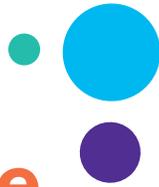


Corporate Governance



Dr. Reddy's Laboratories Limited ('Dr. Reddy's' or 'the Company') believes that timely disclosures, transparent accounting policies and a strong and independent Board go a long way in maintaining good corporate governance, preserving shareholders' trust and maximizing long-term corporate value.

Given the Company's size and complexity in operations, Dr. Reddy's corporate governance framework is based on the following main principles:

- Appropriate composition and size of the Board, with each Director bringing in key expertise in different areas.
- Proactive flow of accurate information to the members of the Board and Board Committees to enable effective discharge of fiduciary duties.
- Ethical business conduct by the Board, management and employees.
- Well-developed systems and processes for internal controls across all operations, risk management and financial reporting.
- Protect and facilitate the exercise of shareholders' rights.
- Adequate, timely and accurate disclosure of all material operational and financial information to the stakeholders.

In India, the Securities and Exchange Board of India (SEBI) regulates corporate governance for listed companies through Clause 49 of the Listing Agreement (up to 30 November 2015) and through SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (with effect from 1 December 2015). Dr. Reddy's is in full compliance with all the applicable provisions of the SEBI's corporate governance norms. It is also in compliance with the appropriate corporate governance standards of the New York Stock Exchange Inc. (NYSE).

This chapter of the annual report together with information given under the chapters entitled *Management Discussion and Analysis* and *Additional Shareholders' Information* constitute the compliance report of the Company on corporate governance during FY2016.

BOARD OF DIRECTORS COMPOSITION

As on 31 March 2016, the Board of Dr. Reddy's had nine Directors, comprising (i) two Executive Directors, including the Chairman, and (ii) seven Independent Directors (of whom one is a woman) as defined under the Companies Act, 2013, the Listing Regulations and the Corporate Governance Guidelines of the NYSE Listed Company Manual. Detailed profiles of the Directors have been given in this annual report.

The Directors have expertise in the fields of strategy, management, finance, operations, science, technology, human resource development and economics. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

The Board continuously reviews the Company's governance, risk and compliance framework, business plans, and organisation structure to align with the global standards and competitive benchmark.

Each Director informs the Company on an annual basis about the Board and Board Committee positions he/she occupies in other companies including Chairmanships and notifies any changes during the term of their Directorship in the Company. In addition, the Independent Directors provide a confirmation to the effect that they meet the criteria of independence as defined under the Indian laws. **Table 1** gives

the composition of Dr. Reddy's Board, their positions, relationship with other Directors, date of joining the Board, other Directorships and memberships of Committees held by each of them.

TERM OF BOARD MEMBERSHIP

The Board, on the recommendations of the Nomination, Governance and Compensation Committee, considers the appointment and re-appointment of Directors.

Section 149 of the Companies Act, 2013, provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company and shall be eligible for re-appointment on passing of a special resolution by the shareholders of the Company. However, the Independent Directors shall not retire by rotation.

Accordingly, all the Independent Directors of the Company were appointed as Independent Directors under Section 149 of the Companies Act, 2013, for a term ranging from 1-5 years at the 30th Annual General Meeting. Consequently, the term of Mr. Ravi Bhoothalingam, Independent Director, ends at the forthcoming 32nd Annual General Meeting on 27 July 2016.

Section 152 of the Companies Act, 2013, states that one-third of the Board members other than Independent Directors who are subject to retire by rotation, shall retire every year and shall be eligible for re-appointment, if approved by the shareholders at their meeting. Accordingly, at the 30th Annual General Meeting, the Company has amended the terms of appointment of Whole-time Directors, making them liable to retire by rotation.

In view of the above, Mr. K Satish Reddy, Whole-time Director, retires by rotation at the forthcoming Annual General Meeting, and being eligible, seeks re-appointment.

The Board of Directors at their meeting held on 29 October 2015, had re-appointed Mr. G V Prasad as Whole-time Director designated as Co-Chairman, Managing Director and CEO of the Company. Further, Mr. Bharat Narotam Doshi and Mr. Hans Peter Hasler were appointed as Additional Directors of the Company, categorized as Independent.

Notes: FY2016 represents fiscal year 2015-16 from 1 April 2015 to 31 March 2016, and analogously for FY2015 and previously such labeled years.

In view of the above, approval of the shareholders is being sought for:

- i. The re-appointment of Mr. G V Prasad, as Whole-time Director designated as Co-Chairman, Managing Director and CEO, for a period of five years with effect from 30 January 2016.
- ii. The appointment of Mr. Bharat Narotam Doshi and Mr. Hans Peter Hasler as Independent Directors, under Section 149 of the Companies Act, 2013 for a term of five years each, with effect from 11 May 2016 and 17 June 2016 respectively.

SELECTION AND APPOINTMENT OF NEW DIRECTORS

Induction of any new member on the Board of Directors is the responsibility of the Nomination, Governance and Compensation Committee, consisting entirely of Independent Directors. Considering the existing composition of the Board and requirement of new domain expertise, if any, the Nomination, Governance and Compensation Committee reviews potential candidates, in terms of their expertise, skills, attributes, personal and professional backgrounds and their ability to attend meetings in India. The Committee

then places the details of shortlisted candidates who meet these criteria to the Board for its consideration. If the Board approves, the person is appointed as an Additional Director, subject to the approval of the shareholders in the Company's general meeting.

FAMILIARIZATION PROCESS FOR INDEPENDENT DIRECTORS

To familiarize a new Independent Director with the Company, a kit containing informative documents about the Company like Annual Reports, Sustainability Reports, investor presentations, recent press releases, research reports, Memorandum and Articles of Association, etc. are provided to him/her. The new Independent Director meets individually with Board members and senior management. Visits to plant location(s) are also organized for the new Director to understand the Company's operations.

The Company believes that the Board should be continuously empowered with the knowledge of latest developments affecting the Company and the industry as a whole. Apart from the periodic presentations on Company's business strategies and risks involved,

presentations are also made on topics covering the pharmaceutical industry, peer study on specialty pharma model, etc. They also visit manufacturing and research locations of the Company. Updates on relevant statutory changes and judicial pronouncements around important industry related laws are regularly circulated to the Directors. Each Director of the Company has complete access to any Company's information and freedom to interact with the senior management.

The details of the familiarization programs imparted to Independent Directors are available on the Company's website www.drreddys.com/media/325297/familiarization-process-2016.pdf

INDUCTION AND LETTER OF APPOINTMENT

As a part of the induction process, the shortlisted candidate is given an opportunity to meet the other Board members and senior management, in addition to the plant visits.

The Independent Directors on the Board of the Company, upon their appointment, are given a formal appointment letter, *inter alia*, containing

TABLE 1 COMPOSITION OF DR. REDDY'S BOARD AND OTHER DIRECTORSHIPS HELD AS ON 31 MARCH 2016

NAME	POSITION	RELATIONSHIP WITH OTHER DIRECTORS	DATE OF JOINING	DIRECTORSHIPS U/S. 165 OF THE COMPANIES ACT, 2013		OTHER DIRECTORSHIPS ⁽¹⁾	COMMITTEE MEMBERSHIP ⁽²⁾	CHAIRMANSHIP IN COMMITTEES ⁽²⁾
				PUBLIC COMPANIES	PRIVATE COMPANIES			
Mr. K Satish Reddy	Chairman	Brother-in-law of Mr. G V Prasad	18 January 1993	10	7	27	2	-
Mr. G V Prasad ⁽³⁾	Co-Chairman, Managing Director and CEO	Brother-in-law of Mr. K Satish Reddy	8 April 1986	8	5	13	1	-
Dr. Omkar Goswami	Independent Director	None	30 October 2000	10	2	-	7	1
Mr. Ravi Bhoothalingam	Independent Director	None	30 October 2000	2	-	-	2	1
Mr. Anupam Puri	Independent Director	None	4 June 2002	4	-	1	2	-
Ms. Kalpana Morparia	Independent Director	None	5 June 2007	3	2	1	2	1
Dr. Bruce LA Carter	Independent Director	None	21 July 2008	2	-	3	1	-
Dr. Ashok S Ganguly	Independent Director	None	23 October 2009	2	1	-	-	-
Mr. Sridar Iyengar	Independent Director	None	22 August 2011	5	2	5	-	4

⁽¹⁾ Other Directorships are those, which are not covered under Section 165 of the Companies Act, 2013.

⁽²⁾ Membership/Chairmanship in Audit and Stakeholders Relationship Committees of all public limited companies, whether listed or not, including Dr. Reddy's are considered. Membership/Chairmanship of foreign companies, private limited companies and companies under Section 8 of the Companies Act, 2013 have been excluded.

⁽³⁾ Mr. G V Prasad has been re-appointed as Whole-time Director designated as Co-Chairman, Managing Director and CEO for a further period of 5 years by the Board of Directors at their meeting held on 29 October 2015 effective from 30 January 2016, subject to the approval of shareholders.

⁽⁴⁾ None of the Independent Directors serves as an Independent Director in more than seven listed companies.

the term of appointment, roles, function, duties & responsibilities, code of conduct, disclosures, confidentiality, etc. The terms and conditions of the appointment of the Independent Directors are available on the Company's website www.drreddys.com/investor/governance/policies-and-documents/terms-condition-directors.html

BOARD EVALUATION

The Board has carried out an annual evaluation of its own performance, as well as the working of its Committees. The Nomination, Governance and Compensation Committee laid down the criteria for such performance evaluation. In order to ensure objectivity, an independent expert was engaged to manage the evaluation process in FY2015. The evaluation process was carried out internally in FY2016. Each Board member completed a questionnaire on other Board members for peer evaluation and a

questionnaire to provide feedback on Board, its Committees and their functioning. The contribution and impact of individual members was evaluated on parameters such as level of engagement, independence of judgment, conflicts resolution and their contribution in enhancing the Board's overall effectiveness. A 360 degree feedback cum-assessment of individual Directors, the Board as a whole and its Committees was discussed and collective action points for improvement were put in place. The peer ratings on certain parameters, positive attributes and improvement areas for each Board member were also provided to them in a confidential manner.

DIRECTORS' SHAREHOLDING IN THE COMPANY

Table 2 gives details of shares held by the Directors as on 31 March 2016.

TABLE 2 SHARES/ADRS HELD BY THE DIRECTORS AS ON 31 MARCH 2016	
NAME	NO. OF SHARES/ADRS HELD
Mr. K Satish Reddy ⁽¹⁾	1,205,832
Mr. G V Prasad ⁽¹⁾	1,365,840
Dr. Omkar Goswami	22,800
Mr. Ravi Bhoothalingam	22,800
Mr. Anupam Puri (ADRs)	18,302
Ms. Kalpana Morparia	10,800
Dr. Bruce LA Carter (ADRs)	7,800
Dr. Ashok S Ganguly	4,800
Mr. Sridar Iyengar	-

⁽¹⁾ APS Trust owns 83.11% of Dr. Reddy's Holdings Limited, which in turn owns 39,961,234 shares of Dr. Reddy's Laboratories Limited. Mr. G V Prasad, Mr. K Satish Reddy, Ms. G. Anuradha, Ms. Deepti Reddy and their bloodline descendants are the beneficiaries of APS Trust.

TABLE 3 DIRECTORS' ATTENDANCE AT DR. REDDY'S BOARD MEETINGS AND AGM HELD DURING FY2016			
NAME	MEETINGS HELD IN DIRECTOR'S TENURE	NUMBER OF BOARD MEETINGS ATTENDED	ATTENDANCE IN LAST AGM ON 31 JULY 2015
Mr. K Satish Reddy	6	6	Present
Mr. G V Prasad	6	5 ⁽¹⁾⁽²⁾	Present
Dr. Omkar Goswami	6	4 ⁽¹⁾⁽²⁾	Present
Mr. Ravi Bhoothalingam	6	4 ⁽¹⁾	Present
Mr. Anupam Puri	6	4 ⁽¹⁾⁽²⁾	Present
Dr. J P Moreau*	2	2	Present
Ms. Kalpana Morparia	6	6	Present
Dr. Bruce LA Carter	6	4 ⁽¹⁾⁽²⁾	Absent
Dr. Ashok S Ganguly	6	6	Present
Mr. Sridar Iyengar	6	4 ⁽¹⁾⁽³⁾	Present

⁽¹⁾ Were given leave of absence on request.

⁽²⁾ Attended one meeting through tele-conference.

⁽³⁾ Attended two meetings through tele-conference.

* Term ended on 31 July 2015 as an Independent Director.

MEETINGS OF THE BOARD

The Company plans and prepares the schedule of the Board and Board Committee meetings in advance to assist the Directors in scheduling their program. The schedule of meetings and their agenda are finalized in consultation with the Chairman and Directors. The agenda of the Board and Committee meetings are pre-circulated in advance with appropriate presentations, detailed notes, supporting documents and executive summaries.

Under Indian laws, the Board of Directors must meet at least four times a year, with a maximum gap of one hundred and twenty days between two Board meetings. Dr. Reddy's Board met six times during the financial year under review on: 12 May 2015, 30 July 2015, 29 October 2015, 23 December 2015, 9 February 2016 and 17 February 2016. Details of Directors and their attendance at Board meetings and Annual General Meeting (AGM) are given in **Table 3**.

The Board and its Committee meetings at Dr. Reddy's typically comprise of two-day sessions. In the course of these meetings, the business unit heads and key functional heads make presentations to the Board and its Committees. The Board is updated on the discussions at the Committee meetings and their recommendations through the chairpersons of the respective Committees.

INFORMATION GIVEN TO THE BOARD

The Company provides the following information, *inter alia*, to the Board and Board-level Committees, which is given either as part of the meetings or by way of presentations and discussion material during the meetings.

- Annual operating plans and budgets, capital budgets and other updates.
- Quarterly, half-yearly and annual financial results of the Company and its operating divisions or business segments.
- Detailed presentations on the progress in Research and Development (R&D) and new drug discoveries.
- Minutes of meetings of the Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of key executives below the Board level including appointment or removal of Chief Financial Officer and the Company Secretary.

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

POST MEETING FOLLOW-UP MECHANISM

The important decisions taken at the Board/Board Committees' meetings are communicated to the concerned departments/divisions promptly. An action taken/status report on the decisions of the previous meeting(s) is placed at the next meeting of

the Board/Board Committees for information and further recommended action(s), if any.

MEETINGS OF INDEPENDENT DIRECTORS

During FY2016, the Independent Directors of Dr. Reddy's met four times in executive sessions without the presence of Executive Directors and other members of the management. The Company is ready to facilitate more such sessions as and when required by the Independent Directors.

During these sessions, the Independent Directors reviewed the performance of senior management, Independent and non-Independent Directors, including the Chairman and the Board as a whole. They also assessed the quality and adequacy of the information between the Company's management and the Board.

The Independent Directors also discuss the performance of the Company, agenda of meetings, strategy, risks, competition and succession planning for the Board and the senior management.

The lead Independent Director, with or without other Independent Directors, provides structured feedback to the Board about the key elements that emerge out of these executive sessions.

ANNUAL BOARD RETREAT

During FY2016, the Annual Board Retreat was organized at Hyderabad, India on 30-31 October 2015. As a part of the retreat agenda, the Board conducted a strategy review of the Company's business segments, and also discussed various governance related matters.

DIRECTORS' REMUNERATION

The Company has a policy for the remuneration of Directors, Key Managerial Personnel (KMPs), Senior Management Personnel (SMPs) and other employees. The Remuneration Policy of the Company is enclosed as **Annexure A** to this chapter. The policy lays down remuneration principles and parameters to ensure that remuneration practices are competitive and reasonable, in line with the corporate and individual performance.

The Executive Directors are appointed by shareholders' resolution for a period of five years. No severance fees is payable to the Executive Directors.

Except the commission payable, all other components of remuneration to the Executive Directors are fixed and in line with the Company's policies.

The remuneration for the Executive Directors, including the commission based on net profits of the Company, is recommended by the Nomination, Governance and Compensation Committee to the Board for consideration. The commission to be paid to the Executive Directors is decided by the Board every year, within the limits approved by the shareholders.

The Independent Directors are entitled to receive sitting fees and reimbursement of any expenses for attending meetings of the Board and its Committees, as well as commission based on the net profits of the Company. The remuneration including commission payable to the Directors during the year under review is in conformity with the applicable provisions of the erstwhile Companies Act, 1956 and the Companies Act, 2013, and was duly considered and approved by the Board and the shareholders, in their respective meetings.

The remuneration paid or payable to the Directors for FY2016 is given in **Table 4**.

The criteria for making payments to the Executive Directors are:

- Salary, as recommended by the Nomination, Governance and Compensation Committee and approved by the Board and the shareholders. Perquisites and retirement benefits are also paid in accordance with the Company's compensation policies, as applicable to all employees.
- Commission on profits, as recommended by the Nomination, Governance and Compensation Committee and approved by the Board and shareholders of the Company subject to (i) the percentage of net profit calculated in line with Section 198 of the Companies Act, 2013; and (ii) approval of the shareholders.
- Remuneration paid to the Executive Directors is determined keeping in view their KPIs and the industry benchmarks.

The criteria for making payments to the Independent Directors are:

- The shareholders of the Company have approved the payment of

commission up to 0.50 percent of net profits, calculated in accordance with the provisions of the Companies Act, collectively to all the Independent Directors, for each of the financial years starting from FY2012 and ending with FY2016.

- The Board decides the amount of commission payable to Independent Directors every year, within the overall limit of 0.50 percent of net profits and in line with the Company's performance. The compensation is also benchmarked with some of the top Indian companies.
- Remuneration paid to Independent Directors is determined by keeping in view the industry benchmarks, and based on their chairmanship/ membership in various Committees of the Board.
- Shareholders of the Company approved granting of up to 200,000 stock options in aggregate at any point of time during the financial years starting from FY2012 and ending with FY2016 to all the Directors (except the Promoter Directors). Of this, up to 60,000 stock options can be granted in a single financial year to the Directors, as previously mentioned, under any of the stock option plans, either existing or to be framed in future, on such terms and conditions as the Nomination, Governance and Compensation Committee/Board of Directors may think fit. The Company, in compliance with the provisions of Section 197 of the

Companies Act, 2013, Clause 49 of the Listing Agreement (up to 30 November 2015) and Listing Regulations (with effect from 1 December 2015), has not granted stock options to Independent Directors since FY2013.

INDEPENDENT DIRECTORS

The Independent Directors of the Company head the following governance and/or Board Committee functions:

- Mr. Anupam Puri: Governance, corporate strategy and Lead Independent Director.
- Dr. Bruce LA Carter: Science, Technology and Operations Committee.
- Dr. Ashok S Ganguly: Nomination, Governance and Compensation Committee.
- Mr. Sridar Iyengar: Audit Committee, and all financial and audit matters that fall under the remit of the Committee.
- Ms. Kalpana Morparia: Stakeholders Relationship Committee.
- Dr. Omkar Goswami: Risk Management Committee, financial risk management, subsidiary finances and compliance with Section 404 of the US Sarbanes-Oxley Act, 2002.
- Mr. Ravi Bhoothalingam: Corporate Social Responsibility Committee, Compliance and Ombudsperson for the whistle blower policy of the Company.
- Dr. J P Moreau: Pharmaceutical regulatory compliance (Term ended on 31 July 2015).

RISK MANAGEMENT

The Company has in place an enterprise-wide risk management (ERM) system. An independent Risk Management Committee of the Board oversees and reviews the risk management framework, assessment of risks, their management and minimization procedures. The Committee reports its findings and observations to the Board. A section on risk management practices of the Company under the ERM framework forms a part of the chapter on *Management Discussion and Analysis* in this annual report.

COMPLIANCE REVIEWS

Dr. Reddy's has a compliance team and an identified Chief Compliance Officer for overseeing compliance activities, which includes monitoring and a defined framework to review compliances with all laws applicable to the Company. The compliance status is periodically updated to the senior management team including the CEO, the COO and the CFO. Presentations are scheduled in the quarterly Audit Committee and Risk Management Committee meetings regarding the status on compliance. Those are also shared with all the Board members.

CODE OF BUSINESS CONDUCT AND ETHICS AND OMBUDSPERSON PROCEDURE (VIGIL MECHANISM)

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

TABLE 4 REMUNERATION PAID OR PAYABLE TO THE DIRECTORS FOR FY2016				(₹ '000)
NAME	COMMISSION ⁽¹⁾	SALARIES	PERQUISITES ⁽²⁾	TOTAL
Mr. K Satish Reddy	76,500	6,315	5,212	88,027
Mr. G V Prasad	108,000	8,328	2,897	119,225
Dr. Omkar Goswami	9,714	-	-	9,714
Mr. Ravi Bhoothalingam	10,049	-	-	10,049
Mr. Anupam Puri	11,121	-	-	11,121
Dr. J P Moreau ⁽³⁾	4,891	-	-	4,891
Ms. Kalpana Morparia	11,054	-	-	11,054
Dr. Bruce LA Carter	10,116	-	-	10,116
Dr. Ashok S Ganguly	10,384	-	-	10,384
Mr. Sridar Iyengar	10,451	-	-	10,451

Notes: ⁽¹⁾ Payment of commission is variable, and based on percentage of net profit calculated according to Section 198 of the Companies Act, 2013. The Board of Directors recommended for a fixed commission of ₹ 6,699,500 (US\$ 100,000) per Independent Director; a specific commission of ₹ 1,339,900 (US\$ 20,000) to the Chairman of the Audit Committee; ₹ 1,004,935 (US\$ 15,000) to the Chairman of Science, Technology and Operations Committee, Nomination, Governance and Compensation Committee, Risk Management Committee and Stakeholders Relationship Committee; ₹ 669,950 (US\$ 10,000) to the other members of the Committees; ₹ 1,339,900 (US\$ 20,000) to the Lead Independent Director; ₹ 334,975 (US\$ 5,000) variable fee per meeting based on the attendance at the Board meeting to every Non-Executive Director. Other than the above, a specific amount of ₹ 100,493 (US\$ 1,500) per meeting was paid towards foreign travel to the Directors.

⁽²⁾ Perquisites include medical reimbursement for self and family according to the rules of the Company, leave travel assistance, personal accident insurance, Company's vehicle with driver for official use, telephone at residence and mobile phone, contribution to Provident Fund and Superannuation Scheme. All these benefits are fixed in nature.

⁽³⁾ Remuneration for part of the year, the term as an Independent Director ended on 31 July 2015.

⁽⁴⁾ Apart from receiving the above remuneration, the Non-Executive Directors do not have any pecuniary relationship or transaction with the Company.

and employees, its subsidiaries and affiliates. It is the responsibility of all Directors and employees to familiarize themselves with this Code and comply with its standards. The Board and the senior management across the globe annually affirm compliance with the Code. A certificate of the Co-Chairman, Managing Director and CEO of the Company to this effect is enclosed as **Exhibit 1** to this chapter.

The Company has formulated an Ombudsperson procedure (Whistle-Blower or Vigil Mechanism) under this Code to report concerns on actual or suspected violations of the Code, which:

- a) describes the Ombudsperson framework;
- b) takes into account procedures for investigation and communication of any report on any violation or suspected violation of the Code;
- c) accepts appeal against any decision; and
- d) encourages the submission of complaint against any retaliation.

The Code of Business Conduct and Ethics and Ombudsperson procedure (whistle-blower policy) is available on the Company's website www.drreddys.com/media/211046/cobe_booklet.pdf

An Independent Director is the Ombudsperson. The complaints and reports submitted to the Company and their resolution status are reported through the Ombudsperson to the Audit Committee and, where applicable, to the Board. During FY2016, no person has been denied access to the Audit Committee.

RELATED PARTY TRANSACTIONS

The Company has adequate procedures for purpose of identification and monitoring of related party transactions. All transactions entered into with related parties during the financial year were in the ordinary course of business and on arm's length pricing basis. There were no transactions with related parties during the financial year which were in conflict with the interest of the Company.

All related party transactions are periodically placed before the Audit Committee and the Board for review and approval, as appropriate. The details of related party transactions are discussed in detail in note 2.27 to the standalone financial statements.

The Company has formulated a policy on materiality of related party transactions and dealing with related party transactions which is available on the Company's website www.drreddys.com/investor/governance/policies-and-documents/policy-materiality-related-party-transactions.html

SUBSIDIARY COMPANIES

The Audit Committee reviews the financial statements of the subsidiary companies. It also reviews, the investments made by the subsidiary companies, statement of all significant transactions and arrangements entered into by the subsidiary companies and the status of compliances by the respective subsidiary companies, on a periodic basis.

The minutes of the Board meetings of the subsidiary companies are placed before the Board of the Company for its review.

The Company has formulated a policy for determining material subsidiaries and it is available on the Company's website www.drreddys.com/investor/governance/policies-and-documents/policy-determining-material-subsidiaries.html

None of the Indian subsidiaries of the Company comes under the purview of the term 'material non-listed Indian subsidiary' as defined under Regulation 24 of the Listing Regulations.

DISCLOSURE ON ACCOUNTING TREATMENT

In the preparation of financial statements for FY2016, there is no treatment of any transaction different from that prescribed in the Accounting Standards notified by the Government of India under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014; guidelines issued by the Securities and Exchange Board of India and other accounting principles generally accepted in India.

COMMITTEES OF THE BOARD

The Board Committees focus on specific areas and make informed decisions within the authority delegated. Each Committee is guided by its Charter, which defines the composition, scope and powers. The Committees also make specific recommendations to the Board on various matters whenever required. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

Dr. Reddy's has eight Board-level Committees, namely:

- Audit Committee
- Nomination, Governance and Compensation Committee
- Science, Technology and Operations Committee
- Risk Management Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Investment Committee
- Management Committee

AUDIT COMMITTEE

The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audits of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits.

The Board of Directors has entrusted the Audit Committee with the responsibility to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

The primary functions of the Audit Committee are to:

- Supervise the financial reporting process.
- Review the quarterly and annual financial results before placing them to the Board along with the related disclosures and filing requirements.
- Review the adequacy of internal controls in the Company, including the plan, scope and performance of the internal audit function.
- Discuss with management, the Company's major policies with respect to risk assessment and risk management.
- Hold discussions with statutory auditors on the nature, scope and process of audits and any views that they have about the financial control and reporting processes.
- Ensure compliance with accounting standards and with listing requirements with respect to the financial statements.
- Recommend the appointment and removal of external auditors and their remuneration.

- Recommend the appointment of cost auditors.
- Review the independence of auditors.
- Ensure that adequate safeguards have been taken for legal compliance for both the Company and its other Indian as well as foreign subsidiaries.
- Review the financial statements, in particular, investments made by all the subsidiary companies.
- Review and approval of related party transactions.
- Review the functioning of whistle-blower mechanism.
- Review the implementation of applicable provisions of the Sarbanes-Oxley Act, 2002.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls.
- Review the suspected fraud as committed against the Company.

The Audit Committee entirely comprises of Independent Directors. All members are financially literate and bring in expertise in the fields of finance, economics, human resource development, strategy and management. The Committee comprises of Mr. Sridar Iyengar (Chairman), Mr. Ravi Bhoothalingam, Ms. Kalpana Morparia, Dr. Omkar Goswami and Mr. Bharat Narotam Doshi (effective 11 May, 2016).

The Audit Committee met five times during the year on: 9 April 2015, 11 May 2015, 30 July 2015, 29 October 2015 and 8 February 2016. It also met the key members of finance team and internal audit team along with the Chairman and the CFO to discuss matters relating to audit, assurance and accounting.

During the year, the Committee also met statutory auditors without the presence of the management. In addition, the Chairman of the Audit Committee and other members met to review other processes, particularly the internal control mechanisms to prepare for certification under Section 404 of the Sarbanes-Oxley Act, 2002, and subsidiary governance oversight.

The Company is in compliance with the provisions of the Regulation 18 of the

Listing Regulations, as amended, on the time gap between any two Audit Committee meetings. **Table 5** gives the composition and attendance record of the Audit Committee.

The Chairman, the CFO and the Chief Internal Auditor are permanent invitees to all the Audit Committee meetings. The statutory auditors of the Company are also present in the Audit Committee meetings during the year. The Company Secretary officiates as the Secretary of the Committee.

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

The internal and statutory auditors of the Company discuss their audit findings and updates with the Audit Committee and submit their views directly to the Committee. Separate discussions are held with the internal auditors to focus on compliance issues and to conduct detailed reviews of the processes and internal controls in the Company. The permissible non-audit related services undertaken by the statutory auditors are also pre-approved by the Committee.

The report of the Audit Committee is enclosed as **Exhibit 2** to this chapter.

NOMINATION, GOVERNANCE AND COMPENSATION COMMITTEE

The Nomination, Governance and Compensation Committee entirely comprises of Independent Directors. The primary functions of the Committee are to:

- Examine the structure, composition and functioning of the Board, and recommend changes, as necessary, to improve the Board's effectiveness.
- Formulate policies on remuneration of Directors, KMPs and other employees and on Board diversity.
- Formulate criteria for evaluation of Independent Directors and the Board.
- Assess the Company's policies and processes in key areas of corporate governance, other than those

explicitly assigned to other Board Committees, with a view to ensure that the Company is at the forefront of good governance practices.

- Regularly examine ways to strengthen the Company's organisational health, by improving the hiring, retention, motivation, development, deployment and behavior of management and other employees. In this context, the Committee also reviews the framework and processes for motivating and rewarding performance at all levels of the organisation, reviews the resulting compensation awards, and makes appropriate proposals for Board approval. In particular, it recommends all forms of compensation to be granted to the Executive Directors, KMPs and senior management of the Company.

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

The Nomination, Governance and Compensation Committee met three times during the year on: 11 May 2015, 29 October 2015 and 8 February 2016. The Co-Chairman, Managing Director and CEO is a permanent invitee to all Nomination, Governance and Compensation Committee meetings. The head of HR is the Secretary of the Committee.

Table 6 gives the composition and attendance record of the Nomination, Governance and Compensation Committee. The report of this Committee is enclosed as **Exhibit 3** to this chapter.

SCIENCE, TECHNOLOGY AND OPERATIONS COMMITTEE

The Science, Technology and Operations Committee of the Board entirely comprises of Independent Directors. Its primary functions are to:

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

development opportunities, interaction with academic and other outside research organisations.

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

The Co-Chairman, Managing Director and CEO is a permanent invitee to all Science, Technology and Operations Committee meetings. Officials heading IPDO, Proprietary Products and Biologics are secretaries of the Committee with regard to their respective business.

The Committee met four times during the year on: 11 May 2015, 30 July 2015, 29 October 2015 and 8 February 2016.

Table 7 gives the composition and attendance record of the Committee. The report of the Committee is enclosed as **Exhibit 4** to this chapter.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Board entirely comprises of

Independent Directors. Its primary functions are to:

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

The Chairman and Chief Operating Officer are permanent invitees to all Risk Management Committee meetings. The CFO acts as Secretary of the Committee. The Committee met thrice during the year on: 11 May 2015, 29 October 2015 and 8 February 2016.

Table 8 gives the composition and attendance record of the Committee. The report of the Committee is enclosed as **Exhibit 5** to this chapter.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board of Directors in their meeting held on 13 May 2014 has changed the nomenclature of the 'Shareholders Grievance Committee' as the 'Stakeholders Relationship Committee', in terms of the provisions of Section 178 of the Companies Act, 2013 and the Regulation 20 of the Listing Regulations.

The Stakeholders Relationship Committee is empowered to perform the functions of the Board relating to handling of security holders queries and grievances. It primarily focuses on:

- Investor complaints and their redressal.
- Review of queries received from investors.
- Review of work done by the share transfer agent.
- Review of corporate actions related to security holders .

The Stakeholders Relationship Committee consists of four Directors, including two Executive Directors. The Chairperson of the Committee is an Independent Director. The Committee met four times during the year on: 11 May 2015, 30 July 2015, 29 October 2015 and 8 February 2016. The report of the Committee is enclosed as **Exhibit 6** to this chapter.

Table 9 gives the composition and attendance record of the Committee.

The Company Secretary officiates as the Secretary of the Committee and is also designated as Compliance Officer in terms of the Listing Regulations. An analysis of investor queries and complaints received during the year and disposed is given in this annual report in the chapter on *Additional Shareholders' Information*.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Committee consists of three Directors, including two Executive Directors. The Chairman of the Committee is an Independent Director. The CSR Committee is empowered to perform the functions of the Board relating to the social initiatives of the Company.

Its primary functions are to:

- Formulate, review and recommend to the Board, a CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on the initiatives as per the CSR policy.
- Provide guidance on various CSR initiatives undertaken by the Company and monitoring their progress.
- Monitor implementation and adherence to the CSR Policy of the Company from time to time.

The CSR Committee formulated and recommended the CSR policy to the Board, during FY2015. The Committee

TABLE 5 AUDIT COMMITTEE MEMBERSHIP AND ATTENDANCE DURING FY2016			
COMMITTEE MEMBERS	POSITION	MEETINGS HELD	MEETINGS ATTENDED
Mr. Sridar Iyengar	Chairman	5	5
Mr. Ravi Bhoothalingam	Member	5	4 ⁽¹⁾
Ms. Kalpana Morparia	Member	5	5
Dr. Omkar Goswami	Member	5	4 ⁽¹⁾

⁽¹⁾ Were given leave of absence on request.

TABLE 6 NOMINATION, GOVERNANCE AND COMPENSATION COMMITTEE MEMBERSHIP AND ATTENDANCE DURING FY2016			
COMMITTEE MEMBERS	POSITION	MEETINGS HELD	MEETINGS ATTENDED
Dr. Ashok S Ganguly	Chairman	3	3
Mr. Anupam Puri	Member	3	3
Mr. Ravi Bhoothalingam	Member	3	3
Ms. Kalpana Morparia	Member	3	3

met three times during the year on: 27 April 2015, 18 August 2015 and 21 January 2016. The report of the Committee is enclosed as **Exhibit 7** to this chapter.

Table 10 gives the composition and attendance record of the Committee.

The Head of CSR officiates as the Secretary of the Committee.

INVESTMENT COMMITTEE

The Investment Committee reviews the Company's capital investment proposals and ongoing projects. It also approves capital expenditure proposals and investment/loans to wholly owned subsidiaries up to an overall limit of ₹ 250 crores each. It comprises of three Directors, including two Executive Directors. The Company Secretary officiates as the Secretary of the Committee.

The Committee met three times during the year on: 12 May 2015, 18 August 2015 and 21 January 2016. All the members of the Committee participated in all the meetings.

MANAGEMENT COMMITTEE

The role of Management Committee is to authorize Directors and officers of the Company to deal with day-to-day business operations such as banking, treasury, insurance, excise, customs, administration and dealing with other government/non-government authorities. The Committee consists of three Directors including one

Independent Director, with the Chairman being an Executive Director. The Committee met five times during the year on: 9 April 2015, 12 May 2015, 30 July 2015, 29 October 2015 and 9 February 2016. The Company Secretary officiates as the Secretary of the Committee.

MANAGEMENT

The management of Dr. Reddy's develops and implements policies, procedures and practices that attempt to translate the Company's core purpose and mission into reality. It also identifies, measures, monitors and minimizes risk factors in the business and ensures safe, sound and efficient operation. These are internally supervised and monitored through the Management Council.

MANAGEMENT COUNCIL

Dr. Reddy's Management Council consists of senior management members from the business and corporate functions. Page 26-27 of this annual report gives details of the members of the Management Council.

Apart from monthly meetings, the Council meets once in a quarter for two-days sessions. Background notes for the meetings are circulated in advance to facilitate decision-making. Listed below are some of the key issues that were considered by the Management Council during the year under review:

- Company's long-term strategy, growth initiatives and priorities.

- Overall Company performance, including those of various business units.
- Decision on major corporate policies.
- Discussion and sign-off on annual plans, budgets, investments and other major initiatives.
- Discussion on business alliances proposals and organisational design.

MANAGEMENT DISCUSSION AND ANALYSIS

This chapter of the annual report constitutes the Company's *Management Discussion and Analysis*.

MANAGEMENT DISCLOSURES

Senior management of the Company (Senior Director level and above, as well as certain identified key employees) make annual disclosures to the Board relating to all material financial and commercial transactions in which they may have personal interest, if any, and which may have a potential conflict with the interest of the Company. Transactions with Key Managerial Personnel are listed in the financial section of this annual report under Related Party Transactions.

PROHIBITION OF INSIDER TRADING

The Company has a policy prohibiting Insider Trading, in conformity with applicable regulations of the SEBI in India and the Securities and Exchange Commission (SEC) in the USA. Necessary procedures have been laid down for Directors, officers and employees for trading in the securities of the Company. The policy, procedures and their obligations are periodically communicated to the employees who are considered as insiders of the Company. Trading window closure/blackout/quiet periods, when the Directors and employees are not permitted to trade in the securities of the Company, are intimated to all Directors and employees, in advance, whenever required.

INTERNAL CONTROL SYSTEMS

Dr. Reddy's has both external and internal audit systems in place. Auditors have access to all records and information of the Company. The Board recognizes the work of the auditors as an independent check on the information received from the management on the operations and

TABLE 7 SCIENCE, TECHNOLOGY AND OPERATIONS COMMITTEE MEMBERSHIP AND ATTENDANCE DURING FY2016			
COMMITTEE MEMBERS	POSITION	MEETINGS HELD IN DIRECTOR'S TENURE	MEETINGS ATTENDED
Dr. Bruce LA Carter	Chairman	4	4
Dr. Ashok S Ganguly	Member	4	4
Mr. Anupam Puri	Member	4	4
Dr. J P Moreau*	Member	2	2

* Term ended on 31 July 2015 as an Independent Director.

TABLE 8 RISK MANAGEMENT COMMITTEE MEMBERSHIP AND ATTENDANCE DURING FY2016			
COMMITTEE MEMBERS	POSITION	MEETINGS HELD IN DIRECTOR'S TENURE	MEETINGS ATTENDED
Dr. Omkar Goswami	Chairman	3	3
Dr. Bruce LA Carter	Member	3	3
Dr. J P Moreau*	Member	1	1
Mr. Sridar Iyengar	Member	3	3

* Term ended on 31 July 2015 as an Independent Director.

performance of the Company. The Board and the management periodically review the findings and recommendations of the statutory and internal auditors and takes corrective actions, whenever necessary.

INTERNAL CONTROLS

The Company maintains a system of internal controls designed to provide reasonable assurance regarding:

- Effectiveness and efficiency of operations.
- Adequacy of safeguards for assets.
- Reliability of financial controls.
- Compliance with applicable laws and regulations.

The integrity and reliability of the internal control systems are achieved through clear policies and procedures, process automation, careful selection, training and development of employees and an organisation structure that segregates responsibilities. Internal Audit at Dr. Reddy's is an independent and objective assurance function, responsible for evaluating and improving the effectiveness of risk management, control and governance processes. The internal audit team prepares annual audit plans based on risk assessment and conducts extensive reviews covering financial, operational and compliance controls and risk mitigation. Areas requiring specialized knowledge are reviewed in partnership with external experts. Suggested improvement in processes are identified during reviews and communicated to the management on an on-going basis.

The Audit Committee of the Board monitors the performance of internal audit

department on a periodic basis through review of audit plans, audit findings and speed of issue resolution through follow-ups. Each year, there are at least four meetings in which the Audit Committee reviews internal audit findings. Additionally, the Audit Committee Chairman also met the Chief Internal Auditor, without presence of management.

CEO AND CFO CERTIFICATION

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

STATUTORY AND IFRS AUDITS

For FY2016, M/s. B S R & Co. LLP, Chartered Accountants, audited the financial statements prepared under the Indian GAAP. The Company had appointed KPMG as independent auditors for issuing opinion on the financial statements prepared under IFRS.

The independent statutory and IFRS auditors render an opinion regarding the fair presentation in the financial statements of the Company's financial condition and operating results. Their audits are made in accordance with generally accepted auditing standards and include a review of the internal controls, to the extent necessary, to determine the audit procedures required to support their opinion.

While auditing the operations of the Company, the external auditors

recorded their observations and findings with the management. These were then discussed by the management and the auditors at the Audit Committee meetings as well as through conference calls with members of the Audit Committee. Remedial measures suggested by the auditors and the Audit Committee have been either implemented or taken up for implementation by the management.

AUDITORS' FEES

During FY2016, the Company paid ₹ 10.46 million to M/s. B S R & Co. LLP, Chartered Accountants, the statutory auditors as audit fees. The Company also paid ₹ 2.00 million to M/s. B S R & Co. LLP, Chartered Accountants as fees for non-audit services performed by them.

SHAREHOLDERS

MEANS OF COMMUNICATION

1. QUARTERLY AND ANNUAL RESULTS:

Quarterly and annual results of the Company are published in widely circulated national newspapers such as The Business Standard and the local vernacular daily, Andhra Prabha. These are also disseminated internationally through Business Wire and made available on corporate website www.drreddys.com. The financial results are generally also communicated to the shareholders through their registered email addresses.

2. NEWS RELEASES, PRESENTATIONS, ETC.:

The Company has established systems and procedures to disseminate relevant information to its stakeholders, including shareholders, analysts, suppliers, customers, employees and the society at large. It also conducts earning calls with analysts and investors. An analysis of the various means of dissemination of information during the year under review is produced in **Table 11**.

3. WEBSITE: The primary source of information regarding the operations of the Company is the corporate website www.drreddys.com. All official news releases and presentations made to institutional investors and analysts are posted here. It contains a separate

TABLE 9 STAKEHOLDERS RELATIONSHIP COMMITTEE MEMBERSHIP AND ATTENDANCE DURING FY2016			
COMMITTEE MEMBERS	POSITION	MEETINGS HELD	MEETINGS ATTENDED
Ms. Kalpana Morparia	Chairperson	4	4
Mr. Ravi Bhoothalingam	Member	4	4
Mr. G V Prasad	Member	4	4
Mr. K Satish Reddy	Member	4	4

TABLE 10 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE MEMBERSHIP AND ATTENDANCE DURING FY2016			
COMMITTEE MEMBERS	POSITION	MEETINGS HELD	MEETINGS ATTENDED
Mr. Ravi Bhoothalingam	Chairman	3	3
Mr. K Satish Reddy	Member	3	3
Mr. G V Prasad	Member	3	2 ⁽¹⁾

⁽¹⁾ Was given leave of absence on request.

dedicated investors section where the information for shareholders are available. The webcast of the proceedings of the Annual General Meeting is also made available on the website. In addition, the Company maintains various portals such as www.customer2drl.com and www.vikreta2drl.com which have proved to be effective and widely appreciated tools for information dissemination.

- 4. ANNUAL REPORT:** The Company's annual report containing, *inter alia*, the Boards' Report, Corporate Governance Report, Business Responsibility Report, Management Discussion and Analysis (MD&A) Report, Audited Standalone and Consolidated Financial Statements, Auditors' Report and other important information is circulated to shareholders and others so entitled. The annual report is also available on the website in a user-friendly and downloadable form.
- 5. CHAIRMAN'S SPEECH:** Webcast of the speech is made available on the Company's website.
- 6. REMINDER TO INVESTORS:** Reminders to encash the unclaimed dividend on shares or debenture redemption/interest are sent to the relevant shareholders and debenture holders.
- 7. COMPLIANCES WITH STOCK EXCHANGES:** National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) maintain separate online portals for electronic submission of information by listed companies. Various communications such as notices, press releases and the regular quarterly, half-yearly and annual compliances and disclosures are filed electronically on these online portals. In addition, such disclosures and communications are also sent to the NYSE.

- 8. DESIGNATED EXCLUSIVE EMAIL-ID:** In terms of Regulation 6(2)(d) of the Listing Regulations, Dr. Reddy's has designated an email-id exclusively for investor service: shares@drreddys.com
- 9. REGISTER TO RECEIVE ELECTRONIC COMMUNICATIONS:** The Company has provided an option to the shareholders to register their email-id through the Company's website to receive electronic communications. Shareholders who wish to receive electronic communications from Dr. Reddy's may register at www.drreddys.com/investors/investor-services/shareholder-information.aspx
- 10. DISCLOSURES:** The Company has also formulated the Policy on Determination of Materiality for disclosure of certain events and Document Retention Policy.

ADDITIONAL INFORMATION IN TERMS OF REGULATION 36(3) OF THE LISTING REGULATIONS, ON DIRECTORS SEEKING RE-APPOINTMENT AND APPOINTMENT OF DIRECTORS AT THE ENSUING ANNUAL GENERAL MEETING
MR. K SATISH REDDY

Mr. K Satish Reddy (aged 49 years) graduated in Chemical Engineering from Osmania University, India, in 1988 and went on to receive an M.S. in Medical Chemistry from Purdue University, USA, in 1990. He joined Dr. Reddy's in 1993 as Executive Director responsible for manufacturing and new product development. In 1997, he was appointed Managing Director. In the mid-90s, as the Company prepared for its global foray, Satish anchored the establishment of key systems and initiatives that positioned Dr. Reddy's for rapid expansion and helped to build its brand and corporate identity.

Mr. Reddy played an instrumental role in the Company's transition from a bulk drugs manufacturer to a global player in the branded space by spearheading Company's entry into emerging markets internationally. He is focused on translating Dr. Reddy's strategy into action to drive its growth and performance globally.

Mr. K Satish Reddy was re-appointed as Whole-time Director designated as Managing Director and COO for a further period of 5 years commencing 1 October 2012. Following the demise of Dr. K Anji Reddy, he was re-designated as Vice-Chairman and Managing Director effective 30 March 2013 and has been subsequently re-designated as the Chairman of the Company effective 13 May 2014.

He is also a Director on the Boards of: Green Park Hotels and Resorts Limited, Stamlo Hotels Limited, Dr. Reddy's Holdings Limited, Araku Originals Limited, Cipro Estates Private Limited, KAR Therapeutics & Estates Private Limited, Quin Estates Private Limited, Satish Reddy Estates Private Limited, Molecular Connections Private Limited, Dr. Reddy's Trust Services Private Limited, Dr. Reddy's Research Foundation, Dr. Reddy's Institute of Life Sciences and Company's wholly owned subsidiaries, Aurigene Discovery Technologies Limited, Dr. Reddy's Bio-Sciences Limited and Idea2Enterprises (India) Private Limited.

Apart from the Committee chairmanship or memberships in Dr. Reddy's, he is not a chairman or member of any Committee in any other Public Limited Company.

Mr. Reddy holds 1,205,832 equity shares in the Company.

Except Mr. G V Prasad and Mr. K Satish Reddy, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the proposal of Mr. Reddy's re-appointment (retiring by rotation) at the ensuing Annual General Meeting.

MR. G V PRASAD

Mr. G V Prasad (aged 55 years) leads the core team that drives the growth and performance of at Dr. Reddy's and has contributed significantly to its transformation from a mid-sized domestic

TABLE 11 DETAILS OF COMMUNICATION MADE DURING FY2016

MEANS OF COMMUNICATION	FREQUENCY
Press releases/statements	32
Earnings calls	4
Special conference call	1
Publication of results	4

operation into a global pharmaceutical major. Mr. Prasad is widely credited as the architect of Dr. Reddy's successful Global Generics and Active Pharmaceutical Ingredient (API) strategies, as well as Company's foray into Biosimilars and Differentiated Formulations. He envisioned new business platforms and is dedicated to foster innovation in every aspect of the business. He was declared India's Best CEO in the Large Company category by Business Today in 2014, and India Business Leader of the Year by CNBC Asia in 2015.

Mr. Prasad joined Company's Board in 1986 and became Vice-Chairman and CEO in 2001, when Cheminor Drugs Limited, a company of which he was then Managing Director, merged with Dr. Reddy's. Mr. Prasad was re-appointed as Whole-time Director, designated as Vice-Chairman and CEO of the Company, at the 27th Annual General Meeting of the shareholders held on 21 July 2011, for a period of five years ending 29 January 2016. Following the demise of Dr. K Anji Reddy, he was designated as Chairman and CEO effective 30 March 2013 and has been subsequently re-designated as the Co-Chairman, Managing Director and CEO of the Company effective from 13 May 2014.

As a part of the initiative to create enduring guidance for the Company, the Board of Directors of the Company, at their meeting held on 29 October 2015, had approved the re-appointment of Mr. G V Prasad as Whole-time Director designated as Co-Chairman, Managing Director and CEO of the Company for a further period of five years commencing 30 January 2016.

He has a Bachelor's degree in Chemical Engineering from Illinois Institute of Technology, Chicago, United States of America, and an M.S. in Industrial Administration from Purdue University, Indiana, United States of America. He is also an active member of several associations including the National Committee on Drugs and Pharmaceuticals.

He is also a Director on the Boards of: Green Park Hotels and Resorts Limited, Stamlo Hotels Limited, Dr. Reddy's Holdings Limited, Molecular Connections Private Limited, Vijaya Productions Private Limited, Dr. Reddy's Trust Services Private Limited, Dr. Reddy's

Research Foundation, Dr. Reddy's Institute of Life Sciences, International Foundation for Research and Education, Indian School of Business and Company's wholly owned subsidiaries, Aurigene Discovery Technologies Limited and Idea2Enterprises (India) Private Limited.

Apart from the Committee memberships in Dr. Reddy's, he is also a member of Nomination and Remuneration Committee and Corporate Social Responsibility Committee of Aurigene Discovery Technologies Limited.

Mr. G V Prasad holds 1,365,840 equity shares in the Company.

Except Mr. G V Prasad, Mr. K Satish Reddy and their relatives, none of the other Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the proposal of Mr. Prasad's re-appointment at the ensuing Annual General Meeting.

MR. BHARAT NAROTAM DOSHI

Mr. Bharat Narotam Doshi (aged 66 years) is a Fellow Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India and holds a Master's degree in Law from Bombay University. He is an alumnus of Harvard Business School (PMD) and Fellow of the Salzburg Seminar on 'Asian Economies: Regional and Global Relationships'.

Mr. Doshi is a former Executive Director and Group CFO of Mahindra & Mahindra Limited, the flagship company of the Mahindra Group. He was also the Chairman of Mahindra & Mahindra Financial Services Limited since April 2008 and he stepped down from this position on his nomination as director on the Central Board of Directors of the Reserve Bank of India in March 2016.

Mr. Doshi is also on the Governing Board of the Mahindra United World College of India, K.C. Mahindra Education Trust and Mahindra Foundation. He is on the Board of Gateway House: Indian Council on Global Relations, a foreign policy think tank in Mumbai.

Over the last 35 years, Mr. Doshi has been actively involved with various Chambers of Commerce and Industry. He served as the President of Bombay Chamber of Commerce and Industry for the year 2009-10.

He was a member of the High Powered Expert Committee constituted by the Ministry of Finance, Government of India, on making Mumbai an International Financial Centre. He was a member of Reserve Bank of India (RBI) constituted working group to examine a range of emerging issues pertaining to regulation of the Non-Banking Financial Companies (NBFC) sector and was also a member of the RBI constituted Committee on Comprehensive Financial Services for Small Businesses and Low-Income Households (CCFS). He was a member of the SEBI Committee on Disclosures and Accounting Standards (SCODA). He currently serves on the Advisory Board of Excellence Enablers, an organisation committed to promoting corporate governance in India.

Mr. Doshi's career achievements have earned him several awards and accolades, including being adjudged 'India's Best CFO' by Business Today, 'CFO of the Year' by IMA India in 2005 and in 2007 by CNBC and induction by 'CFO India' as a Founding Member to the CFO Hall of Fame in recognition of an exemplary career and a lifetime of contribution to the field of finance.

He is the Chairman of Mahindra Intertrade Limited. He is also a Director on the Board of Mahindra Holdings Limited. He is also an Independent Director of Godrej Consumer Products Limited.

Apart from the Committee memberships in Dr. Reddy's, he is also a member of Nomination and Remuneration Committee of Mahindra Holdings Limited, Mahindra Intertrade Limited and Godrej Consumer Products Limited, Loans and Investments Committee of Mahindra Holdings Limited and Chairman of Audit Committee of Godrej Consumer Products Limited.

Mr. Bharat Narotam Doshi holds 1,000 equity shares in the Company.

Except Mr. Bharat Narotam Doshi and his relatives, none of the other Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the proposal of Mr. Doshi's appointment as Independent Director of the Company at the ensuing Annual General Meeting.

MR. HANS PETER HASLER

Mr. Hans Peter Hasler (aged 60 years) is the Principal of HPH Management GmbH, Küssnacht, Switzerland, the Chairman of HBM Healthcare Investments AG in Zug since June 2009 and Founder of Vicarius Pharma Limited AG, in Switzerland. He is also the Chairman of the Board of Medical Imaging Analysis Center (MIAC) of the University Hospital, Basel, a non-profit organisation, since December 2012 and a Director on the Board of Patheon Inc., USA and AOP Orphan Pharmaceuticals, Austria.

Mr. Hasler holds a Federal Swiss Commercial Diploma from Canton of Bern, Switzerland (Kaufmann) and Diploma in Business Management from Swiss Institute of Business, Zurich.

Mr. Hasler is an experienced Pharma and Biotech Executive and has an international track record and in-depth operational, commercial and general management expertise. He also acts as top-level advisor to the life-science industry. In his career, he has managed the growth of leading players in the pharmaceutical industry and successfully launched several blockbuster drugs.

He was the Chief Operating Officer of Biogen Idec Inc., Cambridge/USA between 2001 and mid-2009. He also spearheaded various leadership positions in an executive role including Head of Biogen's International Business.

Between 1993 and 2001, he held various positions in Wyeth such as Managing Director of Wyeth (Switzerland, Austria and Eastern Central Europe); Managing Director of Wyeth Group (Germany) and Senior Vice President of Global Marketing and Chief Marketing Officer at Wyeth's Headquarters in Philadelphia/USA.

He is also the Chairman of Remuneration Committee of HBM Healthcare Investments AG and a member of Audit Committee of Patheon Inc., USA.

Mr. Hasler does not hold any equity shares in the Company.

Except Mr. Hans Peter Hasler and his relatives, none of the other Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the proposal of Mr. Hasler's appointment as

Independent Director of the Company at the ensuing Annual General Meeting.

COMPLIANCE REPORT ON THE NYSE CORPORATE GOVERNANCE GUIDELINES

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

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

- 1. THE BOARD:** The Chairman of Dr. Reddy's is an Executive Director and maintains the Chairman's office at the Company's expenses for performance of his duties.
- 2. SHAREHOLDERS' RIGHTS:** The Company did not send half-yearly results to each household of the shareholders in FY2016. However, in addition to displaying its quarterly and half-yearly results on its website www.drreddys.com and publishing in widely circulated newspapers, the quarterly financial results are generally sent to the registered e-mail addresses of the shareholders.
- 3. AUDIT QUALIFICATIONS:** The auditors have not qualified the financial statements of the Company.
- 4. SEPARATE POST OF CHAIRMAN AND CEO:** Dr. Reddy's is having separate post of Chairman and CEO, Mr. K Satish Reddy is the Chairman of the Company and Mr. G V Prasad is the Co-Chairman, Managing Director and CEO of the Company.

- 5. REPORTING OF INTERNAL AUDIT:** The Chief Internal Auditor regularly updates the Audit Committee on internal audit findings at the Audit Committee meetings.

ADDITIONAL SHAREHOLDERS' INFORMATION

The chapter on *Additional Shareholders' Information* forms a part of this annual report.

**ANNEXURE A
REMUNERATION POLICY****I. CONTEXT**

The purpose of this Policy is to set over principles, parameters and Governance framework of the remuneration for Directors, KMPs, Senior Management Personnel and employees. This policy will assist the Board to fulfill its responsibility towards attracting, retaining and motivating the Directors, KMPs, Senior Management Personnel and employees through competitive and reasonable remuneration in line with the corporate and individual performance. This document outlines following policies/guidelines:

- A. Performance Evaluation of Directors
- B. Remuneration principles
- C. Board Diversity

II. DEFINITIONS

"Board" means Board of Directors of the Company.

"Committee" means Nomination, Governance and Compensation Committee of the Company as constituted or reconstituted by the Board, from time to time.

"Company" means Dr. Reddy's Laboratories Limited.

"Director" means Directors of the Company.

"Employee" means any person, including officers who are in the permanent employment of the Company.

"Independent Director" As provided under Clause 49 of the Listing Agreement and/or under the Companies Act, 2013, 'Independent Director' shall mean a Non-Executive Director, other than a Nominee Director of the Company:

- a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b) (i) who is or was not a promoter of the Company or its holding, subsidiary or associate company;

- (ii) who is not related to promoters or directors in the Company, its holding, subsidiary or associate company;
- c) apart from receiving Director's remuneration, has or had no pecuniary relationship with the Company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d) none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e) who, neither himself nor any of his relatives –
- holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - holds together with his relatives two per cent or more of the total voting power of the Company; or
- iv. is a Chief Executive or Director, by whatever name called, of any non-profit organisation that receives twenty five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company;
- v. is a material supplier, service provider or customer or a lessor or lessee of the Company;
- f) who is not less than 21 years of age.

"Key Managerial Personnel" is as defined under the Companies Act, 2013 and means-

- the Chief Executive Officer or the Managing Director or the Manager [having ultimate controls over affairs of the Company];
- the Company Secretary;
- the Whole-Time Director;
- the Chief Financial Officer; and
- such other officer as may be prescribed under the applicable statutory provisions/regulations from time to time.

"Senior Management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

III. APPLICABILITY

This policy is applicable to the following:

- Directors (Executive and Non-Executive)
- Key Managerial Personnel (KMPs)
- Senior Management Personnel
- Other Employees

IV. EVALUATION OF DIRECTORS

For the purpose of determining remuneration (based on profitability of the Company), the evaluation criteria of the Executive and Non-Executive Directors are as outlined below:

1) Executive Directors:

- Financial metrics covering growth in Return on Capital Employed (RoCE) and Profitability.
- Non-financial metrics covering aspects such as health, brand building, compliance, quality and sustainability of operations of the organisation, as may be agreed upon from time to time with the Company.

2) Non-Executive Directors:

- Level of engagement, independence of judgment, etc., and their contribution in enhancing the Board's overall effectiveness.
- The Non-Executive Directors remuneration shall be globally benchmarked with similar organisations.
- Participation in the Committees (either as Chairperson or member) and the Board meetings.

V. REMUNERATION OF DIRECTORS, KMPs, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

The Committee shall recommend to the Board for their approval, any remuneration to be paid to the Executive Directors. The Committee will separately review and approve the remuneration to be paid to KMPs and Senior Management Personnel.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient required to attract, retain and motivate Directors, KMPs and Senior Management in order to run the Company successfully. There shall be a clear linkage of remuneration to performance and health targets. The remuneration shall be a mix of fixed and variable pay/long-term pay reflecting short and long-term performance objectives appropriate to the working of the company and its strategic goals.

The key principles for each of the positions are outlined below:

- Executive Directors - The Executive Directors shall be paid remuneration by way of monthly compensation and profit based commission. The total remuneration to be paid to the Executive Directors shall be within the limits prescribed under the provisions of the Companies Act, 2013 and rules made thereunder.

- 2) Non-Executive Directors - The Non-Executive Directors shall receive remuneration by way of sitting fees and reimbursement of expenses for attending meetings of Board or Committee thereof. In addition, the Non-Executive and Independent Directors shall also be eligible to receive profit related commission, as may be approved by the shareholders of the Company. They shall not be entitled to any stock options.

The Chairman of the Company shall propose remuneration to be paid to Non-Executive Directors. The proposal for the remuneration shall be benchmarked with global pharmaceutical companies and the contribution made and time dedicated by each Director.

- 3) KMPs and Senior Management Personnel - Dr. Reddy's recognizes that those chosen to lead the organisation are vital to its ongoing success and growth. Thus, these executives should be offered competitive and reasonable compensation so that Dr. Reddy's can attract, retain and encourage critical talent to meet important organisational goals and strategies. The compensation will be the mix of fixed pay, variable pay, performance based incentive plans or stock options. The executive total compensation program will be flexible to differentiate pay to recognize an individual incumbents' critical skills, contributions, and future potential to impact the organisation's success.
- 4) Other employees - The compensation program for employees is designed to help drive performance culture and align employees for the creation of sustainable value through behaviors like execution excellence, innovation and leadership. In line with the organisation principles of managing the long term and meritocracy, there are four principles of pay which have been enumerated - ability to pay, position-linked pay, person-specific pay and performance-linked pay. The Company may periodically review the compensation and benefits at all levels to ensure that the company remains competitive and is able to attract and retain desirable talent.

The Committee may review the overall compensation approach for employees and on any changes done for the entire organisation.

VI. BOARD DIVERSITY

Building a diverse and inclusive workplace is an integral part of Dr. Reddy's culture. These principles are also applied to the composition of our Board.

The Board of Directors shall have the optimum combination of Directors from different areas/fields of expertise and experience like Operations, Management, Quality Assurance, Finance, Sales and Marketing, Supply Chain, Research and Development, Human Resources etc., or as may be considered appropriate. The Board shall have at least one member who has accounting or related financial management expertise and at least three members who are financially literate.

At least one member of the Board should be a woman.

VII. CONFIDENTIALITY

The members of the Committee may not disclose, in particular, the information contained in the confidential reports they receive or the contents of confidential discussions. They shall also ensure that any employees appointed to support them likewise comply with this rule.

VIII. REVIEW

This policy will be reviewed at appropriate time, as decided by the Committee. The utility and interpretation of this policy will be at the sole discretion of the Committee.

EXHIBIT 1 DECLARATION OF THE CHIEF EXECUTIVE OFFICER ON COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

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

I hereby certify that the Board members and senior management personnel of

Dr. Reddy's have affirmed compliance with the Code of the Company for the financial year 2015-16.

G V Prasad

Co-Chairman, Managing Director and CEO

Place Hyderabad
Date 12 May 2016

EXHIBIT 2 REPORT OF THE AUDIT COMMITTEE *To the shareholders of Dr. Reddy's Laboratories Limited*

The Audit Committee of the Board of Directors consists of five Directors. Each member is an Independent Director as defined under Indian laws, Listing Regulations and the New York Stock Exchange Corporate Governance Guidelines. The Committee operates under a written charter adopted by the Board of Directors, and has been vested with all the powers necessary to effectively discharge its responsibilities.

Dr. Reddy's management has primary responsibility for the financial statements and reporting process, including the systems of internal controls. During the year 2015-16, the Audit Committee met five times. It discussed with the Company's internal auditors and statutory auditors the scope and plans for their respective audits. It also discussed the results of their examination, their evaluation of the Company's internal controls, and overall quality of the Company's financial reporting.

In fulfilling its oversight responsibilities, the Committee reviewed and discussed the Company's quarterly unaudited and annual audited financial statements with the management. M/s. B S R & Co., LLP, Chartered Accountants, the Company's independent auditors for Indian GAAP, and KPMG, the Company's independent auditors for IFRS financial statements, are responsible for expressing their opinion on the conformity of the Company's audited financial statements with Generally Accepted Accounting Principles (GAAP).

Relying on the review and discussions with the management and the independent auditors, the Audit Committee believes that the Company's financial statements are fairly presented in conformity with Indian GAAP and the IFRS in all material aspects.

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

In 2005-06, the Company became the first Indian manufacturing company to comply with Section 404 of the US Sarbanes-Oxley Act (SOX), in advance of the mandatory deadline of 31 March 2007, which was applicable to foreign private issuers.

During the year, the Committee also reviewed/approved the following:

- a) Non-audit services being provided by the Statutory Auditors and concluded that such services were not in conflict with the independence of the Statutory Auditors;
- b) Structure of Internal Audit function and Chief Internal Auditor's remuneration; and
- c) Related party transactions, as applicable.

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

The Audit Committee has recommended to the Board of Directors:

1. That the audited standalone and consolidated financial statements prepared as per Indian GAAP of Dr. Reddy's Laboratories Limited for the year ended 31 March 2016, be accepted by the Board as a true and fair statement of the financial status of the Company.
2. That the financial statements prepared as per IFRS as issued by International Accounting Standards Board for the year ended 31 March 2016, be accepted by the Board and included in the Company's annual report on Form 20-F, to be filed with the US Securities and Exchange Commission.

In addition, the Committee has also recommended the following to the Board:

- Appointment of M/s. S R Batliboi & Associates LLP, Chartered

Accountants as statutory Independent auditors under Indian GAAP from the conclusion of the forthcoming AGM till conclusion of AGM in 2021;

- Re-appointment of KPMG, India as statutory Independent auditors for IFRS for the fiscal year ending 31 March 2017; and
- Appointment of secretarial auditor and cost auditor.

Sridar Iyengar

Chairman, Audit Committee

Place Hyderabad

Date 11 May 2016

EXHIBIT 3 REPORT OF THE NOMINATION, GOVERNANCE AND COMPENSATION COMMITTEE

*To the shareholders of Dr. Reddy's
Laboratories Limited*

The Nomination, Governance and Compensation Committee of the Board of Directors consists of five Directors. Each member is an Independent Director as defined under Indian laws, Listing Regulations and the New York Stock Exchange Corporate Governance Guidelines. The Committee operates under a written charter adopted by the Board of Directors, and has been vested with all the powers necessary to effectively discharge its responsibilities.

The Committee's primary responsibilities are to:

- Periodically examine the structure, composition and functioning of the Board, and recommend changes, as necessary, to improve the Board's effectiveness and evaluation, including formulation of criteria for such evaluation;
- Formulate policies on remuneration of Directors, KMPs and other employees and on Board diversity;
- Assess the Company's policies and processes in key areas of corporate governance and the impact of related significant regulatory and statutory changes, if any, with a view that the Company is at the forefront of good corporate governance;
- Examine major aspects of the Company's organisational health, and recommend changes as necessary;

- Review and recommend the compensation and variable pay for Executive Directors to the Board;
- Establish, in consultation with the management, the compensation program for the Company, and recommend it to the Board for approval.

In that context:

- Establish annual Key Result Areas (KRAs) for the Executive Directors and oversee the evaluation of their achievement.
- Review, discuss and provide guidance to the management, on the KRAs for members of the Management Council, KMPs and their remuneration.
- Review the Company's ESOP Schemes and oversees administration of the ESOP Schemes.

As on 31 March 2016, the Company had 519,391 outstanding stock options, which amounts to 0.30% of total equity capital. These stock options are held by 743 employees of the Company and its subsidiaries under Dr. Reddy's Employees Stock Options Scheme, 2002 and Dr. Reddy's Employees ADR Stock Options Scheme, 2007. The total stock options are exercisable at par value i.e. ₹ 5/-.

The Committee also devoted considerable time discussing the organisation health, design, gender diversity, succession planning for critical positions within the Company and compensation for Key Managerial Personnel and senior management. It also monitors the Company's system for hiring, developing and retaining talent.

The Nomination, Governance and Compensation Committee also recommends to the Board, changes in committee structure and membership and other steps that would improve the Board's effectiveness in overseeing the Company.

Dr. Ashok S Ganguly

Chairman, Nomination, Governance and Compensation Committee

Place Hyderabad

Date 11 May 2016

EXHIBIT 4 REPORT OF THE SCIENCE, TECHNOLOGY AND OPERATIONS COMMITTEE

*To the shareholders of Dr. Reddy's
Laboratories Limited*

The Science, Technology and Operations Committee of the Board of Directors consists of three Directors. Each member is an Independent Director as defined under Indian laws, Listing Regulations and the New York Stock Exchange Corporate Governance Guidelines. The Committee operates under a written charter adopted by the Board of Directors, and has been vested with all the powers necessary to effectively discharge its responsibilities.

The Committee's primary responsibilities are to:

- Advise the Board and management on scientific, medical and technical matters and operations involving the Company's development and discovery programs (generic and proprietary), including major internal projects, business development opportunities, interaction with academic and other outside research organisations;
- Assist the Board and management to stay abreast of novel scientific and technology developments and innovations and anticipate emerging concepts and trends in therapeutic research and development, to help assure the Company makes well-informed choices in committing its resources;
- Assist the Board and the management in creation of valuable Intellectual Property (IP);
- Review the status of non-infringement patent challenges; and
- Assist the Board and the management in building and nurturing science in the organisation in tune with its business strategy.

The Committee met four times during the financial year. The Science, Technology and Operations Committee appraised the Board on key discussions and recommendations made at the Committee meetings.

Dr. Bruce LA Carter

Chairman, Science, Technology and Operations Committee

Place Hyderabad
Date 11 May 2016

EXHIBIT 5 REPORT OF THE RISK MANAGEMENT COMMITTEE

*To the shareholders of Dr. Reddy's
Laboratories Limited*

The Risk Management Committee of the Board of Directors consists of three Directors. Each member is an Independent Director as defined under Indian laws, Listing Regulations and the New York Stock Exchange Corporate Governance Guidelines. The Committee operates under a written charter adopted by the Board of Directors, and has been vested with all the powers necessary to effectively discharge its responsibilities.

The Committee's primary responsibilities are to:

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

The Committee met thrice during the financial year to review the status of mitigation of the key business and financial risks, risk management initiatives, evaluate residual risk thereof and recommend interventions from time to time.

The Risk Management Committee also appraised the Board on key discussions and recommendations made at the Committee meetings and shared information on enterprise wide risks.

Dr. Omkar Goswami

Chairman, Risk Management Committee

Place Hyderabad
Date 11 May 2016

EXHIBIT 6 REPORT OF THE STAKEHOLDERS RELATIONSHIP COMMITTEE

*To the shareholders of Dr. Reddy's
Laboratories Limited*

The Stakeholders Relationship Committee of the Board of Directors consists of four Directors, out of them two members are Independent Directors

as defined under Indian laws, Listing Regulations and the New York Stock Exchange Corporate Governance Guidelines. The Committee operates under a written charter adopted by the Board of Directors, and has been vested with all the powers necessary to effectively discharge its responsibilities.

The Committee's primary responsibilities are to:

- Review of investor complaints and their redressal;
- Review of queries received from investors;
- Review of work done by the share transfer agent; and
- Review of corporate actions related to security holders.

The Committee met four times during the financial year to review the status of investor grievance. The Committee also reviewed the functioning of the Company's Secretarial and Investor Relations function.

The Stakeholders Relationship Committee also appraised the Board on key discussions and recommendations made at the Committee meetings.

Kalpana Morparia

Chairperson, Stakeholders Relationship Committee

Place Hyderabad
Date 11 May 2016

EXHIBIT 7 REPORT OF THE CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

*To the shareholders of Dr. Reddy's
Laboratories Limited*

The Corporate Social Responsibility (CSR) Committee of the Board of Directors consists of three Directors, including two Executive Directors. The Chairman of the Committee is an Independent Director as defined under Indian laws, Listing Regulations and the New York Stock Exchange Corporate Governance Guidelines. The Committee operates under a written charter adopted by the Board of Directors, and has been vested with all the powers necessary to effectively discharge its responsibilities.

The Committee's primary responsibilities are to:

- Formulate, review and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on the initiatives as per the CSR policy;
- Provide guidance on various CSR initiatives undertaken by the Company and to monitor their progress; and
- Monitor implementation and adherence to the CSR Policy of the Company from time to time.

During the financial year, the Committee met three times to review and monitor the projects undertaken under the CSR policy.

The Corporate Social Responsibility Committee also appraised the Board on key discussions and recommendations made at the Committee meetings and shared information on the overall CSR initiatives undertaken by the Company.

Ravi Bhoothalingam

Chairman, Corporate Social Responsibility Committee

Place Hyderabad
Date 12 May 2016

EXHIBIT 8 CEO AND CFO CERTIFICATE TO THE BOARD PURSUANT TO REGULATION 17(8) OF THE LISTING REGULATIONS

We, G V Prasad, Co-Chairman, Managing Director and Chief Executive Officer, and Saumen Chakraborty, President and Chief Financial Officer, to the best of our knowledge and belief, hereby certify that:

- A. We have reviewed the financial statements including the cash flow statement (standalone and consolidated) for the financial year ended 31 March 2016 and that these statements:
- i. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - ii. together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

- B. There are no transactions entered into by the Company during the year, which are fraudulent, illegal or violate the Company's Code of Business Conduct and Ethics.
- C. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to address these deficiencies.
- D. We have disclosed, wherever applicable, to the auditors and the Audit Committee:
 - i. That there were no deficiencies in the design or operations of internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data including any corrective actions;
 - ii. that there are no material weaknesses in the internal controls over financial reporting;
 - iii. that there are no significant changes in internal control over financial reporting during the year;
 - iv. all significant changes in the accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
 - v. that there are no instances of significant fraud of which we have become aware of and involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

G V Prasad

Co-Chairman, Managing Director & CEO

Saumen Chakraborty

President & Chief Financial Officer

Place Hyderabad
Date 12 May 2016

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

*To the members of Dr. Reddy's
Laboratories Limited*

We have examined the compliance of conditions of Corporate Governance by Dr. Reddy's Laboratories Limited ("the Company"), for the year ended on 31 March 2016, as stipulated in Clause 49 of the Listing Agreement (up to 30 November 2015) and Schedule V of Listing Regulations (with effect from 1 December 2015).

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **B S R & CO. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/
W-100022

Supreet Sachdev

Partner
Membership No.: 205385

Place Hyderabad
Date 12 May 2016