

Dr.Reddy's Group's Tax Policy

Dr.Reddy's Business Model: As an integrated global pharmaceuticals enterprise, Dr.Reddy's operates through three key core business segments i.e. Global Generics, Pharmaceuticals and Active Ingredients (PSAI) and Proprietary Products(PP). Global Generics covers branded and unbranded prescription medicine as well as over the counter pharmaceutical products. PSAI accounts for Active Pharmaceuticals Ingredients and Customs Pharmaceuticals Services. PP mainly comprises the differentiated formulations business.

Dr.Reddy's manufactures and sells the pharmaceutical products across the globe. In order to effectively manage the operations in a tax efficient and tax compliant manner, Dr.Reddy's has a global tax policy. Salient principles of the global tax policy is as follows:

1. Compliance

We, at Dr.Reddy's, operate in various countries by adhering to the prevalent tax laws of respective countries. We pay the taxes as applicable on the income earned in the country to the Govt in a timely manner by filing relevant returns and documents.

2. Transfer Pricing Principles

Dr.Reddy's complies with all the transfer pricing rules and regulations as applicable in the respective countries adhering to the "arm's length principle" as outlined by the OECD and Transfer Pricing Regulations of such countries.

3. Relationship with Tax authorities & Govt authorities.

We pay taxes as a responsible citizen of the country in the true spirit of our value and ethics. We maintain the relationship of trust, transparency in our dealing with the authorities and uphold the principle of mutual respect.

4. Transparency & Governance

Our thrust on transparency drives us to make all the reporting and the disclosure relating to tax matters before appropriate forums in a timely manner. The complexity of tax laws and the periodic amendments in global tax arena requires us to keep our knowledge updated in the relevant areas of taxation.

5. Tax Strategy

Dr.Reddy's adopts a tax strategy which is aligned to group's business strategy and the organisational goal. While Dr.Reddy's avails most of the eligible tax incentives, it prioritises the business goal over tax considerations while availing such incentives. Key part of the tax strategy also includes accurate, transparent and timely reporting before statutory authorities.