

January 28, 2022

To,
The Secretary
BSE Limited
National Stock Exchange of India Limited
New York Stock Exchange Inc.
NSE IFSC Limited

Dear Sir/Madam,

Sub: Outcome of Board Meeting – Unaudited Financial Results for the quarter and nine months ended December 31, 2021.

Further to our letter dated December 28, 2021, we would like to inform you that the Board of Directors of the Company at their meeting held on January 28, 2022 have *inter alia* approved the Unaudited Financial Results of the Company for the quarter and nine months ended December 31, 2021.

In terms of the above, we are enclosing herewith the following:

1. Unaudited Consolidated Financial Results of the Company and its subsidiaries for the quarter and nine months ended December 31, 2021 prepared in compliance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).
2. Press Release on Financial Results of the Company for the above period.
3. Unaudited Consolidated Financial Results of the Company and its subsidiaries for the quarter and nine months ended December 31, 2021 as per Indian Accounting Standards.
4. Unaudited Standalone Financial Results of the Company for the quarter and nine months ended December 31, 2021 as per Indian Accounting Standards.

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Limited Review Reports of the Statutory Auditors on the Unaudited Consolidated and Unaudited Standalone Financial Results at point nos. 3 and 4, respectively are also enclosed.

The Board Meeting commenced at 8.15 AM and concluded at 12.20 PM

This is for your information and records.

With regards,


Vivek Mittal
Global General Counsel and Compliance Officer

DR. REDDY'S LABORATORIES LIMITED

Unaudited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and nine months ended 31 December 2021 prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenues	53,197	57,632	49,296	160,023	142,438	189,722
2	Cost of revenues	24,585	26,846	22,758	74,926	64,736	86,645
3	Gross profit (1 - 2)	28,612	30,786	26,538	85,097	77,702	103,077
4	Selling, general and administrative expenses	15,411	15,951	14,387	46,407	40,280	54,650
5	Research and development expenses	4,159	4,463	4,108	13,156	12,447	16,541
6	Impairment of non-current assets	47	-	5,972	47	6,753	8,588
7	Other income, net	(240)	(1,743)	(128)	(2,470)	(395)	(982)
	Total operating expenses	19,377	18,671	24,339	57,140	59,085	78,797
8	Results from operating activities [(3) - (4 + 5 + 6 + 7)]	9,235	12,115	2,199	27,957	18,617	24,280
	Finance income	504	553	681	1,902	2,008	2,623
	Finance expense	(215)	(234)	(188)	(642)	(673)	(970)
9	Finance income, net	289	319	493	1,260	1,335	1,653
10	Share of profit of equity accounted investees, net of tax	185	247	151	598	301	480
11	Profit before tax (8 + 9 + 10)	9,709	12,681	2,843	29,815	20,253	26,413
12	Tax expense/(benefit), net	2,644	2,761	2,645	7,122	6,639	9,175
13	Profit for the period/year (11 -12)	7,065	9,920	198	22,693	13,614	17,238
14	Earnings per share:						
	Basic earnings per share of Rs.5/- each	42.58	59.80	1.19	136.82	82.08	103.94
	Diluted earnings per share of Rs.5/- each	42.48	59.65	1.19	136.48	81.85	103.65
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	



RM

Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Segment wise revenue and results:						
1	Segment revenue:						
	a) Pharmaceutical Services and Active Ingredients	8,887	9,990	8,745	27,739	29,091	38,887
	b) Global Generics	44,508	47,431	40,751	133,052	115,667	154,404
	c) Proprietary Products	129	1,232	124	1,420	280	523
	d) Others	1,289	597	1,412	2,368	2,424	2,813
	Total	54,813	59,250	51,032	164,579	147,462	196,627
	Less: Inter-segment revenues	1,616	1,618	1,736	4,556	5,024	6,905
	Net revenues	53,197	57,632	49,296	160,023	142,438	189,722
2	Segment results:						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	1,638	2,166	1,773	5,434	6,913	9,426
	b) Global Generics	25,731	26,990	23,454	76,440	68,665	91,111
	c) Proprietary Products	129	1,232	100	1,406	244	482
	d) Others	1,114	398	1,211	1,817	1,880	2,058
	Total	28,612	30,786	26,538	85,097	77,702	103,077
	Less: Selling and other un-allocable expenditure, net of other income	18,903	18,105	23,695	55,282	57,449	76,664
	Total profit before tax	9,709	12,681	2,843	29,815	20,253	26,413

Global Generics segment includes operations of Biologics business. Inter-segment revenues represent sale from Pharmaceutical Services and Active Ingredients to Global Generics at cost.

Notes:

- The above financial results have been prepared in accordance with International Financial Reporting Standards and its interpretations (IFRS), as issued by the International Accounting Standards Board (IASB).
- In September 2021, the Company completed the sale of its U.S. and Canada territory rights for ELYXYB (celecoxib oral solution) 25 mg/mL, to BioDelivery Sciences International, Inc. An amount of Rs. 1,084 million is included under the head "Revenues" and this pertains to the Company's Proprietary Products segment.
- Included in "Other income, net" for the quarter ended 30 September 2021 is Rs. 1,064 million representing the profit on sale of intangible asset, E7777 (anti-cancer agent) to Citius Pharmaceuticals, Inc. This transaction pertains to the Company's Proprietary Products segment.
- On 14 June 2021, the Company received the arbitration decision and award in favour of Hatchtech Pty Limited regarding the Civil Litigation and Arbitration relating to the acquisition of the product Xeglyze®. The award required the Company to pay an amount of Rs. 3,382 million (U.S.\$ 46.25 million) towards milestone payments, interest, and fees. The Company was carrying Rs. 1,471 million (U.S.\$ 20 million) as the provision towards this litigation. As this constitutes an adjusting subsequent event, the consolidated financial results for the quarter and year ended 31 March 2021 were adjusted to reflect the impact of this event by recognizing the balance amount of Rs. 1,911 million (U.S.\$ 26.25 million) in the financial results. Of the total amount, Rs. 1,820 million (U.S.\$ 25 million) was recognised under heading "Impairment of non-current assets" and the balance Rs. 91 million (U.S.\$ 1.25 million) was recognised under the heading "Selling, general and administrative expenses". The said expense forms part of the Company's Proprietary Products segment.
- During the year ended 31 March 2021, there were significant changes to the market conditions for certain of the products forming part of Company's Global Generics and Proprietary Products segments. The changes include the launch by competitor of generic version of the product, decrease in the market potential of products primarily due to higher than expected price erosion and increased competition, and higher than expected value erosion. Due to these adverse market developments, the Company recorded an impairment loss of:
 - Rs. 3,291 million relating to Xeglyze®;
 - Rs. 3,180 million relating to ethinyl estradiol / ethenogestral vaginal ring (a generic equivalent to NuvaRing®);
 - Rs. 1,587 million relating to saxagliptin and metformin (generic version of Kombiglyze-XR) and phentermine and topiramate (generic version of Qsymia®);
 - Rs. 484 million relating to other intangible assets.
 Further, an amount of Rs. 46 million has been recognised as impairment of property, plant and equipment.
- Tax expense for the year ended 31 March 2021 includes the following:
 - Rs. 1,012 million of benefit, in the quarter ended 30 September 2020, on account of recognition of deferred tax asset consequent to a planned restructuring activity between the Group companies; and
 - Rs. 627 million of expense, in the quarter ended 31 March 2021, on account of de-recognition of deferred tax asset due to non-availability of depreciation on goodwill pursuant to an amendment to section 2(11) of the Income Tax Act in the Finance Act, 2021.
- During the quarter ended 31 December 2020, the Company entered into a definitive agreement with Glenmark Pharmaceuticals Limited to acquire, certain brands in various Emerging Market countries for a total consideration of Rs. 1,516 million. The said transaction was accounted for as an acquisition of product related intangibles and pertains to Company's Global Generics segment.
- On 10 June 2020, the Company completed the acquisition of select divisions of Wockhardt Limited's branded generics business in India and the territories of Nepal, Sri Lanka, Bhutan and Maldives. The business comprises a portfolio of 62 brands in multiple therapy areas, such as respiratory, neurology, venous malformations, dermatology, gastroenterology, pain, and vaccines. This entire portfolio has been transferred to the Company, along with related sales and marketing teams, the manufacturing plant located in Baddi, Himachal Pradesh, and employees. During the quarter ended 30 September 2020, the Company completed the purchase price allocation. The fair value of consideration transferred is Rs.16,115 million. The Company recognised Rs. 373 million, Rs. 14,888 million and Rs. 530 million towards property, plant and equipment, intangible assets, and goodwill, respectively. The acquisition pertains to Company's Global Generics segment.




- 9 The Company has commenced a detailed investigation into an anonymous complaint received in September 2020. The complaint alleges that healthcare professionals in Ukraine and potentially in other countries were provided with improper payments by or on behalf of the Company in violation of U.S. anti-corruption laws, specifically the U.S. Foreign Corrupt Practices Act. A U.S. law firm is conducting the investigation at the instruction of a committee of the Company's Board of Directors. The Company has disclosed the matter to the U.S. Department of Justice ("DOJ"), Securities and Exchange Commission ("SEC") and Securities Exchange Board of India. On 6 July 2021 the Company received a subpoena from the SEC for the production of documents pertaining to certain CIS geographies, and the Company has been responding to the same. During the quarter ended 30 September 2021, the Company shared the report with respect to one jurisdiction with the SEC/DOJ. In the current quarter the Company finalized the reports with respect to certain other countries which will be presented to the SEC/DOJ in due course. The investigation is ongoing, and the Company is complying with its listing obligations as it relates to updating the regulatory agencies. While the findings from the aforesaid investigations could result in government enforcement actions against the Company in the United States and/or foreign jurisdictions, which can lead to civil and criminal sanctions under relevant laws, the outcome are not reasonably ascertainable at this time. The Company is also in the process of reviewing its Compliance Program including controls in relation to compliance and implement appropriate enhancements, if any.
- 10 India's Code on Social Security, 2020, which aims to consolidate, codify and revise certain existing social security laws, received Presidential assent in September 2020 and has been published in the Gazette of India. However, the related final rules have not yet been issued and the date on which this Code will come into effect has not been announced. The Company will assess the impact of this Code and the rules thereunder when they come into effect.
- 11 The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these interim financial results. Based on its judgments, estimates and assumptions, including sensitivity analysis, the Company expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets. The Company will continue to closely monitor any material changes to future economic conditions.
- 12 The unaudited results were reviewed by the Audit Committee of the Board at their meeting held on 27 January 2022 and approved by the Board of Directors of the Company at their meeting held on 28 January 2022.
- 13 The results for the quarter and nine months ended 31 December 2021 were subject to a "Limited Review" by the Independent Auditors of the Company. An unqualified report has been issued by them thereon.

By order of the Board
For Dr. Reddy's Laboratories Limited



G V Prasad
Co-Chairman & Managing Director

Place: Hyderabad
Date: 28 January 2022



DR. REDDY'S LABORATORIES LTD.
0-2-337, Road No. 3, Banjara Hills,
Hyderabad - 500034. Telangana, India.

CONTACT	
INVESTOR RELATIONS	MEDIA RELATIONS
AMIT AGARWAL amita@drreddys.com	USHA IYER ushaiver@drreddys.com

Dr. Reddy's Q3 & 9M FY22 Financial Results

Hyderabad, India, January 28, 2022: Dr. Reddy's Laboratories Ltd. (BSE: 500124 | NSE: DRREDDY | NYSE: RDY | NSEIFSC: DRREDDY) today announced its consolidated financial results for the quarter and the nine months ended December 31, 2021. The information mentioned in this release is on the basis of consolidated financial statements under International Financial Reporting Standards (IFRS).

Q3 Performance Summary

Rs. 5,320 Cr

Revenue*

[Up: 8% YoY; Down: 8% QoQ]

53.8%

Gross Margin

[Q3 FY21: 53.8%; Q2 FY22: 53.4%]

Rs.1,541 Cr

SGNA expenses

[Up: 7% YoY; Down: 3% QoQ]

Rs. 416 Cr

R&D expenses

[7.8% of Revenues]

Rs. 1,266 Cr

EBITDA*

[23.8% of Revenues; Up: 7% YoY; Down: 19% QoQ]

Rs. 971 Cr

Profit before Tax*

[Up: 242% YoY; Down: 23% QoQ]

Rs. 707 Cr

Profit after Tax*

[Up: 3468% YoY; Down: 29% QoQ]

9M Performance Summary

Rs. 16,002 Cr

Revenue

[Up: 12% YoY]

53.2%

Gross Margin

[9M FY21: 54.6%]

Rs. 4,641 Cr

SGNA expenses

[Up: 15% YoY]

Rs. 1,316 Cr

R&D expenses

[8.2% of Revenues]

Rs. 3,842 Cr

EBITDA

[24.0% of Revenues; Up: 6% YoY]

Rs. 2,982 Cr

Profit before Tax

[Up: 47% YoY]

Rs. 2,269 Cr

Profit after Tax

[Up: 67% YoY]

* QoQ: Growth impacted due to higher covid related sales and PP outlicencing deals in Q2 FY 22

Commenting on the results, Co-chairman & MD, G V Prasad said "We delivered a steady performance in Q3 with healthy EBITDA and strong cash generation, while continuing to invest in building a pipeline of products across businesses. I am pleased that our early adoption and consistency in furthering our sustainability agenda have been recognised with prestigious awards in the last few months. ESG will remain a key focus area for us."




Dr. Reddy's Laboratories Limited and Subsidiaries**Consolidated Income Statement**

Particulars	Q3 FY22		Q3 FY21		YoY Gr %	Q2 FY22		QoQ Gr %
	(\$)	(Rs.)	(\$)	(Rs.)		(\$)	(Rs.)	
Revenues	715	53,197	663	49,296	8	775	57,632	(8)
Cost of Revenues	330	24,585	306	22,758	8	361	26,846	(8)
Gross Profit	385	28,612	357	26,538	8	414	30,786	(7)
Operating Expenses								
Selling, General & Administrative expenses	207	15,411	193	14,387	7	214	15,951	(3)
Research and Development expenses	56	4,159	55	4,108	1	60	4,463	(7)
Impairment of non-current assets	1	47	80	5,972	(99)	-	-	-
Other operating income	(3)	(240)	(2)	(128)	88	(23)	(1743)	(86)
Results from operating activities	124	9,235	30	2,199	320	163	12,115	(24)
Net finance income	(4)	(289)	(7)	(493)	(41)	(4)	(319)	(9)
Share of profit of equity accounted investees	(2)	(185)	(2)	(151)	23	(3)	(247)	(25)
Profit before Income Tax	131	9,709	38	2,843	242	170	12,681	(23)
Income Tax	36	2,644	36	2,645	(0)	37	2,761	(4)
Profit for the period	95	7,065	3	198	3468	133	9,920	(29)
Diluted Earnings Per Share (EPS)	0.57	42.48	0.02	1.19	3480	0.80	59.65	(29)

As % to revenues
Gross Profit
SG&A
R&D
EBITDA
PBT
PAT

Q3 FY22
53.8
29.0
7.8
23.8
18.3
13.3

Q3 FY21
53.8
29.2
8.3
24.0
5.8
0.4

Q2 FY22
53.4
27.7
7.7
27.0
22.0
17.2

EBITDA Computation

Particulars	Q3 FY22	
	(\$)	(Rs.)
Profit before Income Tax	131	9,709
Interest income (net)*	(1)	(72)
Depreciation	28	2,066
Amortization	12	910
Impairment	1	47
EBITDA	170	12,659

Q3 FY21	
(\$)	(Rs.)
38	2,843
(2)	(180)
29	2,131
15	1,086
80	5,972
159	11,851

Q2 FY22	
(\$)	(Rs.)
170	12,681
(1)	(93)
28	2,075
12	910
-	-
209	15,572

* Includes income from Investments



Key Balance Sheet Items

Particulars	As on 31st Dec 2021		As on 30th Sep 2021		As on 31st Dec 2020	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents and current investments	505	37,557	379	28,188	286	21,282
Trade receivables (current & non-current)	840	62,507	923	68,666	718	53,408
Inventories	668	49,675	668	49,700	596	44,309
Property, plant and equipment	846	62,971	810	60,229	756	56,263
Goodwill and Other Intangible assets	492	36,581	500	37,206	552	41,062
Loans and borrowings (current & non-current)	379	28,164	407	30,273	275	20,443
Trade payables	329	24,492	343	25,552	310	23,072
Equity	2,554	1,90,016	2,472	1,83,928	2,277	1,69,395

Revenue Mix by Segment

Segment	Q3 FY22	Q3 FY21	YoY Gr %	Q2 FY22	QoQ Gr %
	(Rs.)	(Rs.)		(Rs.)	
Global Generics	44,508	40,751	9	47,431	(6)
North America	18,645	17,394	7	18,909	(1)
Europe	4,058	4,143	(2)	4,135	(2)
India	10,266	9,591	7	11,402	(10)
Emerging Markets	11,539	9,623	20	12,985	(11)
Pharmaceutical Services and Active Ingredients (PSAI)	7,271	7,009	4	8,372	(13)
Proprietary Products & Others	1,418	1,536	(8)	1,829	(22)
Total	53,197	49,296	8	57,632	(8)



CA



COVID portfolio

We continue to play our role in the fight against Covid-19 by acting proactively to bring multiple preventive and curative treatment options, including a vaccine. Our major Covid-19 products launched till now include Sputnik V vaccine, Remdesivir, Avigan® (Favipiravir), 2-deoxy-D-glucose (2-DG) and Molnupiravir. We have commercialized all these products in India and few of these products in overseas markets. We have conducted clinical trials for Sputnik Light and are also developing several other covid related drugs for treatment ranging from mild to severe conditions.

Revenue Analysis

Global Generics (GG)

Revenues from **GG** segment at Rs. 44.5 billion:

- Year-on-year growth of 9% was primarily driven by new product launches and higher sales volume, offset partially due to price erosion in the base business.
- Sequential decline of 6% was due to lower volumes and price erosion in some of our products.

North America

Revenues from **North America** at Rs. 18.6 billion:

- Year-on-year growth of 7%, driven by new products launches, increase in volumes of our base business and a favorable forex rate, which was partially offset by price erosion.
- Sequential decline of 1%, primarily due to price erosion in some of our products.
- We launched four new products in US during the quarter. These were Carmustine Injection, Ephedrine Sulphate Injection, Valsartan tablets and Venlafaxine ER tablets.
- We filed one new ANDA during the quarter. As of 31st December 2021, cumulatively 91 generic filings are pending for approval with the USFDA (88 ANDAs and 3 NDAs under 505(b)(2) route). Out of these 91 pending filings, 45 are Para IVs and we believe 24 have 'First to File' status.

Europe

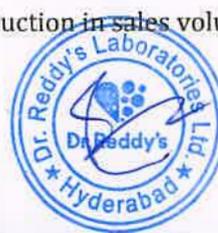
Revenues from **Europe** at Rs. 4.1 billion:

- Year-on-year and sequential quarter decline of 2% each, which was primarily due to price erosion in some of our existing products, partially offset by volume traction in the base business and sales from new products launched.

India

Revenues from **India** at Rs. 10.3 billion:

- Year-on-year growth of 7% which was on account of an increase in sales prices of some of our existing products and revenues from new products launched, offset partially by a decrease in the sales volume of covid-related products.
- Sequential decline of 10%, primarily due to a reduction in sales volumes of covid-related products.



Emerging Markets

Revenues from **Emerging Markets** at Rs. 11.5 billion. Year-on-year growth of 20%. Sequential decline of 11%:

- Year-on-year growth of 20% attributable to the revenues from launch of new products and volume traction in the base business.
- Sequential decline of 11% witnessed due lower volumes and price erosion in some products and higher covid-related product sales in last quarter. The decline was offset partially by sales contribution from new product launches.
- Revenues from **Russia** at Rs. 4.7 billion. Year-on-year growth of 5% was driven by revenues from new products launched, a favorable forex rate and increase in prices of some our products, offset partially by a reduction in sales volumes in our base business. Sequential decline of 17% was on account of a reduction in volumes of some of our products.
- Revenues from other **CIS countries and Romania** market at Rs. 2.4 billion. Year-on-year growth of 11% driven by launch of new products, offset partially due to lower volumes in the base business. Sequential growth of 9% driven by higher sales volume in the base business.
- Revenues from **Rest of World (RoW)** territories at Rs. 4.4 billion. Year-on-year growth of 50% was driven by new product launches and higher sales volume in base business, offset partially by price erosion in some of our key products. Sequential decline of 13% was due to lower Covid portfolio sales and lower volumes and price erosion in our base business, which was partially offset by sales from launch of new products.

Pharmaceutical Services and Active Ingredients (PSAI)

Revenues from **PSAI** at Rs. 7.3 billion:

- Year-on-year growth of 4% was driven majorly by new product launches.
- Sequential decline of 13% on account of lower volumes of certain products including covid-related products, offset partially due to new products launched.
- During the quarter we filed two DMFs in the US.

Proprietary Products (PP) & Others

Revenues from **PP & Others** at Rs. 1.4 billion:

- Year-on-year decline of 8% and sequential decline of 22%. The sequential decline was primarily on account of recognition of a license fee associated with the sale of our U.S. and Canada territory rights for ELYXYB® (celecoxib oral solution) 25 mg/ml, to BioDelivery Sciences International, Inc in Q2 FY22.



Income Statement Highlights:

- **Gross profit** margin at 53.8%:
 - The margin has remained flat over previous year. While there has been an improvement in the margins on account of favorable product mix and reduction of procurement costs for certain products, this was offset by price erosion in the base business.
 - Sequentially the gross margin increased by 40 bps primarily on account of a favorable product mix which was partially offset by price erosion in the base business.
 - Gross profit margin for GG and PSAI business segments are at 57.8% and 22.5% respectively.
- **SG&A expenses** at Rs. 15.4 billion, increased by 7% year-on-year. This increase was in line with the business growth and primarily attributable to investments in sales & marketing of our key brands and annual increments. Sequentially the SG&A expenses decreased by 3% majorly due to lower royalty on sales in this quarter.
- **R&D expenses** at Rs. 4.2 billion. As % to revenues - Q3 FY22: 7.8% | Q2 FY 22: 7.7% | Q3 FY21: 8.3%. Our focus continues in building a healthy pipeline of new products across our markets.
- **Impairment charge** of Rs. 47 million as compared to Rs. 6.0 billion charge in Q3 FY21 taken on intangibles pertaining to certain products.
- **Other operating income** at Rs. 240 million compared to Rs. 128 million in Q3 FY21.
- **Net Finance income** at Rs. 289 million compared to Rs. 493 million in Q3 FY21.
- **Profit before Tax** at Rs. 9.7 billion, which is 18.3% of revenues. The profit before tax increased by 242% year-on-year and declined by 23% sequentially.
- **Profit after Tax** at Rs. 7.1 billion. The effective tax rate is ~27.2% for the quarter.
- **Diluted earnings per share** is at Rs. 42.48.

Other Highlights:

- **EBITDA** at Rs. 12.7 billion and the EBITDA margin is 23.8%
- **Capital expenditure** is at Rs. 4.1 billion.
- **Free cash-flow** is at Rs. 12.7 billion.
- **Net cash surplus** for the company is at Rs. 10.0 billion as on December 31, 2021. Consequently, net debt to equity ratio is (0.05).
- **ROCE** for the company is 23.9% (annualized).



Earnings Call Details (06:30 pm IST, 08:00 am EST, Jan 28, 2022)

The management of the Company will host an earnings call to discuss the Company's financial performance and answer any questions from the participants.

Conference Joining Information

Option 1: Express Join with DiamondPass™

Pre-register with the below link and join without waiting for the operator.

<https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=5503666&linkSecurityString=160df75d06>

Option 2: Join through below Dial-In Numbers

Universal Access Number:	+91 22 6280 1219 +91 22 7115 8120
International Toll Free Number:	USA: 1 866 746 2133 UK: 0 808 101 1573 Singapore: 800 101 2045 Hong Kong: 800 964 448

No password/pin number is necessary to dial in to any of the above numbers. The operator will provide instructions on asking questions before and during the call.

Play Back: The play back will be available after the earnings call, till February 3rd, 2022. For play back dial in phone No: +91 22 7194 5757 | +91 22 6663 5757, and Playback Code is 43411.

Transcript: Transcript of the Earnings call will be available on the Company's website: www.drreddys.com

About Dr. Reddy's: Dr. Reddy's Laboratories Ltd. (BSE: 500124, NSE: DRREDDY, NYSE: RDY, NSEIFSC: DRREDDY) is an integrated pharmaceutical company, committed to providing affordable and innovative medicines for healthier lives. Through its businesses, Dr. Reddy's offers a portfolio of products and services including APIs, custom pharmaceutical services, generics, biosimilars and differentiated formulations. Our major therapeutic areas of focus are gastrointestinal, cardiovascular, diabetology, oncology, pain management and dermatology. Dr. Reddy's operates in markets across the globe. Our major markets include – USA, India, Russia & CIS countries, and Europe. For more information, log on to: www.drreddys.com

Disclaimer: This press release may include statements of future expectations and other forward-looking statements that are based on the management's current views and assumptions and involve known or unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions such as performance of financial markets, credit defaults, currency exchange rates, interest rates, persistency levels and frequency/severity of insured loss events (ii) mortality and morbidity levels and trends, (iii) changing levels of competition and general competitive factors, (iv) changes in laws and regulations and in the policies of central banks and/or governments, (v) the impact of acquisitions or reorganization, including related integration issues, (vi) the susceptibility of our industry and the markets addressed by our, and our customers', products and services to economic downturns as a result of natural disasters, epidemics, pandemics or other widespread illness, including coronavirus (or COVID-19), and (vii) other risks and uncertainties identified in our public filings with the Securities and Exchange Commission, including those listed under the "Risk Factors" and "Forward-Looking Statements" sections of our Annual Report on Form 20-F for the year ended March 31, 2021. The company assumes no obligation to update any information contained herein.



Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**Review Report to
The Board of Directors
Dr. Reddy's Laboratories Limited**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Dr. Reddy's Laboratories Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and joint ventures for the quarter and nine months ended December 31, 2021 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Holding Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Statement has been approved by the Holding Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

S. No Name of the Company Subsidiaries

- 1 Aurigene Discovery Technologies Limited
- 2 Cheminor Investments Limited
- 3 Dr. Reddy's Bio-Sciences Limited
- 4 Dr. Reddy's Farmaceutica Do Brasil Ltda.
- 5 Dr. Reddy's Laboratories SA
- 6 Idea2Enterprises (India) Private Limited
- 7 Imperial Credit Private Limited
- 8 Industrias Quimicas Falcon de Mexico, S.A.de C.V.
- 9 Svaas Wellness Limited



S. No Name of the Company Subsidiaries

- 10 Aurigene Discovery Technologies (Malaysia) SDN BHD
- 11 Aurigene Discovery Technologies Inc.
- 12 Aurigene Pharmaceuticals Services Limited
- 13 beta Institut gemeinnützige GmbH
- 14 betapharm Arzneimittel GmbH
- 15 Chirotech Technology Limited
- 16 DRL Impex Limited
- 17 Dr. Reddy's Laboratories (Australia) Pty. Limited
- 18 Dr. Reddy's Laboratories Canada, Inc.
- 19 Dr. Reddy's Laboratories Chile SPA.
- 20 Dr. Reddy's Laboratories (EU) Limited
- 21 Dr. Reddy's Laboratories Inc.
- 22 Dr. Reddy's Laboratories Japan KK
- 23 Dr. Reddy's Laboratories Kazakhstan LLP
- 24 Dr. Reddy's Laboratories LLC
- 25 Dr. Reddy's Laboratories Louisiana LLC
- 26 Dr. Reddy's Laboratories Malaysia Sdn. Bhd.
- 27 Dr. Reddy's Laboratories New York, LLC
- 28 Dr. Reddy's Laboratories Philippines Inc.
- 29 Dr. Reddy's Laboratories (Proprietary) Limited
- 30 Dr. Reddy's Laboratories Romania S.R.L.
- 31 Dr. Reddy's Laboratories SAS
- 32 Dr. Reddy's Laboratories Taiwan Limited
- 33 Dr. Reddy's Laboratories (Thailand) Limited
- 34 Dr. Reddy's Laboratories (UK) Limited
- 35 Dr. Reddy's Research and Development B.V.
- 36 Dr. Reddy's Srl
- 37 Dr. Reddy's New Zealand Limited
- 38 Dr. Reddy's Venezuela, C.A.
- 39 Dr. Reddy's Laboratories B.V. (Formerly Eurobridge Consulting B.V.)
- 40 Lacock Holdings Limited
- 41 OOO Dr. Reddy's Laboratories Limited
- 42 OOO DRS LLC
- 43 Promius Pharma LLC
- 44 Reddy Holding GmbH
- 45 Reddy Netherlands B.V.
- 46 Reddy Pharma Iberia SAU
- 47 Reddy Pharma Italia S.R.L.
- 48 Reddy Pharma SAS
- 49 Dr. Reddy's (Beijing) Pharmaceutical Co. Limited (from August 19, 2020)
- 50 Dr. Reddy's Formulations Limited (from March 11, 2021)
- 51 Dr. Reddy's (WUXI) Pharmaceutical Company Limited (liquidated w.e.f. December 13, 2021)

Joint ventures

- 1 DRES Energy Private Limited
- 2 Kunshan Rotam Reddy Pharmaceutical Company Limited

Other consolidating entities

- 1 Cheminor Employees Welfare Trust
- 2 Dr. Reddy's Employees ESOS Trust
- 3 Dr. Reddy's Research Foundation



S.R. BATLIBOI & ASSOCIATES LLP

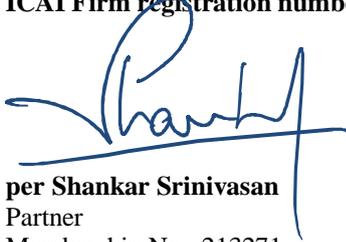
Chartered Accountants

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



per Shankar Srinivasan

Partner

Membership No.: 213271



UDIN: 22213271AAAAAQ3817

Place: Hyderabad

Date: January 28, 2022

DR. REDDY'S LABORATORIES LIMITED

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2021

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations						
	a) Net sales/income from operations	51,031	55,167	47,109	154,460	138,119	184,202
	b) License fees and service income	2,166	2,465	2,187	5,563	4,319	5,520
	c) Other operating income	186	237	123	680	355	753
	Total revenue from operations	53,383	57,869	49,419	160,703	142,793	190,475
2	Other income	558	2,055	705	3,692	2,088	2,914
3	Total income (1 + 2)	53,941	59,924	50,124	164,395	144,881	193,389
4	Expenses						
	a) Cost of materials consumed	7,605	8,232	11,773	26,976	32,697	42,958
	b) Purchase of stock-in-trade	10,819	10,314	6,803	30,868	18,968	25,736
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(277)	1,730	(2,199)	(2,400)	(6,291)	(7,905)
	d) Employee benefits expense	9,563	10,104	9,157	29,132	27,369	36,299
	e) Depreciation and amortisation expense	2,942	2,941	3,112	8,722	9,200	12,288
	f) Impairment of non-current assets	47	-	5,972	1,885	6,753	6,768
	g) Finance costs	216	234	188	643	673	970
	h) Selling and other expenses	13,469	13,891	12,520	41,142	35,130	47,920
	Total expenses	44,384	47,446	47,326	136,968	124,499	165,034
5	Profit before tax and before share of equity accounted investees(3 - 4)	9,557	12,478	2,798	27,427	20,382	28,355
6	Share of profit of equity accounted investees, net of tax	185	247	151	598	301	480
7	Profit before tax (5+6)	9,742	12,725	2,949	28,025	20,683	28,835
8	Tax expense/(benefit):						
	a) Current tax	1,914	1,668	1,902	4,949	6,792	8,172
	b) Deferred tax	735	1,099	768	2,221	(52)	1,147
9	Net profit after taxes and share of profit of associates (7 - 8)	7,093	9,958	279	20,855	13,943	19,516
10	Other comprehensive income						
	a) (i) Items that will not be reclassified subsequently to profit or loss	(1,243)	(101)	2,803	(2,587)	2,984	4,026
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	293	-	(220)
	b) (i) Items that will be reclassified subsequently to profit or loss	62	(137)	930	(143)	1,919	1,913
	(ii) Income tax relating to items that will be reclassified to profit or loss	(57)	(77)	(1)	39	(295)	(319)
	Total other comprehensive income	(1,238)	(315)	3,732	(2,398)	4,608	5,400
11	Total comprehensive income (9 + 10)	5,855	9,643	4,011	18,457	18,551	24,916
12	Paid-up equity share capital (face value Rs. 5/- each)	832	832	831	832	831	832
13	Other equity						175,585
14	Earnings per equity share (face value Rs. 5/- each)						
	Basic	42.75	60.03	1.68	125.74	84.07	117.67
	Diluted	42.65	59.88	1.67	125.43	83.83	117.34
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results



[Handwritten Signature]



Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Segment wise revenue and results:						
1	Segment revenue :						
	a) Pharmaceutical Services and Active Ingredients	9,016	10,187	8,841	28,183	29,361	39,284
	b) Global Generics	44,565	47,472	40,778	133,288	115,752	154,759
	c) Proprietary Products	129	1,232	124	1,420	280	523
	d) Others	1,289	596	1,412	2,368	2,424	2,814
	Total	54,999	59,487	51,155	165,259	147,817	197,380
	Less: Inter-segment revenue	1,616	1,618	1,736	4,556	5,024	6,905
	Total revenue from operations	53,383	57,869	49,419	160,703	142,793	190,475
2	Segment results:						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	1,641	2,169	1,776	5,444	6,927	9,444
	b) Global Generics	25,732	26,990	23,454	76,440	68,665	91,111
	c) Proprietary Products	129	1,232	100	1,406	244	482
	d) Others	1,114	397	1,211	1,817	1,880	2,058
	Total	28,616	30,788	26,541	85,107	77,716	103,095
	Less: Selling and other un-allocable expenditure/(income), net	18,874	18,063	23,592	57,082	57,033	74,260
	Total profit before tax	9,742	12,725	2,949	28,025	20,683	28,835

Global Generics includes operations of Biologics business. Inter-segment revenue represents sale from Pharmaceutical Services and Active Ingredients to Global Generics at cost.

Segmental capital employed

As certain assets of the Company including manufacturing facilities, development facilities and treasury assets and liabilities are often deployed interchangeably across segments, it is impractical to allocate these assets and liabilities to each segment. Hence, the details for capital employed have not been disclosed in the above table.

Notes:

- These results have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules 2015 as amended.
- In September 2021, the Company completed the sale of its U.S. and Canada territory rights for ELYXYB (celecoxib oral solution) 25 mg/mL, to BioDelivery Sciences International, Inc. An amount of Rs. 1,084 million is included under the head "License fee and service income" and this pertains to the Company's Proprietary Products segment.
- Included in "Other income" for the quarter ended 30 September 2021 is Rs. 1,064 million representing the profit on sale of intangible asset, E7777 (anti-cancer agent) to Citius Pharmaceuticals, Inc. This transaction pertains to the Company's Proprietary Products segment.
- On 14 June 2021, the Company received the arbitration decision and award in favour of Hatchtech Pty Limited regarding the Civil Litigation and Arbitration relating to the acquisition of the product Xeglyze®. The award required the Company to pay an amount of Rs. 3,401 million (U.S.\$ 46.25 million) towards milestone payments, interest, and fees. As the Company was carrying only Rs. 1,471 million (U.S.\$ 20 million) as the provision towards this litigation, an additional expense of Rs. 1,930 million (U.S.\$ 26.25 million) [Rs. 1,838 million (U.S.\$ 25 million) as "Impairment of non-current assets" and Rs. 92 million (U.S.\$ 1.25 million) as "selling and other expenses"] was recognized during the quarter ended 30 June 2021. The said expense forms part of the Company's Proprietary Products segment.
- During the year ended 31 March 2021, there were significant changes to the market conditions for certain of the products forming part of Company's Global Generics and Proprietary Products segments. The changes include the launch by competitor of generic version of the product, decrease in the market potential of products primarily due to higher than expected price erosion and increased competition, and higher than expected value erosion. Due to these adverse market developments, the Company recorded an impairment loss of:
 - Rs. 3,180 million relating to ethinyl estradiol / ethenogestral vaginal ring (a generic equivalent to NuvaRing®);
 - Rs. 1,587 million relating to saxagliptin and metformin (generic version of Kombiglyze-XR) and phentermine and topiramate (generic version of Qsymia®);
 - Rs. 1,471 million relating to Xeglyze®;
 - Rs. 484 million relating to other intangible assets.
 Further, an amount of Rs. 46 million has been recognised as impairment of property, plant and equipment.
- Tax expense for the year ended 31 March 2021 includes the following:
 - Rs. 1,012 million of benefit, in the quarter ended 30 September 2020, on account of recognition of deferred tax asset consequent to a planned restructuring activity between the Group companies; and
 - Rs. 627 million of expense, in the quarter ended 31 March 2021, on account of de recognition of deferred tax asset due to non-availability of depreciation on goodwill pursuant to an amendment to section 2(11) of the Income Tax Act in the Finance Act, 2021.
- During the quarter ended 31 December 2020, the Company entered into a definitive agreement with Glenmark Pharmaceuticals Limited to acquire, certain brands in various Emerging Market countries for a total consideration of Rs. 1,516 million. The said transaction was accounted for as an acquisition of product related intangibles, and pertains to Company's Global Generics segment.
- On 10 June 2020, the Company completed the acquisition of select divisions of Wockhardt Limited's branded generics business in India and the territories of Nepal, Sri Lanka, Bhutan and Maldives. The business comprises a portfolio of 62 brands in multiple therapy areas, such as respiratory, neurology, venous malformations, dermatology, gastroenterology, pain, and vaccines. This entire portfolio has been transferred to the Company, along with related sales and marketing teams, the manufacturing plant located in Baddi, Himachal Pradesh, and employees. During the quarter ended 30 September 2020, the Company completed the purchase price allocation. The fair value of consideration transferred is Rs.16,115 million. The Company recognised Rs. 373 million, Rs. 14,888 million and Rs. 530 million towards property, plant and equipment, intangible assets, and goodwill, respectively. The acquisition pertains to Company's Global Generics segment.



- 9 The Company has commenced a detailed investigation into an anonymous complaint received in September 2020. The complaint alleges that healthcare professionals in Ukraine and potentially in other countries were provided with improper payments by or on behalf of the Company in violation of U.S. anti-corruption laws, specifically the U.S. Foreign Corrupt Practices Act. A U.S. law firm is conducting the investigation at the instruction of a committee of the Company's Board of Directors. The Company has disclosed the matter to the U.S. Department of Justice ("DOJ"), Securities and Exchange Commission ("SEC") and Securities Exchange Board of India. On 6 July 2021 the Company received a subpoena from the SEC for the production of documents pertaining to certain CIS geographies, and the Company has been responding to the same. During the quarter ended 30 September 2021, the Company shared the report with respect to one jurisdiction with the SEC/DOJ. In the current quarter the Company finalized the reports with respect to certain other countries which will be presented to the SEC/DOJ in due course. The investigation is ongoing, and the Company is complying with its listing obligations as it relates to updating the regulatory agencies. While the findings from the aforesaid investigations could result in government enforcement actions against the Company in the United States and/or foreign jurisdictions, which can lead to civil and criminal sanctions under relevant laws, the outcome are not reasonably ascertainable at this time. The Company is also in the process of reviewing its Compliance Program including controls in relation to compliance and implement appropriate enhancements, if any.
- 10 India's Code on Social Security, 2020, which aims to consolidate, codify and revise certain existing social security laws, received Presidential assent in September 2020 and has been published in the Gazette of India. However, the related final rules have not yet been issued and the date on which this Code will come into effect has not been announced. The Company will assess the impact of this Code and the rules thereunder when they come into effect.
- 11 The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these interim financial results. Based on its judgments, estimates and assumptions, including sensitivity analysis, the Company expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets.
The Company will continue to closely monitor any material changes to future economic conditions.
- 12 The unaudited results were reviewed by the Audit Committee of the Board on 27 January 2022 and approved by the Board of Directors of the Company at their meeting held on 28 January 2022.
- 13 The results for the quarter and nine months ended 31 December 2021 were subject to a "Limited Review" by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.

By order of the Board
For Dr. Reddy's Laboratories Limited


G V Prasad
Co-Chairman & Managing Director

Place: Hyderabad
Date: 28 January 2022



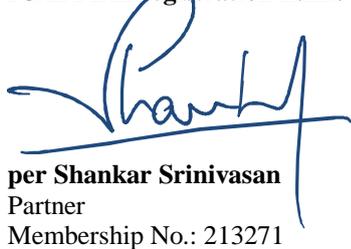
Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**Review Report to
The Board of Directors
Dr. Reddy's Laboratories Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of Dr. Reddy's Laboratories Limited (the "Company") for the quarter and nine months ended December 31, 2021 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. The Company's Management is responsible for the preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The Statement has been approved by the Company's Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004


per Shankar Srinivasan
Partner
Membership No.: 213271

UDIN: 22213271AAAAAR5988

Place: Hyderabad
Date: January 28, 2022

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2021

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations						
	a) Net sales / income from operations	34,303	36,731	33,818	105,035	99,315	132,094
	b) License fees and service income	335	1,364	157	1,799	364	720
	c) Other operating income	158	139	107	531	305	677
	Total revenue from operations	34,796	38,234	34,082	107,365	99,984	133,491
2	Other income	630	1,181	628	3,673	7,195	8,011
	Total income (1 + 2)	35,426	39,415	34,710	111,038	107,179	141,502
3	Expenses						
	a) Cost of materials consumed	5,078	6,732	8,453	20,517	24,500	32,663
	b) Purchase of stock-in-trade	7,538	6,562	3,211	20,335	9,257	12,523
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(566)	252	(877)	(3,339)	(4,164)	(3,956)
	d) Employee benefits expense	6,040	6,352	5,715	18,257	17,245	22,701
	e) Depreciation and amortisation expense	2,054	2,066	2,124	6,091	6,243	8,350
	f) Impairment of non-current assets	-	-	-	-	-	150
	g) Finance costs	77	111	65	253	298	467
	h) Selling and other expenses	10,566	10,853	9,840	32,353	27,807	38,042
	Total expenses	30,787	32,928	28,531	94,467	81,186	110,940
4	Profit before tax (1 + 2 - 3)	4,639	6,487	6,179	16,571	25,993	30,562
5	Tax expense / (benefit)						
	a) Current tax	812	1,156	1,108	2,952	4,613	5,401
	b) Deferred tax	416	841	634	1,584	2,631	3,297
6	Net profit for the period / year (4 - 5)	3,411	4,490	4,437	12,035	18,749	21,864
7	Other comprehensive income						
	a) (i) Items that will not be reclassified to profit or loss	-	1	6	2	5	(169)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	62
	b) (i) Items that will be reclassified to profit or loss	201	207	136	(123)	916	994
	(ii) Income tax relating to items that will be reclassified to profit or loss	(69)	(73)	(33)	44	(318)	(346)
	Total other comprehensive income	132	135	109	(77)	603	541
8	Total comprehensive income (6 + 7)	3,543	4,625	4,546	11,958	19,352	22,405
9	Paid-up equity share capital (face value Rs. 5/- each)	832	832	831	832	831	832
10	Other equity						169,005
11	Earnings per equity share (face value Rs. 5/- each)						
	Basic	20.55	27.07	26.74	72.56	113.05	131.84
	Diluted	20.51	27.00	26.66	72.38	112.73	131.46
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results.



LM



Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Segment wise revenue and results							
1	Segment revenue						
	a) Pharmaceutical Services and Active Ingredients	7,305	9,089	7,763	23,786	24,465	33,458
	b) Global Generics	28,997	29,548	27,970	86,744	80,323	106,467
	c) Proprietary Products	110	1,215	85	1,391	220	471
	Total	36,412	39,852	35,818	111,921	105,008	140,396
	Less: Inter-segment revenue	1,616	1,618	1,736	4,556	5,024	6,905
	Total revenue from operations	34,796	38,234	34,082	107,365	99,984	133,491
2	Segment results						
	Profit / (loss) before tax and interest from each segment						
	a) Pharmaceutical Services and Active Ingredients	(226)	725	428	706	6,259	7,486
	b) Global Generics	5,312	4,891	6,447	15,927	20,363	23,928
	c) Proprietary Products	36	1,039	(220)	1,031	(675)	(631)
	Total	5,122	6,655	6,655	17,664	25,947	30,783
	Less: (i) Finance costs	77	111	65	253	298	467
	(ii) Other un-allocable expenditure / (income), net	406	57	411	840	(344)	(246)
	Total profit before tax	4,639	6,487	6,179	16,571	25,993	30,562

Global Generics includes operations of Biologics business. Inter-segment revenue represents sale from Pharmaceutical Services and Active Ingredients to Global Generics at cost.

Segmental capital employed

As certain assets of the Company including manufacturing facilities, development facilities and treasury assets and liabilities are often deployed interchangeably across segments, it is impractical to allocate these assets and liabilities to each segment. Hence, the details for capital employed have not been disclosed in the above table.

Notes:

- These results have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules 2015 as amended.
- During the three months ended 30 September, 2021, the Company completed the sale of its U.S. and Canada territory rights for ELYXYB (celecoxib oral solution) 25 mg/mL, to BioDelivery Sciences International, Inc. An amount of Rs. 1,084 million is included under the head "License fee and service income" and this pertains to the Company's Proprietary Products segment.
- During the year ended 31 March 2021, the Company recorded a total impairment loss of Rs.150 million the details of which are as under:
 - Rs.97 million in the quarter ended 31 December 2020 on account of decreased market potential of certain products, forming part of the Company's Global Generics segment, primarily due to higher than expected price erosion, increased competition, and higher than expected value erosion.
 - Rs. 53 million in the quarter ended 30 September 2020 on account of the Company's decision to discontinue the development of certain product related intangibles in the Company's Global Generics segment.
- "Other income" for the year ended 31 March 2021 includes Rs. 4,772 million received from Aurigene Pharmaceutical Services limited (APSL) during the quarter ended 30 June 2020, pursuant to sale of the contract development and manufacturing organisation (CDMO) division of the Custom Pharmaceutical Services (CPS) business of the Company.
- During the quarter ended 31 December 2020, the Company entered into a definitive agreement with Glenmark Pharmaceuticals Limited to acquire certain brands in various Emerging Market countries for a total consideration of Rs. 1,516 million. The said transaction was accounted for as an acquisition of product related intangibles, and pertains to Company's Global Generics segment.
- On 10 June 2020, the Company completed the acquisition of select divisions of Wockhardt Limited's branded generics business in India and the territories of Nepal, Sri Lanka, Bhutan and Maldives. The business comprises a portfolio of 62 brands in multiple therapy areas, such as respiratory, neurology, venous malformations, dermatology, gastroenterology, pain, and vaccines. This entire portfolio has been transferred to the Company, along with related sales and marketing teams, the manufacturing plant located in Baddi, Himachal Pradesh, and employees. During the quarter ended 30 September 2020, the Company completed the purchase price allocation. The fair value of consideration transferred is Rs.16,115 million. The Company recognised Rs. 373 million, Rs. 14,888 million and Rs. 530 million towards property, plant and equipment, intangible assets, and goodwill, respectively. The acquisition pertains to Company's Global Generics segment.
- The Company has commenced a detailed investigation into an anonymous complaint received in September 2020. The complaint alleges that healthcare professionals in Ukraine and potentially in other countries were provided with improper payments by or on behalf of the Company in violation of U.S. anti-corruption laws, specifically the U.S. Foreign Corrupt Practices Act. A U.S. law firm is conducting the investigation at the instruction of a committee of the Company's Board of Directors. The Company has disclosed the matter to the U.S. Department of Justice ("DOJ"), Securities and Exchange Commission ("SEC") and Securities Exchange Board of India. On 6 July 2021 the Company received a subpoena from the SEC for the production of documents pertaining to certain CIS geographies, and the Company has been responding to the same. During the quarter ended 30 September 2021, the Company shared the report with respect to one jurisdiction with the SEC/DOJ. In the current quarter the Company finalized the reports with respect to certain other countries which will be presented to the SEC/DOJ in due course. The investigation is ongoing, and the Company is complying with its listing obligations as it relates to updating the regulatory agencies. While the findings from the aforesaid investigations could result in government enforcement actions against the Company in the United States and/or foreign jurisdictions, which can lead to civil and criminal sanctions under relevant laws, the outcome are not reasonably ascertainable at this time. The Company is also in the process of reviewing its Compliance Program including controls in relation to compliance and implement appropriate enhancements, if any.



- 8 India's Code on Social Security, 2020, which aims to consolidate, codify and revise certain existing social security laws, received Presidential assent in September 2020 and has been published in the Gazette of India. However, the related final rules have not yet been issued and the date on which this Code will come into effect has not been announced. The Company will assess the impact of this Code and the rules thereunder when they come into effect.
- 9 The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these interim financial results. Based on its judgments, estimates and assumptions, including sensitivity analysis, the Company expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets.
The Company will continue to closely monitor any material changes to future economic conditions.
- 10 The unaudited results were reviewed by the Audit Committee of the Board at their meeting held on 27 January 2022 and approved by the Board of Directors of the Company at their meeting held on 28 January 2022.
- 11 The results for the quarter and nine months ended 31 December 2021 presented were subjected to a "Limited review" by the Statutory Auditors of the Company. An unqualified report was issued by them thereon.

By order of the Board
For Dr. Reddy's Laboratories Limited



G V Prasad
Co-Chairman & Managing Director

Place: Hyderabad
Date: 28 January 2022

