



October 28, 2020

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

Dr. Reddy's Laboratories Ltd.
8-2-337, Road No. 3, Banjara Hills,
Hyderabad - 500 034, Telangana,
India.

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Dear Sir/Madam,

Sub: Outcome of Board Meeting

Further to our letter dated September 27, 2020, we would like to inform you that the Board of Directors of the Company at their meeting held on October 28, 2020 have *inter alia* approved the Unaudited Financial Results of the Company for the quarter and half-year ended September 30, 2020.

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, 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 and half-year ended September 30, 2020 as per Indian Accounting Standards.
4. Unaudited Standalone Financial Results of the Company for the quarter and half year ended September 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.

Further, the Board of Directors have also given their in-principle approval to list the Company's American Depositary Receipts (ADRs) on NSE IFSC Limited (NSE International Exchange, GIFT City, Gujarat, India) subject to compliance of applicable laws and approval of concerned authorities.

The Board Meeting commenced at 08.15 AM and concluded at 1.00 PM

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 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			Half year ended		Year ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenues	48,967	44,175	48,009	93,142	86,444	174,600
2	Cost of revenues	22,558	19,420	20,389	41,978	38,965	80,591
3	Gross profit (1 - 2)	26,409	24,755	27,620	51,164	47,479	94,009
4	Selling, general and administrative expenses	13,107	12,786	13,217	25,893	25,282	50,129
5	Research and development expenses	4,359	3,980	3,662	8,339	7,271	15,410
6	Impairment of non current assets	781	-	3,560	781	3,560	16,767
7	Other income, net	(149)	(118)	(135)	(267)	(3,894)	(4,290)
	Total operating expenses	18,098	16,648	20,304	34,746	32,219	78,016
8	Results from operating activities [(3) - (4 + 5 + 6 + 7)]	8,311	8,107	7,316	16,418	15,260	15,993
	Finance income	489	838	535	1,327	1,225	2,461
	Finance expense	(252)	(233)	(304)	(485)	(601)	(983)
9	Finance income, net	237	605	231	842	624	1,478
10	Share of profit of equity accounted investees, net of tax	73	77	117	150	280	561
11	Profit before tax (8 + 9 + 10)	8,621	8,789	7,664	17,410	16,164	18,032
12	Tax expense/(benefit), net	998	2,996	(3,261)	3,994	(1,389)	(1,466)
13	Profit for the period / year (11 -12)	7,623	5,793	10,925	13,416	17,553	19,498
14	Earnings per share:						
	Basic earnings per share of Rs.5/- each	45.96	34.94	65.93	80.91	105.90	117.63
	Diluted earnings per share of Rs.5/- each	45.83	34.86	65.82	80.69	105.71	117.40
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	



(MSW)

Segment reporting (consolidated)

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment wise revenue and results:						
	Segment revenue:						
	a) Pharmaceutical Services and Active Ingredients	10,256	10,090	8,502	20,346	14,435	31,657
	b) Global Generics	39,841	35,075	32,816	74,916	65,798	138,123
	c) Proprietary Products	100	56	7,425	156	7,706	7,949
	d) Others	521	491	661	1,012	1,294	2,781
	Total	50,718	45,712	49,404	96,430	89,233	180,510
	Less: Inter-segment revenues	1,751	1,537	1,395	3,288	2,789	5,910
	Net revenue from operations	48,967	44,175	48,009	93,142	86,444	174,600
2	Segment results:						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	2,284	2,856	1,750	5,140	2,075	6,190
	b) Global Generics	23,685	21,526	18,200	45,211	37,207	78,449
	c) Proprietary Products	88	56	7,298	144	7,505	7,744
	d) Others	352	317	372	669	692	1,626
	Total	26,409	24,755	27,620	51,164	47,479	94,009
	Less: Selling and other un-allocable expenditure, net of other income	17,788	15,966	19,956	33,754	31,315	75,977
	Total profit before tax	8,621	8,789	7,664	17,410	16,164	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 27 October 2020 and approved by the Board of Directors of the Company at their meeting held on 28 October 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. During the quarter ended 30 September 2020, the Company completed the purchase price allocation. The fair value of consideration transferred is Rs.16,115 million. The Company recognised Rs. 373 million, Rs. 14,888 million and Rs. 530 million towards property, plant and equipment, intangible assets, and goodwill, respectively. The acquisition pertains to Company's Global Generics segment.
- Impairment charge of Rs. 781 million for the quarter ended 30 September 2020 comprises of:
 - Rs. 728 million pertaining to product related intangible forming part of Company's Proprietary Segment due to decrease in the market potential for the product;
 - Rs. 53 million pertaining to certain product related intangibles forming part of Company's Global generics Segment due to Company's decision to discontinue their further development.
- Tax expense for the quarter ended 30 September 2020 includes benefit on account of recognition of deferred tax asset amounting to Rs. 1,012 million pursuant to a planned restructuring activity between the Group companies.
- "Revenues" for the quarter ended 30 September 2019 and year ended 31 March 2020 include an amount of Rs. 7,229 million (U.S.\$105.1 million) and Rs. 7,486 million (U.S.\$108.7 million), respectively, towards license fee for selling US and select territory rights for ZEMBRACE® SYMTOUCH® (sumatriptan injection) 3 mg and TOSYMRA® (sumatriptan nasal spray) 10 mg, (formerly referred to as "DFN-02") to Upsher-Smith Laboratories, LLC. The costs associated with this transaction are Rs. 328 million.
- "Other income, net" for the half year ended 30 September 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.
- On 22 October 2020, the Company informed the stock exchanges that it had experienced an information security incident and consequent isolation of impacted IT services. This incident involved a ransom-ware attack. The Company promptly engaged leading outside cybersecurity experts, launched a comprehensive containment and remediation effort and investigation to address the incident. As of date, the Company's investigation has not ascertained if any data breaches in the incident pertain to personally identifiable information stored in the Company's systems. Recovery and restoration of all applications and data is underway. All critical operations are being enabled in a controlled manner.
- 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 Board of Directors have also give their in principle approval for the potential secondary listing of American Depository Receipts (ADRs) on NSE IFSC Limited (NSE International Exchange) subject to compliance of applicable laws and approval of concerned authorities.

12 Consolidated statements of financial position

All amounts in Indian Rupees millions

Particulars	As at	
	30.09.2020	31.03.2020
	(Unaudited)	(Audited)
ASSETS		
Current assets		
Cash and cash equivalents	3,889	2,053
Other investments	21,154	23,687
Trade and other receivables	50,077	50,278
Inventories	41,134	35,066
Derivative financial instruments	985	1,105
Tax assets	2,206	4,379
Other current assets	15,561	13,802
Total current assets	135,006	130,370
Non-current assets		
Property, plant and equipment	55,026	52,332
Goodwill	4,581	3,994
Other intangible assets	40,972	27,659
Trade and other receivables	258	1,737
Investment in equity accounted investees	2,961	2,763
Other investments	1,031	328
Deferred tax assets	12,657	12,214
Other non-current assets	885	844
Total non-current assets	118,371	101,871
Total assets	253,377	232,241
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	22,833	16,659
Short-term borrowings	19,852	16,441
Long-term borrowings, current portion	815	4,266
Provisions	3,885	3,800
Current tax liabilities	1,156	573
Derivative financial instruments	597	1,602
Bank overdraft	101	91
Other current liabilities	29,330	29,382
Total current liabilities	78,569	72,814
Non-current liabilities		
Long-term borrowings, excluding current portion	6,661	1,304
Deferred tax liabilities	206	275
Provisions	55	54
Other non-current liabilities	2,549	2,806
Total non-current liabilities	9,471	4,439
Total liabilities	88,040	77,253
Equity		
Share capital	831	831
Treasury shares	(1,048)	(1,006)
Share premium	8,792	8,495
Share based payment reserve	1,269	1,233
Capital redemption reserve	173	173
Special economic zone re-investment reserve	1,059	-
Retained earnings	152,458	144,247
Other components of equity	1,803	1,015
Total equity	165,337	154,988
Total liabilities and equity	253,377	232,241



(MSK)

13 Consolidated statements of cash flows

All amounts in Indian Rupees millions

Particulars	Half year ended	
	30.09.2020	30.09.2019
	(Unaudited)	(Unaudited)
Cash generated from operating activities:		
Profit for the period	13,416	17,553
Adjustments for:		
Income tax expense/(benefit)	3,994	(1,389)
Fair value changes and profit on sale of units of mutual funds, net	(389)	(562)
Depreciation and amortization	6,411	6,422
Impairment of non-current assets	781	3,560
Allowance for credit losses and doubtful trade receivables and other advances	61	105
Loss on sale or de-recognition of property, plant and equipment and other intangible assets, net	15	39
Share of profit of equity accounted investees	(150)	(280)
Foreign exchange (gain)/loss, net	919	(29)
Interest (income)/expense, net	82	101
Equity settled share-based payment expense	304	272
Dividends income	-	(5)
Changes in operating assets and liabilities:		
Trade and other receivables	1,620	(2,512)
Inventories	(5,602)	(1,454)
Trade and other payables	4,773	910
Other assets and other liabilities, net	(3,991)	872
Cash generated from operations	22,244	23,603
Income tax paid, net	(2,077)	(3,664)
Net cash generated from operating activities	20,167	19,939
Cash flows from/(used in) investing activities:		
Expenditure on property, plant and equipment	(3,999)	(2,137)
Proceeds from sale of property, plant and equipment	33	53
Expenditures on other intangible assets	(567)	(501)
Proceeds from sale of other intangible assets	-	259
Payment for acquisition of business	(15,514)	-
Purchase of other investments	(50,933)	(69,304)
Proceeds from sale of other investments	53,296	65,885
Dividends received from equity accounted investees	-	392
Interest received	714	461
Net cash used in investing activities	(16,970)	(4,892)
Cash flows from/(used in) financing activities:		
Proceeds from issuance of equity shares (including treasury shares)	177	-*
Purchase of treasury shares	(190)	(474)
Proceeds from/(repayment of) short-term borrowings, net	3,644	(2,012)
Proceeds from long-term borrowings	3,800	-
Repayment of long-term borrowings	(3,743)	(6,765)
Payment of principal portion of lease liabilities	(366)	(287)
Dividend paid (30 September 2019 including corporate dividend tax)	(4,147)	(3,916)
Interest paid	(559)	(839)
Net cash used in financing activities	(1,384)	(14,293)
Net increase / (decrease) in cash and cash equivalents	1,813	754
Effect of exchange rate changes on cash and cash equivalents	13	26
Cash and cash equivalents at the beginning of the period ⁽¹⁾	1,962	2,228
Cash and cash equivalents at the end of the period⁽²⁾	3,788	3,008

*Rounded off to millions

⁽¹⁾ Adjusted for bank-overdraft of Rs. 91 million and Rs. Nil for the half years ended 30 September 2020 and 30 September 2019, respectively.

⁽²⁾ Adjusted for bank-overdraft of Rs. 101 million and Rs. 4 million for the half years ended 30 September 2020 and 30 September 2019, respectively.

14 The unaudited results were reviewed by the Audit Committee of the Board at their meeting held on 27 October 2020 and approved by the Board of Directors of the Company at their meeting held on 28 October 2020.

15 The results for the quarter and half year ended 30 September 2020 were subjected to a "Limited Review". An unqualified report was issued thereon.


Place: Hyderabad
Date: 28 October 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 Q2 & H1 FY21 Financial Results

Hyderabad, India, October 28, 2020: 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, 2020. The information mentioned in this release is on the basis of consolidated financial statements under International Financial Reporting Standards (IFRS).

Q2 Performance Summary

Rs. 4,897 Cr

Revenue

[Up: 11% QoQ; 2% YoY]

53.9%

Gross Margin

[Q1 FY21: 56.0%; Q2 FY20: 57.5%]

Rs.1,311 Cr

SGNA expenses

[Up: 3% QoQ; Down: 1% YoY]

Rs. 436 Cr

R&D expenses

[8.9% of Revenues]

Rs. 1,267 Cr

EBITDA

[Up: 9% QoQ; Down: 12% YoY]

Rs. 862 Cr

Profit before Tax

[Down: 2% QoQ; Up: 12% YoY]

Rs. 762 Cr

Profit after Tax

[Up: 32% QoQ; Down: 30% YoY]

H1 Performance Summary

Rs. 9,314 Cr

Revenue

[Up: 8% YoY]

54.9%

Gross Margin

[H1 FY20: 54.9%]

Rs. 2,589 Cr

SGNA expenses

[Up: 2% YoY]

Rs. 834 Cr

R&D expenses

[9.0% of Revenues]

Rs. 2,430 Cr

EBITDA

[Down: 5% YoY]

Rs. 1,741 Cr

Profit before Tax

[Up: 8% YoY]

Rs. 1,342 Cr

Profit after Tax

[Down: 24% YoY]

*Q2 FY21 YoY sales growth of 20% adjusted for proprietary products out-licensing income in previous year

Commenting on the results, Co-chairman & MD, G V Prasad said "We are pleased to report continued growth across all the markets and improved productivity which is reflected in the healthy EBITDA margin and RoCE. Our research teams are working on several potential remedies for COVID in addition to the already launched products."

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

Particulars	Q2 FY21		Q2 FY20		YoY Gr %	Q1 FY21		QoQ Gr%
	(\$)	(Rs.)	(\$)	(Rs.)		(\$)	(Rs.)	
Revenues	666	48,967	653	48,009	2	601	44,175	11
Cost of Revenues	307	22,558	277	20,389	11	264	19,420	16
Gross Profit	359	26,409	376	27,620	(4)	337	24,755	7
Operating Expenses								
Selling, General & Administrative expenses	178	13,107	180	13,217	(1)	174	12,786	3
Research and Development expenses	59	4,359	50	3,662	19	54	3,980	10
Impairment of non-current assets	11	781	48	3,560	(78)			
Other operating income	(2)	(149)	(2)	(135)	10	(2)	(118)	26
Results from operating activities	113	8,311	99	7,316	14	110	8,107	3
Net finance income	(3)	(237)	(3)	(231)	3	(8)	(605)	(61)
Share of profit of equity accounted investees	(1)	(73)	(2)	(117)	(38)	(1)	(77)	(5)
Profit before income tax	117	8,621	104	7,664	12	120	8,789	(2)
Income tax	13	998	(44)	(3,261)	(131)	41	2,996	(67)
Profit for the period	104	7,623	149	10,925	(30)	79	5,793	32

Diluted Earnings Per Share (EPS)	0.62	45.83	0.90	65.82	(30)	0.47	34.86	31
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As a % to revenues
Gross Profit
SG&A
R&D
EBITDA
PBT
PAT

Q2 FY21
53.9
26.8
8.9
25.9
17.6
15.6

Q2 FY20
57.5
27.5
7.6
29.9
16.0
22.8

Q1 FY21
56.0
28.9
9.0
26.3
19.9
13.1

EBITDA Computation

Particulars	Q2 FY21	
	(\$)	(Rs.)
Profit before Income Tax	117	8,621
Interest income (net)*	(0)	(1)
Depreciation	30	2,188
Amortization	15	1,084
Impairment	11	781
EBITDA	172	12,673

Q2 FY20	
(\$)	(Rs.)
104	7,664
(3)	(226)
31	2,306
14	1,033
48	3,560
195	14,337

Q1 FY21	
(\$)	(Rs.)
120	8,789
(4)	(306)
29	2,120
14	1,020
158	11,622

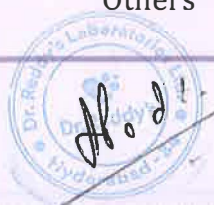
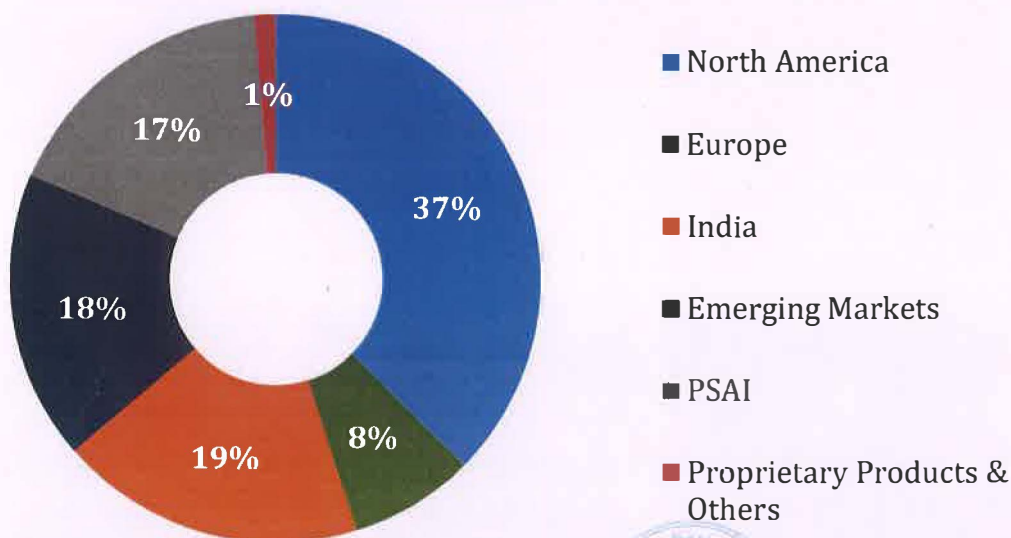
* Includes income from Investments

Key Balance Sheet Items

Particulars	As on 30th Sep 2020		As on 30th Jun 2020		As on 30th Sep 2019	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents and other investments	355	26,074	384	28,227	414	30,446
Trade receivables (current & non-current)	684	50,335	657	48,316	573	42,153
Inventories	559	41,134	532	39,148	476	35,033
Property, plant and equipment	748	55,026	737	54,183	721	53,008
Goodwill and Other Intangible assets	619	45,553	625	45,991	603	44,340
Loans and borrowings (current & non-current)	373	27,429	429	31,582	429	31,545
Trade payables	310	22,833	259	19,038	210	15,434
Equity	2,248	1,65,337	2,199	1,61,748	2,092	1,53,816

Revenue Mix by Segment

Particulars	Q2 FY21	Q2 FY20	YoY Growth %	Q1 FY21	QoQ Growth %
	(Rs.)	(Rs.)		(Rs.)	
Global Generics	39,841	32,816	21%	35,075	14%
North America	18,328	14,265	28%	17,282	6%
Europe	3,754	2,764	36%	3,551	6%
India	9,123	7,511	21%	6,260	46%
EM	8,636	8,276	4%	7,982	8%
Pharmaceutical Services and Active Ingredients (PSAI)	8,505	7,107	20%	8,553	(1%)
Proprietary Products & Others	621	8,086	(92%)	547	14%
Total	48,967	48,009	2%	44,175	11%

Q2 FY21 Sales Mix

Cyber Attack Update

On 22nd October 2020, we experienced an information security incident and consequently isolated the impacted IT services. This incident involved a ransom-ware attack. We promptly engaged leading outside cybersecurity experts, launched a comprehensive containment and remediation effort and investigation to address the incident.

As of date, our investigation has not ascertained if any data breaches in the incident pertain to personally identifiable information stored in the Company's systems.

Recovery and restoration of all applications and data is underway. All critical operations are being enabled in a controlled manner.

COVID-19 Update

We continue our fight against the current pandemic by ensuring health and safety of our employees and business partners by adopting adequate precautionary measures. We continued our operations across plants enabling us to serve our patients across markets.

During the quarter we saw gradual recovery in the market demand across India, Russia and other markets after a low demand in Q1 FY 21, although the demand is yet to fully recover to pre-covid levels.

We launched COVID-19 treatment drugs Avigan (Favipiravir) and Remdesivir. We further strengthened our development pipeline for COVID-19 treatment drugs including the vaccine candidate Sputnik V.

Revenue Analysis

Global Generics (GG)

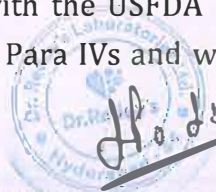
Revenues from **GG** segment at Rs. 39.8 billion:

- Year-on-year growth of 21% and sequential quarter growth of 14%, were driven primarily on account of new product launches, volume traction in the base business and integration of the acquired business from Wockhardt in India.

North America

Revenues from **North America** at Rs. 18.3 billion:

- Year-on-year growth of 28%, driven by contribution from new products launched, increase in volumes of our base products and aided by a favorable forex rate, which was partially offset by price erosion.
- Sequential growth of 6%, on account of volume traction in the base business and new product launches, offset by adverse forex movement and price erosion.
- We launched nine new products including Ciprofloxacin & Dexamethasone Otic Suspension, Fulvestrant Injection, OTC Diclofenac and OTC Olapatadine.
- We filed two new ANDAs during the quarter. As of 30th September 2020, cumulatively 94 generic filings are pending for approval with the USFDA (92 ANDAs and 2 NDAs under 505(b)(2) route). Of the 92 ANDAs, 50 are Para IVs and we believe 26 have 'First to File' status.



Europe

Revenues from **Europe** at Rs. 3.8 billion:

- Year-on-year growth of 36% and sequential growth of 6%, primarily on account of new product launches and favorable forex movement.
- We also forayed into a new country Austria, beyond our EU5 markets.

India

Revenues from **India** at Rs. 9.1 billion:

- Year-on-year growth of 21% and sequential growth of 46% is primarily on account of revenues from the acquired business of Wockhardt and contribution from new products including the Avigan (Favipiravir) and Remdesivir launched for treatment of Covid-19.

Emerging Markets

Revenues from **Emerging Markets** at Rs. 8.6 billion. Year-on-year growth of 4%. Sequential growth of 8%:

- Revenues from **Russia** at Rs. 4.0 billion. Year-on-year decline of 3% is primarily on account of weakening Ruble. Sequential growth of 22% contributed by increased volumes with a gradual recovery in market demand after Q1 was impacted due to COVID-19.
- Revenues from other **CIS countries and Romania** market at Rs. 2.0 billion. Year-on-year growth of 19% and sequential growth of 43% driven by both base business and new product launches.
- Revenues from **Rest of World (RoW)** territories at Rs. 2.7 billion. Year-on-year growth of 7% driven by new products. Sequential decline of 20% is on account of lower volumes sold for existing products.

Pharmaceutical Services and Active Ingredients (PSAI)

Revenues from **PSAI** at Rs. 8.5 billion:

- Year-on-year growth of 20% driven by new products, growth in the services business and favorable forex rate.
- Sequential decline of 1% on account of lower volumes of certain products, partially offset by new products and growth in the services business.
- During the quarter we filed DMF for one product in the US.

Proprietary Products (PP) & Others

Revenues from **PP & Others** at Rs. 622 million:

- Year-on-year decline of 92%. Q2 FY 20 was higher due to income from sale of the US and select territory rights for two of Neurology franchise products pertaining to PP.
- Sequential growth of 14%.



Income Statement Highlights:

- **Gross profit** margin at 53.9%:
 - Decline of 360 bps over previous year, which was impacted due to inclusion of revenue from sale of Neurology franchise products in the previous year, partially offset by improvement in productivity and favorable forex rates. Sequentially the margin reduced by 210 bps, primarily on account of lower export incentives, adverse forex and product mix.
 - Gross profit margin for GG and PSAI business segments are at 59.4% and 26.8% respectively.
- **SG&A expenses** at Rs. 13.1 billion, reduced by 1% year-on-year due to certain one-off expenses last year, which was partly offset by incremental costs post the integration of the acquired divisions from Wockhardt in this year. Sequentially it increased by 3% primarily due to the integration of the acquired divisions from Wockhardt and pickup in sales & marketing activities post un-lock.
- **R&D expenses** at Rs. 4.4 billion. As % to revenues these are: Q2 FY21: 8.9% | Q1 FY 21: 9.0% | Q2 FY20: 7.6%. Our focus continues on building a healthy pipeline of new products across our markets including development of products pertaining to COVID-19 treatment.
- **Other operating income** at Rs. 149 million compared to Rs. 135 million in Q2 FY20.
- **Net Finance income** at Rs. 237 million compared to Rs. 231 million in Q2 FY20.
- **Profit before Tax** at Rs. 8.6 billion, increased by 12% year-on-year and reduced by 2% sequentially.
- **Profit after Tax** at Rs. 7.6 billion. The effective tax rate is ~ 11.6% for the quarter, which is lower primarily due to recognition of deferred tax assets for one of our subsidiaries.
- **Diluted earnings per share** is at Rs. 45.83.

Other Highlights:

- **EBITDA** at Rs. 12.7 billion and the EBITDA margin is 25.9%
- **Capital expenditure** is at Rs. 2.5 billion.
- **Free cash-flow** generated during the quarter stood at Rs. 6.0 billion.
- **Net debt** of the company is at Rs. 1.4 billion as on September 30, 2020. Consequently, net debt to equity ratio is 0.01.



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Earnings Call Details (05:30 pm IST, 08:00 am EDT, Oct 28, 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=5122677&linkSecurityString=e52c5aa7d>

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 November 4th, 2020. For play back dial in phone No: +91 22 7194 5757 | +91 22 6663 5757, and Playback Code is 97779.

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 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 joint ventures for the quarter ended September 30, 2020 and year to date from April 01, 2020 to September 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.
- 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.



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- 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 Pharma Services Limited (from 16 September, 2019)
- 14 beta Institut gemeinnützige GmbH
- 15 betapharm Arzneimittel GmbH
- 16 Chirotech Technology Limited
- 17 DRI. 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

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



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004


per S Balasubrahmanyam
Partner
Membership No. 053315



UDIN: 20053315AAAACX1530

Chennai

October 28, 2020

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2020

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations						
	a) Net sales / income from operations	47,766	43,244	39,982	91,010	77,606	163,574
	b) License fees and service income	1,201	931	8,026	2,132	8,838	11,026
	c) Other operating income	142	90	120	232	266	570
	Total revenue from operations	49,109	44,265	48,128	93,374	86,710	175,170
2	Other income	512	871	540	1,383	4,837	6,206
3	Total income (1 + 2)	49,621	45,136	48,668	94,757	91,547	181,376
4	Expenses						
	a) Cost of materials consumed	9,485	11,439	7,503	20,924	14,867	29,848
	b) Purchase of stock-in-trade	6,889	5,276	5,942	12,165	11,158	25,459
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(573)	(3,519)	566	(4,092)	55	237
	d) Employee benefits expense	9,488	8,724	8,255	18,212	16,870	33,802
	e) Depreciation and amortisation expense	3,165	2,923	3,131	6,088	6,021	11,631
	f) Impairment of non-current assets	781	-	3,560	781	3,560	16,767
	g) Finance costs	252	233	303	485	601	983
	h) Selling and other expenses	11,478	11,132	11,664	22,610	22,141	44,353
	Total expenses	40,965	36,208	40,924	77,173	75,273	163,080
5	Profit / (loss) before tax and before share of equity accounted investees (3 - 4)	8,656	8,928	7,744	17,584	16,274	18,296
6	Share of profit of equity accounted investees, net of tax	73	77	117	150	280	561
7	Profit before tax (5+6)	8,729	9,005	7,861	17,734	16,554	18,857
8	Tax expense / (benefit):						
	a) Current tax	1,724	3,166	2,108	4,890	4,463	6,616
	b) Deferred tax	(713)	(107)	(5,315)	(820)	(5,742)	(8,019)
9	Net profit after taxes and share of profit of associates (7 - 8)	7,718	5,946	11,068	13,664	17,833	20,260
10	Other comprehensive income						
	a) (i) Items that will not be reclassified subsequently to profit or loss	(26)	207	161	181	114	(412)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	(22)
	b) (i) Items that will be reclassified subsequently to profit or loss	258	731	226	989	(43)	(448)
	(ii) Income tax relating to items that will be reclassified to profit or loss	(138)	(156)	65	(294)	88	232
	Total other comprehensive income	94	782	452	876	159	(650)
11	Total comprehensive income (9 + 10)	7,812	6,728	11,520	14,540	17,992	19,610
12	Paid-up equity share capital (face value Rs. 5/- each)	831	831	831	831	831	831
13	Other equity						155,157
14	Earnings per equity share (face value Rs. 5/- each)						
	Basic	46.54	35.87	66.78	82.40	107.59	122.22
	Diluted	46.40	35.78	66.68	82.18	107.40	121.99
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results



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Segment Information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Segment wise revenue and results:						
1	Segment revenue :						
	a) Pharmaceutical Services and Active Ingredients	10,355	10,165	8,598	20,520	14,650	32,086
	b) Global Generics	39,882	35,092	32,838	74,974	65,848	138,264
	c) Proprietary Products	100	56	7,425	156	7,706	7,949
	d) Others	523	489	662	1,012	1,295	2,781
	Total	50,860	45,802	49,523	96,662	89,499	181,080
	Less: Inter-segment revenue	1,751	1,537	1,395	3,288	2,789	5,910
	Total revenue from operations	49,109	44,265	48,128	93,374	86,710	175,170
2	Segment results:						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	2,292	2,859	1,758	5,151	2,090	6,219
	b) Global Generics	23,685	21,526	18,200	45,211	37,207	78,449
	c) Proprietary Products	88	56	7,298	144	7,505	7,744
	d) Others	352	317	372	669	692	1,626
	Total	26,417	24,758	27,628	51,175	47,494	94,038
	Less: Selling and other un-allocable expenditure / (income), net	17,688	15,753	19,767	33,441	30,940	75,181
	Total profit before tax	8,729	9,005	7,861	17,734	16,554	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. During the quarter ended 30 September 2020, the Company completed the purchase price allocation. The fair value of consideration transferred is Rs.16,115 million. The Company recognised Rs. 373 million, Rs. 14,888 million and Rs. 530 million towards property, plant and equipment, intangible assets, and goodwill, respectively. The acquisition pertains to Company's Global Generics segment.
- Impairment charge of Rs. 781 million for the quarter ended 30 September 2020 comprises of:
 - Rs. 728 million pertaining to product related intangible forming part of Company's Proprietary Segment due to decrease in the market potential for the product;
 - Rs. 53 million pertaining to certain product related intangibles forming part of Company's Global generics Segment due to Company's decision to discontinue their further development.
- Tax expense for the quarter ended 30 September 2020 includes benefit on account of recognition of deferred tax asset amounting to Rs. 1,012 million pursuant to a planned restructuring activity between the Group companies.
- "Revenue from operations" for the quarter ended 30 September 2019 and year ended 31 March 2020 includes an amount of Rs. 7,229 million (U.S.\$105.1 million) and Rs. 7,486 million (U.S.\$108.7 million), respectively, towards license fee for selling US and select territory rights for ZEMBRACE[®] SYMTOUCH[®] (sumatriptan injection) 3 mg and TOSYMRA[®] (sumatriptan nasal spray) 10 mg, (formerly referred to as "DFN-02") to Upsher-Smith Laboratories, LLC. The costs associated with this transaction are Rs. 328 million.
- "Other income" for the half year ended 30 September 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.
- On 22 October 2020, the Company informed the stock exchanges that it had experienced an information security incident and consequent isolation of impacted IT services. This incident involved a ransom-ware attack. The Company promptly engaged leading outside cybersecurity experts, launched a comprehensive containment and remediation effort and investigation to address the incident. As of date, the Company's investigation has not ascertained if any data breaches in the incident pertain to personally identifiable information stored in the Company's systems. Recovery and restoration of all applications and data is underway. All critical operations are being enabled in a controlled manner.
- 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 Board of Directors have also give their in principle approval for the potential secondary listing of American Depository Receipts (ADRs) on NSE IFSC Limited (NSE International Exchange) subject to compliance of applicable laws and approval of concerned authorities.



12 Consolidated Balance Sheet

All amounts in Indian Rupees millions

Particulars	As at	
	30.09.2020	31.03.2020
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	47,423	47,779
Capital work-in-progress	7,314	4,364
Goodwill	5,626	4,913
Other intangible assets	29,545	15,811
Intangible assets under development	10,849	10,987
Investment in equity accounted investees	2,961	2,763
Financial assets		
Investments	1,031	328
Trade receivables	258	1,737
Other financial assets	773	793
Deferred tax assets, net	12,647	12,199
Tax assets, net	2,196	4,379
Other non-current assets	379	209
Total non-current assets	121,002	106,262
Current assets		
Inventories	41,134	35,067
Financial assets		
Investments	21,154	23,687
Trade receivables	50,077	50,278
Derivative instruments	985	1,105
Cash and cash equivalents	3,889	2,053
Other financial assets	2,810	3,377
Other current assets	12,751	10,424
Total current assets	132,800	125,991
TOTAL ASSETS	253,802	232,253
EQUITY AND LIABILITIES		
Equity		
Equity share capital	831	831
Other equity	165,843	155,157
Total equity	166,674	155,988
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	6,661	1,304
Provisions	618	745
Deferred tax liabilities, net	25	20
Other non-current liabilities	1,817	2,055
Total non-current liabilities	9,121	4,124
Current liabilities		
Financial liabilities		
Borrowings	19,953	16,532
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	30	55
Total outstanding dues of creditors other than micro enterprises and small enterprises	19,993	15,193
Derivative instruments	597	1,602
Other financial liabilities	24,352	27,006
Liabilities for current tax, net	1,142	572
Provisions	4,660	4,669
Other current liabilities	7,280	6,512
Total current liabilities	78,007	72,141
TOTAL EQUITY AND LIABILITIES	253,802	232,253




S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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Tidel Park, No. 4,
Rajiv Gandhi Salai
Taramani, Chennai - 600 113, India
Tel: +91 44 6117 9000

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

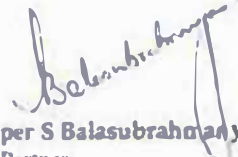
Review Report to
The Board of Directors
Dr. Reddy's Laboratories Limited

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, 2020 and year to date from April 01, 2020 to September 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 S Balasubrahmanyam
Partner
Membership No.: 053315



UDIN: 20053315AAAACW50S8

Place: Chennai

Date: October 28, 2020

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2020

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half Year ended		Year ended
		30.09.2020 (Unaudited)	30.06.2020 (Unaudited)	30.09.2019 (Unaudited)	30.09.2020 (Unaudited)	30.09.2019 (Unaudited)	31.03.2020 (Audited)
1	Revenue from operations						
	a) Net sales / income from operations	33,233	32,264	27,039	65,497	51,866	109,925
	b) License fees and service income	103	104	7,314	207	7,463	8,105
	c) Other operating income	122	76	107	198	218	474
	Total revenue from operations	33,458	32,444	34,460	65,902	59,547	118,504
2	Other income	266	6,447	767	6,593	5,481	7,432
	Total income (1 + 2)	33,724	38,891	35,227	72,495	65,028	125,936
3	Expenses						
	a) Cost of materials consumed	8,165	7,882	6,453	16,047	12,292	25,565
	b) Purchase of stock-in-trade	3,043	3,003	2,971	6,046	5,450	11,172
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,358)	(1,929)	5	(3,287)	(670)	(999)
	d) Employee benefits expense	6,080	5,450	5,028	11,530	10,024	20,302
	e) Depreciation and amortisation expense	2,142	1,977	2,041	4,119	4,011	7,892
	f) Finance costs	93	140	122	233	243	478
	g) Selling and other expenses	9,362	8,751	8,395	17,993	16,536	33,768
	Total expenses	27,527	25,274	25,015	52,681	47,886	98,178
4	Profit before tax (1 + 2 - 3)	6,197	13,617	10,212	19,814	17,142	27,758
5	Tax expense / (benefit)						
	a) Current tax	1,114	2,391	1,529	3,505	3,057	4,839
	b) Deferred tax	273	1,724	(4,968)	1,997	(5,047)	(6,458)
6	Net profit for the period / year (4 - 5)	4,810	9,502	13,651	14,312	19,132	29,377
7	Other comprehensive income						
	a) (i) Items that will not be reclassified to profit or loss	-	(1)	(5)	(1)	(1)	88
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	(33)
	b) (i) Items that will be reclassified to profit or loss	420	360	(187)	780	(251)	(750)
	(ii) Income tax relating to items that will be reclassified to profit or loss	(157)	(128)	65	(285)	85	259
	Total other comprehensive income	263	231	(127)	494	(167)	(436)
8	Total comprehensive income (6 + 7)	5,073	9,733	13,524	14,806	18,965	28,941
9	Paid-up equity share capital (face value Rs. 5/- each)	831	831	831	831	831	831
10	Other equity						151,088
11	Earnings per equity share (face value Rs. 5/- each)						
	Basic	29.00	57.31	82.36	86.31	115.42	177.23
	Diluted	28.92	57.18	82.24	86.08	115.21	176.88
		(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
		30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019	31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Segment wise revenue and results						
1	Segment revenue						
	a) Pharmaceutical Services and Active Ingredients	7,996	8,706	6,900	16,702	12,517	26,996
	b) Global Generics	27,112	25,241	21,659	52,353	42,487	89,774
	c) Proprietary Products	101	34	7,296	135	7,332	7,644
	Total	35,209	33,981	35,855	69,190	62,336	124,414
	Less: Inter-segment revenue	1,751	1,537	1,395	3,288	2,789	5,910
	Total revenue from operations	33,458	32,444	34,460	65,902	59,547	118,504
2	Segment results						
	Profit / (loss) before tax and interest from each segment						
	a) Pharmaceutical Services and Active Ingredients	145	5,686	494	5,831	70	1,465
	b) Global Generics	5,674	8,242	3,910	13,916	11,720	22,116
	c) Proprietary Products	(281)	(174)	6,807	(455)	6,530	6,525
	Total	5,538	13,754	11,211	19,292	18,320	30,106
	Less: (i) Finance costs	93	140	122	233	243	478
	(ii) Other un-allocable expenditure / (income), net	(752)	(3)	877	(755)	935	1,870
	Total profit before tax	6,197	13,617	10,212	19,814	17,142	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.
- On 10 June 2020, the Company completed the acquisition of select divisions of Wockhardt Limited's branded generics business in India and the territories of Nepal, Sri Lanka, Bhutan and Maldives. The business comprises a portfolio of 62 brands in multiple therapy areas, such as respiratory, neurology, venous malformations, dermatology, gastroenterology, pain, and vaccines. This entire portfolio has been transferred to the Company, along with related sales and marketing teams, the manufacturing plant located in Baddi, Himachal Pradesh, and employees. During the quarter ended 30 September 2020, the Company completed the purchase price allocation. The fair value of consideration transferred is Rs. 16,115 million. The Company recognised Rs. 373 million, Rs. 14,888 million and Rs. 530 million towards property, plant and equipment, intangible assets, and goodwill, respectively. The acquisition pertains to Company's Global Generics segment.
- Consequent to the company's decision to discontinue the development of certain product related intangibles in the Company's Global Generics segment, an amount of Rs. 53 million is recognised as impairment charge for the quarter ended 30 September, 2020.
- "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 receipt of preference dividend declared by Dr. Reddy's Laboratories S.A. during the quarter.
- "Revenue from operations" for the quarter ended 30 September 2019 and year ended 31 March 2020 includes an amount of Rs. 7,229 million (U.S \$105.1 million) and Rs. 7,486 million (U.S \$108.7 million), respectively, towards license fee for selling US and select territory rights for ZEMBRACE[®] SYMTOUCH[®] (sumatriptan injection) 3 mg and TOSYMRA[®] (sumatriptan nasal spray) 10 mg, (formerly referred to as "DFN-02") to Upsher-Smith Laboratories, LLC. The costs associated with this transaction are Rs. 328 million.
- "Other income" for the half year ended 30 September 2019 includes dividend income of Rs. 392 million declared by Kunshan Rotam Reddy Pharmaceutical Company Limited.
- "Other income" for the half year ended 30 September 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.
- During the quarter ended 30 September 2019, the Government of India promulgated the Taxation Laws (Amendment) Ordinance 2019 (enacted into Taxation laws (Amendment) Act 2019), announcing key changes to corporate tax rates in the Income-tax Act, 1961. The key changes include, among others, reduction of MAT rate from 21.55% to 17.47% (including surcharge and cess). As a result of this, the Company reassessed the MAT recoverability and recognised an amount of Rs. 4,989 million as deferred tax asset during the quarter ended 30 September 2019.
During the year ended 31 March 2020, the Company recognised deferred tax benefit of Rs. 1,264 million pursuant to a plan for restructuring of the Company's pharmaceutical services in India.
- On 22 October 2020, the Company informed the stock exchanges that it had experienced an information security incident and consequent isolation of impacted IT services. This incident involved a ransom-ware attack. The Company promptly engaged leading outside cybersecurity experts, launched a comprehensive containment and remediation effort and investigation to address the incident. As of date, the Company's investigation has not ascertained if any data breaches in the incident pertain to personally identifiable information stored in the Company's systems. Recovery and restoration of all applications and data is underway. All critical operations are being enabled in a controlled manner.
- 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 Board of Directors have also give their in principle approval for the potential secondary listing of American Depository Receipts (ADRs) on NSE IFSC Limited (NSE International Exchange) subject to compliance of applicable laws and approval of concerned authorities.



12 Balance sheet

All amounts in Indian Rupees millions

Particulars	As at	As at
	30.09.2020	31.03.2020
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	35,659	37,698
Capital work-in-progress	6,609	3,841
Goodwill	853	323
Other intangible assets	21,132	6,318
Intangible assets under development	277	277
Financial assets		
Investments	34,542	33,671
Trade receivables	258	1,737
Loans	12	12
Other financial assets	483	474
Deferred tax assets, net	3,847	6,129
Tax assets, net	1,043	3,073
Other non-current assets	229	138
Total non-current assets	104,944	93,691
Current assets		
Inventories	27,354	21,904
Financial assets		
Investments	19,985	21,184
Trade receivables	47,688	46,387
Derivative instruments	335	783
Cash and cash equivalents	2,282	392
Other financial assets	1,387	1,888
Other current assets	10,757	8,529
Total current assets	109,788	101,067
TOTAL ASSETS	214,732	194,758
EQUITY AND LIABILITIES		
Equity		
Equity share capital	831	831
Other equity	162,037	151,088
Total Equity	162,868	151,919
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	198	193
Provisions	407	545
Other non-current liabilities	461	296
Total non-current liabilities	1,066	1,034
Current liabilities		
Financial liabilities		
Borrowings	15,773	10,436
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	30	55
Total outstanding dues of creditors other than micro enterprises and small enterprises	15,498	10,629
Derivative instruments	554	1,524
Other financial liabilities	12,281	13,928
Provisions	2,334	2,073
Other current liabilities	4,328	3,160
Total current liabilities	50,798	41,805
TOTAL EQUITY AND LIABILITIES	214,732	194,758




13 Statement of cashflows

All amounts in Indian Rupees millions

Particulars	Half year ended	
	30.09.2020 (Unaudited)	30.09.2019 (Unaudited)
Cash flows from/(used in) operating activities		
Profit before taxation	19,814	17,142
Adjustments for:		
Depreciation and amortisation expense	4,119	4,011
Impairment of non current assets	53	-
Equity settled share-based payment expense	304	273
Fair value changes and profit on sale of mutual funds, net	(353)	(518)
Foreign exchange loss / (gain), net	(220)	92
(Gain)/loss on sale/disposal of property, plant and equipment and other intangible assets, net	(4,733)	81
Interest income	(382)	(489)
Finance costs	233	243
Dividend income	(516)	(397)
Allowances for credit losses and doubtful advances, net	41	64
Changes in operating assets and liabilities:		
Trade receivables	136	(5,715)
Inventories	(4,984)	(1,436)
Trade payables	4,844	476
Other assets and other liabilities, net	23	(468)
Cash generated from operations	18,379	13,359
Income taxes paid, net	(1,387)	(2,080)
Net cash from operating activities	16,992	11,279
Cash flows from/(used in) investing activities		
Proceeds from sale of property, plant and equipment	4,890	2
Expenditures on property, plant and equipment	(3,439)	(1,915)
Expenditures on other intangible assets	(438)	(362)
Payment for acquisition of business	(15,514)	-
Purchase of other investments	(48,769)	(66,982)
Proceeds from sale of investments	49,763	64,133
Loans and advances (given) /repaid by subsidiaries	-	(10)
Dividend received	516	392
Interest received	693	402
Net cash used in investing activities	(12,298)	(4,340)
Cash flows from/(used in) financing activities		
Proceeds from issuance of equity shares (including treasury shares)	177	-
Purchases of treasury shares	(190)	(474)
Proceeds from/(repayment of) short-term loans and borrowings, net	5,491	(2,006)
Repayment of long-term loans and borrowings	(3,743)	(94)
Payment of principle portion of lease liabilities	(90)	-
Dividend paid (30 September 2019 including corporate dividend tax)	(4,147)	(3,914)
Interest paid	(284)	(246)
Net cash used in financing activities	(2,786)	(6,734)
Net increase / (decrease) in cash and cash equivalents	1,908	205
Effect of exchange rate changes on cash and cash equivalents	(17)	(2)
Cash and cash equivalents at the beginning of the year ⁽¹⁾	391	1,132
Cash and cash equivalents at the end of the year⁽²⁾	2,282	1,335

* Rounded off to millions.

⁽¹⁾ Adjusted for bank overdraft of Rs. 1 million and Rs. Nil for half year ended 30 September 2020 and half year ended 30 September 2019 respectively.

⁽²⁾ Adjusted for bank overdraft of Rs. Nil and Rs. 4 million for half year ended 30 September 2020 and half year ended 30 September 2019 respectively.

- 14 The unaudited results were reviewed by the Audit Committee of the Board at their meeting held on 27 October 2020 and approved by the Board of Directors of the Company at their meeting held on 28 October 2020.
- 15 The results for the quarter ended 30 September 2020 presented were subjected to a "Limited review" by the Statutory Auditors of the Company. An unqualified report was issued by them thereon.



Place: Hyderabad
Date: 28 October 2020

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

V Prasad
Co-Chairman & Managing Director

13 Consolidated statement of cashflows

All amounts in Indian Rupees millions

Particulars	Half year ended	
	30.09.2020 (Unaudited)	30.09.2019 (Unaudited)
Cash flows from / (used in) operating activities		
Profit before tax	17,734	16,554
Adjustments for:		
Depreciation and amortisation expense	6,088	6,021
Share of profit of equity accounted investees	(150)	(280)
Impairment of non-current assets	781	3,560
Equity settled share-based payment expense	304	273
Fair value changes and profit on sale of units of mutual funds, net	(389)	(562)
Foreign exchange loss / (gain), net	918	(19)
(Gain) / loss on sale or de-recognition of property, plant and equipment and other intangible assets, net	15	39
Interest income	(403)	(500)
Finance costs	485	601
Dividend income	-	(5)
Allowance for credit loss and doubtful trade and other advances	61	105
Changes in operating assets and liabilities:		
Trade receivables	1,620	(2,512)
Inventories	(5,602)	(1,454)
Trade payables	4,773	910
Other assets and other liabilities, net	(3,991)	872
Cash generated from operations	22,244	23,603
Income tax paid, net	(2,077)	(3,664)
Net cash from operating activities	20,167	19,939
Cash flows from / (used in) investing activities		
Proceeds from sale of property, plant and equipment	33	53
Proceeds from sale of other intangible assets	-	259
Expenditures on property, plant and equipment	(3,999)	(2,137)
Expenditures on other intangible assets	(567)	(501)
Payment for acquisition of business	(15,514)	-
Purchase of other investments	(50,933)	(69,304)
Proceeds from sale of other investments	53,296	65,885
Dividends received from equity accounted investees	-	392
Interest received	714	461
Net cash used in investing activities	(16,970)	(4,892)
Cash flows from / (used in) financing activities		
Proceeds from issuance of equity shares (including treasury shares)	177	-*
Purchase of treasury shares	(190)	(474)
Proceeds from / (repayment of) short-term loans and borrowings, net	3,644	(2,012)
Repayment of long-term loans and borrowings	(3,743)	(6,765)
Proceeds from long term borrowings	3,800	-
Payment of principal portion of lease liabilities	(366)	(287)
Dividend paid (30 September 2019 including corporate dividend tax)	(4,147)	(3,916)
Interest paid	(559)	(839)
Net cash used in financing activities	(1,384)	(14,293)
Net increase / (decrease) in cash and cash equivalents	1,813	754
Effect of exchange rate changes on cash and cash equivalents	13	26
Cash and cash equivalents at the beginning of the year ⁽¹⁾	1,962	2,228
Cash and cash equivalents at the end of the year⁽²⁾	3,788	3,008

*Rounded off to millions.

⁽¹⁾ Adjusted for bank-overdraft of Rs. 91 million and Rs. Nil for the half years ended 30 September 2020 and 30 September 2019, respectively.

⁽²⁾ Adjusted for bank-overdraft of Rs. 101 million and Rs. 4 million for the half years ended 30 September 2020 and 30 September 2019, respectively.

14 The unaudited results were reviewed by the Audit Committee of the Board at their meeting held on 27 October 2020 and approved by the Board of Directors of the Company at their meeting held on 28 October 2020.

15 The results for the quarter and half year ended 30 September 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: 28 October 2020

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



G V Prasad
Co-Chairman & Managing Director

