-edge science, technology and tools

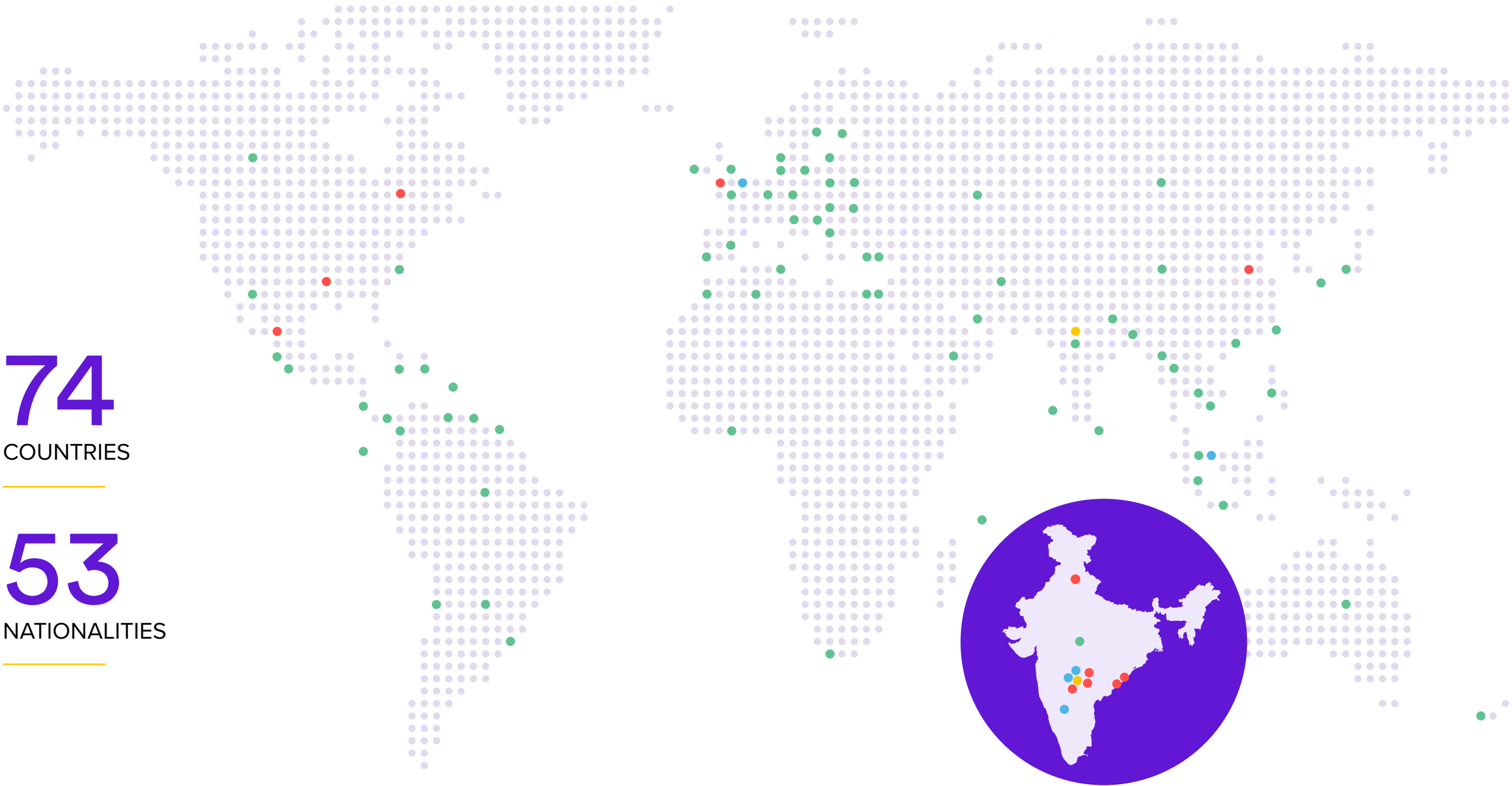
Results driven

We take responsibility for outcomes and own end results for our patients

Excellence focus

We excel by combining deep professional expertise and disciplined execution

Our global operations



74
COUNTRIES

53
NATIONALITIES

- Sales and Other Offices
- Manufacturing Facilities
- Research and Development Centres
- Headquarters

Note: The map is not to scale and is an artistic representation.

HIGHLIGHTS FY23

FINANCIAL

\$2.99 billion

REVENUE

29.7%

EBITDA

24,832

EMPLOYEES GLOBALLY

FILINGS

GENERIC FILINGS

12

ANDA FILINGS

As of 31st March 2023, cumulatively 86 filings are pending approval (81 ANDAs and 5 NDAs). Of these, 45 are Para IVs, and we believe 18 have 'First-to-File' status.

DMF FILINGS

12

DMFs FILED IN THE U.S.

LAUNCHES

163

NEW PRODUCTS

94

EMERGING MARKETS

9

INDIA

35

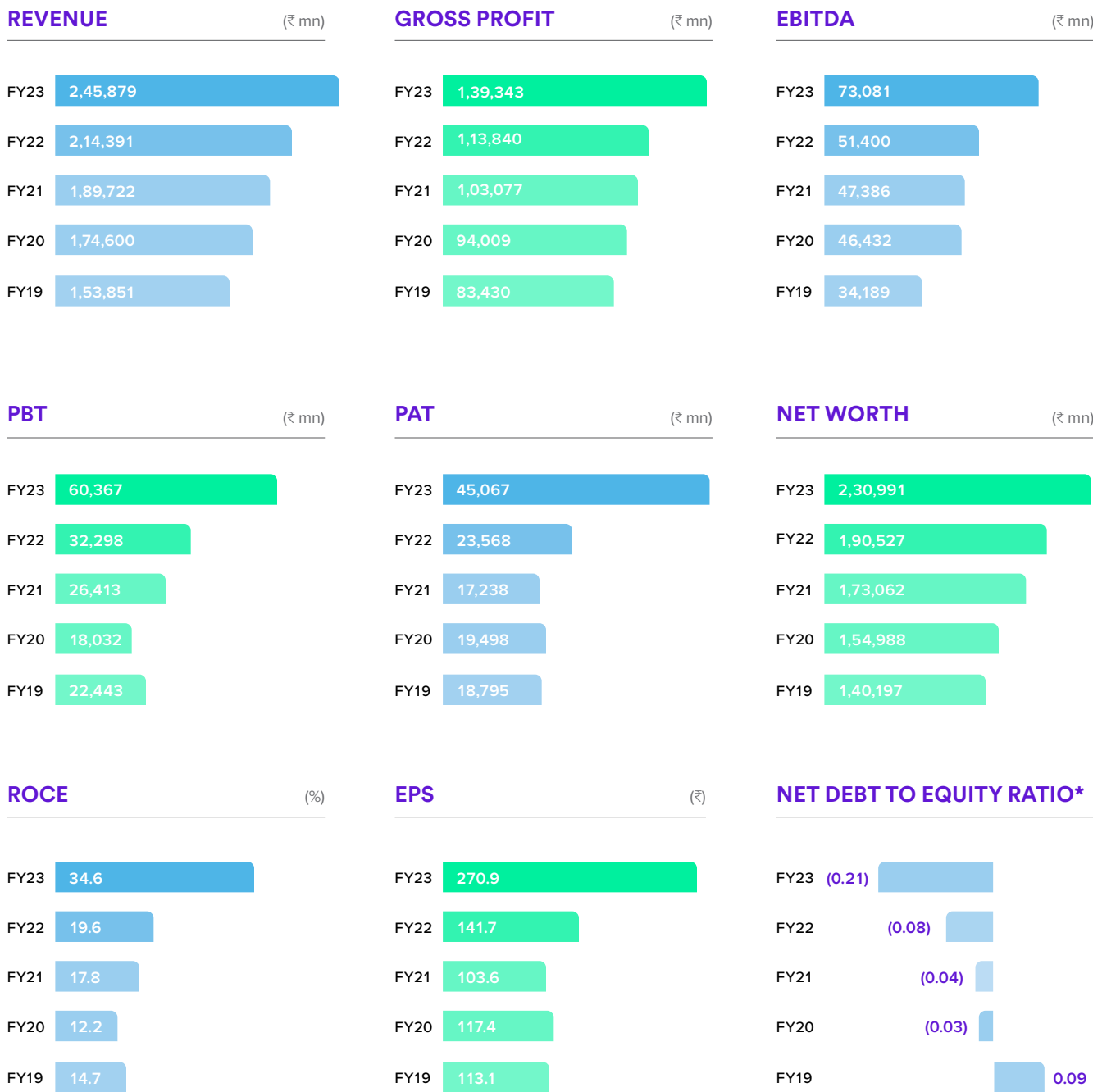
EUROPE

25

NAG

All information as of FY2023

Our key performance indicators



*Net debt/equity computation excludes lease liabilities, FY2021 onwards



1 Dr. Reddy's Investor Day June 2022 2 Celebration of limited volume launch of lenalidomide 3 Ambassador of India to Algeria, Gaurav Ahluwalia, at Dr. Reddy's Algeria event

Letter from Chairman and Co-Chairman



K. SATISH REDDY

Chairman



G.V. PRASAD

Co-Chairman and Managing Director

In June 2022 at our Investor Day, we laid down our near-term and long-term strategy, roadmap, and renewed commitment to sustainability. This year's report will show you details of that strategy in progress.

As you are aware, apart from the Annual Report, we have released annual Sustainability Reports since 2004. Starting this year, we will move to an Integrated Report that combines the two. The Integrated Report will weave together the material aspects of our business and their interplay with our purpose, values, strategy, governance, performance and future outlook.

Performance highlights

FY2023 was an exciting year for us – we achieved significant growth in sales, profits and generated a healthy cash flow driven by the opportunity in the USA.

Overall, the revenue for FY2023 stood at ₹24,588 crores (\$2.99 billion), a growth of 15% over the previous year. Our EBITDA margin for the year was at 29.7% of revenue, ahead of our aspirational target of 25%. While we benefitted from the limited volume launch of lenalidomide and the sale of some non-strategic assets, we continue to improve the drivers in our core businesses for sustainable growth through productivity improvements, market share gains and new product launches.

Dear Shareholder,

We made good progress in FY2023 on multiple fronts. Our financial performance was driven by our growth in the USA. We made progress in biosimilar development, collaborations to bring novel therapies to India and in moving our sustainability agenda forward.

In FY2023, our North America Generics business as well as our Branded Generics (India and Emerging Markets) business became billion-dollar businesses for a second year in a row.

We completed the integration of the cardiovascular brand Cidmus acquired from Novartis in India, acquired Mayne Pharma's generic prescription portfolio in the USA, and Eton Pharma's branded and generic injectable products in the USA. We also divested certain non-core brands in India to help us consolidate and strengthen our core as we aim to be a top 5 player in India. Our biosimilars pipeline also saw considerable progress. We successfully completed Phase I studies and initiated global Phase III studies of our proposed tocilizumab biosimilar via both the intravenous and subcutaneous routes. We completed the full set of clinical studies of our rituximab biosimilar for filing in the USA and Europe. Our partner launched our pegfilgrastim in the USA and Europe. We have initiated efforts to considerably expand our portfolio in our Active Pharmaceutical Ingredients (API) business, create new offerings in our Contract Development and Manufacturing (CDMO) business in Aurigene Pharmaceutical Services (APSL), and to strengthen our Europe business. We made progress in our productivity journey, including initiatives in digitalisation.

Our largest manufacturing facility in Hyderabad was included by the World Economic Forum as part of its Global Lighthouse Network.

Bringing innovation to the Indian patient

Alongside our current growth drivers above, we are also exploring business spaces that we think will shape the healthcare of the future. These include deepening our presence in nutraceuticals, cell and gene therapy and NCEs at our re-named subsidiary Aurigene Oncology Limited, and our CDMO services. We are also exploring new spaces such as integrated digital healthcare services, digital therapeutics, and disease management. While these are long-gestation businesses, and we are early in their development, we have made some progress.

We have entered into multiple partnerships to initiate clinical trials and consequently commercialise in India, wearables for atrial fibrillation treatment and migraine management, a third-generation CAR-T asset, and a New Biological Entity (NBE) toripalimab.

As the pharmaceutical landscape evolves, we continue to work towards anticipating and investing in patient needs of the future.

Sustainability central to strategy

Last year, we announced our renewed Environment, Social, Governance (ESG) goals. As a Company with over two decades of leadership in Indian pharma, we see it as our responsibility to set the bar high. Going beyond environment, we have set ourselves bold and measurable goals towards patients, employees and governance. The most distinctive aspect of our approach is that our sustainability agenda is now embedded in business

strategy. In the following pages, you will read a more detailed update on the progress we have made on each of these goals. With each product and capability, we get closer to our main goal of serving over 1.5 billion patients by 2030.

One of the most satisfying indicators of progress for us is employee participation in our sustainability agenda. 'Good Health Can't Wait' is a movement and call to action for all of us.

It encompasses planet, patients, and people. From local park clean-ups to waste recycling and incorporating sustainable actions in their personal lives, our colleagues have taken up various activities of their own initiative over the past year. Pride of place among these activities goes to the six Sustainability Ambassador Programmes run by our Safety, Health, Environment & Sustainability team – one each for road safety, women's safety, waste management, water conservation, energy conservation and health. Employees volunteer as part of these programmes to get certified, train fellow employees as well as communities around us in these areas.

As we hire more colleagues who are differently-abled or identify as transgender, we also organise sensitisation sessions internally to ensure that the Dr. Reddy's family is a welcoming and inclusive environment for our new colleagues and no one is left behind.

Recognitions

Some of our efforts resulted in high honours for us in FY2023 – we received an award from the President of India on the International Day of Persons with Disabilities in December 2022 for our work in providing placement through Dr. Reddy's Foundation. For the sixth year in a row, we were the only India-headquartered pharma Company in the Bloomberg Gender-Equality Index for 2023. We were recognised by the prestigious Science Magazine in 2022 as being among the top 20 employers in pharma/biotech globally, scoring well in 'treats employees with respect', 'is socially responsible' and 'provides employees with autonomy'. Beyond the social realm, recently, the Financial Times and Statista named us as an Asia-Pacific Climate Leader in their 2023 list. Each one of these recognitions is a humbling reminder of the years of effort it takes to achieve excellence and of the long road ahead.

We are grateful to all our shareholders, patients, the healthcare community, partners, customers, suppliers, regulators and our employees for their trust in us. We hope you find this Integrated Report a valuable source of information. We count on your support as we move towards the 40th year of our Company next year.

Yours Sincerely,

K. SATISH REDDY

G.V. PRASAD

The year in pictures — partner of choice



1 Receiving the Lighthouse accreditation from the World Economic Forum 2 As a Principal Sponsor of the 20th edition of BioAsia in 2023
3 At the Association for Accessible Medicines/International Generic & Biosimilar Medicines Association conference 2023 4 Our Women Safety Ambassadors (WSAs) team at the Kallam Anji Reddy Vidyalaya

5 As a leader in oncology, Team Colombia ran a Breast Cancer Awareness Month campaign 6 At a Bill and Melinda Gates Foundation meeting to discuss access and affordability in healthcare 7 Team Russia participates in a 'plogging campaign', an environment initiative aimed at collecting garbage while running 8 Our Community Health Intervention Programme (CHIP) 9 Participation in CPhI Frankfurt