Dr. Reddy's Laboratories Ltd.
8-2-337, Road No. 3, Banjara Hills,
Hyderabad - 500 034, Telangana,
India.
CIN : L85195TG1984PLC004507

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January 27, 2020

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 nine months ended December 31, 2019.

Further to our letter dated December 26, 2019, we would like to inform you that the Board of Directors of the Company at their meeting held on January 27, 2020 have *inter alia* approved the Unaudited Financial Results of the Company for the quarter and nine months ended December 31, 2019.

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

1. Unaudited Consolidated Financial Results of the Company for the quarter and nine months ended December 31, 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 for the quarter and nine months ended December 31, 2019 as per Indian Accounting Standards.

4. Unaudited Standalone Financial Results of the Company for the quarter and nine months ended December 31, 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 09.30 AM and concluded at 11.30 AM.

This is for your information and records.

With regards,

Sandeep Poddar
Company Secretary

Encl.: as above

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Unaudited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and nine months ended 31 December 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			Nine months ended		Year ended
		31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Revenues**	**43,838**	**48,009**	**38,500**	**130,282**	**113,685**	**153,851**
2	Cost of revenues	20,116	20,389	17,748	59,081	51,308	70,421
3	**Gross profit (1 - 2)**	**23,722**	**27,620**	**20,752**	**71,201**	**62,377**	**83,430**
4	Selling, general and administrative expenses	12,670	13,217	12,036	37,952	36,386	48,680
5	Research and development expenses	3,949	3,662	3,668	11,220	11,945	15,607
6	Impairment of non current assets	13,200	3,560	-	16,760	128	210
7	Other income, net	(228)	(135)	(681)	(4,122)	(1,625)	(1,955)
	Total operating expenses	**29,591**	**20,304**	**15,023**	**61,810**	**46,834**	**62,542**
8	**Results from operating activities [(3) - (4 + 5 + 6 + 7)]**	**(5,869)**	**7,316**	**5,729**	**9,391**	**15,543**	**20,888**
	Finance income	571	535	502	1,796	1,686	2,280
	Finance expense	(152)	(304)	(515)	(753)	(918)	(1,163)
9	**Finance (expense)/income, net**	**419**	**231**	**(13)**	**1,043**	**768**	**1,117**
10	Share of profit of equity accounted investees, net of tax	176	117	89	456	281	438
11	**Profit / (loss) before tax (8 + 9 + 10)**	**(5,274)**	**7,664**	**5,805**	**10,890**	**16,592**	**22,443**
12	Tax expense/(benefit), net	423	(3,261)	953	(966)	2,141	3,648
13	**Profit / (loss) for the period / year (11 -12)**	**(5,697)**	**10,925**	**4,852**	**11,856**	**14,451**	**18,795**
14	**Earnings per share:**						
	Basic earnings per share of Rs.5/- each	(34.37)	65.93	29.25	71.53	87.08	113.28
	Diluted earnings per share of Rs.5/- each	(34.37)	65.82	29.21	71.40	86.97	113.09
		(Not annualised)	*(Not annualised)*	*(Not annualised)*	*(Not annualised)*	*(Not annualised)*	

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Dr.Reddy's

Segment reporting (consolidated)

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2019 (Unaudited)	30.09.2019 (Unaudited)	31.12.2018 (Unaudited)	31.12.2019 (Unaudited)	31.12.2018 (Unaudited)	31.03.2019 (Audited)
	Segment wise revenue and results:						
1	**Segment revenue:**						
	a) Pharmaceutical Services and Active Ingredients	8,549	8,502	7,232	22,984	21,784	29,925
	b) Global Generics	35,927	32,816	31,347	101,725	92,519	122,903
	c) Proprietary Products	241	7,425	735	7,947	2,237	4,750
	d) Others	764	661	481	2,058	1,554	2,058
	Total	**45,481**	**49,404**	**39,795**	**134,714**	**118,094**	**159,636**
	Less: Inter-segment revenues	1,643	1,395	1,295	4,432	4,409	5,785
	Net revenue from operations	**43,838**	**48,009**	**38,500**	**130,282**	**113,685**	**153,851**
2	**Segment results:**						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	2,072	1,750	1,826	4,147	4,708	6,128
	b) Global Generics	20,910	18,200	18,049	58,117	54,916	71,924
	c) Proprietary Products	246	7,298	628	7,751	1,875	4,182
	d) Others	494	372	249	1,186	878	1,196
	Total	**23,722**	**27,620**	**20,752**	**71,201**	**62,377**	**83,430**
	Less: Selling and other un-allocable expenditure, net of other income	28,996	19,956	14,947	60,311	45,785	60,987
	Total profit / (loss) before tax	**(5,274)**	**7,664**	**5,805**	**10,890**	**16,592**	**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:

1 The unaudited results have been reviewed by the Audit Committee of the Board at their meeting held on 25 January 2020 and approved by the Board of Directors of the Company at their meeting held on 27 January 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).

2 **Impairment of intangible assets:**
Total impairment charge for the quarter ended 31 December 2019 is Rs. 13,200 million, of which Rs. 11,137 million is towards impairment of gNuvaring and the balance of Rs. 2,063 million is towards other product related intangibles.
Impairment of gNuvaring
There were significant changes to the generics market of Ethinyl estradiol / Ethenogestral vaginal ring (a generic equivalent to Nuvaring®), one of the 8 ANDAs acquired from Teva in June 2016, with the launch of a generic and authorised generic versions of the product in the month of December 2019. Due to these adverse market conditions, the Company recorded an impairment loss of Rs.11,137 million during the quarter ended 31 December 2019. The carrying value of the asset after the impairment is Rs. 3,084 million. The said impairment pertains to the Company's Global Generics segment.
Other intangible assets
In view of the specific triggers occurring in the quarter with respect to some of product related intangible assets forming part of the Company's Global Generics and Proprietary products segments, the Company determined that there was a decrease in the market potential of these products primarily due to higher than expected price erosion and increased competition leading to lower volumes.Consequently, the Company recorded an amount of Rs.2,063 million as an impairment loss for the quarter ended 31 December 2019.

3 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 UpsherSmith Laboratories, LLC. The costs associated with this transaction are Rs. 328 million.

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

5 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.

6 "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 REVLIMID brand capsules, (Lenalidomide) pending before Health Canada.

7 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. As on 27 January 2020, the facility is undergoing inspection by the U.S. FDA.

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8 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).

9 During the quarter ended 31 December 2018, the Company sold one of its API manufacturing business units located in Jeedimetla, Hyderabad to Therapiva Private Limited. This sale was done by way of slump sale including all related property, plant and equipment, current assets, current liabilities, and transfer of employees. An amount of Rs. 423 million representing the profit on sale of such business unit was included under the head "other income, net".

10 The results for the quarter and nine months ended 31 December 2019 were subjected to a "Limited Review". An unqualified report was issued thereon.

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

G V Prasad
Co-Chairman & Managing Director

Place: Hyderabad
Date: 27 January 2020

(MSL)

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Press Release

Dr.Reddy's

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 Q3 & 9M FY20 Financial Results

Hyderabad, India, January 27, 2020: Dr. Reddy's Laboratories Ltd. (BSE: 500124 | NSE: DRREDDY | NYSE: RDY) today announced its consolidated financial results for the quarter ended December 31, 2019 under International Financial Reporting Standards (IFRS).

Q3 Performance Summary	9M Performance Summary
₹4,384 Cr **Revenue** [Down: 9% QoQ; Up: 14% YoY]	₹13,028 Cr **Revenue** [Up: 15% YoY]
54.1% **Gross Margin** [Q2 FY20: 57.5%; Q3 FY19: 53.9%]	54.7% **Gross Margin** [9M FY19: 54.9%]
₹1,267 Cr **SGNA expenses** [Down: 4% QoQ, Up: 5% YoY]	₹3,795 Cr **SGNA expenses** [Up: 4% YoY]
₹395 Cr **R&D expenses** [9.0% of Revenues]	₹1,122 Cr **R&D expenses** [8.6% of Revenues]
₹1,074 Cr **EBITDA** [Down: 25% QoQ; Up: 24% YoY]	₹3,642 Cr **EBITDA** [Up: 44% YoY]
₹(527 Cr)* **Profit before Tax** [Down: 169% QoQ; 191% YoY]	₹1,089 Cr **Profit before Tax** [Down: 34% YoY]

** Excluding intangibles impairment of ₹1,320 Cr; Profit before tax is ₹793 Cr*

Commenting on the results, Co-Chairman and MD, GV Prasad said "The current quarter performance has been good across all our businesses and we achieved strong EBITDA margins. The profits were impacted due to trigger based impairment charge taken on a few products including gNuvaring. We continue to focus on execution and have made significant progress on quality systems and operational efficiencies".

All amounts in millions, except EPS *All US dollar amounts based on convenience translation rate of 1 USD = ₹71.36*

Dr. Reddy's Laboratories Limited and Subsidiaries

Consolidated Income Statement

Particulars	Q3 FY20		Q3 FY19		YoY Gr %	Q2 FY20		QoQ Gr%
	($)	(Rs.)	($)	(Rs.)		($)	(Rs.)	
Revenues	**614**	**43,838**	**540**	**38,500**	**14**	**673**	**48,009**	**(9)**
Cost of Revenues	282	20,116	249	17,748	13	286	20,389	(1)
Gross Profit	**332**	**23,722**	**291**	**20,752**	**14**	**387**	**27,620**	**(14)**
Operating Expenses								
Selling, General & Administrative expenses	178	12,670	169	12,036	5	185	13,217	(4)
Research and Development expenses	55	3,949	51	3,668	8	51	3,662	8
Impairment of non-current assets	185	13,200	-	-		50	3,560	271
Other operating (income)	(3)	(228)	(10)	(681)	(67)	(2)	(135)	68
Results from operating activities	**(82)**	**(5,869)**	**80**	**5,729**	**(202)**	**103**	**7,316**	**(180)**
Net finance (income)	(6)	(419)	0	13		(3)	(231)	81
Share of (profit) / loss of equity accounted investees	(2)	(176)	(1)	(89)	98	(2)	(117)	50
Profit before income tax	**(74)**	**(5,274)**	**81**	**5,805**	**(191)**	**107**	**7,664**	**(169)**
Income tax expense	6	423	13	953	(56)	(46)	(3,261)	(113)
Profit for the period	**(80)**	**(5,697)**	**68**	**4,852**	**(217)**	**153**	**10,925**	**(152)**
Diluted Earnings Per Share (EPS)	**(0.48)**	**(34.37)**	**0.41**	**29.21**	**(217)**	**0.92**	**65.82**	**(152)**

As % to Revenues	Q3 FY20	Q3 FY19	Q2 FY20
Gross Profit	54.1	53.9	57.5
SG&A	28.9	31.3	34.9
R&D	9.0	9.5	7.6
EBITDA	24.5	22.5	29.9
PBT*	(12.0)	15.1	16.0
PAT	(13.0)	12.6	22.8

**Excluding intangibles impairment Q3 FY20 PBT @ 18.1%*

EBITDA Computation

Particulars	Q3 FY20		Q3 FY19		Q2 FY20	
	($)	(Rs.)	($)	(Rs.)	($)	(Rs.)
Profit before Income Tax	(74)	(5,274)	81	5,805	107	7,664
Interest (income) net*	(4)	(274)	(4)	(260)	(3)	(226)
Depreciation	30	2,130	29	2,073	32	2,306
Amortization	13	955	14	1,035	14	1,033
Impairment	185	13,200	-	-	50	3,561
EBITDA	**150**	**10,737**	**121**	**8,652**	**201**	**14,338**

** Includes income from Investments*

Note: Q3 FY20 Financials include an impairment charge of Rs. 13,200 million on some of the Company's products forming part of Global Generics and Proprietary Products segments
Q2 FY20 Financials include Rs. 6,901 million from the out-licensing income, net of expenses related to Neuro products of Proprietary Products
Q2 FY20 Financials include an impairment charge of Rs. 3,561 million on some of the Company's products forming part of Global Generics segment

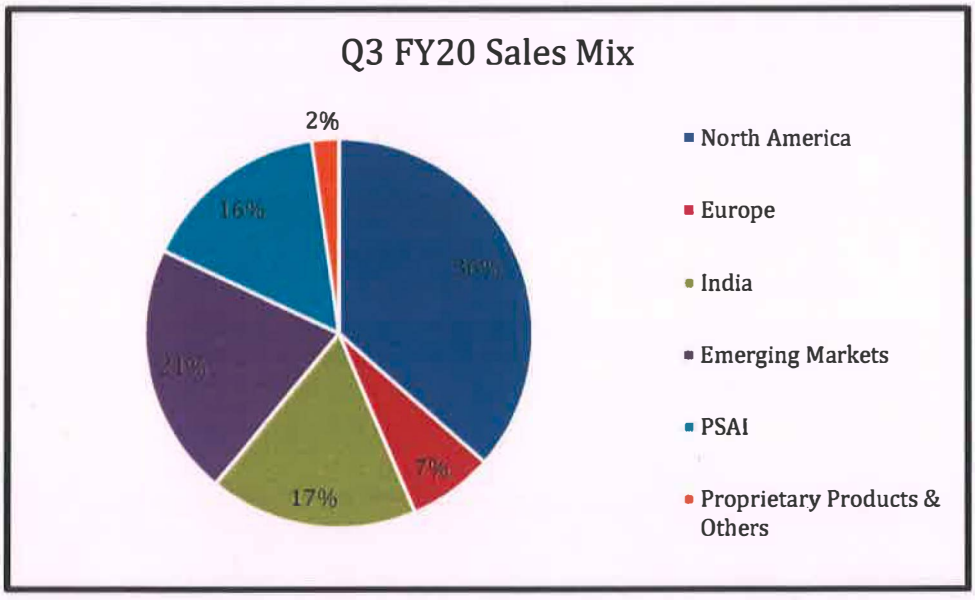
All amounts in millions, except EPS All US dollar amounts based on convenience translation rate of 1 USD = ₹71.36

Key Balance Sheet Items

Particulars	As on 31st Dec, 2019		As on 30th Sep 2019		As on 31st Dec 2018	
	($)	(Rs.)	($)	(Rs.)	($)	(Rs.)
Cash and cash equivalents and other investments	287	20,457	427	30,446	359	25,593
Trade receivables (current & non-current)	646	46,095	591	42,153	523	37,302
Inventories	529	37,746	491	35,033	475	33,911
Property, plant and equipment	739	52,709	743	53,008	776	55,344
Goodwill and Other Intangible assets	432	30,847	621	44,340	690	49,205
Loans and borrowings (current & non-current)	229	16,320	442	31,545	614	43,836
Trade payables	250	17,810	216	15,434	223	15,939
Equity	2,083	1,48,672	2,155	1,53,816	1,902	1,35,708

Revenue Mix by Segment

Particulars	Q3 FY20 (Rs.)	Q3 FY19 (Rs.)	YoY Growth %	Q2 FY20 (Rs.)	QoQ Growth %
Global Generics	**35,927**	**31,347**	**15%**	**32,816**	**9%**
North America	15,999	14,832	8%	14,265	12%
Europe	3,093	2,030	52%	2,764	12%
India	7,636	6,741	13%	7,511	2%
Emerging Markets	9,199	7,744	19%	8,276	11%
Pharmaceutical Services and Active Ingredients (PSAI)	**6,906**	**5,937**	**16%**	**7,107**	**-3%**
Proprietary Products & Others	**1,005**	**1,216**	**(18%)**	**8,086**	**(88%)**
Total	**43,838**	**38,500**	**14%**	**48,009**	**(9%)**



Revenue analysis (Segment wise)

Sales for the quarter is ₹43.8 billion with a year-on-year growth of 14%. Sequentially, it has declined by 9%. In Q2 FY 20, we had out-licensed 2 neuro products of the proprietary products business and recognized a revenue of ₹7.2 billion. Adjusted for this, the sequential quarter growth is 7%, and is highest ever quarterly sales from operations, without any one-off item.

Global Generics (GG)

Revenues from **GG** segment at ₹35.9 billion. Year-on-year growth of 15%, primarily driven by Europe, Emerging Markets and India. Sequential growth of 9%, primarily driven by NAG, Europe and EM.

- Revenues from **North America** at ₹16.0 billion. Year-on-year revenues grew by 8%. Sequential growth of 12%, largely on account of higher volumes in some of our key molecules partly offset by price erosion in some of our key molecules. We launched five new products (Bortezomib injection, Doxercalciferol, Deferasirox dispersable tabs, Deferasirox film coated tabs, Sodium Nitroprusside injection) during the quarter.

  As of 31st December 2019, cumulatively 101 generic filings are pending for approval with the USFDA (99 ANDAs and 2 NDAs under 505(b)(2) route). Of these 99 ANDAs, 53 are Para IVs out of which we believe 32 have 'First to File' status.

- Revenues from **Emerging Markets** at ₹9.2 billion. Year-on-year growth is 19%. Sequential growth is 11%.
  - Revenues from **Russia** at ₹4.9 billion. Year-on-year growth of 20%. Growth primarily driven by increase in volumes coupled with better realizations in some of the key molecules.
  - Revenues from **other CIS countries and Romania** market at ₹1.8 billion. Year-on-year growth of 26% largely driven by new products and volume traction.
  - Revenues from **Rest of World (RoW)** territories at ₹2.5 billion. Year-on-year growth of 12%, primarily driven by new products coupled with volume traction partly offset by price erosions in some of the key molecules.

- Revenues from **India** at ₹7.6 billion. Year-on-year growth of 13%, driven by new products, improved realizations in base business and volume traction. Sequential growth is 2% due to improved realizations and launch of new products.

- Revenues from **Europe** at ₹3.1 billion. Year-on-year growth of 52%, primarily on account of new products and volume traction in base business partly offset by lower realizations as few key molecules entered tenders. Sequential growth is 12% due to improvement in the sales of base business.

Pharmaceutical Services and Active Ingredients (PSAI)

- Revenues from **PSAI** at ₹6.9 billion. Year-on-year growth of 16% largely driven by increase in volumes of API business. There is a sequential decline of 3% due to lower volumes pick up compared to Q2.

Proprietary Products Segment (PP)

- Revenues from PP at ₹0.2 billion, as against ₹0.7 billion in Q3 FY 19 and ₹7.4 billion in Q2 FY 20, as we had out-licensed our commercialized derma products in Q4 FY 19 and commercialized neuro products in Q2 FY 20.

Income Statement Highlights:

- Gross profit margin at 54.1% vs. Q3 FY 19 margin of 53.9% and Q2 FY 20 margin of 57.5%
  - Gross profit margin for GG and PSAI business segments are at 58.2% and 30.0% respectively.
  - Year on year gross profit margins marginally improved on account of new products contribution with better margins and manufacturing leverage offset by higher price erosion in some of the key molecules in the US, Europe and RoW markets.
  - Sequentially there is a decline in margin as during the last quarter we recognized revenue from the out-licencing of PP Neuro products. On a like to like basis, the margins improved by ~260 bps due to manufacturing leverage and business mix.
- SG&A expenses at ₹12.7 billion, an increase of 5% on a year-on-year basis and decline of 4% sequentially. SG&A as % to sales improved by 240 bps on a year-on-year basis and on a like-to-like basis leverage improved sequentially as well.
- In December, 2019 there has been a generic launch and an authorized generic launch for the product Nuvaring®, which has led to a considerable erosion in the value of this product for us, and accordingly we have taken an impairment charge of ₹11.1 billion ($ 156.5 mn). In addition to this, considering the current market dynamics, we have taken an impairment charge of ₹2.1 billion on the intangibles pertaining to other products. In total, we have taken an impairment of ₹13.2 billion on the intangible assets for this quarter. In Q2 FY 20, we had an impairment charge of ₹3.6 billion.
- R&D expenses at ₹3.9 billion. As % to Revenues- Q3 FY20: 9.0% | Q2 FY 20: 7.6% | Q3 FY19: 9.5%. Focus continues on building healthy pipeline of products across our markets.
- Other operating income at ₹228 million compared to ₹681 million in Q3 FY19. Previous year includes ₹423 million on account of sale of API business manufacturing unit located at Jeedimetla, Hyderabad.
- Net Finance income at ₹419 million compared to net finance expense of ₹13 million in Q3 FY19. The increase is primarily on account of foreign exchange gain in current quarter compared to loss in Q3 FY19.
- Loss before Tax at ₹5.3 billion, loss is primarily on account of impairment of intangible assets. Excluding impairment, profit before tax is at ₹7.9 billion.
- The net tax for the quarter is at ₹0.42 billion.
- Diluted loss per share is at ₹34.4
- Capital expenditure is at ₹1.2 billion.

Earnings Call Details (06:30 pm IST, 08:00 am EST, January 27, 2020)

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

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

Universal Access Number:		**+91 22 6280 1219**
Secondary number:		**+91 22 7115 8120**
Local Access number: (Available all over India)		**+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**

Playback of call:	**+91 22 7194 5757, +91 22 6663 5757**
Conference ID:	**58113**

Transcript of the event will be available at www.drreddys.com. Playback will be available for a few days.

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

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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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 December 31, 2019 and year to date from April 01, 2019 to December 31, 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").

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
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

S.R. BATLIBOI & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
HYDERABAD

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
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

S.R. BATLIBOI & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
HYDERABAD

UDIN: 20053315AAAAAH3535

Chennai
Date: January 27, 2020

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DR. REDDY'S LABORATORIES LIMITED

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2019

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Revenue from operations**						
	a) Net sales / income from operations	42,607	39,982	37,861	120,213	111,234	148,706
	b) License fees and service income	1,231	8,026	639	10,069	2,451	5,145
	c) Other operating income	133	120	146	399	501	631
	Total revenue from operations	**43,971**	**48,128**	**38,646**	**130,681**	**114,186**	**154,482**
2	Other income	673	540	1,023	5,470	2.542	3,375
3	**Total income (1 + 2)**	**44,644**	**48,668**	**39,669**	**136,151**	**116,728**	**157,857**
4	**Expenses**						
	a) Cost of materials consumed	7,528	7,503	7,354	22,395	21,534	28,894
	b) Purchase of stock-in-trade	8,426	5,942	5,418	19,584	14,415	18,808
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,801)	566	(1,014)	(1,746)	(3,625)	(2,754)
	d) Employee benefits expense	8,377	8,255	8,054	25,247	25,147	33,562
	e) Depreciation and amortisation expense	2,869	3,131	2,903	8,890	8,476	11,348
	f) Impairment of non-current assets	13,200	3,560	-	16,760	34	116
	g) Finance costs	152	303	241	753	644	889
	h) Selling and other expenses	11,128	11,664	10,788	33,229	33,088	44,074
	Total expenses	**49,879**	**40,924**	**33,744**	**125,112**	**99,713**	**134,937**
5	**Profit / (loss) before tax and before share of equity accounted investees(3 - 4)**	**(5,235)**	**7,744**	**5,925**	**11,039**	**17,015**	**22,920**
6	**Share of profit of equity accounted investees, net of tax**	176	117	89	456	281	438
7	**Profit / (loss) before tax (5+6)**	**(5,059)**	**7,861**	**6,014**	**11,495**	**17,296**	**23,358**
8	**Tax expense / (benefit):**						
	a) Current tax	1,736	2,108	610	6,199	3,294	4,707
	b) Deferred tax	(1,411)	(5,315)	401	(7,153)	(944)	(849)
9	**Net profit / (loss) after taxes and share of profit of associates (7 - 8)**	**(5,384)**	**11,068**	**5,003**	**12,449**	**14,946**	**19,500**
10	**Other comprehensive income**						
	a) (i) Items that will not be reclassified subsequently to profit or loss	(200)	161	(438)	(86)	(886)	(379)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	103	-	227	(673)
	b) (i) Items that will be reclassified subsequently to profit or loss	606	226	199	563	(207)	19
	(ii) Income tax relating to items that will be reclassified to profit or loss	48	65	(230)	136	1	(54)
	Total other comprehensive income	**454**	**452**	**(366)**	**613**	**(865)**	**(1,087)**
11	**Total comprehensive income (9 + 10)**	**(4,930)**	**11,520**	**4,637**	**13,062**	**14,081**	**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	(32.48)	66.78	30.16	75.11	90.07	117.53
	Diluted	(32.48)	66.68	30.12	74.97	89.96	117.33
		(Not annualised)	*(Not annualised)*	*(Not annualised)*	*(Not annualised)*	*(Not annualised)*	

See accompanying notes to the financial results

Dr.Reddy's

DR. REDDY'S LABORATORIES LIMITED

Segment Information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2019	30.09.2019	31.12.2018	31.12.2019	31.12.2018	31.03.2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Segment wise revenue and results:						
1	**Segment revenue :**						
	a) Pharmaceutical Services and Active Ingredients	8,654	8,598	7,355	23,304	22,162	30,403
	b) Global Generics	35,956	32,838	31,369	101,804	92,641	123,056
	c) Proprietary Products	241	7,425	735	7,947	2,237	4,750
	d) Others	763	662	482	2,058	1,555	2,058
	Total	**45,614**	**49,523**	**39,941**	**135,113**	**118,595**	**160,267**
	Less: Inter-segment revenue	1,643	1,395	1,295	4,432	4,409	5,785
	Total revenue from operations	**43,971**	**48,128**	**38,646**	**130,681**	**114,186**	**154,482**
2	**Segment results:**						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	2,079	1,758	1,833	4,169	4,730	6,158
	b) Global Generics	20,910	18,200	18,049	58,117	54,916	71,924
	c) Proprietary Products	246	7,298	628	7,751	1,875	4,182
	d) Others	492	372	249	1,184	878	1,196
	Total	**23,727**	**27,628**	**20,759**	**71,221**	**62,399**	**83,460**
	Less: Selling and other un-allocable expenditure / (income), net	28,786	19,767	14,745	59,726	45,103	60,102
	Total profit / (loss) before tax	**(5,059)**	**7,861**	**6,014**	**11,495**	**17,296**	**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:

1 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.

2 **Impairment of intangible assets:**

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

Impairment of gNuvaring

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

Other intangible assets

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

3 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.

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

5 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.

6 "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.

Dr. Reddy's Laboratories Ltd. Dr.Reddy's Hyderabad - 34

Dr.Reddy's

DR. REDDY'S LABORATORIES LIMITED

7 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. As on 27 January 2020, the facility is undergoing inspection by the U.S. FDA.

8 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).

9 During the quarter ended 31 December 2018, the Company sold one of its API manufacturing business units located in Jeedimetla, Hyderabad to Therapiva Private Limited. This sale was done by way of slump sale including all related property, plant and equipment, current assets, current liabilities, and transfer of employees. An amount of Rs. 423 million representing the profit on sale of such business unit was included under the head "other income".

10 The unaudited results have been reviewed by the Audit Committee of the Board at their meeting held on 25 January 2020 and approved by the Board of Directors of the Company at their meeting held on and 27 January 2020.

11 The results for the quarter and nine months ended 31 December 2019 were subject to a "Limited Review" by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.

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

G V Prasad
Co-Chairman & Managing Director

Place: Hyderabad
Date: 27 January 2020

Dr.Reddy's Hyderabad - TS

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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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 December 31, 2019 and year to date from April 1, 2019 to December 31, 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").

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 & CO. LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per S Balasubrahmanyam
Partner
Membership No.: 053315

UDIN: 20053315AAAAG7417

S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

Chennai
Date: January 27, 2020

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DR. REDDY'S LABORATORIES LIMITED

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2019

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2019 (Unaudited)	30.09.2019 (Unaudited)	31.12.2018 (Unaudited)	31.12.2019 (Unaudited)	31.12.2018 (Unaudited)	31.03.2019 (Audited)
1	**Revenue from operations**						
	a) Net sales / income from operations	29,864	27,039	27,037	81,730	78,583	104,667
	b) License fees and service income	458	7,314	145	7,921	799	1,062
	c) Other operating income	118	107	135	336	421	526
	Total revenue from operations	**30,440**	**34,460**	**27,317**	**89,987**	**79,803**	**106,255**
2	Other income	693	767	928	6,158	1,657	2,384
	Total income (1 + 2)	**31,133**	**35,227**	**28,245**	**96,145**	**81,460**	**108,639**
3	**Expenses**						
	a) Cost of materials consumed	6,730	6,453	5,461	19,022	15,799	21,032
	b) Purchase of stock-in-trade	3,461	2,971	2,575	8,911	6,321	8,686
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,001)	5	(251)	(1,671)	(403)	660
	d) Employee benefits expense	5,112	5,028	4,719	15,136	14,419	19,319
	e) Depreciation and amortisation expense	1,958	2,041	1,935	5,969	5,764	7,806
	f) Finance costs	117	122	158	360	481	568
	g) Selling and other expenses	8,581	8,395	7,944	25,101	25,036	33,561
	Total expenses	**24,958**	**25,015**	**22,541**	**72,828**	**67,417**	**91,632**
4	**Profit before tax (1 + 2 - 3)**	**6,175**	**10,212**	**5,704**	**23,317**	**14,043**	**17,007**
5	**Tax expense / (benefit)**						
	a) Current tax	1,092	1,529	434	4,149	2,161	2,818
	b) Deferred tax	(134)	(4,968)	1,276	(5,181)	1,137	1,416
6	**Net profit for the period / year (4 - 5)**	**5,217**	**13,651**	**3,994**	**24,349**	**10,745**	**12,773**
7	**Other comprehensive income**						
	a) (i) Items that will not be reclassified to profit or loss	4	(5)	4	3	13	(1)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	(3)	3
	b) (i) Items that will be reclassified to profit or loss	(33)	(187)	669	(286)	41	209
	(ii) Income tax relating to items that will be reclassified to profit or loss	12	65	(234)	98	(14)	(73)
	Total other comprehensive income	**(17)**	**(127)**	**439**	**(185)**	**37**	**138**
8	**Total comprehensive income (6 + 7)**	**5,200**	**13,524**	**4,433**	**24,164**	**10,782**	**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	31.47	82.36	24.08	146.89	64.75	76.98
	Diluted	31.42	82.24	24.05	146.62	64.67	76.85
		(Not annualised)	*(Not annualised)*	*(Not annualised)*	*(Not annualised)*	*(Not annualised)*	

See accompanying notes to the financial results.

Dr. Reddy's Laboratories Ltd. Dr. Reddy's Hyderabad - 34

DR. REDDY'S LABORATORIES LIMITED

Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2019 (Unaudited)	30.09.2019 (Unaudited)	31.12.2018 (Unaudited)	31.12.2019 (Unaudited)	31.12.2018 (Unaudited)	31.03.2019 (Audited)
	Segment wise revenue and results						
1	**Segment revenue**						
	a) Pharmaceutical Services and Active Ingredients	7,106	6,900	6,661	19,623	18,861	25,802
	b) Global Generics	24,680	21,659	21,924	67,168	65,197	85,936
	c) Proprietary Products	296	7,296	27	7,628	154	303
	Total	**32,082**	**35,855**	**28,612**	**94,419**	**84,212**	**112,041**
	Less: Inter-segment revenue	1,642	1,395	1,295	4,432	4,409	5,786
	Total revenue from operations	**30,440**	**34,460**	**27,317**	**89,987**	**79,803**	**106,255**
2	**Segment results**						
	Profit / (loss) before tax and interest from each segment						
	a) Pharmaceutical Services and Active Ingredients	957	494	1,230	1,027	2,124	2,156
	b) Global Generics	6,193	3,910	3,457	17,913	16,830	20,852
	c) Proprietary Products	92	6,807	(395)	6,622	(1,633)	(2,252)
	Total	**7,242**	**11,211**	**4,292**	**25,562**	**17,321**	**20,756**
	Less: (i) Finance costs	117	122	158	360	481	568
	(ii) Other un-allocable expenditure / (income), net	950	877	(1,570)	1,885	2,797	3,181
	Total profit before tax	**6,175**	**10,212**	**5,704**	**23,317**	**14,043**	**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:

1 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.

2 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.

3 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. As on 27 January 2020, the facility is undergoing inspection by the U.S. FDA.

4 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.

5 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.

6 "Other income" includes an amount of Rs. 3,457 million received from Celgene during the quarter ended 30 June 2019, pursuant to a settlement agreement entered in April 2019. The agreement effectively settles any claim the Company or its affiliates may have had for damages under section 8 of the Canadian Patented Medicines (Notice of Compliance) Regulations in regard to the Company's ANDS for a generic version of REVLIMID brand capsules, (Lenalidomide) pending before Health Canada.

7 "Other income" includes dividend income of Rs. 392 million declared by Kunshan Rotam Reddy Pharmaceutical Company Limited during the quarter ended 30 June 2019.

8 During the quarter ended 31 December 2018, the Company sold one of its API manufacturing business units located in Jeedimetla, Hyderabad to Therapiva Private Limited. This sale was done by way of slump sale including all related property, plant and equipment, current assets, current liabilities, and transfer of employees. An amount of Rs. 423 million representing the profit on sale of such business unit was included under the head "other income".

9 The unaudited results were reviewed by the Audit Committee of the Board at their meeting held on 25 January 2020 and approved by the Board of Directors of the Company at their meeting held on 27 January 2020.

10 The results for the quarter and nine months ended 31 December 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: 27 January 2020