

May 20, 2020

The Secretary / Executive Director
BSE Limited
National Stock Exchange of India Ltd.
New York Stock Exchange Inc.

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Dear Sir/Madam,

Sub: Outcome of Board Meeting – Audited Financial Results for the quarter and year ended March 31, 2020.

Further to our letters dated March 27, 2020 and April 29, 2020 we would like to inform you that the Board of Directors of the Company at their meeting held on May 20, 2020, have *inter alia* approved the Audited Financial Results of the Company for the quarter and year ended March 31, 2020.

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

1. Audited Consolidated Financial Results of the Company for the quarter and year ended March 31, 2020 as per 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. Audited Consolidated Financial Results of the Company and its subsidiaries for the quarter and year ended March 31, 2020 as per Indian Accounting Standards.
4. Audited Standalone Financial Results of the Company for the quarter and year ended March 31, 2020 as per Indian Accounting Standards.

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Report of the Statutory Auditors on the financial results as mentioned at serial Nos. 3 & 4 are also enclosed.

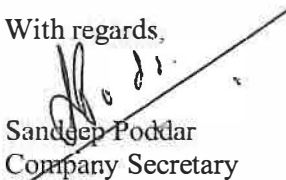
We would like to state that the Statutory Auditors of the Company, have issued Audit Reports with 'Unmodified Opinion' on the Audited Financial Statements of the Company (Standalone and Consolidated) for the year ended March 31, 2020.

We would also like to inform that the Board of Directors have recommended a final dividend of Rs.25/- (500%) per equity share of Rs. 5/- face value for the financial year 2019-20. The dividend will be paid on or after 5 days from the date of declaration of the final dividend by the shareholders at the 36th Annual General Meeting (AGM). In view of COVID19 situation the Company is working on an AGM date. The book closure date for the purpose of the payment of final dividend and AGM date will be announced in due course.

The Board Meeting commenced at 09.15 AM and concluded at 12.41 PM.

This is for your information and records.

With regards,


Sandeep Poddar
Company Secretary

Encl : as above

Audited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and year ended 31 March 2020 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			Year ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Revenues	44,318	43,838	40,166	174,600	153,851
2	Cost of revenues	21,510	20,116	19,113	80,591	70,421
3	Gross profit (1 - 2)	22,808	23,722	21,053	94,009	83,430
4	Selling, general and administrative expenses	12,177	12,670	12,294	50,129	48,680
5	Research and development expenses	4,190	3,949	3,662	15,410	15,607
6	Impairment of non current assets	7	13,200	82	16,767	210
7	Other income, net	(168)	(228)	(330)	(4,290)	(1,955)
	Total operating expenses	16,206	29,591	15,708	78,016	62,542
8	Results from operating activities [(3) - (4 + 5 + 6 + 7)]	6,602	(5,869)	5,345	15,993	20,888
	Finance income	665	571	594	2,461	2,280
	Finance expense	(230)	(152)	(245)	(983)	(1,163)
9	Finance (expense)/income, net	435	419	349	1,478	1,117
10	Share of profit of equity accounted investees, net of tax	105	176	157	561	438
11	Profit / (loss) before tax (8 + 9 + 10)	7,142	(5,274)	5,851	18,032	22,443
12	Tax expense/(benefit), net	(500)	423	1,507	(1,466)	3,648
13	Profit / (loss) for the period / year (11 -12)	7,642	(5,697)	4,344	19,498	18,795
14	Earnings per share:					
	Basic earnings per share of Rs.5/- each	46.10	(34.37)	26.20	117.63	113.28
	Diluted earnings per share of Rs.5/- each	46.01	(34.37)	26.16	117.40	113.09
		(Not annualised)	(Not annualised)	(Not annualised)		



(MSK)

Segment reporting (consolidated)

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Segment wise revenue and results:					
	Segment revenue:					
	a) Pharmaceutical Services and Active Ingredients	8,673	8,549	8,141	31,657	29,925
	b) Global Generics	36,398	35,927	30,384	138,123	122,903
	c) Proprietary Products	2	241	2,513	7,949	4,750
	d) Others	723	764	504	2,781	2,058
	Total	45,796	45,481	41,542	180,510	159,636
	Less: Inter-segment revenues	1,478	1,643	1,376	5,910	5,785
	Net revenue from operations	44,318	43,838	40,166	174,600	153,851
2	Segment results:					
	Gross profit from each segment					
	a) Pharmaceutical Services and Active Ingredients	2,043	2,072	1,420	6,190	6,128
	b) Global Generics	20,332	20,910	17,008	78,449	71,924
	c) Proprietary Products	(7)	246	2,307	7,744	4,182
	d) Others	440	494	318	1,626	1,196
	Total	22,808	23,722	21,053	94,009	83,430
	Less: Selling and other un-allocable expenditure, net of other income	15,666	28,996	15,202	75,977	60,987
	Total profit / (loss) before tax	7,142	(5,274)	5,851	18,032	22,443

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 audited results have been reviewed by the Audit Committee of the Board on 19 May 2020 and approved by the Board of Directors of the Company at their meeting held on 20 May 2020. 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).
- Effective 1 April 2019, the Company adopted IFRS 16, *Leases*, using the modified retrospective approach. IFRS 16 brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Upon implementation of IFRS 16, majority of leases for which the company is the lessee became on-balance sheet liabilities with corresponding right-of-use assets also recognised on the balance sheet. Accordingly, on 1 April 2019, the Company recognised lease liabilities of Rs. 1,335 million and right-of-use assets of Rs. 1,153 million (after adjustments of Rs. 182 million towards lease incentives and other items related to the lease agreement as at 31 March 2019).
- The Company received a warning letter, dated 5 November 2015 from the U.S. FDA, regarding deviations with current Good Manufacturing Practices at its API manufacturing facilities in Srikakulam, Andhra Pradesh and Miryalaguda, Telangana, as well as regarding violations at its oncology formulation manufacturing facility at Duvvada, Visakhapatnam, Andhra Pradesh. Of these three manufacturing facilities, two facilities (API manufacturing facility at Miryalaguda and Oncology manufacturing facility at Duvvada) received Establishment Inspection Reports (EIR) from the U.S. FDA in the months of June 2017 and February 2019, respectively which indicate that the audit is closed. With respect to API manufacturing facility at Srikakulam, in October 2018, the Company was asked to carry out certain detailed investigations and analysis. As part of the review of the response by the U.S. FDA, certain additional follow-on queries were received by the Company. The Company responded to all queries in January 2019 to the U.S. FDA. In February 2019, the Company received certain follow on questions from the U.S. FDA and the Company responded to these questions in March 2019. The U.S. FDA has completed the audit on January 28, 2020. The Company has been issued a Form 483 with 5 observations and responded to the observations in February 2020. In May 2020, the Company has received the EIR from the U.S. FDA, for the API manufacturing facility at Srikakulam, indicating closure of the audit and the inspection classification of this facility is determined as "Voluntary Action Indicated" (VAI). With this, all facilities under warning letter are now determined as VAI.
- "Revenues" for the year ended 31 March 2020 includes an amount of Rs. 7,486 million (U.S.\$108.7 million) towards license fee for selling US and select territory rights for ZEMBRACE[®] SYMTOUCH[®] (sumatriptan injection) 3 mg and TOSYMRA[™] (sumatriptan nasal spray) 10 mg, (formerly referred to as "DFN-02") to Upsher-Smith Laboratories, LLC. The costs associated with this transaction are Rs. 328 million.
- "Other income, net" includes an amount of Rs. 3,457 millions received from Celgene during the quarter ended 30 June 2019, pursuant to a settlement agreement entered in April 2019. The agreement effectively settles any claim the Company or its affiliates may have had for damages under section 8 of the Canadian Patented Medicines (Notice of Compliance) Regulations in regard to the Company's ANDS for a generic version of REVLIMID brand capsules, (Lenalidomide) pending before Health Canada.

6 Impairment of intangible assets:
During the quarter ended 31 December 2019

Total impairment charge for the quarter ended 31 December 2019 is Rs. 13,200 million, of which Rs. 11,137 million is towards impairment of gNuvaring and the balance of Rs. 2,063 million is towards other product related intangibles.

Impairment of gNuvaring

There were significant changes to the generics market of Ethinyl estradiol / Ethenogestral vaginal ring (a generic equivalent to Nuvaring[®]), one of the 8 ANDAs acquired from Teva in June 2016, with the launch of a generic and authorised generic versions of the product in the month of December 2019. Due to these adverse market conditions, the Company recorded an impairment loss of Rs.11,137 million during the quarter ended 31 December 2019. The carrying value of the asset after the impairment was Rs. 3,084 million as at 31 December 2019. The said impairment pertains to the Company's Global Generics segment.

Other intangible assets

In view of the specific triggers occurring in the quarter with respect to some of product related intangible assets forming part of the Company's Global Generics and Proprietary products segments, the Company determined that there was a decrease in the market potential of these products primarily due to higher than expected price erosion and increased competition leading to lower volumes. Consequently, the Company recorded an amount of Rs.2,063 million as an impairment loss for the quarter ended 31 December 2019.

During the quarter ended 30 September 2019

Consequent to the adverse market conditions with respect to certain of the Company's products forming part of the Global Generics segment, the Company assessed the recoverable amount of three product related intangibles (viz., ramelteon, tobramycin and imiquimod) and recognised an amount of Rs. 3,551 million as impairment charge during the quarter ended 30 September 2019. The said impairment charge is recognised under the head "impairment of non-current assets".

During the quarter ended 30 September 2019, the Government of India promulgated the Taxation Laws (Amendment) Ordinance 2019 (enacted into Taxation laws (Amendment) Act 2019), announcing key changes to corporate tax rates in the Income-tax Act, 1961. The key changes include, among others, reduction of MAT rate from 21.55% to 17.47% (including surcharge and cess). As a result of this, the Company reassessed the MAT recoverability and recognised an amount of Rs. 4,989 million as deferred tax asset during the quarter ended 30 September 2019.

During the quarter ended 31 March 2020, the Company recognised deferred tax benefit of Rs. 1,264 million pursuant to a planned restructuring activity between the group companies. The restructuring activity is expected to be completed by the quarter ended 30 June 2020.



(MSK)

- 8 On 15 May 2020, the Company entered into a Stipulation and Agreement of Settlement with Lead Plaintiff the Public Employees' Retirement System of Mississippi in the putative securities class action filed against the Company in the United States District Court for the District of New Jersey. As consideration for the settlement of the class action, the Company has agreed to pay Rs.681 million (U.S.\$9 million). Subject to the terms of the Stipulation, the settlement resolves the remainder of the litigation. As the Company is adequately insured with respect to the aforesaid liability, the settlement did not have any impact on the Company's financial results for the year ended 31 March 2020. Amount payable to the plaintiff on account of the settlement and that receivable from the insurer have been presented under "other current assets" and "other current liabilities", respectively in the consolidated statement of financial position of the Company as at 31 March 2020. Please refer to the intimation made by the Company to the Stock exchanges on 16 May 2020 for full details of the settlement.
- 9 During the quarter ended 31 March 2019, the Company entered into agreement with Encore Dermatology, Inc. ("Encore") for sale and assignment of U.S. rights relating to three of its dermatology brands. As all the performance obligations are satisfied by 31 March 2019, the Company recognised Rs.1,807 million as revenue and Rs. 159 million representing the profit on sale of intangible assets after adjusting the associated costs.
- 10 "Other income, net" for the year ended 31 March 2019 also includes gain of:
-Rs. 423 million on sale of API manufacturing business unit located in Jeedimetla, Hyderabad to Therapiva Private Limited during the quarter ended 31 December 2018; and
-Rs. 423 million of profit on sale of intangible assets forming part of Company's Proprietary Products Segment during the quarter ended 30 September 2018.
- 11 The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, and certain investments. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial results. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.
- 12 Consolidated statements of financial position

All amounts in Indian Rupees millions

Particulars	As at	
	31.03.2020	31.03.2019
	(Audited)	(Audited)
ASSETS		
Current assets		
Cash and cash equivalents	2,053	2,228
Other investments	23,687	22,529
Trade and other receivables	50,278	39,869
Inventories	35,066	33,579
Derivative financial instruments	1,105	360
Current tax assets	4,379	3,400
Other current assets	13,802	12,536
Total current assets	130,370	114,501
Non-current assets		
Property, plant and equipment	52,332	54,088
Goodwill	3,994	3,902
Other intangible assets	27,659	44,367
Trade and other receivables	1,737	113
Investment in equity accounted investees	2,763	2,529
Other investments	328	813
Deferred tax assets	12,214	4,168
Other non-current assets	844	946
Total non-current assets	101,871	110,926
Total assets	232,241	225,427
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	16,659	14,553
Short-term borrowings	16,441	12,125
Long-term borrowings, current portion	4,266	4,256
Provisions	3,800	4,166
Current tax liabilities	573	181
Derivative financial instruments	1,602	68
Bank overdraft	91	-
Other current liabilities	29,382	24,351
Total current liabilities	72,814	59,700
Non-current liabilities		
Long-term borrowings, excluding current portion	1,304	22,000
Deferred tax liabilities	275	610
Provisions	54	52
Other non-current liabilities	2,806	2,868
Total non-current liabilities	4,439	25,530
Total liabilities	77,253	85,230
Equity		
Share capital	831	830
Treasury shares	(1,006)	(535)
Share premium	8,495	8,211
Share based payment reserve	1,233	990
Capital redemption reserve	173	173
Retained earnings	144,247	128,646
Other components of equity	1,015	1,882
Total equity	154,988	140,197
Total liabilities and equity	232,241	225,427



All amounts in Indian Rupees millions

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
	(Audited)	(Audited)
Cash generated from operating activities:		
Profit for the period	19,498	18,795
Adjustments for:		
Income tax expense/(benefit)	(1,466)	3,648
Fair value changes and profit on sale of mutual funds	(929)	(773)
Depreciation and amortization	12,472	12,190
Impairment of non-current assets	16,767	210
Allowance for credit losses and doubtful trade receivables and other advances	190	420
(Gain)/loss on sale or de-recognition of property, plant and equipment and other intangible assets, net	68	(1,264)
Share of profit of equity accounted investees	(561)	(438)
Foreign exchange (gain)/loss, net	(2,168)	(1,588)
Interest (income)/expense, net	95	119
Equity settled share-based payment expense	521	389
Dividends income	(5)	-
Changes in operating assets and liabilities:		
Trade and other receivables	(12,446)	1,797
Inventories	(1,487)	(4,480)
Trade and other payables	1,576	398
Other assets and other liabilities, net	4,821	4,122
Cash generated from operations	36,946	33,545
Income tax paid, net	(7,105)	(4,841)
Net cash generated from operating activities	29,841	28,704
Cash flows from/(used in) investing activities:		
Expenditure on property, plant and equipment	(4,846)	(6,955)
Proceeds from sale of property, plant and equipment	131	1,265
Expenditures on other intangible assets	(1,269)	(1,421)
Proceeds from sale of other intangible assets	259	885
Purchase of other investments	(111,918)	(78,573)
Proceeds from sale of other investments	111,704	76,291
Dividends received from equity accounted investees	392	-
Interest and dividend received	624	781
Net cash used in investing activities	(4,923)	(7,727)
Cash flows from/(used in) financing activities:		
Proceeds from issuance of equity shares (including treasury shares)	4	-*
Purchase of treasury shares	(474)	(535)
Proceeds from/(repayment of) short term borrowings, net	4,235	(15,126)
Repayment of long term borrowings, net	(22,918)	-
Payment of principal portion of lease liabilities	(482)	(56)
Dividend paid (including corporate dividend tax)	(3,916)	(4,002)
Interest paid	(1,608)	(1,607)
Net cash used in financing activities	(25,159)	(21,326)
Net increase / (decrease) in cash and cash equivalents	(241)	(349)
Effect of exchange rate changes on cash and cash equivalents	(25)	35
Cash and cash equivalents at the beginning of the period	2,228	2,542
Cash and cash equivalents at the end of the period**	1,962	2,228

*Rounded off to millions

**Adjusted for bank-overdraft of Rs. 91 million for the year ended 31 March 2020.

- 14 The audited results were reviewed by the Audit Committee of the Board on 19 May 2020 and approved by the Board of Directors of the Company at their meeting held on 20 May 2020.
- 15 The Board of Directors, at their meeting held on 20 May 2020, have recommended a final dividend of Rs. 25 per share subject to approval of shareholders.
- 16 The figures of the fourth quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the relevant financial year. Also the figures upto the end of third quarter were only reviewed and not subjected to audit.
- 17 The results for the quarter and year ended 31 March 2020 periods presented have been audited 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



Place: Hyderabad
Date: 20 May 2020


G V Prasad
Co-Chairman & Managing Director


(MSU)

DR. REDDY'S LABORATORIES LTD.

8-2-337, Road No. 3, Banjara Hills,
Hyderabad - 500034. Telangana, India.

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Dr. Reddy's Q4 & FY20 Financial Results

Hyderabad, India, May 20, 2020: Dr. Reddy's Laboratories Ltd. (BSE: 500124 | NSE: DRREDDY | NYSE: RDY) today announced its consolidated financial results for the fourth quarter and full year ended March 31, 2020 under International Financial Reporting Standards (IFRS).

Q4 Performance Summary

Rs. 4,432 Cr

Revenue

[Up: 1% QoQ; Up: 10% YoY]

51.5%

Gross Margin

[Q3 FY20: 54.1%; Q4 FY19: 52.4%]

Rs. 1,218 Cr

SGNA expenses

[Down: 4% QoQ, Down: 1% YoY]

Rs. 419 Cr

R&D expenses

[9.5% of Revenues]

Rs. 1,001 Cr

EBITDA

[Down: 7% QoQ; Up: 14% YoY]

Rs. 714 Cr

Profit before Tax

[16.1% of Revenues]

FY20 Performance Summary

Rs. 17,460 Cr

Revenue

[Up: 13% YoY]

53.8%

Gross Margin

[FY19: 54.2%]

Rs. 5,013 Cr

SGNA expenses

[Up: 3% YoY]

Rs. 1,541 Cr

R&D expenses

[8.8% of Revenues]

Rs. 4,643 Cr

EBITDA

[Up: 36% YoY]

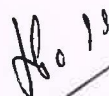
Rs. 1,803 Cr *

Profit before Tax

[10.3% of Revenues]

* Excluding intangibles impairment of Rs. 1,677 Cr; Adjusted Profit before tax is Rs. 3,480 Cr (55% growth YoY)

Commenting on the results, Co-Chairman and MD, GV Prasad said "FY 20 has been a very positive year for the company. Progress made during the year includes VAI status for CTO 6, healthy product pipeline build up, productivity improvement, and strong financial performance across our businesses".



Dr. Reddy's Laboratories Limited and Subsidiaries

Consolidated Income Statement

Particulars	Q4 FY20		Q4 FY19		YoY Gr %	Q3 FY20		QoQ Gr %
	(\$)	(Rs.)	(\$)	(Rs.)		(\$)	(Rs.)	
Revenues	588	44,318	533	40,166	10	581	43,838	1
Cost of Revenues	285	21,510	254	19,113	13	267	20,116	7
Gross Profit	303	22,808	279	21,053	8	315	23,722	(4)
Operating Expenses								
Selling, General & Administrative expenses	162	12,177	163	12,294	(1)	168	12,670	(4)
Research and Development expenses	56	4,190	49	3,662	14	52	3,949	6
Impairment of non-current assets	0	7	1	82	(91)	175	13,200	(100)
Other operating income	(2)	(168)	(4)	(330)	(49)	(3)	(228)	(26)
Results from operating activities	88	6,602	71	5,345	24	(78)	(5,869)	(212)
Net finance income	(6)	(435)	(5)	(349)	25	(6)	(419)	4
Share of profit of equity accounted investees	(1)	(105)	(2)	(157)	(33)	(2)	(176)	(40)
Profit before income tax	95	7,142	78	5,851	22	(70)	(5,274)	(235)
Income tax	(7)	(500)	20	1,507	(133)	6	423	(218)
Profit for the period	101	7,642	58	4,344	76	(76)	(5,697)	(234)

Diluted Earnings Per Share (EPS)	0.61	46.01	0.35	26.16	76	(0.46)	(34.37)	(234)
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As % to Revenues
Gross Profit
SG&A
R&D
EBITDA
PBT
PAT

Q4 FY20
51.5
27.5
9.5
22.6
16.1
17.2

Q4 FY19
52.4
30.6
9.1
22.0
14.6
10.8

Q3 FY20
54.1
28.9
9.0
24.5
(12.0)
(13.0)

EBITDA Computation

Particulars	Q4 FY20	
	(\$)	(Rs.)
Profit before Income Tax	95	7,142
Interest (income) net*	(1)	(100)
Depreciation	28	2,080
Amortization	12	885
Impairment	0	7
EBITDA	133	10,013

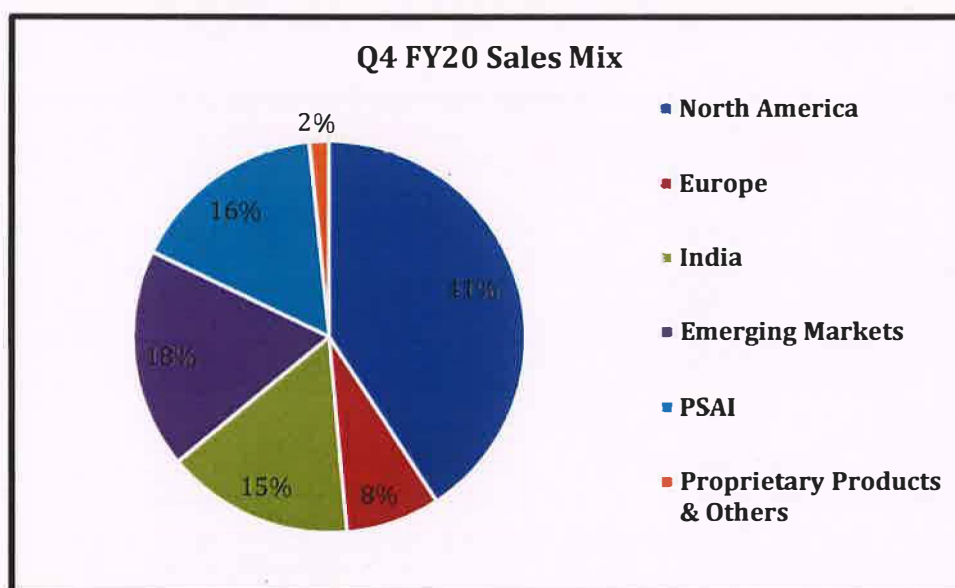
Q4 FY19	
(\$)	(Rs.)
78	5,851
(3)	(215)
28	2,136
13	965
1	82
117	8,819

Q3 FY20	
(\$)	(Rs.)
(70)	(5,274)
(4)	(274)
28	2,130
13	955
175	13,200
142	10,737

* Includes income from Investments

Revenue Mix by Segment

Particulars	Q4 FY20	Q4 FY19	YoY Growth %	Q3 FY20	QoQ Growth %
	(Rs.)	(Rs.)		(Rs.)	
Global Generics	36,398	30,384	20	35,927	1
North America	18,072	14,957	21	15,999	13
Europe	3,446	1,912	80	3,093	11
India	6,839	6,505	5	7,636	(10)
Emerging Markets	8,042	7,010	15	9,199	(13)
Pharmaceutical Services and Active Ingredients (PSAI)	7,195	6,765	6	6,906	4
Proprietary Products & Others	725	3,017	(76)	1,005	(28)
Total	44,318	40,166	10	43,838	1



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

Particulars	FY 20			FY 19			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Revenues	2,316	1,74,600	100.0	2,041	1,53,851	100.0	13
Cost of Revenues	1,069	80,591	46.2	934	70,421	45.8	14
Gross Profit	1,247	94,009	53.8	1,107	83,430	54.2	13
Operating Expenses							
Selling, General & Administrative expenses	665	50,129	28.7	646	48,680	31.6	3
Research and Development expenses	204	15,410	8.8	207	15,607	10.1	(1)
Impairment of non-current assets	222	16,767	9.6	3	210	0.1	7884
Other operating income	(57)	(4,290)	(2.5)	(26)	(1,955)	(1.3)	119
Results from operating activities	212	15,993	9.2	277	20,888	13.6	(23)
Net finance income	(20)	(1,478)	(0.8)	(15)	(1,117)	(0.7)	32
Share of profit of equity accounted investees	(7)	(561)	(0.3)	(6)	(438)	(0.3)	28
Profit before income tax	239	18,032	10.3	298	22,443	14.6	(20)
Income tax	(19)	(1,466)	(0.8)	48	3,648	2.4	(140)
Profit for the period	259	19,498	11.2	249	18,795	12.2	4
Diluted Earnings Per Share (EPS)	1.56	117.40		1.50	113.09		4

EBITDA Computation

Particulars	FY 20		FY 19	
	(\$)	(Rs.)	(\$)	(Rs.)
Profit before Income Tax	239	18,032	298	22,443
Interest (income) net*	(11)	(839)	(9)	(654)
Depreciation	115	8,640	111	8,362
Amortization	51	3,832	51	3,828
Impairment	222	16,767	3	210
EBITDA	616	46,431	453	34,189
EBITDA (% to revenues)		26.6		22.2

* Includes income from Investments

Key Balance Sheet Items

Particulars	As on 31 st Mar, 2020		As on 31 st Dec 2019		As on 31 st Mar 2019	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents and other investments	346	26,068	271	20,457	339	25,570
Trade receivables (current & non-current)	690	52,015	611	46,095	530	39,982
Inventories	465	35,066	501	37,746	445	33,579
Property, plant and equipment	694	52,332	699	52,709	717	54,088
Goodwill and Other Intangible assets	420	31,653	409	30,847	640	48,269
Loans and borrowings (current & non-current)	293	22,102	216	16,320	509	38,381
Trade payables	221	16,659	236	17,810	193	14,553
Equity	2,056	1,54,988	1,972	1,48,672	1,860	1,40,197

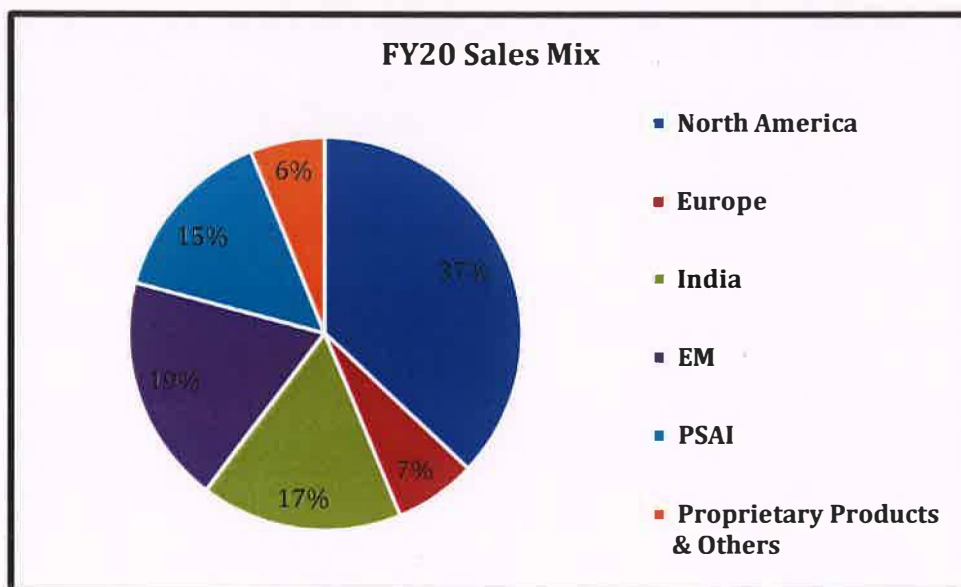


All amounts in millions, except EPS

All US dollar amounts based on convenience translation rate of 1 USD = Rs. 75.39

Revenue Mix by Segment [Year on year]

Particulars	FY 20			FY 19			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Global Generics	1,832	1,38,123	79.1	1,630	1,22,903	79.9	12
North America		64,659			59,957		8
Europe		11,707			7,873		49
India		28,946			26,179		11
Emerging Markets		32,811			28,894		14
Pharmaceutical Services and Active Ingredients (PSAI)	342	25,747	14.7	320	24,140	15.7	7
Proprietary Products & Others	142	10,730	6.1	90	6,808	4.4	58
Total	2,316	1,74,600	100.0	2,041	1,53,851	100.0	13



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Dr. Reddy's Laboratories Ltd.
Hyderabad
Dr. Reddy's

Response to COVID-19

We are taking all the protective measures in terms of ensuring the health and safety of our employees by following the physical distance norms, using protective gears, and other appropriate measures. Various initiatives have been undertaken to ensure that our manufacturing related operations continue unabated enabling us to serve our patients. A few products related to COVID-19 are under development. We are using digital channels for enabling work from home and reaching out to doctors, customers and vendors. We are also playing our part of contributing to the society by extending support through various CSR initiatives such as supporting the health care professionals and others with the PPE kits, masks, sanitizers, gloves besides providing food assistance to the marginal sections & migrant families.

Revenue Analysis [Q4 and full year FY 20]

Global Generics (GG)

- Revenues from GG segment at Rs. 138.1 billion higher by 12% over FY 19, on account of growth across all our markets. There has been double digit growth in branded markets (India, Emerging markets) and turnaround in our generics business (NAG, Europe).
- Q4 revenue at Rs. 36.4 billion, YoY growth of 20% and QoQ growth of 1%. The QoQ was driven by NAG & Europe partly offset by decline in India & Emerging Markets.

North America Generics (NAG)

- Revenues from North America Generics for the year at Rs. 64.7 billion, YoY growth of 8%. The year was benefited by new launches, scale up of existing products and a favorable forex rate, which was partially offset by price erosion.
- Revenues for Q4 at Rs. 18.1 billion, YoY growth of 21% and QoQ growth of 13%, supported by contribution from new product launches and increase in volumes for existing products. The volumes were higher partially due to COVID-19 related stocking up. During this quarter, we launched 5 new products – major ones being Naproxen and Esomeprazole Magnesium delayed-release tablets (gVimovo), Pyrimethamine Tablets (gDaraprim) and Naloxone HCL Injection (with CGT exclusivity).
- As of 31st March 2020, cumulatively 99 generic filings are pending for approval with the USFDA (97 ANDAs and 2 NDAs under 505(b)(2) route). Out of the pending ANDAs, 54 are Para IVs, and we believe 30 have 'First to File' status.

India

- Revenues from India for the year at Rs. 28.9 billion. Year-on-year growth of 11%, driven by improved realizations in base business, volume traction and new products launched during the year.
- Revenues for Q4 at Rs. 6.8 billion, YoY growth of 5%, QoQ decline of 10%. The Q4 revenues were partially impacted due to logistics related disruptions caused by COVID-19 lock-downs.



Emerging Markets (EM)

- Revenues from Emerging Markets for the year at Rs. 32.8 billion, growth of 14%.
 - Revenues from Russia for the year at Rs. 16.9 billion, YoY growth of 10%. Growth was majorly driven by increase in volumes and improvement in realizations for some of our key molecules.
 - Revenues from other CIS countries and Romania for the year at Rs. 6.5 billion, YoY growth of 23%. Growth was on account of increase in volumes and new launches.
 - Revenues from Rest of World (RoW) territories for the year at Rs. 9.4 billion, YoY growth of 13%. Growth primarily on account of new launches and volume traction in key products, partially impacted by price erosion in certain markets.
- Revenues for the quarter are Rs. 8.0 billion, YoY growth of 15%, QoQ decline of 13%.
 - Revenues for Russia for the Q4 at Rs. 3.9 billion, YoY growth of 8%, QoQ decline of 20%.
 - Revenues from other CIS countries and Romania for the quarter are Rs. 1.8 billion, YoY growth of 51%, QoQ decline of 2%.
 - Revenues from Rest of World (RoW) territories for this quarter are Rs. 2.3 billion, YoY growth of 6%, QoQ decline of 5%.

Europe

- Revenues from Europe for the year at Rs. 11.7 billion. YoY growth of 49%, primarily on account of volume traction in base business and new product launches across our markets, including newer markets of France, Italy and Spain, which was partially offset by price erosion.
- Revenues for Q4 at Rs. 3.4 billion, YoY growth of 80% and QoQ growth of 11%.

Pharmaceutical Services and Active Ingredients (PSAI)

- Revenues from PSAI at Rs. 25.7 billion. Year-on-year growth of 7% largely driven by increase in volumes of key products of API business and favorable forex.
- Revenues for Q4 at Rs. 7.2 billion, YoY growth of 6% and QoQ growth of 4%.
- During the year, we have filed 10 DMFs in the US.

Proprietary Products (PP)

- Revenues from PP for the year at Rs. 7.9 billion, YoY growth of 67%. During the year, we sold our US and select territory rights for ZEMBRACE® SYMTOUCH® (sumatriptan injection) 3 mg and TOSYMRA TM (sumatriptan nasal spray) 10 mg, of our Neurology franchise.
- Revenues for Q4 are Rs. 2 million.



Income Statement Highlights:

- Gross profit margin for the year at 53.8%, declined by ~40 bps over previous year primarily on account of price erosions in the US, Europe and certain emerging markets and region mix. The decline was partially offset due to revenue recognized on the sale of rights for two PP Neuro products. Gross profit margin for GG and PSAI business segments are at 56.8% and 24.1% respectively.
- Gross profit margin for the Q4 at 51.5% (GG: 55.9%, PSAI: 28.4%).
 - YoY basis the gross margin declined by ~90 bps, as in Q4 FY 19 we recognized revenue from sale of rights for three products of our PP Derma business
 - QoQ basis the gross margin declined by ~260 bps, primarily on account of (a) change in the business mix, (b) increase in inventory provisions / write-offs, and (c) impact of price erosion.
- SG&A expenses for FY 20 at Rs. 50.1 billion, an increase of 3% on a YoY basis. SG&A expenses for Q4 at Rs. 12.2 billion, YoY decline of 1% and QoQ decline of 4%. SG&A as a % to sales for the full year improved by 290 bps as compared to FY19. Our focus on cost optimization and productivity improvement continue to yield positive results.
- Impairment charge at Rs. 16.8 billion in FY 20, which were taken considering the triggers which occurred during the year.
- Research & development (R&D) expenses at Rs. 15.4 billion. As % to Revenues – FY20: 8.8% | FY 19: 10.1%. Focus continues on building complex generics, bio-similars and differentiated products pipeline. R&D expenses for Q4 at Rs. 4.2 billion, as % to revenues stood at 9.5%.
- Other operating income for the year at Rs. 4.3 billion compared to Rs. 2.0 billion in FY19. The increase is primarily on account of Rs. 3.5 billion received from Celgene pursuant to a settlement agreement in Canada.
- Net Finance income for the year at Rs. 1.5 billion compared to Rs. 1.1 billion in FY19. The increase is primarily on account of higher foreign exchange gain in current year as compared to FY19. Net finance income in Q4 is Rs. 0.4 billion.
- Profit before Tax for the year at Rs. 18.0 billion, impacted by Rs. 16.8 billion of impairment charge. Adjusted for it, the profit before tax is at Rs. 34.8 billion. Profit before Tax for Q4 is at Rs. 7.1 billion.
- Profit after Tax for the year at Rs. 19.5 billion and for Q4 at Rs. 7.6 billion, which are higher than profit before tax, majorly due to recognition of MAT credit and creation of deferred tax assets, in line with the requirements of accounting standards.
- Diluted earnings per share for the year is at Rs. 117.4. Diluted earnings per share for Q4 is at Rs. 46.0
- Capital expenditure for FY20 is at Rs. 4.8 billion. Capital expenditure for Q4 FY20 is at Rs. 1.5 billion.
- The Board has recommended payment of a dividend of Rs. 25 per equity share of face value Rs 5/- each (500% of face value) for the year ended March 31, 2020 subject to approval of members.



Earnings Call Details (05:15 pm IST, 07:45 am EDT, May 20, 2020)

The Company will host an earnings call to discuss the performance and answer any questions from participants.

Audio conference Participants can dial-in on the numbers below:

Universal Access Number: **+91 22 6280 1219**
Secondary number: **+91 22 7115 8120**

Local Access number: **+91 70456 71221**
(Available all over India)

International Toll Free Number	USA	1 866 746 2133
	UK	0 808 101 1573
	Singapore	800 101 2045
	Hong Kong	800 964 448

Playback of call: **+91 22 7194 5757, +91 22 6663 5757**
Conference ID: **74886**

Transcript of the event will be available at www.drreddys.com. The play back will be available after the earnings call, till May 27th, 2020.



About Dr. Reddy's: Dr. Reddy's Laboratories Ltd. (BSE: 500124, NSE: DRREDDY, NYSE: RDY) is an integrated pharmaceutical company, committed to providing affordable and innovative medicines for healthier lives. Through its three businesses - Pharmaceutical Services & Active Ingredients, Global Generics and Proprietary Products – 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 reorganisation, 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, 2019. The company assumes no obligation to update any information contained herein.

The company assumes no obligation to update any information contained herein.



Independent Auditor's Report on the Quarterly and Year to Date Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
**The Board of Directors of
Dr. Reddy's Laboratories Limited**

Report on the audit of the Consolidated Financial Results**Opinion**

We have audited the accompanying statement of quarterly and year to date consolidated financial results of Dr. Reddy's Laboratories Limited ("Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its joint ventures for the quarter and year ended March 31, 2020 ("Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. includes the results of the following entities:

SL.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. Reddy Antilles N.V. (Liquidated during the year)
10. Regkinetics Services Limited (formerly Dr. Reddy's Pharma SEZ Limited)
11. Aurigene Discovery Technologies (Malaysia) SDN BHD
12. Aurigene Discovery Technologies Inc.
13. Aurigene Pharmaceuticals Services Limited (from 16 September 2019)
14. beta Institut gemeinnützige GmbH



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15. betapharm Arzneimittel GmbH
16. Chiretech Technology Limited
17. DRL Impex Limited
18. Dr. Reddy's Laboratories (Australia) Pty. Limited
19. Dr. Reddy's Laboratories Canada, Inc.
20. Dr. Reddy's Laboratories Chile SPA.
21. Dr. Reddy's Laboratories (EU) Limited
22. Dr. Reddy's Laboratories Inc.
23. Dr. Reddy's Laboratories International SA (merged with Dr. Reddy's Laboratories SA w.e.f 1 January 2019)
24. Dr. Reddy's Laboratories Japan KK
25. Dr. Reddy's Laboratories Kazakhstan LLP
26. Dr. Reddy's Laboratories LLC
27. Dr. Reddy's Laboratories Louisiana LLC
28. Dr. Reddy's Laboratories Malaysia Sdn. Bhd.
29. Dr. Reddy's Laboratories New York, Inc.
30. Dr. Reddy's Laboratories Philippines Inc. (from 9 May 2018)
31. Dr. Reddy's Laboratories (Proprietary) Limited
32. Dr. Reddy's Laboratories Romania S.R.L.
33. Dr. Reddy's Laboratories SAS
34. Dr. Reddy's Laboratories Taiwan Limited
35. Dr. Reddy's Laboratories Tennessee, LLC (till 1 October 2018)
36. Dr. Reddy's Laboratories (Thailand) Limited (from 13 June 2018)
37. Dr. Reddy's Laboratories (UK) Limited
38. Dr. Reddy's Research and Development B.V.
39. Dr. Reddy's Singapore PTE Limited (liquidated during the year)
40. Dr. Reddy's Srl
41. Dr. Reddy's New Zealand Limited
42. Dr. Reddy's (WUXI) Pharmaceutical Co. Limited
43. Dr. Reddy's Venezuela, C.A.
44. Eurobridge Consulting B.V.
45. Lacock Holdings Limited
46. OOO Dr. Reddy's Laboratories Limited
47. OOO DRS LLC
48. Promius Pharma LLC
49. Reddy Holding GmbH
50. Reddy Netherlands B.V.
51. Reddy Pharma Iberia SA
52. Reddy Pharma Italia S.R.L
53. Reddy Pharma SAS

Joint ventures

1. DRANU LLC
2. DRES Energy Private Limited



3. Kunshan Rotam Reddy Pharmaceutical Company Limited

Other consolidating entities

1. Cheminor Employees Welfare Trust
 2. Dr. Reddy's Employees ESOS Trust (from 27 July 2018)
 3. Dr. Reddy's Research Foundation
- ii. are presented in accordance with the requirements of the Listing Regulations in this regard; and
- iii. gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the consolidated net profit and other comprehensive loss and other financial information of the Group for the quarter and year ended March 31, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the Group, and its joint ventures in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Consolidated Financial Results

The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net profit and other comprehensive loss and other financial information of the Group including its joint ventures in accordance with the applicable accounting standards prescribed under section 133 of the Act 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 respective Board of Directors of the companies included in the Group and its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to



fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the companies included in the Group and its joint ventures are responsible for assessing the ability of the Group and its joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group and its joint ventures are also responsible for overseeing the financial reporting process of the Group and its joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related



disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Statement of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other Matter

The accompanying Statement includes the audited financial results/statements and other financial information, in respect of:

- Two subsidiaries, whose financial results/statements include total assets of Rs 16,259 million as at March 31, 2020, total revenues of Rs 6,417 million and Rs 24,383 million, total net loss after tax of Rs. 486 million and Rs. 1,120 million, total comprehensive income of Rs. 480 million and Rs.340 million, for the quarter and the year ended on that date respectively, and net cash (inflows) of Rs.158 million for the year ended March 31, 2020, as considered in the Statement which have been audited by their respective independent auditors.

The independent auditor's report on the financial statements/financial results/financial information of these entities have been furnished to us by the Management and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of these



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

subsidiaries is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.

These subsidiaries are located outside India whose financial results/financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial results / financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

The Statement includes the results for the quarter ended March 31, 2020 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2020 and the published unaudited year-to-date figures up to the end of the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per S Balasubrahmanyam

Partner

Membership No.: 053315

UDIN: 20053315AAAAAZ6745

Chennai

May 20, 2020

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2020

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Revenue from operations					
	a) Net sales / income from operations	43,361	42,607	37,472	163,574	148,706
	b) License fees and service income	957	1,231	2,694	11,026	5,145
	c) Other operating income	171	133	130	570	631
	Total revenue from operations	44,489	43,971	40,296	175,170	154,482
2	Other income	736	673	833	6,206	3,375
3	Total income (1 + 2)	45,225	44,644	41,129	181,376	157,857
4	Expenses					
	a) Cost of materials consumed	7,453	7,528	7,360	29,848	28,894
	b) Purchase of stock-in-trade	5,875	8,426	4,393	25,459	18,808
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,983	(1,801)	871	237	(2,754)
	d) Employee benefits expense	8,555	8,377	8,415	33,802	33,562
	e) Depreciation and amortisation expense	2,741	2,869	2,872	11,631	11,348
	f) Impairment of non-current assets	7	13,200	82	16,767	116
	g) Finance costs	230	152	245	983	889
	h) Selling and other expenses	11,124	11,128	10,986	44,353	44,074
	Total expenses	37,968	49,879	35,224	163,080	134,937
5	Profit / (loss) before tax and before share of equity accounted investees (3 - 4)	7,257	(5,235)	5,905	18,296	22,920
6	Share of profit of equity accounted investees, net of tax	105	176	157	561	438
7	Profit / (loss) before tax (5+6)	7,362	(5,059)	6,062	18,857	23,358
8	Tax expense / (benefit):					
	a) Current tax	417	1,736	1,413	6,616	4,707
	b) Deferred tax	(866)	(1,411)	95	(8,019)	(849)
9	Net profit / (loss) after taxes and share of profit of associates (7 - 8)	7,811	(5,384)	4,554	20,260	19,500
10	Other comprehensive income					
	a) (i) Items that will not be reclassified subsequently to profit or loss	(326)	(200)	507	(412)	(379)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(22)	-	(900)	(22)	(673)
	b) (i) Items that will be reclassified subsequently to profit or loss	(1,011)	606	226	(448)	19
	(ii) Income tax relating to items that will be reclassified to profit or loss	96	48	(55)	232	(54)
	Total other comprehensive income	(1,263)	454	(222)	(650)	(1,087)
11	Total comprehensive income (9 + 10)	6,548	(4,930)	4,332	19,610	18,413
12	Paid-up equity share capital (face value Rs. 5/- each)	831	831	830	831	830
13	Other equity				155,157	139,406
14	Earnings per equity share (face value Rs. 5/- each)					
	Basic	47.12	(32.48)	27.45	122.22	117.53
	Diluted	47.03	(32.48)	27.41	121.99	117.33
		(Not annualised)	(Not annualised)	(Not annualised)		

See accompanying notes to the financial results



(M SK)

DR. REDDY'S LABORATORIES LIMITED

Segment Information		All amounts in Indian Rupees millions				
Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2020 (Audited)	31.12.2019 (Unaudited)	31.03.2019 (Audited)	31.03.2020 (Audited)	31.03.2019 (Audited)
	Segment wise revenue and results:					
1	Segment revenue :					
	a) Pharmaceutical Services and Active Ingredients	8,782	8,654	8,241	32,086	30,403
	b) Global Generics	36,460	35,956	30,415	138,264	123,056
	c) Proprietary Products	2	241	2,513	7,949	4,750
	d) Others	723	763	503	2,781	2,058
	Total	45,967	45,614	41,672	181,080	160,267
	Less: Inter-segment revenue	1,478	1,643	1,376	5,910	5,785
	Total revenue from operations	44,489	43,971	40,296	175,170	154,482
2	Segment results:					
	Gross profit from each segment					
	a) Pharmaceutical Services and Active Ingredients	2,050	2,079	1,428	6,219	6,158
	b) Global Generics	20,332	20,910	17,008	78,449	71,924
	c) Proprietary Products	(7)	246	2,307	7,744	4,182
	d) Others	442	492	318	1,626	1,196
	Total	22,817	23,727	21,061	94,038	83,460
	Less: Selling and other un-allocable expenditure / (income), net	15,455	28,786	14,999	75,181	60,102
	Total profit / (loss) before tax	7,362	(5,059)	6,062	18,857	23,358

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.
- Effective 1 April 2019, the Company adopted Ind AS 116, *Leases*, using the modified retrospective approach. Ind AS 116 brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Upon implementation of Ind AS 116, majority of leases for which the company is the lessee became on-balance sheet liabilities with corresponding right-of-use assets also recognised on the balance sheet. Accordingly, on 1 April 2019, the Company recognised lease liabilities of Rs. 1,335 million and right-of-use assets of Rs. 1,153 million (after adjustments of Rs. 182 million towards lease incentives and other items related to the lease agreement as at 31 March 2019).
- The Company received a warning letter, dated 5 November 2015 from the U.S. FDA, regarding deviations with current Good Manufacturing Practices at its API manufacturing facilities in Srikakulam, Andhra Pradesh and Miryalaguda, Telangana, as well as regarding violations at its oncology formulation manufacturing facility at Duvvada, Visakhapatnam, Andhra Pradesh. Of these three manufacturing facilities, two facilities (API manufacturing facility at Miryalaguda and Oncology manufacturing facility at Duvvada) received Establishment Inspection Reports (EIR) from the U.S. FDA in the months of June 2017 and February 2019, respectively which indicate that the audit is closed. With respect to API manufacturing facility at Srikakulam, in October 2018, the Company was asked to carry out certain detailed investigations and analysis. As part of the review of the response by the U.S. FDA, certain additional follow-on queries were received by the Company. The Company responded to all queries in January 2019 to the U.S. FDA. In February 2019, the Company received certain follow on questions from the U.S. FDA and the Company responded to these questions in March 2019. The U.S. FDA. has completed the audit on January 28, 2020. The Company has been issued a Form 483 with 5 observations and responded to the observations in February 2020. In May 2020, the Company has received the EIR from the U.S. FDA, for the API manufacturing facility at Srikakulam, indicating closure of the audit and the inspection classification of this facility is determined as "Voluntary Action Indicated" (VAI). With this, all facilities under warning letter are now determined as VAI.
- "Revenue from operations" for the year ended 31 March 2020 includes an amount of Rs. 7,486 million (U.S.\$108.7 million) towards license fee for selling US and select territory rights for ZEMBRACE[®] SYMTOUCH[®] (sumatriptan injection) 3 mg and TOSYMRA[™] (sumatriptan nasal spray) 10 mg, (formerly referred to as "DFN-02") to Upsher-Smith Laboratories, LLC. The costs associated with this transaction are Rs. 328 million.
- "Other income" includes an amount of Rs. 3,457 millions received from Celgene during the quarter ended 30 June 2019, pursuant to a settlement agreement entered in April 2019. The agreement effectively settles any claim the Company or its affiliates may have had for damages under section 8 of the Canadian Patented Medicines (Notice of Compliance) Regulations in regard to the Company's ANDS for a generic version of REVLIMID brand capsules, (Lenalidomide) pending before Health Canada.
- Impairment of intangible assets:**
During the quarter ended 31 December 2019
 Total impairment charge for the quarter ended 31 December 2019 is Rs. 13,200 million, of which Rs. 11,137 million is towards impairment of gNuvaring and the balance of Rs. 2,063 million is towards other product related intangibles.
Impairment of gNuvaring
 There were significant changes to the generics market of Ethinyl estradiol / Ethenogestral vaginal ring (a generic equivalent to Nuvaring[®]), one of the 8 ANDAs acquired from Teva in June 2016, with the launch of a generic and authorised generic versions of the product in the month of December 2019. Due to these adverse market conditions, the Company recorded an impairment loss of Rs.11,137 million during the quarter ended 31 December 2019. The carrying value of the asset after the impairment was Rs. 3,084 million as at 31 December 2019. The said impairment pertains to the Company's Global Generics segment.
Other intangible assets
 In view of the specific triggers occurring in the quarter with respect to some of product related intangible assets forming part of the Company's Global Generics and Proprietary products segments, the Company determined that there was a decrease in the market potential of these products primarily due to higher than expected price erosion and increased competition leading to lower volumes. Consequently, the Company recorded an amount of Rs.2,063 million as an impairment loss for the quarter ended 31 December 2019.
During the quarter ended 30 September 2019
 Consequent to the adverse market conditions with respect to certain of the Company's products forming part of the Global Generics segment, the Company assessed the recoverable amount of three product related intangibles (viz., ramelteon, tobramycin and imiquimod) and recognised an amount of Rs. 3,551 million as impairment charge during the quarter ended 30 September 2019. The said impairment charge is recognised under the head "impairment of non-current assets".
- During the quarter ended 30 September 2019, the Government of India promulgated the Taxation Laws (Amendment) Ordinance 2019 (enacted into Taxation laws (Amendment) Act 2019), announcing key changes to corporate tax rates in the Income-tax Act, 1961. The key changes include, among others, reduction of MAT rate from 21.55% to 17.47% (including surcharge and cess). As a result of this, the Company reassessed the MAT recoverability and recognised an amount of Rs. 4,989 million as deferred tax asset during the quarter ended 30 September 2019.
 During the quarter ended 31 March 2020, the Company recognised deferred tax benefit of Rs. 1,264 million pursuant to a planned restructuring activity between the group companies. The restructuring activity is expected to be completed by the quarter ended 30 June 2020.

DR. REDDY'S LABORATORIES LIMITED

- 8 On 15 May 2020, the Company entered into a Stipulation and Agreement of Settlement with Lead Plaintiff the Public Employees' Retirement System of Mississippi in the putative securities class action filed against the Company in the United States District Court for the District of New Jersey. As consideration for the settlement of the class action, the Company has agreed to pay Rs 681 million (U.S.\$9 million). Subject to the terms of the Stipulation, the settlement resolves the remainder of the litigation. As the Company is adequately insured with respect to the aforesaid liability, the settlement did not have any impact on the Company's financial results for the year ended 31 March 2020. Amount payable to the plaintiff on account of the settlement and that receivable from the insurer have been presented under "other current financial assets" and "other current financial liabilities", respectively in the consolidated balance sheet of the Company as at 31 March 2020. Please refer to the intimation made by the Company to the Stock exchanges on 16 May 2020 for full details of the settlement.
- 9 During the quarter ended 31 March 2019, the Company entered into agreement with Encore Dermatology, Inc. ("Encore") for sale and assignment of U.S. rights relating to three of its dermatology brands. As all the performance obligations are satisfied by 31 March 2019, the Company recognised Rs.1,807 million as revenue and Rs. 159 million representing the profit on sale of intangible assets after adjusting the associated costs.
- 10 "Other income" for the year ended 31 March 2019 also includes gain of:
- Rs. 423 million on sale of API manufacturing business unit located in Jeedimetla, Hyderabad to Therapiva Private Limited during the quarter ended 31 December 2018; and
- Rs. 423 million of profit on sale of intangible assets forming part of Company's Proprietary Products Segment during the quarter ended 30 September 2018.
- 11 The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, and certain investments. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial results. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

12 Consolidated Balance Sheet

All amounts in Indian Rupees millions

Particulars	As at	As at
	31.03.2020	31.03.2019
	(Audited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	47,779	49,127
Capital work-in-progress	4,364	4,725
Goodwill	4,913	4,659
Other intangible assets	15,811	18,124
Intangible assets under development	10,987	24,610
Investment in equity accounted investees	2,763	2,529
Financial assets		
Investments	328	813
Trade receivables	1,737	113
Other financial assets	793	731
Deferred tax assets, net	12,199	4,317
Tax assets, net	4,379	3,400
Other non-current assets	209	407
Total non-current assets	106,262	113,555
Current assets		
Inventories	35,067	33,579
Financial assets		
Investments	23,687	22,529
Trade receivables	50,278	39,869
Derivative instruments	1,105	360
Cash and cash equivalents	2,053	2,228
Other financial assets	3,377	2,112
Other current assets	10,424	10,424
Total current assets	125,991	111,101
TOTAL ASSETS	232,253	224,656
EQUITY AND LIABILITIES		
Equity		
Equity share capital	831	830
Other equity	155,157	139,406
Total equity	155,988	140,236
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	1,304	22,000
Other financial liabilities	-	102
Provisions	745	793
Deferred tax liabilities, net	20	473
Other non-current liabilities	2,055	2,079
Total non-current liabilities	4,124	25,447
Current liabilities		
Financial liabilities		
Borrowings	16,532	12,125
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	55	77
Total outstanding dues of creditors other than micro enterprises and small enterprises	15,193	13,594
Derivative instruments	1,602	68
Other financial liabilities	27,006	22,670
Liabilities for current tax, net	572	181
Provisions	4,669	4,789
Other current liabilities	6,512	5,469
Total current liabilities	72,141	58,973
TOTAL EQUITY AND LIABILITIES	232,253	224,656



(MSK)

13 Consolidated statement of cashflows

All amounts in Indian Rupees millions

Particulars	Year ended	Year ended
	31.03.2020	31.03.2019
	(Audited)	(Audited)
Cash flows from / (used in) operating activities		
Profit before tax	18,857	23,358
Adjustments for:		
Depreciation and amortisation expense	11,631	11,348
Share of profit of equity accounted investees	(561)	(438)
Impairment loss on goodwill and other intangible assets	16,767	116
Equity settled share-based payment expense	521	389
Fair value changes and profit on sale of mutual funds, net	(929)	(773)
Foreign exchange loss / (gain), net	(2,152)	(1,574)
(Gain) / loss on sale or de-recognition of property, plant and equipment and other intangible assets, net	68	(1,257)
Interest income	(888)	(770)
Finance costs	983	889
Dividend income	(5)	-
Allowance for credit loss and doubtful trade and other advances	190	420
Changes in operating assets and liabilities:		
Trade receivables	(12,446)	5,389
Inventories	(1,487)	(4,480)
Trade payables	1,576	398
Other assets and other liabilities, net	4,821	530
Cash generated from operations	36,946	33,545
Income tax paid, net	(7,105)	(4,841)
Net cash from operating activities	29,841	28,704
Cash flows from / (used in) investing activities		
Proceeds from sale of property, plant and equipment	131	1,265
Proceeds from sale of other intangible assets	259	885
Expenditures on property, plant and equipment	(4,846)	(6,955)
Expenditures on other intangible assets	(1,269)	(1,421)
Purchase of other investments	(111,918)	(78,573)
Proceeds from sale of other investments	111,704	76,291
Dividends received from equity accounted investees	392	-
Interest and dividend received	624	781
Net cash used in investing activities	(4,923)	(7,727)
Cash flows from / (used in) financing activities		
Proceeds from issuance of equity shares (including treasury shares)	4	-
Purchase of treasury shares	(474)	(535)
Proceeds from / (repayment of) short-term loans and borrowings, net	4,235	(15,126)
Repayment of long-term loans and borrowings, net	(22,918)	(56)
Payment of principal portion of lease liabilities	(482)	-
Dividends paid (including corporate dividend tax)	(3,916)	(4,002)
Interest paid	(1,608)	(1,607)
Net cash used in financing activities	(25,159)	(21,326)
Net increase / (decrease) in cash and cash equivalents	(241)	(349)
Effect of exchange rate changes on cash and cash equivalents	(25)	35
Cash and cash equivalents at the beginning of the year	2,228	2,542
Cash and cash equivalents at the end of the year**	1,962	2,228

*Rounded off to millions.

**Adjusted for bank-overdraft of Rs. 91 million for the year ended 31 March 2020.

- 14 The audited results were reviewed by the Audit Committee of the Board on 19 May 2020 and approved by the Board of Directors of the Company at their meeting held on 20 May 2020.
- 15 The Board of Directors, at their meeting held on 20 May 2020, have recommended a final dividend of Rs. 25 per share subject to the approval of shareholders.
- 16 The figures of the fourth quarter are the balancing figures between audited figures in respect of the full financial year and published year to date figures upto the third quarter of the relevant financial year. Also the figures upto the end of third quarter were only reviewed and not subjected to audit.
- 17 The results for the quarter and year ended 31 March 2020 periods presented have been audited by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.


 Place: Hyderabad
Date: 20 May 2020

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

 V Prasad
Co-Chairman & Managing Director

Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Dr. Reddy's Laboratories Limited

Report on the audit of the Standalone Financial Results**Opinion**

We have audited the accompanying statement of quarterly and year to date standalone financial results of Dr. Reddy's Laboratories Limited (the "Company") for the quarter and the year ended March 31, 2020 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive loss and other financial information of the Company for the quarter and the year ended March 31, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive loss of the Company and other financial information in accordance with the applicable accounting standards



prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The Statement includes the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2020 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per S Balasubrahmanyam

Partner

Membership No.: 053315

UDIN: 20053315AAAAAY9936

Place: Chennai

Date: May 20, 2020

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2020

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2020 (Audited)	31.12.2019 (Unaudited)	31.03.2019 (Audited)	31.03.2020 (Audited)	31.03.2019 (Audited)
1	Revenue from operations					
	a) Net sales / income from operations	28,195	29,864	26,084	109,925	104,667
	b) License fees and service income	184	458	263	8,105	1,062
	c) Other operating income	138	118	105	474	526
	Total revenue from operations	28,517	30,440	26,452	118,504	106,255
2	Other income	1,274	693	727	7,432	2,384
	Total income (1 + 2)	29,791	31,133	27,179	125,936	108,639
3	Expenses					
	a) Cost of materials consumed	6,543	6,730	5,233	25,565	21,032
	b) Purchase of stock-in-trade	2,261	3,461	2,365	11,172	8,686
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	672	(1,001)	1,063	(999)	660
	d) Employee benefits expense	5,166	5,112	4,900	20,302	19,319
	e) Depreciation and amortisation expense	1,923	1,958	2,042	7,892	7,806
	f) Finance costs	118	117	87	478	568
	g) Selling and other expenses	8,667	8,581	8,525	33,768	33,561
	Total expenses	25,350	24,958	24,215	98,178	91,632
4	Profit before tax (1 + 2 - 3)	4,441	6,175	2,964	27,758	17,007
5	Tax expense / (benefit)					
	a) Current tax	690	1,092	657	4,839	2,818
	b) Deferred tax	(1,277)	(134)	279	(6,458)	1,416
6	Net profit for the period / year (4 - 5)	5,028	5,217	2,028	29,377	12,773
7	Other comprehensive income					
	a) (i) Items that will not be reclassified to profit or loss	85	4	(14)	88	(1)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(33)		6	(33)	3
	b) (i) Items that will be reclassified to profit or loss	(464)	(33)	168	(750)	209
	(ii) Income tax relating to items that will be reclassified to profit or loss	161	12	(59)	259	(73)
	Total other comprehensive income	(251)	(17)	101	(436)	138
8	Total comprehensive income (6 + 7)	4,777	5,200	2,129	28,941	12,911
9	Paid-up equity share capital (face value Rs. 5/- each)	831	831	830	831	830
10	Other equity				151,088	126,011
11	Earnings per equity share (face value Rs. 5/- each)					
	Basic	30.34	31.47	12.22	177.23	76.98
	Diluted	30.28	31.42	12.21	176.88	76.85
		(Not annualised)	(Not annualised)	(Not annualised)		

See accompanying notes to the financial results.



Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended		Year ended		
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	Segment wise revenue and results					
1	Segment revenue					
	a) Pharmaceutical Services and Active Ingredients	7,373	7,106	6,941	26,996	25,802
	b) Global Generics	22,606	24,680	20,739	89,774	85,936
	c) Proprietary Products	16	296	149	7,644	303
	Total	29,995	32,082	27,829	124,414	112,041
	Less: Inter-segment revenue	1,478	1,642	1,377	5,910	5,786
	Total revenue from operations	28,517	30,440	26,452	118,504	106,255
2	Segment results					
	Profit / (loss) before tax and interest from each segment					
	a) Pharmaceutical Services and Active Ingredients	438	957	32	1,465	2,156
	b) Global Generics	4,203	6,193	4,022	22,116	20,852
	c) Proprietary Products	(97)	92	(619)	6,525	(2,252)
	Total	4,544	7,242	3,435	30,106	20,756
	Less: (i) Finance costs	118	117	87	478	568
	(ii) Other un-allocable expenditure / (income), net	(15)	950	384	1,870	3,181
	Total profit before tax	4,441	6,175	2,964	27,758	17,007

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.
- Effective 1 April 2019, the Company adopted Ind AS 116, *Leases*, using the modified retrospective approach. Ind AS 116 brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Upon implementation of Ind AS 116, majority of leases for which the company is the lessee became on-balance sheet liabilities with corresponding right-of-use assets also recognised on the balance sheet. Accordingly, on 1 April 2019, the Company recognised lease liabilities of Rs. 332 million and right-of-use assets of Rs. 332 million.
- The Company received a warning letter, dated 5 November 2015 from the U.S. FDA, regarding deviations with current Good Manufacturing Practices at its API manufacturing facilities in Srikakulam, Andhra Pradesh and Miryalaguda, Telangana, as well as regarding violations at its oncology formulation manufacturing facility at Duvvada, Visakhapatnam, Andhra Pradesh. Of these three manufacturing facilities, two facilities (API manufacturing facility at Miryalaguda and Oncology manufacturing facility at Duvvada) received Establishment Inspection Reports (EIR) from the U.S. FDA in the months of June 2017 and February 2019, respectively which indicate that the audit is closed. With respect to API manufacturing facility at Srikakulam, in October 2018, the Company was asked to carry out certain detailed investigations and analysis. As part of the review of the response by the U.S. FDA, certain additional follow-on queries were received by the Company. The Company responded to all queries in January 2019 to the U.S. FDA. In February 2019, the Company received certain follow on questions from the U.S. FDA and the Company responded to these questions in March 2019. The U.S. FDA has completed the audit on January 28, 2020. The Company has been issued a Form 483 with 5 observations and responded to the observations in February 2020. In May 2020, the Company has received the EIR from the U.S. FDA, for the API manufacturing facility at Srikakulam, indicating closure of the audit and the inspection classification of this facility is determined as "Voluntary Action Indicated" (VAI). With this, all facilities under warning letter are now determined as VAI.
- "Revenue from operations" for the year ended 31 March 2020 includes an amount of Rs. 7,486 million (U.S.\$108.7 million) towards license fee for selling US and select territory rights for ZEMBRACE® SYMTOUCH® (sumatriptan injection) 3 mg and TOSYMRA™ (sumatriptan nasal spray) 10 mg, (formerly referred to as "DFN-02") to Upsher-Smith Laboratories, LLC. The costs associated with this transaction are Rs. 328 million.
- "Other income" includes an amount of Rs. 3,457 millions received from Celgene during the quarter ended 30 June 2019, pursuant to a settlement agreement entered in April 2019. The agreement effectively settles any claim the Company or its affiliates may have had for damages under section 8 of the Canadian Patented Medicines (Notice of Compliance) Regulations in regard to the Company's ANDS for a generic version of REVLIMID brand capsules, (Lenalidomide) pending before Health Canada.
- "Other income" includes dividend income of Rs. 392 million declared by Kunshan Rotam Reddy Pharmaceutical Company Limited during the quarter ended 30 June 2019.
- During the quarter ended 30 September 2019, the Government of India promulgated the Taxation Laws (Amendment) Ordinance 2019 (enacted into Taxation laws (Amendment) Act 2019), announcing key changes to corporate tax rates in the Income-tax Act, 1961. The key changes include, among others, reduction of MAT rate from 21.55% to 17.47% (including surcharge and cess). As a result of this, the Company reassessed the MAT recoverability and recognised an amount of Rs. 4,989 million as deferred tax asset during the quarter ended 30 September 2019. During the quarter ended 31 March 2020, the Company recognised deferred tax benefit of Rs. 1,264 million pursuant to a planned restructuring activity between the group companies. The restructuring activity is expected to be completed by the quarter ended 30 June 2020.




- 8 On 15 May 2020, the Company entered into a Stipulation and Agreement of Settlement with Lead Plaintiff the Public Employees' Retirement System of Mississippi in the putative securities class action filed against the Company in the United States District Court for the District of New Jersey. As consideration for the settlement of the class action, the Company has agreed to pay Rs.681 million (U.S.\$9 million). Subject to the terms of the Stipulation, the settlement resolves the remainder of the litigation. As the Company is adequately insured with respect to the aforesaid liability, the settlement did not have any impact on the Company's financial results for the year ended 31 March 2020. Amount payable to the plaintiff on account of the settlement and that receivable from the insurer have been presented under "other current financial assets" and "other current financial liabilities", respectively in the balance sheet of the Company as at 31 March 2020. Please refer to the intimation made by the Company to the Stock exchanges on 16 May 2020 for full details of the settlement.
- 9 During the year ended 31 March 2019, the Company sold one of its API manufacturing business units located in Jeedimetla, Hyderabad to Therapiva Private Limited. This sale was done by way of slump sale including all related property, plant and equipment, current assets, current liabilities, and transfer of employees. An amount of Rs. 423 million representing the profit on sale of such business unit was included under the head "other income".
- 10 The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, and certain investments. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial results. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

11 Balance sheet

All amounts in Indian Rupees millions

Particulars	As at	As at
	31.03.2020	31.03.2019
	(Audited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	37,698	39,504
Capital work-in-progress	3,841	4,001
Goodwill	323	323
Other intangible assets	6,318	7,000
Intangible assets under development	277	-
Financial assets		
Investments	33,671	18,191
Trade receivables	1,737	113
Loans	12	332
Other financial assets	474	447
Deferred tax assets, net	6,129	-
Tax assets, net	3,073	3,106
Other non-current assets	138	126
Total non-current assets	93,691	73,143
Current assets		
Inventories	21,904	20,156
Financial assets		
Investments	21,184	21,144
Trade receivables	46,387	37,177
Derivative instruments	783	335
Cash and cash equivalents	392	1,132
Other financial assets	1,888	692
Other current assets	8,529	8,696
Total current assets	101,067	89,332
TOTAL ASSETS	194,758	162,475
EQUITY AND LIABILITIES		
Equity		
Equity share capital	831	830
Other equity	151,088	126,011
Total Equity	151,919	126,841
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	193	3,454
Provisions	545	547
Deferred tax liabilities, net	-	555
Other non-current liabilities	296	285
Total non-current liabilities	1,034	4,841
Current liabilities		
Financial liabilities		
Borrowings	10,436	5,463
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	55	77
Total outstanding dues of creditors other than micro enterprises and small enterprises	10,629	10,239
Derivative instruments	1,524	45
Other financial liabilities	13,928	10,160
Provisions	2,073	1,847
Other current liabilities	3,160	2,962
Total current liabilities	41,805	30,793
TOTAL EQUITY AND LIABILITIES	194,758	162,475



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12 Statement of cashflows

All amounts in Indian Rupees millions

Particulars	Year ended	Year ended
	31.03.2020	31.03.2019
	(Audited)	(Audited)
Cash flows from/(used in) operating activities		
Profit before taxation	27,758	17,007
Adjustments for:		
Depreciation and amortisation expense	7,892	7,806
Impairment loss on other intangible assets	-	24
Equity settled share-based payment expense	521	389
Fair value changes and profit on sale of mutual funds, net	(821)	(669)
Foreign exchange loss / (gain), net	(229)	2,455
(Gain)/loss on sale/disposal of property, plant and equipment and other intangible assets, net	135	(400)
Interest income	(856)	(812)
Finance costs	478	568
Allowances for credit losses and doubtful advances, net	95	(139)
Dividend income	(397)	-
Provision/(reversal of provision) relating to non-current investments	-	359
Changes in operating assets and liabilities:		
Trade receivables	(10,927)	4,547
Inventories	(1,748)	(1,588)
Trade payables	368	(201)
Other assets and other liabilities, net	892	663
Cash generated from operations	23,161	30,009
Income taxes paid, net	(4,769)	(2,388)
Net cash generated from operating activities	18,392	27,621
Cash flows from/(used in) investing activities		
Proceeds from sale of property, plant and equipment	58	879
Expenditures on property, plant and equipment	(4,262)	(5,775)
Expenditures on other intangible assets	(476)	(753)
Purchase of investments	(122,726)	(77,267)
Proceeds from sale of investments	109,186	74,786
Loans and advances (given) /repaid by subsidiaries	343	1,800
Dividend income received	397	-
Interest income received	588	821
Net cash used in investing activities	(16,892)	(5,509)
Cash flows from/(used in) financing activities		
Proceeds from issuance of equity shares (including treasury shares)	4	-*
Proceeds from/(repayment of) short-term loans and borrowings, net	4,630	(17,049)
Repayment of long-term loans and borrowings, net	(1,805)	-
Payment of principal portion of lease liabilities	(155)	-
Dividends paid (including corporate dividend tax)	(3,914)	(4,002)
Purchases of treasury shares	(474)	(535)
Interest paid	(527)	(645)
Net cash used in financing activities	(2,241)	(22,231)
Net increase / (decrease) in cash and cash equivalents	(741)	(119)
Effect of exchange rate changes on cash and cash equivalents	-	44
Cash and cash equivalents at the beginning of the year	1,132	1,207
Cash and cash equivalents at the end of the year**	391	1,132

*Rounded off to millions

**Adjusted for bank overdraft of Rs. 1 million for year ended 31 March 2020.

- 13 The audited results were reviewed by the Audit Committee of the Board on 19 May 2020 and approved by the Board of Directors of the Company at their meeting held on 20 May 2020.
- 14 The Board of Directors, at their meeting held on 20 May 2020, have recommended a final dividend of Rs. 25 per share subject to the approval of shareholders.
- 15 The figures of the fourth quarter are the balancing figures between audited figures in respect of the full financial year and published year to date figures upto the third quarter of the relevant financial year. Also the figures upto the end of third quarter were only reviewed and not subjected to audit.
- 16 The results for the quarter and year ended 31 March 2020 periods presented have been audited 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

Place: Hyderabad
Date: 20 May 2020


G.V. Prasad
Co-Chairman & Managing Director

