

July 29, 2020

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

Dear Sir/Madam,

Sub: Outcome of Board Meeting – Unaudited Financial Results for the quarter ended June 30, 2020.

Further to our letter dated June 27, 2020, we would like to inform you that the Board of Directors of the Company at their meeting held on July 29, 2020 have *inter alia* approved the Unaudited Financial Results of the Company for the quarter ended June 30, 2020.

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


1. Unaudited Consolidated Financial Results of the Company for the quarter ended June 30, 2020 prepared in compliance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).
2. Press Release on Financial Results of the Company for the above period.
3. Unaudited Consolidated Financial Results of the Company and its subsidiaries for the quarter ended June 30, 2020 as per Indian Accounting Standards.
4. Unaudited Standalone Financial Results of the Company for the quarter ended June 30, 2020 as per Indian Accounting Standards.

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

The Board Meeting commenced at 11.00 AM and concluded at 1.00 PM

This is for your information and records.

With regards,


Sandeep Poddar
Company Secretary

Unaudited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter ended 30 June 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	
		30.06.2020	31.03.2020	30.06.2019	31.03.2020
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Revenues	44,175	44,318	38,435	174,600
2	Cost of revenues	19,420	21,510	18,576	80,591
3	Gross profit (1 - 2)	24,755	22,808	19,859	94,009
4	Selling, general and administrative expenses	12,786	12,177	12,065	50,129
5	Research and development expenses	3,980	4,190	3,609	15,410
6	Impairment of non current assets	-	7	-	16,767
7	Other income, net	(118)	(168)	(3,759)	(4,290)
	Total operating expenses	16,648	16,206	11,915	78,016
8	Results from operating activities [(3) - (4 + 5 + 6 + 7)]	8,107	6,602	7,944	15,993
	Finance income	838	665	690	2,461
	Finance expense	(233)	(230)	(297)	(983)
9	Finance income, net	605	435	393	1,478
10	Share of profit of equity accounted investees, net of tax	77	105	163	561
11	Profit before tax (8 + 9 + 10)	8,789	7,142	8,500	18,032
12	Tax expense/(benefit), net	2,996	(500)	1,872	(1,466)
13	Profit for the period / year (11 -12)	5,793	7,642	6,628	19,498
14	Earnings per share:				
	Basic earnings per share of Rs.5/- each	34.94	46.10	39.98	117.63
	Diluted earnings per share of Rs.5/- each	34.86	46.01	39.91	117.40
		(Not annualised)	(Not annualised)	(Not annualised)	

(msk)



Segment reporting (consolidated)

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended
		30.06.2020	31.03.2020	30.06.2019	31.03.2020
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Segment wise revenue and results:				
	Segment revenue:				
	a) Pharmaceutical Services and Active Ingredients	10,090	8,673	5,933	31,657
	b) Global Generics	35,075	36,398	32,982	138,123
	c) Proprietary Products	56	2	281	7,949
	d) Others	491	723	633	2,781
	Total	45,712	45,796	39,829	180,510
	Less: Inter-segment revenues	1,537	1,478	1,394	5,910
	Net revenue from operations	44,175	44,318	38,435	174,600
2	Segment results:				
	Gross profit from each segment				
	a) Pharmaceutical Services and Active Ingredients	2,856	2,043	325	6,190
	b) Global Generics	21,526	20,332	19,007	78,449
	c) Proprietary Products	56	(7)	207	7,744
	d) Others	317	440	320	1,626
	Total	24,755	22,808	19,859	94,009
	Less: Selling and other un-allocable expenditure, net of other income	15,966	15,666	11,359	75,977
	Total profit before tax	8,789	7,142	8,500	18,032

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 unaudited results have been reviewed by the Audit Committee of the Board on 29 July 2020 and approved by the Board of Directors of the Company at their meeting held on 29 July 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).
- On 10 June 2020, the Company completed the acquisition of select divisions of Wockhardt Limited's branded generics business in India and the territories of Nepal, Sri Lanka, Bhutan and Maldives. The business comprises a portfolio of 62 brands in multiple therapy areas, such as respiratory, neurology, venous malformations, dermatology, gastroenterology, pain, and vaccines. This entire portfolio has been transferred to the Company, along with related sales and marketing teams, the manufacturing plant located in Baddi, Himachal Pradesh, and employees. The Company is in the process of determination of the fair value of consideration transferred, assets acquired and liabilities assumed. As at 30 June 2020, the Company, on a provisional basis, recognised Rs. 373 million and Rs. 14,141 million towards property, plant and equipment and intangible assets, respectively. The acquisition pertains to the Company's Global Generics segment.
- "Other income, net" for the quarter ended 30 June 2019 and year ended 31 March 2020 includes an amount of Rs. 3,457 million received from Celgene, 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.
- Total impairment charge for the year ended 31 March 2020 is Rs. 16,767 million, of which Rs. 11,137 million was towards impairment of gNuvaring, Rs. 4,385 million was towards ramelteon, tobramycin and imiquimod, and the balance is towards other product related intangibles forming part of Company's Global generics and Proprietary Products segments.
- Tax benefit for the year ended 31 March 2020 was primarily due to recognition of deferred tax asset of:
 - Rs. 4,989 million towards MAT recoverable pursuant to enactment of Taxation Laws (Amendment) Act, 2019;
 - Rs. 1,264 million pursuant to a planned restructuring activity between the group Companies.
- "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.
- The Company continues to consider the impact of 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 based on its judgements, estimates and assumptions including sensitivity analysis expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets. The Company will continue to closely monitor any material changes to future economic conditions.
- The unaudited results were reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 29 July 2020.
- The figures of the quarter ended 31 March 2020 are the balancing number between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the relevant financial year, which are subject to limited review.
- The results for the quarter ended 30 June 2020 were subjected to a "Limited Review". An unqualified report was issued thereon.



Place: Hyderabad
Date: 29 July 2020

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



G V Prasad
Co-Chairman & Managing Director

DR. REDDY'S LABORATORIES LTD.
8-2-337, Road No. 3, Banjara Hills,
Hyderabad - 500034. Telangana, India.

CONTACT	
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Dr. Reddy's Q1 FY21 Financial Results

Hyderabad, India, July 29, 2020: Dr. Reddy's Laboratories Ltd. (BSE: 500124 | NSE: DRREDDY | NYSE: RDY) today announced its consolidated financial results for the quarter ended June 30, 2020. The information mentioned in this release is on the basis of consolidated financial statements under International Financial Reporting Standards (IFRS).

Revenues

Rs. 4,418 Cr

[YoY: Up 15%; QoQ: Down 0.3%]

Gross Margin

56.0%

[Q1 FY20: 51.7%; Q4 FY20: 51.5%]

SG&A Expenses

Rs. 1,279 Cr

[YoY: Up 6%; QoQ: Up 5%]

R&D Expenses

Rs. 398 Cr

[9.0% of Revenues]

EBITDA*

Rs. 1,162 Cr

[YoY: Up 2%; QoQ: Up 16%]

Profit before Tax

Rs. 879 Cr

[19.9% of Revenues]

Profit after Tax

Rs. 579 Cr

[13.1% of Revenues]

* Q1 FY20 includes a settlement income of Rs. 346 Cr, adjusted for which the EBITDA YoY growth is 47%

Commenting on the results, Co-chairman & MD, G V Prasad said "the current quarter's financial performance has been strong across all parameters. I am glad that we have been able to serve our patients well and ensured continuity of business operations despite the challenging times. We have started integration of the acquired business from Wockhardt and executed two important licencing arrangements for treatment options for COVID-19. Currently, we are working towards bringing both these drugs to multiple markets".





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

Particulars	Q1 FY21		Q1 FY20		YoY Gr %	Q4 FY20		QoQ Gr%
	(\$)	(Rs.)	(\$)	(Rs.)		(\$)	(Rs.)	
Revenues	585	44,175	509	38,435	15	587	44,318	(0)
Cost of Revenues	257	19,420	246	18,576	5	285	21,510	(10)
Gross Profit	328	24,755	263	19,859	25	302	22,808	9
Operating Expenses								
Selling, General & Administrative expenses	169	12,786	160	12,065	6	161	12,177	5
Research and Development expenses	53	3,980	48	3,609	10	55	4,190	(5)
Impairment of non-current assets						0	7	(100)
Other operating income	(2)	(118)	(50)	(3,759)	(97)	(2)	(168)	(30)
Results from operating activities	107	8,107	105	7,944	2	87	6,602	23
Net finance income	(8)	(605)	(5)	(393)	54	(6)	(435)	39
Share of profit of equity accounted investees	(1)	(77)	(2)	(163)	(53)	(1)	(105)	(27)
Profit before Income Tax	116	8,789	113	8,500	3	95	7,142	23
Income tax	40	2,996	25	1,872	60	(7)	(500)	(699)
Profit for the period	77	5,793	88	6,628	(13)	101	7,642	(24)

Diluted Earnings Per Share (EPS)	0.46	34.86	0.53	39.91	(13)	0.61	46.01	(24)
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As a % to Revenues	Q1 FY21	Q1 FY20	Q4 FY20
Gross Profit	56.0	51.7	51.5
SG&A	28.9	31.4	27.5
R&D	9.0	9.4	9.5
EBITDA	26.3	29.5	22.6
PBT	19.9	22.1	16.1
PAT	13.1	17.2	17.2

EBITDA Computation

Particulars	Q1 FY21		Q1 FY20		Q4 FY20	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Profit before Income Tax	116	8,789	113	8,500	95	7,142
Interest income (net)*	(4)	(306)	(3)	(239)	(1)	(100)
Depreciation	28	2,120	28	2,124	28	2,080
Amortization	14	1,020	13	958	12	885
Impairment	0	0	0	0	0	7
EBITDA	154	11,622	150	11,343	133	10,013

* Includes income from Investments



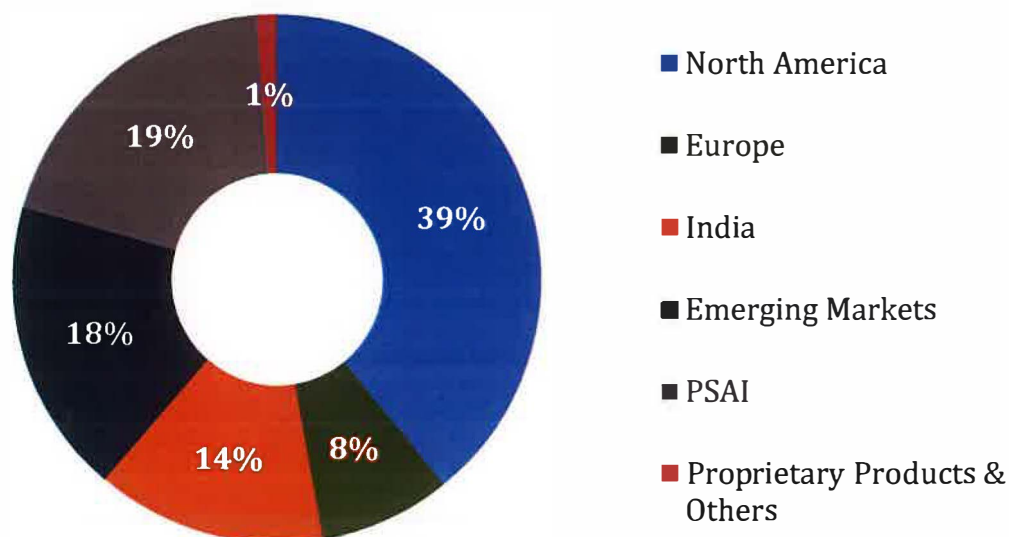
Key Balance Sheet Items

Particulars	As on 30th Jun 2020		As on 31st Mar 2020		As on 30th Jun 2019	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents and other investments	374	28,227	345	26,068	377	28,439
Trade receivables (current & non-current)	640	48,316	689	52,015	503	37,961
Inventories	518	39,148	464	35,066	465	35,137
Property, plant and equipment*	717	54,183	693	52,332	716	54,083
Goodwill and Other Intangible assets*	609	45,991	419	31,653	633	47,821
Loans and borrowings (current & non-current)	418	31,582	293	22,102	455	34,389
Trade payables	252	19,038	221	16,659	197	14,842
Equity	2,142	1,61,748	2,052	1,54,988	1,936	1,46,209

*On the basis of provisional allocation of purchase price for the business acquired from Wockhardt

Revenue Mix by Segment

Particulars	Q1 FY21 (Rs.)	Q1 FY20 (Rs.)	YoY Growth %	Q4 FY20 (Rs.)	QoQ Growth %
Global Generics	35,075	32,982	6%	36,398	(4%)
North America	17,282	16,323	6%	18,072	(4%)
Europe	3,551	2,404	48%	3,446	3%
India	6,260	6,960	(10%)	6,839	(8%)
Emerging Markets	7,982	7,296	9%	8,042	(1%)
Pharmaceutical Services and Active Ingredients (PSAI)	8,553	4,539	88%	7,195	19%
Proprietary Products & Others	547	914	(40%)	725	(25%)
Total	44,175	38,435	15%	44,318	0%

Q1 FY21 Sales Mix

COVID-19 Update

In the current challenging times due to the COVID-19 pandemic, we are undertaking reasonable precautions to ensure the health and safety of our employees, including adhering to the social distancing norms, sanitization of our premises, usage of masks, gloves and other protective wears.

Our operations have continued without much impact. We continued our engagement with doctors through digital channels, ensured regular supplies of our products to meet with the market demand and continued our R&D activities including few projects pertaining to COVID-19.

While the sales volume were impacted in some of our markets due to lower prescriptions generated and fall in patient footfalls in pharmacies / clinics due to Covid-19, the pricing environment was relatively stable, new products launches continued and depreciation of rupee against the US dollar and Euro supported the business.

Revenue Analysis

Global Generics (GG)

Revenues from **GG** segment at Rs. 35.1 billion:

- Year-on-year growth of 6% driven primarily by Europe and Emerging Markets. This was offset partially by decline in India. The overall growth was on account of volume traction in the base business, new product launches and aided by favorable forex rates, though offset partially due to price erosion.
- Sequential quarter decline of 4%, which is attributable to lower volumes across markets.

North America

Revenues from **North America** at Rs. 17.3 billion:

- Year-on-year growth of 6%, driven by contribution from new products launched and aided by a favorable forex rate, which was partially offset by price erosion.
- Sequential decline of 4%, on account of lower sales of certain key molecules.
- We launched six new products (Fenofibrate Tablets, Nitroglycerin Patch, Amphetamine Sulfate Tablets, Desmopressin Acetate Ampules, Colchicine Tablets and Abiraterone Acetate Tablets)
- We filed five new ANDAs during the quarter. As of 30th June 2020, cumulatively 101 generic filings are pending for approval with the USFDA (99 ANDAs and 2 NDAs under 505(b)(2) route). Of the 99 ANDAs, 54 are Para IVs and we believe 28 have 'First to File' status.



Emerging Markets

Revenues from **Emerging Markets** at Rs. 8.0 billion. Year-on-year growth of 9%. Sequential decline of 1%:

- Revenues from **Russia** at Rs. 3.3 billion. Year-on-year decline of 17% and sequential decline of 16%. Decline primarily on account of lower volumes due to lower prescriptions generated and fall in patient footfalls in pharmacies / clinics due to Covid-19.
- Revenues from other **CIS countries and Romania** market at Rs. 1.4 billion. Year-on-year growth of 15% driven by higher volumes and new product launches. Sequential decline of 22% on account of lower volumes.
- Revenues from **Rest of World (RoW)** territories at Rs. 3.3 billion. Year-on-year growth of 56% & sequential growth of 41%, primarily driven by new products and volume traction in base business. The growth was offset partially due to price erosion in some molecules.

India

Revenues from **India** at Rs. 6.3 billion:

- Year-on-year decline of 10% and sequential decline of 8%. The decline was on account of lower sales volume due to lower prescriptions generated and fall in patient footfalls in pharmacies / clinics due to Covid-19.
- We launched four new brands during the period.
- We completed the acquisition of select business from Wockhardt including the manufacturing plant located in Baddi, Himachal Pradesh in the quarter.

Europe

Revenues from **Europe** at Rs. 3.6 billion:

- Year-on-year growth of 48%, on account of new product launches and volume traction across markets.
- Sequential growth of 3%, aided by contribution by new products launched and favorable forex, offset partially by lower volumes.

Pharmaceutical Services and Active Ingredients (PSAI)

Revenues from **PSAI** at Rs. 8.6 billion:

- Year-on-year growth of 88% and sequential growth of 19% on account of higher volumes of certain products, increase in new product sales and favorable forex.
- During the quarter we filed DMF for one product in the US.

Proprietary Products (PP)

Revenues from **PP** at Rs. 56 million:

- Year-on-year decline of 80% due to absence of the **Neurology** franchise products (the US and select territory rights of which were sold in the previous year)

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Income Statement Highlights:

- **Gross profit** margin at 56.0%:
 - Increased by ~430 bps over previous year and by ~450 bps sequentially, primarily on account of a favorable product mix and forex benefit.
 - Gross profit margin for GG and PSAI business segments are at 61.4% and 33.4% respectively.
- **SG&A expenses** at Rs. 12.8 billion, increased by 6% on a year-on-year basis and by 5% sequentially. The increase was primarily attributable to higher freight cost due to shortage of carriers for shipping the goods from India to other countries due to COVID-19 related disruptions.
- **R&D expenses** at Rs. 4.0 billion. As % to revenues- Q1 FY21: 9.0% | Q4 FY 20: 9.5% | Q1 FY20: 9.4%. Our focus continues on building complex generics, bio-similars and differentiated products pipeline. We are also undertaking development of a few projects pertaining to COVID-19 related drugs.
- **Other operating income** at Rs. 118 million compared to Rs. 3.8 billion in Q1 FY20. Previous year included Rs. 3.5 billion received from Celgene pursuant to an agreement entered towards settlement of 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.
- **Net Finance income** at Rs. 605 million compared to Rs. 393 million in Q1 FY20. The increase is primarily on account of higher foreign exchange gain as compared to the previous year.
- **Profit before Tax** at Rs. 8.8 billion, increased by 3% year-on-year and by 23% sequentially. Adjusted for the Rs. 3.5 billion received from Celgene last year, the year-on-year growth is at 74%.
- **Profit after Tax** at Rs. 5.8 billion. The effective tax rate is around 34% for the quarter. The higher tax rate was primarily due to discontinuation of weighted deduction on R&D and completion of tax holiday for one of our plants.
- **Diluted earnings per share** is at Rs. 34.86.

Other Highlights:

- **Capital expenditure** is at Rs. 1.5 billion.
- **Free cash-flow** generated during the quarter stood at Rs. 9.3 billion (before acquisition related payout to Wockhardt of Rs. 15 billion).
- **Net debt** of the company is at Rs. 3.4 billion as on June 30, 2020. Consequently, net debt to equity ratio is 0.02.





Earnings Call Details (05:30 pm IST, 08:00 am EDT, July 29, 2020)

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

Conference Joining Information

Option 1: Express Join with DiamondPass™

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

<https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=122477&linkSecurityString=5070ddaf>

Option 2: Join through below Dial-In Numbers

Universal Access Number:	+91 22 6280 1219 +91 22 7115 8120
Local Access Number: <i>Available all over India</i>	+91 70456 71221
International Toll Free Number:	USA: 1 866 746 2133 UK: 0 808 101 1573 Singapore: 800 101 2045 Hong Kong: 800 964 448

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

Play Back: The play back will be available after the earnings call, till August 6th, 2020. For play back dial in phone No: +91 22 7194 5757 | +91 22 6663 5757, and Playback Code is 58336.

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



About Dr. Reddy's: Dr. Reddy's Laboratories Ltd. (BSE: 500124, NSE: DRREDDY, NYSE: RDY) 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 reorganization, including related integration issues, (vi) the susceptibility of our industry and the markets addressed by our, and our customers', products and services to economic downturns as a result of natural disasters, epidemics, pandemics or other widespread illness, including coronavirus (or COVID-19), and (vii) other risks and uncertainties identified in our public filings with the Securities and Exchange Commission, including those listed under the "Risk Factors" and "Forward-Looking Statements" sections of our Annual Report on Form 20-F for the year ended March 31, 2020. The company assumes no obligation to update any information contained herein.




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

**Review Report to
The Board of Directors
Dr. Reddy's Laboratories Limited**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Dr. Reddy's Laboratories Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures for the quarter ended June 30, 2020 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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

**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.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- 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. (till 02 November, 2019)
- 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 Pharmaceutical Services Limited (from 16 September 2019)
- 14 beta Institut gemeinnützige GmbH
- 15 betapharm Arzneimittel GmbH
- 16 Chirotech 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 Japan KK
- 24 Dr. Reddy's Laboratories Kazakhstan LLP
- 25 Dr. Reddy's Laboratories LLC
- 26 Dr. Reddy's Laboratories Louisiana LLC
- 27 Dr. Reddy's Laboratories Malaysia Sdn. Bhd.
- 28 Dr. Reddy's Laboratories New York, Inc.
- 29 Dr. Reddy's Laboratories Philippines Inc.
- 30 Dr. Reddy's Laboratories (Proprietary) Limited
- 31 Dr. Reddy's Laboratories Romania S.R.L.
- 32 Dr. Reddy's Laboratories SAS
- 33 Dr. Reddy's Laboratories Taiwan Limited
- 34 Dr. Reddy's Laboratories (Thailand) Limited
- 35 Dr. Reddy's Laboratories (UK) Limited
- 36 Dr. Reddy's Research and Development B.V.
- 37 Dr. Reddy's Singapore PTE Limited (till 04 June, 2019)
- 38 Dr. Reddy's Srl
- 39 Dr. Reddy's New Zealand Limited
- 40 Dr. Reddy's (WUXI) Pharmaceutical Co. Limited
- 41 Dr. Reddy's Venezuela, C.A.
- 42 Dr. Reddy's Laboratories B.V. (Formerly Eurobridge Consulting B.V.)
- 43 Lacock Holdings Limited
- 44 OOO Dr. Reddy's Laboratories Limited
- 45 OOO DRS LLC
- 46 Promius Pharma LLC
- 47 Reddy Holding GmbH
- 48 Reddy Netherlands B.V.
- 49 Reddy Pharma Iberia SA
- 50 Reddy Pharma Italia S.R.L.
- 51 Reddy Pharma SAS



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Joint ventures

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

Other consolidating entities

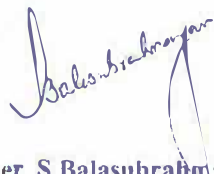
- 1 Cheminor Employees Welfare Trust
- 2 Dr. Reddy's Employees ESOS Trust
- 3 Dr. Reddy's Research Foundation

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

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



per S Balasubrahmanyam

Partner

Membership No.: 053315



UDIN: 20053315AAAACCI821

Chennai

July 29, 2020

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2020

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended		Year ended	
		30.06.2020	31.03.2020	30.06.2019	31.03.2020
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Revenue from operations				
	a) Net sales / income from operations	43,244	43,361	37,624	163,574
	b) License fees and service income	931	957	812	11,026
	c) Other operating income	90	171	146	570
	Total revenue from operations	44,265	44,489	38,582	175,170
2	Other income	871	736	4,301	6,206
3	Total income (1 + 2)	45,136	45,225	42,883	181,376
4	Expenses				
	a) Cost of materials consumed	11,439	7,453	7,364	29,848
	b) Purchase of stock-in-trade	5,276	5,875	5,216	25,459
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3,519)	1,983	(511)	237
	d) Employee benefits expense	8,724	8,555	8,615	33,802
	e) Depreciation and amortisation expense	2,923	2,741	2,890	11,631
	f) Impairment of non-current assets	-	7	-	16,767
	g) Finance costs	233	230	298	983
	h) Selling and other expenses	11,132	11,124	10,481	44,353
	Total expenses	36,208	37,968	34,353	163,080
5	Profit / (loss) before tax and before share of equity accounted investees(3 - 4)	8,928	7,257	8,530	18,296
6	Share of profit of equity accounted investees, net of tax	77	105	163	561
7	Profit before tax (5+6)	9,005	7,362	8,693	18,857
8	Tax expense / (benefit):				
	a) Current tax	3,166	417	2,355	6,616
	b) Deferred tax	(107)	(866)	(427)	(8,019)
9	Net profit after taxes and share of profit of associates (7 - 8)	5,946	7,811	6,765	20,260
10	Other comprehensive income				
	a) (i) Items that will not be reclassified subsequently to profit or loss	207	(326)	(47)	(412)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(22)	-	(22)
	b) (i) Items that will be reclassified subsequently to profit or loss	731	(1,011)	(269)	(448)
	(ii) Income tax relating to items that will be reclassified to profit or loss	(156)	96	23	232
	Total other comprehensive income	782	(1,263)	(293)	(650)
11	Total comprehensive income (9 + 10)	6,728	6,548	6,472	19,610
12	Paid-up equity share capital (face value Rs. 5/- each)	831	831	831	831
13	Other equity				155,157
14	Earnings per equity share (face value Rs. 5/- each)				
	Basic	35.87	47.12	40.81	122.22
	Diluted	35.78	47.03	40.74	121.99
		(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results



(MSK)

DR. REDDY'S LABORATORIES LIMITED
Segment Information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended		Year ended	
		30.06.2020	31.03.2020	30.06.2019	31.03.2020
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Segment wise revenue and results:				
1	Segment revenue :				
	a) Pharmaceutical Services and Active Ingredients	10,165	8,782	6,052	32,086
	b) Global Generics	35,092	36,460	33,010	138,264
	c) Proprietary Products	56	2	281	7,949
	d) Others	489	723	633	2,781
	Total	45,802	45,967	39,976	181,080
	Less: Inter-segment revenue	1,537	1,478	1,394	5,910
	Total revenue from operations	44,265	44,489	38,582	175,170
2	Segment results:				
	Gross profit from each segment				
	a) Pharmaceutical Services and Active Ingredients	2,859	2,050	332	6,219
	b) Global Generics	21,526	20,332	19,007	78,449
	c) Proprietary Products	56	(7)	207	7,744
	d) Others	317	442	320	1,626
	Total	24,758	22,817	19,866	94,038
	Less: Selling and other un-allocable expenditure / (income), net	15,753	15,455	11,173	75,181
	Total profit before tax	9,005	7,362	8,693	18,857

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.
- On 10 June 2020, the Company completed the acquisition of select divisions of Wockhardt Limited's branded generics business in India and the territories of Nepal, Sri Lanka, Bhutan and Maldives. The business comprises a portfolio of 62 brands in multiple therapy areas, such as respiratory, neurology, venous malformations, dermatology, gastroenterology, pain, and vaccines. This entire portfolio has been transferred to the Company, along with related sales and marketing teams, the manufacturing plant located in Baddi, Himachal Pradesh, and employees. The Company is in the process of determination of the fair value of consideration transferred, assets acquired and liabilities assumed. As at 30 June 2020, the Company, on a provisional basis, recognised Rs. 373 million and Rs. 14,141 million towards property, plant and equipment and intangible assets, respectively. The acquisition pertains to the Company's Global Generics segment.
- "Other income" for the quarter ended 30 June 2019 and year ended 31 March 2020 includes an amount of Rs. 3,457 million received from Celgene, 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.
- Total impairment charge for the year ended 31 March 2020 is Rs. 16,767 million, of which Rs. 11,137 million was towards impairment of gNuvaring, Rs. 4,385 million was towards ramelteon, tobramycin and imiquimod, and the balance is towards other product related intangibles forming part of Company's Global generics and Proprietary Products
- Tax benefit for the year ended 31 March 2020 was primarily due to recognition of deferred tax asset of:
 - Rs. 4,989 million towards MAT recoverable pursuant to enactment of Taxation Laws (Amendment) Act, 2019;
 - Rs. 1,264 million pursuant to a planned restructuring activity between the group Companies.
- "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.
- The Company continues to consider the impact of 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 based on its judgements, estimates and assumptions including sensitivity analysis expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets. The Company will continue to closely monitor any material changes to future economic conditions.
- The unaudited results were reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 29 July 2020.
- The figures of the quarter ended 31 March 2020 are the balancing number between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the relevant financial year, which are subject to limited review.
- The results for the quarter ended 30 June 2020 were subject to a "Limited Review" by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.


 Place: Hyderabad
Date: 29 July 2020

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



 G V Prasad
Co-Chairman & Managing Director



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


**Review Report to
The Board of Directors
Dr. Reddy's Laboratories Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of Dr. Reddy's Laboratories Limited (the "Company") for the quarter ended June 30, 2020 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004


per Balasubrahmanyam
Partner
Membership No.: 053315



UDIN: 20053315AAAACB8197

Place: Chennai
Date: July 29, 2020

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2020

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended
		30.06.2020 (Unaudited)	31.03.2020 (Audited)	30.06.2019 (Unaudited)	31.03.2020 (Audited)
1	Revenue from operations				
	a) Net sales / income from operations	32,264	28,195	24,827	109,925
	b) License fees and service income	104	184	149	8,105
	c) Other operating income	76	138	111	474
	Total revenue from operations	32,444	28,517	25,087	118,504
2	Other income	6,447	1,274	4,714	7,432
	Total income (1 + 2)	38,891	29,791	29,801	125,936
3	Expenses				
	a) Cost of materials consumed	7,882	6,543	5,839	25,565
	b) Purchase of stock-in-trade	3,003	2,261	2,479	11,172
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,929)	672	(675)	(999)
	d) Employee benefits expense	5,450	5,166	4,996	20,302
	e) Depreciation and amortisation expense	1,977	1,923	1,970	7,892
	f) Finance costs	140	118	121	478
	g) Selling and other expenses	8,751	8,667	8,141	33,768
	Total expenses	25,274	25,350	22,871	98,178
4	Profit before tax (1 + 2 - 3)	13,617	4,441	6,930	27,758
5	Tax expense / (benefit)				
	a) Current tax	2,391	690	1,528	4,839
	b) Deferred tax	1,724	(1,277)	(79)	(6,458)
6	Net profit for the period / year (4 - 5)	9,502	5,028	5,481	29,377
7	Other comprehensive income				
	a) (i) Items that will not be reclassified to profit or loss	(1)	85	4	88
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(33)	-	(33)
	b) (i) Items that will be reclassified to profit or loss	360	(464)	(64)	(750)
	(ii) Income tax relating to items that will be reclassified to profit or loss	(128)	161	20	259
	Total other comprehensive income	231	(251)	(40)	(436)
8	Total comprehensive income (6 + 7)	9,733	4,777	5,441	28,941
9	Paid-up equity share capital (face value Rs. 5/- each)	831	831	831	831
10	Other equity				151,088
11	Earnings per equity share (face value Rs. 5/- each)				
	Basic	57.31	30.34	33.06	177.23
	Diluted	57.18	30.28	33.01	176.88
		(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	
		30.06.2020	31.03.2020	30.06.2019	31.03.2020
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Segment wise revenue and results				
	Segment revenue				
	a) Pharmaceutical Services and Active Ingredients	8,706	7,373	5,617	26,996
	b) Global Generics	25,241	22,606	20,828	89,774
	c) Proprietary Products	34	16	36	7,644
	Total	33,981	29,995	26,481	124,414
	Less: Inter-segment revenue	1,537	1,478	1,394	5,910
	Total revenue from operations	32,444	28,517	25,087	118,504
2	Segment results				
	Profit / (loss) before tax and interest from each segment				
	a) Pharmaceutical Services and Active Ingredients	5,686	438	(424)	1,465
	b) Global Generics	8,242	4,203	7,810	22,116
	c) Proprietary Products	(174)	(97)	(277)	6,525
	Total	13,754	4,544	7,109	30,106
	Less: (i) Finance costs	140	118	121	478
	(ii) Other un-allocable expenditure / (income), net	(3)	(15)	58	1,870
	Total profit before tax	13,617	4,441	6,930	27,758

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.
- "Other income" for the quarter ended 30 June 2020 includes
 - Rs. 4,772 million received from Aurigene Pharmaceutical Services limited (APSL) during the quarter ended 30 June 2020, pursuant to sale of the contract development and manufacturing organisation (CDMO) division of the Custom Pharmaceutical Services (CPS) business of the Company.
 - Rs. 516 million received of preference dividend declared by Dr. Reddy's Laboratories S.A. during the quarter.
- On 10 June 2020, the Company completed the acquisition of select divisions of Wockhardt Limited's branded generics business in India and the territories of Nepal, Sri Lanka, Bhutan and Maldives. The business comprises a portfolio of 62 brands in multiple therapy areas, such as respiratory, neurology, venous malformations, dermatology, gastroenterology, pain, and vaccines. This entire portfolio has been transferred to the Company, along with related sales and marketing teams, the manufacturing plant located in Baddi, Himachal Pradesh, and employees. The Company is in the process of determination of the fair value of consideration transferred, assets acquired and liabilities assumed. As at 30 June 2020, the Company, on a provisional basis, recognised Rs. 373 million and Rs. 14,141 million towards property, plant and equipment and intangible assets, respectively. The acquisition pertains to the Company's Global Generics segment.
- "Other income" for the quarter ended 30 June 2019 includes dividend income of Rs. 392 million declared by Kunshan Rotam Reddy Pharmaceutical Company Limited during the quarter.
- "Other income" for the quarter ended 30 June 2019 and year ended 31 March 2020 includes an amount of Rs. 3,457 million received from Celgene, 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 REVIMID brand capsules, (Lenalidomide) pending before Health Canada.
- Tax benefit for the year ended 31 March 2020 was primarily due to recognition of deferred tax asset of:
 - Rs. 4,989 million towards MAT recoverable pursuant to enactment of Taxation Laws (Amendment) Act, 2019;
 - Rs. 1,264 million pursuant to a planned restructuring activity between the group Companies
- "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.
- The Company continues to consider 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 based on its judgements, estimates and assumptions including sensitivity analysis expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets. The Company will continue to closely monitor any material changes to future economic conditions.
- The unaudited results were reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 29 July 2020.
- The figures of the quarter ended 31 March 2020 are the balancing number between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the relevant financial year, which are subject to limited review.
- The results for the quarter ended 30 June 2020 presented were subjected to a "Limited review" by the Statutory Auditors of the Company. An unqualified report was issued by them thereon.



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



G V Prasad
Co-Chairman & Managing Director

Place: Hyderabad
Date: 29 July 2020

