

November 1, 2019

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

Dear Sir/Madam,

Sub: Outcome of Board Meeting – Unaudited Financial Results for the quarter and half-year ended September 30, 2019.

Further to our letter dated September 24, 2019, we would like to inform you that the Board of Directors of the Company at their meeting held on November 1, 2019 have *inter alia* approved the Unaudited Financial Results of the Company for the quarter and half-year ended September 30, 2019.

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


1. Unaudited Consolidated Financial Results of the Company for the quarter and half-year ended September 30, 2019 prepared in compliance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).
2. Press Release on Financial Results of the Company for the above period.
3. Unaudited Consolidated Financial Results of the Company and its subsidiaries for the quarter and half-year ended September 30, 2019 as per Indian Accounting Standards.
4. Unaudited Standalone Financial Results of the Company for the quarter and half-year ended September 30, 2019 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 Consolidated Financial Results at point nos. 3 and 4 are also enclosed.

The Board Meeting commenced at 09.00 AM and concluded at 11.00 AM.

This is for your information and records.

With regards,


Sandeep Poddar
Company Secretary

Encl.: as above

Unaudited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and half year ended 30 September 2019 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			Half year ended		Year ended
		30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenues	48,009	38,435	37,978	86,444	75,185	153,851
2	Cost of revenues	20,389	18,576	17,081	38,965	33,560	70,421
3	Gross profit (1 - 2)	27,620	19,859	20,897	47,479	41,625	83,430
4	Selling, general and administrative expenses	16,777	12,065	12,372	28,842	24,478	48,890
5	Research and development expenses	3,662	3,609	4,120	7,271	8,277	15,607
6	Other income, net	(135)	(3,759)	(641)	(3,894)	(944)	(1,955)
	Total operating expenses	20,304	11,915	15,851	32,219	31,811	62,542
7	Results from operating activities [(3) - (4 + 5 + 6)]	7,316	7,944	5,046	15,260	9,814	20,888
	Finance income	535	690	833	1,225	1,184	2,280
	Finance expense	(304)	(297)	(208)	(601)	(403)	(1,163)
8	Finance (expense)/income, net	231	393	625	624	781	1,117
9	Share of profit of equity accounted investees, net of tax	117	163	109	280	192	438
10	Profit before tax (7 + 8 + 9)	7,664	8,500	5,780	16,164	10,787	22,443
11	Tax expense/(benefit), net	(3,261)	1,872	742	(1,389)	1,188	3,648
12	Profit for the period / year (10 -11)	10,925	6,628	5,038	17,553	9,599	18,795
13	Earnings per share:						
	Basic earnings per share of Rs.5/- each	65.93	39.98	30.35	105.90	57.83	113.28
	Diluted earnings per share of Rs.5/- each	65.82	39.91	30.31	105.71	57.76	113.09
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	



Segment reporting (consolidated)

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment wise revenue and results:						
	Segment revenue:						
	a) Pharmaceutical Services and Active Ingredients	8,502	5,933	7,657	14,435	14,552	29,925
	b) Global Generics	32,816	32,982	30,536	65,798	61,172	122,903
	c) Proprietary Products	7,425	281	776	7,706	1,502	4,750
	d) Others	661	633	637	1,294	1,073	2,058
	Total	49,404	39,829	39,606	89,233	78,299	159,636
	Less: Inter-segment revenues	1,395	1,394	1,628	2,789	3,114	5,785
	Net revenue from operations	48,009	38,435	37,978	86,444	75,185	153,851
2	Segment results:						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	1,750	325	1,697	2,075	2,882	6,128
	b) Global Generics	18,200	19,007	18,111	37,207	36,867	71,924
	c) Proprietary Products	7,298	207	653	7,505	1,247	4,182
	d) Others	372	320	436	692	629	1,196
	Total	27,620	19,859	20,897	47,479	41,625	83,430
	Less: Selling and other un-allocable expenditure, net of other income	19,956	11,359	15,117	31,315	30,838	60,987
	Total profit before tax	7,664	8,500	5,780	16,164	10,787	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 unaudited results have been reviewed by the Audit Committee of the Board at their meeting held on 31 October 2019 and approved by the Board of Directors of the Company at their meeting held on 1 November 2019. 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 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. Based on the subsequent discussion with the U.S. FDA, a re-inspection would be conducted for the site.
- Revenue for the quarter ended 30 September 2019 includes an amount of Rs. 7,229 million (U.S.\$105.1 million) towards license fee for selling US and select territory rights for ZEMBRACE® SYMTOUCH® (sumatriptan injection) 3 mg and TOSYMRATM (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.
- 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 "Selling, general and administrative expenses".
- During the quarter ended 30 September 2019, the Government of India promulgated the Taxation Laws (Amendment) Ordinance 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.
- "Other income, net" for the quarter ended 30 June 2019 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 REVLMID brand capsules, (Lenalidomide) pending before Health Canada.
- During the quarter ended 30 June 2019, the Company recognised an amount of Rs. 392 million, representing its share of dividend declared by the equity accounted investee, Kunshan Rotam Reddy Pharmaceutical Company Limited. The amount of dividend is adjusted against the carrying amount of investment in the consolidated balance sheet.
- Other income for the quarter ended 30 September 2018 includes gain of Rs.464 million on account of sale of rights relating to an intangible asset forming part of Company's Proprietary Products Segment and sale of membership interest in Dr. Reddy's Laboratories Tennessee, LLC.
- The results for the quarter and half year ended 30 September 2019 were subjected to a "Limited Review". An unqualified report was issued thereon.



11 Consolidated statements of financial position

All amounts in Indian Rupees millions

Particulars	As at	As at
	30.09.2019	31.03.2019
	(Unaudited)	(Audited)
ASSETS		
Current assets		
Cash and cash equivalents	3,012	2,228
Other investments	25,540	22,529
Trade and other receivables	40,698	39,869
Inventories	35,033	33,579
Derivative financial instruments	423	360
Current tax assets	2,951	3,400
Other current assets	12,428	12,536
Total current assets	120,085	114,501
Non-current assets		
Property, plant and equipment	53,008	54,088
Goodwill	3,891	3,902
Other intangible assets	40,449	44,367
Trade and other receivables	1,455	113
Investment in equity accounted investees	2,323	2,529
Other investments	1,894	813
Deferred tax assets	9,859	4,168
Other non-current assets	897	946
Total non-current assets	113,776	110,926
Total assets	233,861	225,427
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	15,434	14,553
Short-term borrowings	10,304	12,125
Long-term borrowings, current portion	5,953	4,256
Provisions	4,339	4,166
Current tax liabilities	450	181
Derivative financial instruments	215	68
Bank overdraft	4	-
Other current liabilities	24,477	24,351
Total current liabilities	61,176	59,700
Non-current liabilities		
Long-term borrowings, excluding current portion	15,284	22,000
Deferred tax liabilities	348	610
Provisions	50	52
Other non-current liabilities	3,187	2,868
Total non-current liabilities	18,869	25,530
Total liabilities	80,045	85,230
Equity		
Share capital	831	830
Treasury shares	(1,009)	(535)
Share premium	8,426	8,211
Share based payment reserve	1,054	990
Capital redemption reserve	173	173
Retained earnings	142,302	128,646
Other components of equity	2,039	1,882
Total equity	153,816	140,197
Total liabilities and equity	233,861	225,427



Particulars	Half year ended	
	30.09.2019	30.09.2018
	(Unaudited)	(Unaudited)
Cash generated from operating activities:		
Profit for the period	17,553	9,599
Adjustments for:		
Income tax expense /(benefit)	(1,389)	1,188
Fair value changes and profit on sale of mutual funds	(562)	(221)
Depreciation and amortisation	6,422	5,981
Impairment loss on property, plant and equipment, goodwill and other intangible assets	3,561	127
Allowance for credit loss and doubtful trade and other advances	105	149
(Gain) / loss on sale or de-recognition of property, plant and equipment and other intangible assets, net	39	(540)
Share of profit of equity accounted investees	(280)	(192)
Foreign exchange (gain)/loss, net	(30)	(2,176)
Interest (income)/expense, net	101	43
Equity settled share-based payment expense	272	164
Dividend income	(5)	-
Changes in operating assets and liabilities:		
Trade and other receivables	(2,512)	(2,881)
Inventories	(1,454)	(3,428)
Trade and other payables	910	(1,611)
Other assets and other liabilities, net	872	1,301
Cash generated from operations	23,603	7,503
Income tax paid, net	(3,664)	(1,797)
Net cash generated from operating activities	19,939	5,706
Cash flows from/(used in) investing activities:		
Expenditure on property, plant and equipment	(2,137)	(3,668)
Proceeds from sale of property, plant and equipment, and other intangible assets	312	1,233
Expenditure on other intangible assets	(501)	(776)
Purchase of other investments	(69,304)	(36,637)
Proceeds from sale of other investments	65,885	40,119
Dividend received from equity accounted investees	392	-
Interest received	461	266
Net cash generated from/(used in) investing activities	(4,892)	537
Cash flows used in financing activities:		
Proceeds from issuance of equity shares (Rounded off to millions)	-	-
Proceeds from/(repayment of) short-term borrowings, net	(2,012)	(290)
Repayment of long-term borrowings	(7,052)	(42)
Purchase of treasury shares	(474)	(64)
Dividend paid (including corporate dividend tax)	(3,916)	(4,003)
Interest paid	(839)	(746)
Net cash used in financing activities	(14,293)	(5,145)
Net increase/(decrease) in cash and cash equivalents	754	1,098
Effect of exchange rate changes on cash and cash equivalents	26	132
Cash and cash equivalents at the beginning of the period	2,228	2,542
Cash and cash equivalents at the end of the period*	3,008	3,772

*Adjusted for bank-overdraft of Rs. 4 million and Rs. 8 million for the half years ended 30 September 2019 and 30 September 2018, respectively.

Place: Hyderabad
Date: 1 November 2019



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


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 Q2 & H1 FY20 Financial Results

Hyderabad, India, November 1, 2019: Dr. Reddy's Laboratories Ltd. (BSE: 500124 | NSE: DRREDDY | NYSE: RDY) today announced its consolidated financial results for the quarter and the half year ended September 30, 2019 under International Financial Reporting Standards (IFRS).

Q2 Performance Summary

Rs. 4,801 Cr

Revenue

[Up: 25% QoQ; 26% YoY]

57.5%

Gross Margin

[Q1 FY20: 51.7%; Q2 FY19: 55.0%]

Rs.1,678 Cr

SGNA expenses

[Up: 39% QoQ, 36% YoY]

Rs. 366 Cr

R&D expenses

[7.6% of Revenues]

Rs. 766 Cr

Profit before Tax

[Down: 10% QoQ; Up: 33% YoY]

Rs. 1,093 Cr

Profit after Tax

[Up: 65% QoQ; Up: 117% YoY]

H1 Performance Summary

Rs. 8,644 Cr

Revenue

[Up: 15% YoY]

54.9%

Gross Margin

[H1 FY19: 55.4%]

Rs. 2,884 Cr

SGNA expenses

[Up: 18% YoY]

Rs. 727 Cr

R&D expenses

[8.4% of Revenues]

Rs. 1,616 Cr

Profit before Tax

[Up: 50% YoY]

Rs. 1,755 Cr

Profit after Tax

[Up: 83% YoY]

Commenting on the results, Co-Chairman and MD, GV Prasad said "I am pleased with our performance across the businesses and strong cash generation during the quarter. We are progressing well in execution of our strategy and in our transformation journey on quality and efficiency".



Dr. Reddy's Laboratories Limited and Subsidiaries

Consolidated Income Statement

Particulars	Q2 FY20		Q2 FY19		YoY Gr %	Q1 FY20		QoQ Gr%
	(\$)	(Rs.)	(\$)	(Rs.)		(\$)	(Rs.)	
Revenues	680	48,009	538	37,978	26	544	38,435	25
Cost of Revenues	289	20,389	242	17,081	19	263	18,576	10
Gross Profit	391	27,620	296	20,897	32	281	19,859	39
Operating Expenses								
Selling, General & Administrative expenses	238	16,777	175	12,372	36	171	12,065	39
Research and Development expenses	52	3,662	58	4,120	(11)	51	3,609	1
Other operating (income)	-2	-135	-9	-641	(79)	-53	-3,759	(96)
Results from operating activities	104	7,316	71	5,046	45	112	7,944	(8)
Net finance (income)	-3	-231	-9	-625	(63)	-6	-393	(41)
Share of (profit) / loss of equity accounted investees	-2	-117	-2	-109	8	-2	-163	(28)
Profit before income tax	108	7,664	82	5,780	33	120	8,500	(10)
Income tax expense / (benefit)	-46	-3,261	11	742	(539)	26	1,872	(274)
Profit for the period	155	10,925	71	5,038	117	94	6,628	65

Diluted Earnings Per Share (EPS)	0.93	65.82	0.43	30.31	117	0.57	39.91	65
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As % to Revenues	Q2 FY20	Q2 FY19	Q1 FY20
Gross Profit	57.5	55.0	51.7
SG&A	34.9	32.6	31.4
R&D	7.6	10.8	9.4
EBITDA	29.9	22.8	29.5
PBT	16.0	15.2	22.1
PAT	22.8	13.3	17.2

EBITDA Computation

Particulars	Q2 FY20		Q2 FY19		Q1 FY20	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Profit before Income Tax	108	7,664	82	5,780	120	8,500
Interest (income) net*	-3	(226)	(2)	(132)	(3)	(239)
Depreciation	33	2,306	29	2,033	30	2,124
Amortization	15	1,033	14	965	14	959
Impairment	50	3,561	-	-	(0)	(1)
EBITDA	203	14,338	122	8,646	161	11,343

* Includes income from Investments

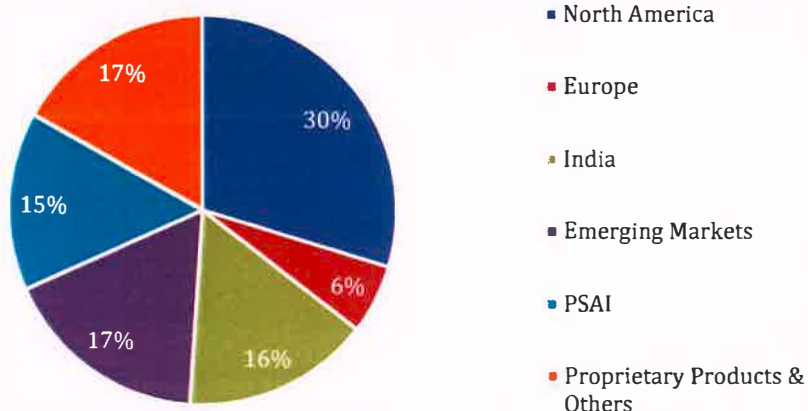


Key Balance Sheet Items

Particulars	As on 30 th Sep, 2019		As on 30 th June 2019		As on 30 th Sep 2018	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents and other investments	431	30,446	403	28,439	295	20,837
Trade receivables (current & non-current)	597	42,153	537	37,961	656	46,317
Inventories	496	35,033	497	35,137	460	32,490
Property, plant and equipment	750	53,008	766	54,083	802	56,640
Goodwill and Other Intangible assets	628	44,340	677	47,821	726	51,290
Loans and borrowings (current & non-current)	447	31,545	487	34,387	786	55,522
Trade payables	218	15,434	210	14,842	199	14,073
Equity	2,177	1,53,816	2,070	1,46,208	1,861	1,31,446

Revenue Mix by Segment

Particulars	Q2 FY20	Q2 FY19	YoY Growth %	Q1 FY20	QoQ Growth %
	(Rs.)	(Rs.)		(Rs.)	
Global Generics	32,816	30,536	7%	32,982	-1%
North America	14,265	14,265	0%	16,322	-13%
Europe	2,764	1,915	44%	2,404	15%
India	7,511	6,864	9%	6,960	8%
Emerging Markets	8,276	7,492	10%	7,296	13%
Pharmaceutical Services and Active Ingredients (PSAI)	7,107	6,029	18%	4,539	57%
Proprietary Products & Others	8,086	1,413	472%	914	785%
Total	48,009	37,978	26%	38,435	25%

Q2 FY20 Sales Mix

Signature



Segmental Analysis

Global Generics (GG)

Revenues from **GG** segment at Rs. 32.8 billion. Year-on-year growth of 7%, primarily driven by Europe, Emerging Markets and India. Sequentially declined by 1%.

- Revenues from **North America** at Rs. 14.3 billion. Year-on-year revenues remained flat. Sequential decline of 13%, on account of price erosion and lower volumes. Further impact on account of voluntary recall of ranitidine and temporary disruption in supplies due to logistics issues faced during this quarter. We launched eight new products during the quarter, which are Carboprost, Ramelteon, Fosaprepitant, Pregabalin, Vigabatrin, Docetaxel 160mg, Bupropion SR and OTC Guaif / Psuedo.

As of 30th September 2019, cumulatively 99 generic filings are pending for approval with the USFDA (96 ANDAs and 3 NDAs under 505(b)(2) route). Of these 96 ANDAs, 55 are Para IVs out of which we believe 31 have 'First to File' status.

- Revenues from **Europe** at Rs. 2.8 billion. Year-on-year growth of 44%, primarily on account of new products and volume traction in base business partly offset by lower realizations. Sequential growth is 15%.
- Revenues from **India** at Rs. 7.5 billion. Year-on-year growth of 9%, driven by new products, improved realizations and volume traction in base business. Sequential growth is 8%.
- Revenues from **Emerging Markets** at Rs. 8.3 billion. Year-on-year growth is 10%. Sequential growth is 13%.
 - Revenues from **Russia** at Rs. 4.1 billion. Year-on-year growth of 8%. Growth primarily driven by increase in volumes coupled with better realizations in some of the key molecules.
 - Revenues from **other CIS countries and Romania** at Rs. 1.7 billion. Year-on-year growth of 16% largely driven by new products and better realizations in some of the key molecules.
 - Revenues from **Rest of World (RoW)** markets at Rs. 2.5 billion. Year-on-year growth of 11%, primarily driven by new products, volume traction partly offset by price erosions in some of the key molecules.

Pharmaceutical Services and Active Ingredients (PSAI)

- Revenues from **PSAI** at Rs. 7.1 billion. Year-on-year growth of 18% and sequential growth of 57%. Growth largely driven by increase in volumes from existing products.

Proprietary Products (PP)

- Revenues from **PP** at Rs. 7.4 billion. It includes Rs. 7.2 billion towards license fee for selling US and select territory rights for two of our Neurology brands ZEMBRACE® SYMTOUCH® (sumatriptan injection) 3 mg and TOSYMRATM (sumatriptan nasal spray) 10 mg, to Upsher-Smith Laboratories, LLC. The costs associated with this transaction are Rs. 328 million.



Income Statement Highlights:

- Gross profit margin at 57.5%, improved by ~590 bps sequentially and ~250 bps over that of previous year. Gross profit margin for GG and PSAI business segments are at 55.5% and 24.6% respectively.
 - gross margin is benefitted due to revenue recognition of the PP Neuro brands
 - partly impacted by certain one-off's, including but not restricted to the impact of the voluntary recall of Ranitidine in the US market
 - adjusted for one-off's, normalized gross profit margin is ~51.5%
 - on a normalized base, the year on year decline is primarily on account of price erosion in the US.
- SG&A expenses at Rs. 16.8 billion, an increase of 36% on a year-on-year basis and 39% sequentially. This includes an amount of Rs. 3.6 billion recognized as an impairment charge on three product related intangibles (viz., Ramelteon, Tobramycin and Imiquimod). There have been certain additional one-offs including but not restricted to the costs associated with the sale of two neurology brands. Adjusted for the one-offs, the normalized SG&A expenses are lower compared to the previous quarter.
- R&D expenses at Rs. 3.7 billion. As % to Revenues- Q2 FY20: 7.6% | Q1 FY 20: 9.4% | Q2 FY19: 10.8%. We continue to focus on building a healthy development pipeline across all our focused markets.
- Other operating income at Rs. 135 million compared to Rs. 641 million in Q2 FY19 and Rs. 3,759 million in Q1 FY 20. Previous year includes gain of Rs. 464 million on account of sale of rights relating to Cloderm brand (including its authorized generic) and profit on sale of antibiotic manufacturing facility in Bristol, US. Q1 FY 20 includes Rs. 3,457 million 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. 231 million compared to Rs. 625 million in Q2 FY19 and Rs. 393 million in Q1 FY 20. The year-on-year decline is primarily on account of lower foreign exchange gain, partly offset by higher profit on sale of investments during the quarter.
- Profit after Tax at Rs. 10.9 billion. The net tax for the quarter is a benefit of Rs. 3.3 billion; due to recognition of deferred tax assets of Rs. 5.2 billion, primarily related to the MAT credit.
- Diluted earnings per share is at Rs. 65.8.
- Capital expenditure is at Rs. 1.1 billion.



A handwritten signature in blue ink, located at the bottom left of the page. The signature is stylized and appears to be 'DR. REDDY'S'.

Earnings Call Details (06:30 pm IST, 09:00 am EDT, November 1, 2019)

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: **31923**

Transcript of the event will be available at www.drreddys.com. Playback will be available after the earnings call, till November 8, 2019.

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.

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



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

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

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Dr. Reddy's Laboratories Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its share of the net profit after tax and total comprehensive income of joint ventures for the quarter ended September 30, 2019 and year to date from April 01, 2019 to September 30, 2019 (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"). Attention is drawn to the fact that the figures for the Consolidated Statement of cash flows for the corresponding period from April 01, 2018 to September 30, 2018, as reported in these unaudited consolidated financial results have been approved by the Holding Company's Board of Directors, but have not been subjected to review.
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:

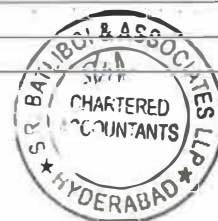
SL. NO.	NAME OF THE COMPANY
Subsidiaries	
1	Dr. Reddy's New Zealand Limited
2	Dr. Reddy's Laboratories (Australia) Pty. Limited
3	Dr. Reddy's Laboratories (Proprietary) Limited
4	Dr. Reddy's Venezuela, C.A.
5	Dr. Reddy's Laboratories, Inc.
6	Promius Pharma, LLC



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

SL. NO.	NAME OF THE COMPANY
7	Dr. Reddy's Laboratories Louisiana, LLC
8	Reddy Pharma Italia S.R.L.
9	Dr. Reddy's S.R.L.
10	Reddy Pharma Iberia SA
11	Dr. Reddy's Farmaceutica Do Brasil Ltda.
12	Dr. Reddy's Laboratories (UK) Limited
13	Dr. Reddy's Laboratories (EU) Limited
14	Chirotech Technology Limited
15	OOO Dr. Reddy's Laboratories Limited
16	Dr. Reddy's Laboratories Romania S.R.L.
17	Reddy Holding GmbH
18	beta Institut gemeinnützige GmbH
19	betapharm Arzneimittel GmbH
20	Lacock Holdings Limited
21	Reddy Netherlands B.V.
22	Reddy Antilles N.V.
23	Dr. Reddy's Laboratories SA
24	Dr. Reddy's Laboratories International SA (Merged with Dr. Reddy's Laboratories SA w.e.f. June 28, 2019)
25	Industrias Quimicas Falcon de Mexico, S.A. de CV
26	Aurigene Discovery Technologies (Malaysia) Sdn. Bhd.
27	Dr. Reddy's Laboratories New York, Inc.
28	Dr. Reddy's Laboratories LLC
29	Dr. Reddy's Research and Development B.V. (formerly Octoplus B.V.)
30	Dr. Reddy's Laboratories Canada Inc.
31	Dr. Reddy's Singapore Pte. Limited (striked off w.e.f. June 4, 2019)
32	Dr. Reddy's Laboratories S.A.S.
33	Aurigene Discovery Technologies, Inc.
34	Dr. Reddy's Laboratories B.V. (Formerly known as Eurobridge Consulting B.V.)
35	OOO DRS LLC
36	Dr. Reddy's Laboratories Japan KK
37	Reddy Pharma SAS
38	Dr Reddy's Laboratories Kazakhstan LLP
39	Dr. Reddy's (WUXI) Pharmaceutical Co. Limited
40	Dr. Reddy's Laboratories Chile SPA.
41	Dr. Reddy's Laboratories Malaysia Sdn.Bhd.
42	Dr. Reddy's Laboratories Taiwan Limited
43	Dr. Reddy's Laboratories Philippines Inc.
44	Dr. Reddy's Laboratories (Thailand) Limited
45	Aurigene Discovery Technologies Limited
46	DRL Impex Limited
47	Dr. Reddy's Bio-Sciences Limited
48	Idea2Enterprises (India) Private Limited
49	Cheminor Investments Limited
50	Regkinetics Services Limited (Formerly known as Dr. Reddy's Pharma SEZ Limited)
51	Imperial Credit Private Limited
52	Aurigene Pharmaceutical Services Limited (from September 16, 2019)
Joint ventures	
1	Kunshan Rotam Reddy Pharmaceutical Co. Limited
2	DRANU LLC



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants


SL. NO.	NAME OF THE COMPANY
3	DRES Energy Private Limited
Other Consolidating entities	
1	Cheminor Employees Welfare Trust
2	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: 19053315 AAAA CL6756

Hyderabad

Date: November 01, 2019

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2019

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations						
	a) Net sales / income from operations	39,982	37,624	36,866	77,606	73,373	148,706
	b) License fees and service income	8,026	812	1,112	8,838	1,812	5,145
	c) Other operating income	120	146	197	266	355	631
	Total revenue from operations	48,128	38,582	38,175	86,710	75,540	154,482
2	Other income	540	4,301	1,282	4,837	1,786	3,375
3	Total income (1 + 2)	48,668	42,883	39,457	91,547	77,326	157,857
4	Expenses						
	a) Cost of materials consumed	7,503	7,364	6,786	14,867	14,180	28,894
	b) Purchase of stock-in-trade	5,942	5,216	4,567	11,158	8,997	18,808
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	566	(511)	(836)	55	(2,611)	(2,754)
	d) Employee benefits expense	8,255	8,615	8,722	16,870	17,093	33,562
	e) Depreciation and amortisation expense	3,131	2,890	2,786	6,021	5,573	11,348
	f) Finance costs	303	298	208	601	403	889
	g) Selling and other expenses	15,224	10,481	11,343	25,701	22,600	44,190
	Total expenses	40,924	34,353	33,576	75,273	66,235	134,937
5	Profit before tax and before share of equity accounted investees (3 - 4)	7,744	8,530	5,881	16,274	11,091	22,920
6	Share of profit of equity accounted investees, net of tax	117	163	109	280	192	438
7	Profit before tax (5+6)	7,861	8,693	5,990	16,554	11,283	23,358
8	Tax expense / (benefit):						
	a) Current tax	2,108	2,355	1,288	4,463	2,684	4,707
	b) Deferred tax	(5,315)	(427)	(481)	(5,742)	(1,345)	(849)
9	Net profit after taxes and share of profit of associates (7 - 8)	11,068	6,765	5,183	17,833	9,944	19,500
10	Other comprehensive income						
	a) (i) Items that will not be reclassified subsequently to profit or loss	161	(47)	66	114	(449)	(379)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	(16)	-	124	(673)
	b) (i) Items that will be reclassified subsequently to profit or loss	226	(269)	(60)	(43)	(406)	19
	(ii) Income tax relating to items that will be reclassified to profit or loss	65	23	113	88	231	(54)
	Total other comprehensive income	452	(293)	103	159	(500)	(1,087)
11	Total comprehensive income (9 + 10)	11,520	6,472	5,286	17,992	9,444	18,413
12	Paid-up equity share capital (face value Rs. 5/- each)	831	831	830	831	830	830
13	Other equity						139,406
14	Earnings per equity share (face value Rs. 5/- each)						
	Basic	66.78	40.81	31.22	107.59	59.91	117.53
	Diluted	66.68	40.74	31.18	107.40	59.83	117.33
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results



DR. REDDY'S LABORATORIES LIMITED
Segment Information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Segment wise revenue and results:						
1	Segment revenue :						
	a) Pharmaceutical Services and Active Ingredients	8,598	6,052	7,787	14,650	14,807	30,403
	b) Global Generics	32,838	33,010	30,609	65,848	61,272	123,056
	c) Proprietary Products	7,425	281	772	7,706	1,502	4,750
	d) Others	662	633	635	1,295	1,073	2,058
	Total	49,523	39,976	39,803	89,499	78,654	160,267
	Less: Intersegment revenue	1,395	1,394	1,628	2,789	3,114	5,785
	Total revenue from operations	48,128	38,582	38,175	86,710	75,540	154,482
2	Segment results:						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	1,758	332	1,705	2,090	2,897	6,158
	b) Global Generics	18,200	19,007	18,111	37,207	36,867	71,924
	c) Proprietary Products	7,298	207	653	7,505	1,247	4,182
	d) Others	372	320	436	692	629	1,196
	Total	27,628	19,866	20,905	47,494	41,640	83,460
	Less: Selling and other un-allocable expenditure / (income), net	19,767	11,173	14,915	30,940	30,357	60,102
	Total profit before tax	7,861	8,693	5,990	16,554	11,283	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 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. Based on the subsequent discussion with the U.S. FDA, a re-inspection would be conducted for the site.
- Revenue for the quarter ended 30 September 2019 includes an amount of Rs. 7,229 million (U.S.\$105.1 million) towards license fee for selling US and select territory rights for ZEMBRACE® SYMTOUCH® (sumatriptan injection) 3 mg and TOSYMRATM (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.
- 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 "Selling and other expenses".
- During the quarter ended 30 September 2019, the Government of India promulgated the Taxation Laws (Amendment) Ordinance 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.
- "Other income" for the quarter ended 30 June 2019 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.
- During the quarter ended 30 June 2019, the Company recognised an amount of Rs. 392 million, representing its share of dividend declared by the equity accounted investee, Kunshan Rotam Reddy Pharmaceutical Company Limited. The amount of dividend is adjusted against the carrying amount of investment in the consolidated balance sheet.



DR. REDDY'S LABORATORIES LIMITED

- 9 Other income for the quarter ended 30 September 2018 includes gain of Rs.460 million on account of sale of rights relating to an intangible asset forming part of Company's Proprietary Products Segment and sale of membership interest in Dr. Reddy's Laboratories Tennessee, LLC.
- 10 The unaudited results have been reviewed by the Audit Committee of the Board at their meeting held on 31 October 2019 and approved by the Board of Directors of the Company at their meeting held on and 1 November 2019.
- 11 The results for the quarter and half year ended 30 September 2019 were subject to a "Limited Review" by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.
- 12 **Consolidated Balance Sheet**

All amounts in Indian Rupees millions

Particulars	As at 30.09.2019 (Unaudited)	As at 31.03.2019 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	48,852	49,127
Capital work-in-progress	4,015	4,725
Goodwill	4,605	4,659
Other intangible assets	17,080	18,124
Intangible assets under development	22,142	24,610
Investment in equity accounted investees	2,323	2,529
Financial assets		
Investments	1,895	813
Trade receivables	1,455	113
Other financial assets	747	731
Deferred tax assets, net	9,701	4,317
Tax assets, net	2,946	3,400
Other non-current assets	250	407
Total non-current assets	116,011	113,555
Current assets		
Inventories	35,033	33,579
Financial assets		
Investments	25,540	22,529
Trade receivables	40,698	39,869
Derivative instruments	423	360
Cash and cash equivalents	3,012	2,228
Other financial assets	2,388	2,112
Other current assets	10,037	10,424
Total current assets	117,131	111,101
TOTAL ASSETS	233,142	224,656
EQUITY AND LIABILITIES		
Equity		
Equity share capital	831	830
Other equity	153,285	139,406
Total equity	154,116	140,236
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	15,284	22,000
Other financial liabilities	2	102
Provisions	691	793
Deferred tax liabilities, net	11	473
Other non-current liabilities	2,481	2,079
Total non-current liabilities	18,469	25,447
Current liabilities		
Financial liabilities		
Borrowings	10,308	12,125
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	71	77
Total outstanding dues of creditors other than micro enterprises and small enterprises	14,510	13,594
Derivative instruments	215	68
Other financial liabilities	25,193	22,670
Liabilities for current tax, net	456	181
Provisions	4,940	4,789
Other current liabilities	4,864	5,469
Total current liabilities	60,557	58,973
TOTAL EQUITY AND LIABILITIES	233,142	224,656



Particulars	Half year ended	
	30.09.2019	30.09.2018
	(Unaudited)	(Unaudited)
Cash flows from / (used in) operating activities		
Profit before tax	16,554	11,283
Adjustments for:		
Depreciation and amortisation expense	6,021	5,573
Share of profit of equity accounted investees	(280)	(192)
Impairment loss on goodwill and other intangible assets	3,560	34
Equity settled share-based payment expense	273	164
Fair value changes and profit on sale of mutual funds, net	(562)	(221)
Foreign exchange loss / (gain), net	(19)	(2,178)
(Gain) / loss on sale or de-recognition of property, plant and equipment and other intangible assets, net	39	(533)
Interest income	(500)	(360)
Finance costs	601	403
Dividend income	(5)	-
Allowance for credit loss and doubtful trade and other advances	105	149
Changes in operating assets and liabilities:		
Trade receivables	(2,512)	(2,881)
Inventories	(1,454)	(3,428)
Trade payables	910	(1,611)
Other assets and other liabilities, net	872	1,301
Cash generated from operations	23,603	7,503
Income tax paid, net	(3,664)	(1,797)
Net cash from operating activities	19,939	5,706
Cash flows from / (used in) investing activities		
Proceeds from sale of property, plant and equipment and intangible assets	312	1,233
Expenditures on property, plant and equipment	(2,137)	(3,668)
Expenditures on other intangible assets	(501)	(776)
Purchase of investments	(69,304)	(36,637)
Proceeds from sale of investments	65,885	40,119
Dividend income received	392	-
Interest income received	461	266
Net cash (used in) / from investing activities	(4,892)	537
Cash flows from / (used in) financing activities		
Proceeds from issuance of equity shares (Rounded off to millions)	-	-
Purchase of treasury shares	(474)	(64)
Repayment of short-term loans and borrowings, net	(2,012)	(290)
Repayment of long-term loans and borrowings, net	(7,052)	(42)
Dividends paid (including corporate dividend tax)	(3,916)	(4,003)
Interest paid	(839)	(746)
Net cash (used in) financing activities	(14,293)	(5,145)
Net decrease in cash and cash equivalents	754	1,098
Effect of exchange rate changes on cash and cash equivalents	26	132
Cash and cash equivalents at the beginning of the year	2,228	2,542
Cash and cash equivalents at the end of the year*	3,008	3,772

*Adjusted for bank-overdraft of Rs. 4 million and Rs. 8 million for the half years ended 30 September 2019 and 30 September 2018, respectively.



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 and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

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

1. We have reviewed the accompanying statement of unaudited standalone financial results of Dr. Reddy's Laboratories Limited (the "Company") for the quarter ended September 30, 2019 and year to date from April 01, 2019 to September 30, 2019 (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"). Attention is drawn to the fact that the figures for net cash flows for the corresponding period from April 01, 2018 to September 30, 2018, as reported in these unaudited standalone financial results have been approved by the Board of Directors of the Company, but have not been subjected to review.
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 S Balasubrahmanyam
Partner

Membership No.: 053315

UDIN: 19053315AAAAC 2094

Place: Hyderabad

Date: November 01, 2019



DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2019

Sl. No.	Particulars	All amounts in Indian Rupees millions					
		Quarter ended			Half year ended		Year ended
		30.09.2019 (Unaudited)	30.06.2019 (Unaudited)	30.09.2018 (Unaudited)	30.09.2019 (Unaudited)	30.09.2018 (Unaudited)	31.03.2019 (Audited)
1	Revenue from operations						
	a) Net sales / income from operations	27,039	24,827	25,725	51,866	51,546	104,667
	b) License fees and service income	7,314	149	436	7,463	654	1,062
	c) Other operating income	107	111	149	218	286	526
	Total revenue from operations	34,460	25,087	26,310	59,547	52,486	106,255
2	Other income	767	4,714	748	5,481	829	2,384
	Total income (1 + 2)	35,227	29,801	27,058	65,028	53,315	108,639
3	Expenses						
	a) Cost of materials consumed	6,453	5,839	4,799	12,292	10,338	21,032
	b) Purchase of stock-in-trade	2,971	2,479	1,935	5,450	3,746	8,686
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	5	(675)	327	(670)	(152)	660
	d) Employee benefits expense	5,028	4,996	5,030	10,024	9,700	19,319
	e) Depreciation and amortisation expense	2,041	1,970	1,908	4,011	3,829	7,806
	f) Finance costs	122	121	158	243	323	568
	g) Selling and other expenses	8,395	8,141	8,573	16,536	17,192	33,561
	Total expenses	25,015	22,871	22,730	47,886	44,976	91,632
4	Profit before tax (1 + 2 - 3)	10,212	6,930	4,328	17,142	8,339	17,007
5	Tax expense / (benefit)						
	a) Current tax	1,529	1,528	942	3,057	1,727	2,818
	b) Deferred tax	(4,968)	(79)	(76)	(5,047)	(139)	1,416
6	Net profit for the period / year (4 - 5)	13,651	5,481	3,462	19,132	6,751	12,773
7	Other comprehensive income						
	a) (i) Items that will not be reclassified to profit or loss	(5)	4	8	(1)	9	(1)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	(3)	-	(3)	3
	b) (i) Items that will be reclassified to profit or loss	(187)	(64)	(327)	(251)	(629)	209
	(ii) Income tax relating to items that will be reclassified to profit or loss	65	20	114	85	220	(73)
	Total other comprehensive income	(127)	(40)	(208)	(167)	(403)	138
8	Total comprehensive income (6 + 7)	13,524	5,441	3,254	18,965	6,348	12,911
9	Paid-up equity share capital (face value Rs. 5/- each)	831	831	830	831	830	830
10	Other equity						126,011
11	Earnings per equity share (face value Rs. 5/- each)						
	Basic	82.36	33.06	20.86	115.42	40.67	76.98
	Diluted	82.24	33.01	20.83	115.21	40.62	76.85
		(Not annualised)	(Not annualised)	(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			Half year ended		Year ended
		30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Segment wise revenue and results						
1	Segment revenue						
	a) Pharmaceutical Services and Active Ingredients	6,900	5,617	6,548	12,517	12,200	25,802
	b) Global Generics	21,659	20,828	21,294	42,487	43,273	85,936
	c) Proprietary Products	7,296	36	96	7,332	127	303
	Total	35,855	26,481	27,938	62,336	55,600	112,041
	Less: Inter-segment revenue	1,395	1,394	1,628	2,789	3,114	5,786
	Total revenue from operations	34,460	25,087	26,310	59,547	52,486	106,255
2	Segment results						
	Profit / (loss) before tax and interest from each segment						
	a) Pharmaceutical Services and Active Ingredients	494	(424)	968	70	894	2,156
	b) Global Generics	3,910	7,810	6,690	11,720	13,373	20,852
	c) Proprietary Products	6,807	(277)	(609)	6,530	(1,238)	(2,252)
	Total	11,211	7,109	7,049	18,320	13,029	20,756
	Less: (i) Finance costs	122	121	158	243	323	568
	(ii) Other un-allocable expenditure / (income), net	877	58	2,563	935	4,367	3,181
	Total profit before tax	10,212	6,930	4,328	17,142	8,339	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 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. Based on the subsequent discussion with the U.S. FDA, a re-inspection would be conducted for the site.
- Revenue for the quarter ended 30 September 2019 includes an amount of Rs. 7,229 million (U.S.\$105.1 million) towards license fee for selling US and select territory rights for ZEMBRACE® SYMTOUCH® (sumatriptan injection) 3 mg and TOSYMRATM (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.
- During the quarter ended 30 September 2019, the Government of India promulgated the Taxation Laws (Amendment) Ordinance 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.
- "Other income" for the quarter ended 30 June 2019 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.
- "Other income" includes dividend income of Rs. 392 million declared by Kunshan Rotam Reddy Pharmaceutical Company Limited during the quarter ended 30 June



8 Balance sheet

All amounts in Indian Rupees millions

Particulars	As at	As at
	30.09.2019	31.03.2019
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	38,691	39,504
Capital work-in-progress	3,454	4,001
Goodwill	323	323
Other intangible assets	6,618	7,000
Intangible assets under development	277	-
Financial assets		
Investments	18,955	18,191
Trade receivables	1,455	113
Loans	350	332
Other financial assets	471	447
Deferred tax assets, net	4,577	-
Tax assets, net	2,178	3,106
Other non-current assets	113	126
Total non-current assets	77,462	73,143
Current assets		
Inventories	21,592	20,156
Financial assets		
Investments	23,742	21,144
Trade receivables	41,475	37,177
Derivative instruments	349	335
Cash and cash equivalents	1,339	1,132
Other financial assets	645	692
Other current assets	8,384	8,696
Total current assets	97,526	89,332
TOTAL ASSETS	174,988	162,475
EQUITY AND LIABILITIES		
Equity		
Equity share capital	831	830
Other equity	140,855	126,011
Total Equity	141,686	126,841
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	175	3,454
Provisions	522	547
Deferred tax liabilities, net	-	555
Other non-current liabilities	250	285
Total non-current liabilities	947	4,841
Current liabilities		
Financial liabilities		
Borrowings	3,553	5,463
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	71	77
Total outstanding dues of creditors other than micro enterprises and small enterprises	10,721	10,239
Derivative instruments	180	45
Other financial liabilities	13,688	10,160
Provisions	2,044	1,847
Other current liabilities	2,098	2,962
Total current liabilities	32,355	30,793
TOTAL EQUITY AND LIABILITIES	174,988	162,475



9 Statement of cashflows

All amounts in Indian Rupees millions

Particulars	Half year ended	
	30.09.2019	30.09.2018
	(Unaudited)	(Unaudited)
Cash flows from/(used in) operating activities		
Profit before taxation	17,142	8,339
Adjustments for:		
Depreciation and amortisation expense	4,011	3,829
Equity settled share-based payment expense	273	164
Fair value changes and profit on sale of mutual funds, net	(518)	(181)
Foreign exchange loss / (gain), net	92	2,400
(Gain)/loss on sale/disposal of property , plant and equipment and other intangible assets, net	81	10
Interest income	(489)	(415)
Finance costs	243	323
Allowances for credit losses and doubtful advances, net	64	156
Dividend income	(397)	-
Changes in operating assets and liabilities:		
Trade receivables	(5,715)	(7,118)
Inventories	(1,436)	(1,165)
Trade payables	476	(1,388)
Other assets and other liabilities, net	(468)	1,460
Cash generated from operations	13,359	6,414
Income taxes paid, net	(2,080)	(472)
Net cash from operating activities	11,279	5,942
Cash flows from/(used in) investing activities		
Proceeds from sale of property, plant and equipment	2	(1)
Expenditures on property, plant and equipment	(1,915)	(3,628)
Expenditures on other intangible assets	(362)	(229)
Purchase of investments	(66,982)	(36,006)
Proceeds from sale of investments	64,133	39,604
Loans and advances (given) /repaid by subsidiaries	(10)	1,788
Dividend income received	392	-
Interest income received	402	273
Net cash used in investing activities	(4,340)	1,801
Cash flows from/(used in) financing activities		
Proceeds from issuance of equity shares (Rounded off to millions)	-	-
Proceeds from/(repayment of) short-term loans and borrowings, net	(2,006)	(2,919)
Proceeds from/(repayment of) long-term loans and borrowings, net	(94)	-
Dividends paid (including corporate dividend tax)	(3,914)	(4,003)
Purchases of treasury shares	(474)	(64)
Interest paid	(246)	(351)
Net cash (used in) financing activities	(6,734)	(7,337)
Net increase / (decrease) in cash and cash equivalents	205	406
Effect of exchange rate changes on cash and cash equivalents	(2)	56
Cash and cash equivalents at the beginning of the year	1,132	1,207
Cash and cash equivalents at the end of the year*	1,335	1,669

*Adjusted for bank overdraft of Rs. 4 million for half year ended 30 September 2019

- 10 The unaudited results were reviewed by the Audit Committee of the Board at their meeting held on 31 October 2019 and approved by the Board of Directors of the Company at their meeting held on 1 November 2019.
- 11 The results for the quarter and half year ended 30 September 2019 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: 1 November 2019

