

(To be printed on letterhead)

APPOINTMENT LETTER

(Name of Independent Director)
(Address of Independent Director)

Dear (Name),

SUBJECT: APPOINTMENT AS AN INDEPENDENT DIRECTOR

We are pleased to inform you that the Board of Directors of Dr. Reddy's Laboratories Limited ('the Company') have appointed you as an Independent Director of the Company, with effect from *(Start date)*. The purpose of this letter is to outline the basis and expectations of this appointment.

You are requested to please sign and return the attached copy in acknowledgement.

Term of Appointment

Your appointment will be for the period of *No. of years (in words)* consecutive years, with effect from *(Start date)* to *(End date)*, subject to a yearly review.

The proposal for your appointment will also be placed before the shareholders for their approval at the forthcoming Annual General Meeting.

Please do read the Articles of Association of the Company to understand certain circumstances under which your appointment may cease. The Articles of Association is available on the Company's website at <https://www.drreddys.com/investors/governance/committees-of-the-board/#reports-and-filing#moa-and-aoa>

The Board has also approved your induction as a member of the Company's _____ Committee and _____ Committee with effect from *(date)*.

Meetings and time involvement

- 1 You will strive to attend all Board and Committee meetings. At present, there are 4-6 meetings per year, but there could be some more, when the situations so warrant. Please also note that the Independent Directors will strive to attend minimum 75% of the Board and Committee meetings held during year.
- 2 You will also strive to attend the general meetings of the Company. Please note the Chairman of the Audit Committee, Nomination, Governance & Compensation Committee and Stakeholders' Relationship Committee are required to attend the Annual General Meeting of the Company.
- 3 The Independent Directors of the Company normally hold four meetings in a year - usually once in each quarter - without the presence of non-independent Directors and management. It is expected that an Independent Director of the Company shall be present at such meeting.

It is estimated that you would need to commit at least four days per quarter to fulfill your fiduciary duties as an Independent Director, including preparing for meetings, attendance and undertaking allocated follow-up tasks, office and site visits as necessary, as well as being available for ad-hoc discussions from time-to-time.

Annexure I to this document provides the dates of board meetings scheduled in (*Financial year*) for your ready reference

Remuneration & Expenses

You will be entitled to remuneration by way of commission as applicable as per the provisions of Companies Act, 2013. In addition to the commission, you may also be paid sitting fees for attending the Board and Committee meetings, as may be approved by the Board, within the ceilings under the Companies Act, 2013. The payment of Independent Directors remuneration is based on:

- Fixed commission as approved by the Board;
- Other remuneration as approved by the Board, as per existing Regulations and the Remuneration Policy for membership or Chairmanship of the different Board-level Committees; and
- Overseas travel by a Director residing outside India for Board meeting.

You will be reimbursed for all approved expenses incurred in your role as a Director. In addition, should you be requested to perform other work for the Company, outside the scope of usual Directors' duties, you shall be entitled to additional remuneration as agreed upon by the Chairperson or Lead Independent Director at the time.

Annexure II provides details of remuneration as paid to the Non-Executive and Independent Directors for FY2023

Code of Conduct

The Company has a Code of Business Conduct and Ethics (COBE) which is available on the Company's website at:

<https://www.drreddys.com/investors/governance/committees-of-the-board/#governance#code-of-business-conduct-and-ethics>.

Please note that you need to comply with the requirements as stated in COBE. On an annual basis, you will need to affirm compliance to the Company's COBE.

Fiduciary Duties

You shall:

- Act in best long term interests of all shareholders/stakeholders of the Company.
- Act without any conflict and always put the interests of the Company as paramount.
- Make informed decisions and exercise due care and diligence in overseeing the management of the business of the Company.

Please refer to COBE for details of duties of the Independent Directors.

Annexure III provides the Code for Independent Directors as given in the Schedule IV of the Companies Act, 2013.

Disclosure

In compliance with the requirements of the Companies Act, 2013, you are required to make certain disclosures related to and/or which might affect your role as a Director. These include:

- Giving notice to the Board of any relevant or material personal interest or conflict in relation to the affairs or business of the Company;
- Promptly advising details of any interests or changes thereto, in the Company's securities.

The Code of Conduct to Regulate, Monitor and Report Insider Trading deals with securities trading provisions. Acceptance of this letter indicates that you have read and understood the Code of Conduct. You will be required to affirm compliance with the Code on an annual basis.

Other Directorships

- We request you to inform the Company Secretary on accepting Directorships of other companies.
- Should you retire/resign from the Board of Dr. Reddy's Laboratories Limited., we request you not to accept Directorships for a period of one year, of corporate and other entities which are in direct competition with the Company.

Director's Performance Review

Your role in the Board and/or its Committees will be subject to review. The review process will be performed on a yearly basis.

Deed of Indemnity

Under the Articles of Association, you have certain rights regarding access to the Company's documents and the right to be indemnified for certain liabilities arising from exercising duties as a Director.

Directors' Insurance

The Company maintains Directors & Officers (D&O) Insurance for its Board members which is renewed every year.

Independent Advice

In consultation with the Chairperson, you may seek independent professional advice, at the Company's expense, on any matter connected with the discharge of your responsibilities as a Director. Copies of this advice may be made available to and for the benefit of all Board members.

Confidentiality

In your role as a Director you will be in possession of confidential information about the Company and its affairs. You may only use that information in the proper performance of your duties or as required by law; you must not use it to gain advantage for yourself or others, or to the detriment of the Company.

We look forward to your acceptance of the abovementioned offer.

Yours sincerely,

Satish Reddy
Chairman

Date:

Accepted

Signature
(Name of Independent Director)

Annexure I

Calendar of dates of next board and committee meetings

Criteria of Remuneration paid to Independent Directors for FY2023

Code for Independent Directors as given under the Section 149(8) and Schedule IV of the Companies Act, 2013

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall:

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;

- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) act within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalized through a letter of appointment, which shall set out :
 - a. the term of appointment;
 - b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - d. provision for Directors and Officers (D and O) insurance, if any;
 - e. the Code of Business Ethics that the company expects its directors and employees to follow;
 - f. the list of actions that a director should not do while functioning as such in the company; and
 - g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
 - h. The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
 - i. The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

- (1) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
 - a. review the performance of non-independent directors and the Board as a whole;
 - b. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - c. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.