



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

Tel : +91 40 4900 2900
Fax : +91 40 4900 2999
Email : mail@drreddys.com
www.drreddys.com

July 27, 2021

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

Dear Sir/Madam,

Sub: Outcome of Board Meeting – Unaudited Financial Results for the quarter ended June 30, 2021.

Further to our letter dated June 25, 2021, we would like to inform you that the Board of Directors of the Company at their meeting held on July 27, 2021 have *inter alia* approved the Unaudited Financial Results of the Company for the quarter ended June 30, 2021.

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

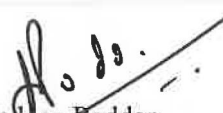
1. Unaudited Consolidated Financial Results of the Company and its subsidiaries for the quarter ended June 30, 2021 prepared in compliance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).
2. Press Release on Financial Results of the Company for the above period.
3. Unaudited Consolidated Financial Results of the Company and its subsidiaries for the quarter ended June 30, 2021 as per Indian Accounting Standards.
4. Unaudited Standalone Financial Results of the Company for the quarter ended June 30, 2021 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 Consolidated and Unaudited Standalone Financial Results at point nos. 3 and 4 are also enclosed.

The Board Meeting commenced at 9.40 AM and concluded at 11.00 AM

This is for your information and records.

With regards,


Sandeep Poddar
Company Secretary

Encl: as above

Unaudited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter 30 June 2021 prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		30.06.2021	31.03.2021	30.06.2020	31.03.2021	
		(Unaudited)	(Audited)	(Unaudited)	(Audited)	
1	Revenues	49,194	47,284	44,175	189,722	
2	Cost of revenues	23,495	21,909	19,420	86,645	
3	Gross profit (1 - 2)	25,699	25,375	24,755	103,077	
4	Selling, general and administrative expenses	15,045	14,370	12,786	54,650	
5	Research and development expenses	4,534	4,094	3,980	16,541	
6	Impairment of non current assets	-	1,835	-	8,588	
7	Other income, net	(487)	(587)	(118)	(982)	
	Total operating expenses	19,092	19,712	16,648	78,797	
8	Results from operating activities [(3) - (4 + 5 + 6 + 7)]	6,607	5,663	8,107	24,280	
	Finance income	845	615	838	2,623	
	Finance expense	(193)	(297)	(233)	(970)	
9	Finance income, net	652	318	605	1,653	
10	Share of profit of equity accounted investees, net of tax	166	179	77	480	
11	Profit before tax (8 + 9 + 10)	7,425	6,160	8,789	26,413	
12	Tax expense/(benefit), net	1,717	2,536	2,996	9,175	
13	Profit for the period / year (11 -12)	5,708	3,624	5,793	17,238	
14	Earnings per share:					
	Basic earnings per share of Rs.5/- each	34.44	21.86	34.94	103.94	
	Diluted earnings per share of Rs.5/- each	34.34	21.80	34.86	103.65	
		<i>(Not annualised)</i>	<i>(Not annualised)</i>	<i>(Not annualised)</i>		



Segment reporting (consolidated)

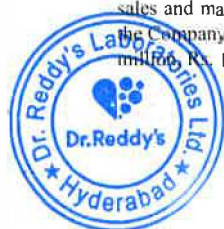
All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended		Year ended	
		30.06.2021	31.03.2021	30.06.2020	31.03.2021
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Segment wise revenue and results:				
1	Segment revenue:				
	a) Pharmaceutical Services and Active Ingredients	8,862	9,796	10,090	38,887
	b) Global Generics	41,113	38,737	35,075	154,404
	c) Proprietary Products	59	243	56	523
	d) Others	482	389	491	2,813
	Total	50,516	49,165	45,712	196,627
	Less: Inter-segment revenues	1,322	1,881	1,537	6,905
	Net revenues	49,194	47,284	44,175	189,722
2	Segment results:				
	Gross profit from each segment				
	a) Pharmaceutical Services and Active Ingredients	1,630	2,513	2,856	9,426
	b) Global Generics	23,719	22,446	21,526	91,111
	c) Proprietary Products	45	238	56	482
	d) Others	305	178	317	2,058
	Total	25,699	25,375	24,755	103,077
	Less: Selling and other un-allocable expenditure, net of other income	18,274	19,215	15,966	76,664
	Total profit before tax	7,425	6,160	8,789	26,413

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 and approved by the Board of Directors of the Company at their meeting held on 27 July 2021. 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 14 June 2021, the Company received the arbitration decision and award in favour of Hatchtech Pty Limited regarding the Civil Litigation and Arbitration relating to the acquisition of the product Xeglyze®. The award required the Company to pay an amount of Rs. 3,382 million (U.S.\$ 46.25 million) towards milestone payments, interest, and fees. The Company was carrying Rs. 1,471 million (U.S.\$ 20 million) as the provision towards this litigation. As this constitutes an adjusting subsequent event, the consolidated financial statements for the year ended 31 March 2021 were adjusted to reflect the impact of this event by recognizing the balance amount of Rs. 1,911 million (U.S.\$ 26.25 million) in the consolidated income statement. Of the total amount, Rs. 1,820 million (U.S.\$ 25 million) was recognised as impairment and the balance Rs. 91 million (U.S.\$ 1.25 million) was recognised as selling, general and administrative expenses.
- During the year ended 31 March 2021, there were significant changes to the market conditions for certain of the products. The changes include the launch by competitor of generic version of the product, decrease in the market potential of products primarily due to higher than expected price erosion and increased competition, and higher than expected value erosion. Due to these adverse market developments, the Company recorded an impairment loss of:
 - Rs. 3,291 million relating to Xeglyze®;
 - Rs. 3,180 million relating to Ethinyl estradiol / Ethenogestral vaginal ring (a generic equivalent to NuvaRing®);
 - Rs. 1,587 million relating to Saxagliptin and Metformin (generic version of Kombiglyze-XR) and Phentermine and Topiramate (generic version of Qsymia®);
 - Rs. 484 million relating to other intangible assets; and
 - Rs. 46 million relating to property, plant and equipment.
- Tax expense for the year ended 31 March 2021 includes the following:
 - Rs. 1,012 million of benefit, in the quarter ended 30 June 2020, on account of recognition of deferred tax asset consequent to a planned restructuring activity between the Group companies; and
 - Rs. 627 million of expense, in the quarter ended 31 March 2021, on account of derecognition of deferred tax asset due to non-availability of depreciation on goodwill pursuant to an amendment to section 2(11) of the Income Tax Act in the Finance Act, 2021.
- During the quarter ended 31 December 2020, the Company entered into a definitive agreement with Glenmark Pharmaceuticals Ltd. to acquire, certain brands in various Emerging Market countries for a total consideration of Rs. 1,516 million. The said transaction was accounted for as an acquisition of product related intangibles.
- 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.



- 7 The Company has commenced a detailed investigation into an anonymous complaint. The complaint alleges that healthcare professionals in Ukraine and potentially in other countries were provided with improper payments by or on behalf of the Company in violation of U.S. anti-corruption laws, specifically the U.S. Foreign Corrupt Practices Act. A U.S. law firm is conducting the investigation at the instruction of a committee of the Company's Board of Directors. The investigation is ongoing. The Company has disclosed the matter to the U.S. Department of Justice, Securities and Exchange Commission ("SEC") and Securities Exchange Board of India, and on 6 July 2021 the Company received a subpoena from the SEC for the production of documents pertaining to certain CIS geographies, and the Company is in the process of responding to the same. While the matter may result in government enforcement actions against the Company in the United States and/or foreign jurisdictions, which could lead to civil and criminal sanctions under relevant laws, the probability of such action and the outcome are not reasonably ascertainable at this time.
- 8 The Code on Social Security, 2020 ('Code') received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the related final rules have not yet been issued and the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code and the rules thereunder when they come into effect.
- 9 On 22 October 2020, the Company experienced a cybersecurity incident related to ransomware. The Company could contain the incident in a timely fashion and has also ensured that all traces of the infection are completely cleaned from the network. All affected systems were restored and brought back to normalcy in the order of priority. Based on our forensic investigation, no evidence was found of any data breaches leading to personally identifiable information. Since then, the Company has also been focused on implementing significant improvements to its cyber and data security systems to safeguard from such risks in the future.
- 10 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.
- 11 The unaudited results were reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 27 July 2021.
- 12 The figures of the quarter ended 31 March 2021 are the balancing number between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the relevant financial year, which are subject to limited review.
- 13 The results for the quarter ended 30 June 2021 were subjected to a "Limited Review". An unqualified report was issued thereon.

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

Place: Hyderabad
Date: 27 July 2021




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	
INVESTOR RELATIONS	MEDIA RELATIONS
AMIT AGARWAL amita@drreddys.com	USHA IYER ushaiyer@drreddys.com

Dr. Reddy's Q1 FY22 Financial Results

Hyderabad, India, July 27, 2021: Dr. Reddy's Laboratories Ltd. (BSE: 500124 | NSE: DRREDDY | NYSE: RDY | NSEIFSC: DRREDDY) today announced its consolidated financial results for the quarter ended June 30, 2021. The information mentioned in this release is on the basis of consolidated financial statements under International Financial Reporting Standards (IFRS).

Revenues	Rs. 4,919 Cr [Up: 11% YoY; Up: 4% QoQ]
Gross Margin	52.2% [Q1 FY21: 56.0%; Q4 FY21: 53.7%]
SG&A Expenses	Rs. 1,505 Cr [Up: 18% YoY; Up: 5% QoQ]
R&D Expenses	Rs. 453 Cr [9.2% of Revenues]
EBITDA	Rs. 1,019 Cr [20.7% of Revenues]
Profit before Tax*	Rs. 743 Cr [Down: 16% YoY; Up: 21% QoQ]
Profit after Tax*	Rs. 571 Cr [Down: 1% YoY; Up: 58% QoQ]

* Q4 FY21 financials have been adjusted with an additional charge of Rs. 191 Cr (\$ 26.25 mn) arising out of the arbitration award in favor of Hatchtech towards the Xeglyze product as an adjusting subsequent event for filing IFRS financials with US SEC in Form 20F on June 30, 2021.

Commenting on the results, Co-Chairman & MD, G V Prasad said "The financial performance of the quarter has been driven by healthy sales growth. I am confident about improving our margins in the upcoming quarters which will be led by the scale up of recent launches, new product launches and productivity. While we continue to sharpen execution in our core business, we are also conducting pilots in areas such as Nutrition, Direct-to-Customer, and Digital Health & Wellness, which can be future growth drivers".



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

Particulars	Q1 FY22		Q1 FY21		YoY Gr %	Q4 FY21		QoQ Gr%
	(\$)	(Rs.)	(\$)	(Rs.)		(\$)	(Rs.)	
Revenues	662	49,194	594	44,175	11	636	47,284	4
Cost of Revenues	316	23,495	261	19,420	21	295	21,909	7
Gross Profit	346	25,699	333	24,755	4	341	25,375	1
Operating Expenses								
Selling, General & Administrative expenses	202	15,045	172	12,786	18	193	14,370	5
Research and Development expenses	61	4,534	54	3,980	14	55	4,094	11
Impairment of non-current assets	-	-	-	-	-	25	1,835	(100)
Other operating income	(7)	(487)	(2)	(118)	313	(8)	(587)	(17)
Results from operating activities	89	6,607	109	8,107	(19)	76	5,663	17
Net finance income	(9)	(652)	(8)	(605)	8	(4)	(318)	105
Share of profit of equity accounted investees	(2)	(166)	(1)	(77)	116	(2)	(179)	(7)
Profit before income tax	100	7,425	118	8,789	(16)	83	6,160	21
Income tax (benefit) / expense	23	1,717	40	2,996	(43)	34	2,536	(32)
Profit for the period	77	5,708	78	5,793	(1)	49	3,624	58
Diluted Earnings Per Share (EPS)	0.46	34.34	0.47	34.86	(1)	0.29	21.80	58

As % to revenues	Q1 FY22	Q1 FY21	Q4 FY21
Gross Profit	52.2	56.0	53.7
SG&A	30.6	28.9	30.4
R&D	9.2	9.0	8.7
EBITDA	20.7	26.3	23.8
PBT	15.1	19.9	13.0
PAT	11.6	13.1	7.7

EBITDA Computation

Particulars	Q1 FY22		Q1 FY21		Q4 FY21	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Profit before Income Tax	100	7,425	118	8,789	83	6,160
Interest (income) / expense (net)*	(2)	(142)	(4)	(306)	1	75
Depreciation	27	1,973	29	2,120	28	2,089
Amortization	13	932	14	1,020	15	1,080
Impairment	-	-	-	-	25	1,835
EBITDA	137	10,188	156	11,622	151	11,239

* Includes income from Investments

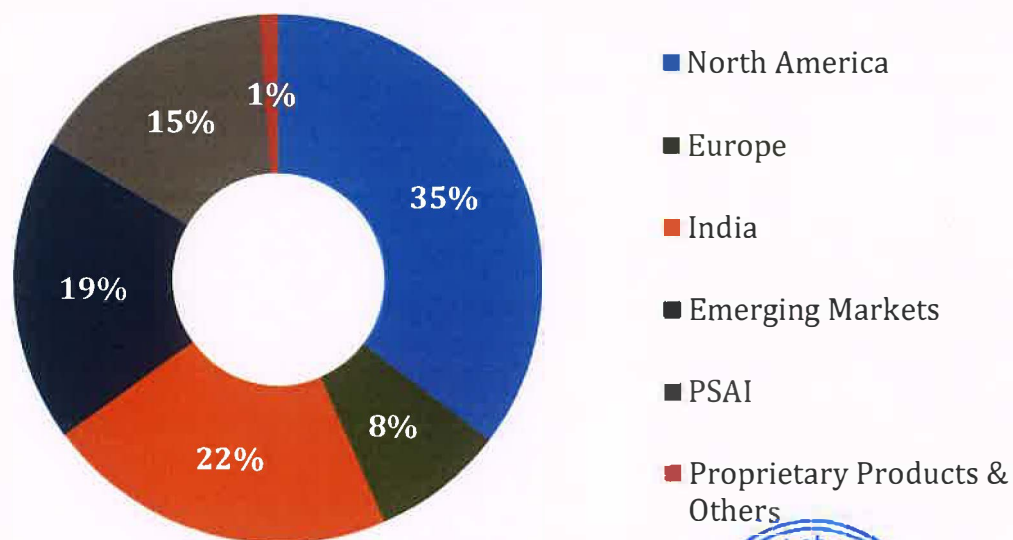


Key Balance Sheet Items

Particulars	As on 30 th Jun 2021		As on 31 st Mar 2021		As on 30 th Jun 2020	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents and other investments	462	34,356	532	39,531	380	28,227
Trade receivables (current & non-current)	823	61,148	669	49,759	650	48,316
Inventories	683	50,771	611	45,412	527	39,148
Property, plant and equipment	789	58,636	768	57,111	729	54,183
Goodwill and Other Intangible assets	535	39,746	541	40,216	619	45,991
Loans and borrowings (current & non-current)	449	33,373	408	30,308	425	31,582
Trade payables	385	28,607	319	23,744	256	19,038
Equity	2,396	1,78,114	2,328	1,73,062	2,176	1,61,748

Revenue Mix by Segment

Segment	Q1 FY22 (Rs.)	Q1 FY21 (Rs.)	YoY Gr %	Q4 FY21 (Rs.)	QoQ Gr %
Global Generics	41,113	35,075	17	38,737	6
North America	17,390	17,282	1	17,491	(1)
Europe	3,994	3,551	12	3,956	1
India	10,600	6,260	69	8,445	26
Emerging Markets	9,129	7,984	14	8,845	3
Pharmaceutical Services and Active Ingredients (PSAI)	7,540	8,553	(12)	7,915	(5)
Proprietary Products & Others	541	547	(1)	632	(14)
Total	49,194	44,175	11	47,284	4

Q1 FY22 Sales Mix

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COVID portfolio

We continue to play our role in the fight against Covid-19 by acting proactively to bring multiple preventive and curative treatment options, including a vaccine. Some of our major Covid-19 products are:

Sputnik V vaccine: We launched the vaccine in India in May 2021 after receiving Emergency Use Authorization (EUA) in April 2021. We are working with RDIF for ramping up supplies. We are also working with six CMOs in India for manufacturing readiness. We have launched it across 80 cities and 2.5+ Lakh people have been vaccinated so far. We are also working on Sputnik Light, for which Russia phase 3 trials will be leveraged for India approval as per recommendation from SEC.

Remdesivir: We launched it in India and ramped up our supplies in this quarter to meet with the higher demand due to surge of the COVID cases during the second wave in India.

Avigan® (Favipiravir): We launched it in India and also in few other markets.

2-deoxy-D-glucose (2-DG): We developed it in collaboration with DRDO lab and received EUA as adjunct therapy for hospitalized moderate to severe Covid-19 patients. We have launched it in India in June 2021.

Molnupiravir: We are collaborating with 5 other pharmaceutical companies for the clinical trial of the investigational oral anti-viral drug for the treatment of mild Covid-19 in an outpatient setting in India.

Other Covid drugs: We are also working on Baricitinib and several other covid drugs for treatment ranging from mild to severe conditions.

Revenue Analysis

Global Generics (GG)

Revenues from **GG** segment at Rs. 41.1 billion:

- Year-on-year growth of 17% was driven primarily by branded markets (India and emerging markets) and Europe. The overall growth was on account of new product launches and volume traction in the base business, partly offset by price erosion in some of our products and adverse forex rates.
- Sequential growth of 6% driven by higher sales in India. The overall growth was attributable to higher volumes and new product launches, offset partially due to price erosion in certain products.

North America

Revenues from **North America** at Rs. 17.4 billion:

- Year-on-year growth of 1%, driven by launch of new products and increase in volumes of certain of our existing products, which was offset by price erosion in some molecules and adverse forex rates.
- Sequential decline of 1%, on account of price erosion in some of our products, partially offset by volume traction and new products launched.
- During this quarter, we launched 6 new products. These were Sapropterin Dihydrochloride Powder, Albendazole Tablets, Ertapenem Injection and Icosapent Ethyl Capsules in the US and two products in Canada.



- We filed two new ANDAs during the quarter. As of 30th June 2021, cumulatively 93 generic filings are pending for approval with the USFDA (90 ANDAs and 3 NDAs under 505(b)(2) route). Out of these 93 pending filings, 47 are Para IVs and we believe 24 have 'First to File' status.

Europe

Revenues from **Europe** at Rs. 4.0 billion. Year-on-year growth of 12% and sequential growth of 1% was primarily on account of volume traction in base business and new product launches across our markets, which was partially offset by price erosion.

India

Revenues from **India** at Rs. 10.6 billion:

- Year-on-year growth of 69% and sequential growth of 26% was primarily driven by increase in sales volumes of our existing products, led by increase in sale of covid drugs due to the severe second wave witnessed in India. The growth was also aided by contribution from new product launches and increase in sales prices of our existing products.
- We launched six new products during the quarter including Sputnik-V vaccine and 2-deoxy-D-glucose for covid. We also launched Curhealth™, a nutritional health mix for building immunity.

Emerging Markets

Revenues from **Emerging Markets** at Rs. 9.1 billion. Year-on-year growth of 14% and sequential growth of 3%:

- Revenues for **Russia** at Rs. 3.5 billion. Year-on-year growth of 8% was on account of increase in volumes and sales prices in our existing products and new products launches. Sequential decline of 13% was on account of lower volumes, offset partly by increase in sales price of certain products and new products launched.
- Revenues from other **CIS countries and Romania** at Rs. 1.4 billion. Year-on-year growth of 4% driven by new product launches, offset partially by a reduction in sales volumes and prices of certain of our existing products. Sequential decline of 24% was on account of reduction in volumes and price of some of our existing products, offset partly by new products launched.
- Revenues from **Rest of World (RoW)** territories at Rs. 4.2 billion. Year-on-year growth of 25% and sequential growth of 43% was largely attributable to new products launched and volume traction in our base business, partially offset by a reduction in sales prices of some of our products.

Pharmaceutical Services and Active Ingredients (PSAI)

Revenues from **PSAI** at Rs. 7.5 billion. Year-on-year decline of 12% and sequential decline of 5%.

- The decline was on account of a decrease in sales volumes and prices of our existing products, partially offset by new products launched. Year-on-year was also impacted due to customer stocking up in last year.
- During the quarter we filed DMFs for two products in the US.

Proprietary Products (PP) & Others

Revenues from **PP & Others** at Rs. 541 million. Year-on-year growth of 1% and sequential decline of 14%.



Income Statement Highlights:

- **Gross profit** margin for the year at 52.2%:
 - Decreased by ~380 bps over previous year and by ~150 bps sequentially, majorly on account of price erosion and increase in inventory provisions related to few products. Q1 FY 21 was higher due to higher export incentives and favourable product mix.
 - Gross profit margin for GG and PSAI business segments are at 57.7% and 21.6% respectively.
- **Selling, general & administrative (SG&A) expenses** at Rs. 15.0 billion, increased by 18% on a year-on-year basis and by 5% sequentially. This increase was primarily attributable to investments being done towards marketing of some of our key brands, investments in digitalization and annual increments. The year-on-year increase is also due to additional expenses incurred with the integration of Wockhardt acquired portfolio.
- **Research & development (R&D) expenses** at Rs. 4.5 billion. As % to revenues – Q1 FY22: 9.2% | Q4 FY21: 8.7% | Q1 FY21: 9.0%. We continue our focus on investing in R&D to build a healthy pipeline of new products across our markets including development of biosimilars and products pertaining to COVID-19 treatment.
- **Other operating income** at Rs. 487 million compared to Rs. 118 million in Q1 FY21. The increase was on account of certain settlements and other income during the quarter.
- **Net Finance income** at Rs. 652 million compared to Rs. 605 million in Q1 FY21.
- **Profit before Tax** at Rs. 7.4 billion, declined by 16% year-on-year and increased by 21% sequentially.
- **Profit after Tax** at Rs. 5.7 billion. The effective tax rate is 23.1% for the quarter.
- **Diluted earnings per share** is at Rs. 34.34.

Other Highlights:

- **EBITDA** is at Rs. 10.2 billion and the EBITDA margin is 20.7%.
- **Capital expenditure** is at Rs. 3.2 billion.
- **Free cash-outflow** is at Rs. 6.8 billion.
- **Net cash surplus** for the company is at Rs. 451 million as on June 30, 2021. Consequently, net debt to equity ratio is (0.003).



Earnings Call Details (05:30 pm IST, 08:00 am EDT, July 27, 2021)

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=2598136&linkSecurityString=94e124d50>

Option 2: Join through below Dial-In Numbers

Universal Access Number:	+91 22 6280 1219 +91 22 7115 8120
International Toll Free Number:	USA: 1 866 746 2133 UK: 0 808 101 1573 Singapore: 800 101 2045 Hong Kong: 800 964 448

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

Play Back: The play back will be available after the earnings call, till August 2nd, 2021. For play back dial in phone No: +91 22 7194 5757 | +91 22 6663 5757, and Playback Code is 51225.

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: RDP, NSEIFSC: DRREDDY) 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, and (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, 2021. The company assumes no obligation to update any information contained herein."

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



Independent Auditor's Review Report on the Quarterly Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**Review Report to
The Board of Directors
Dr. Reddy's Laboratories Limited**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Dr. Reddy's Laboratories Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and joint ventures for the quarter ended June 30, 2021 (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.
9	Svaas Wellness Limited (formerly 'Regkinetics Services Limited' name changed December 18, 2020)
10	Aurigene Discovery Technologies (Malaysia) SDN BHD



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- 11 Aurigene Discovery Technologies Inc.
- 12 Aurigene Pharmaceuticals Services Limited
- 13 beta Institut gemeinnützige GmbH
- 14 betapharm Arzneimittel GmbH
- 15 Chirotech Technology Limited
- 16 DRL Impex Limited
- 17 Dr. Reddy's Laboratories (Australia) Pty. Limited
- 18 Dr. Reddy's Laboratories Canada, Inc.
- 19 Dr. Reddy's Laboratories Chile SPA.
- 20 Dr. Reddy's Laboratories (EU) Limited
- 21 Dr. Reddy's Laboratories Inc.
- 22 Dr. Reddy's Laboratories Japan KK
- 23 Dr. Reddy's Laboratories Kazakhstan LLP
- 24 Dr. Reddy's Laboratories LLC
- 25 Dr. Reddy's Laboratories Louisiana LLC
- 26 Dr. Reddy's Laboratories Malaysia Sdn. Bhd.
- 27 Dr. Reddy's Laboratories New York, LLC
- 28 Dr. Reddy's Laboratories Philippines Inc.
- 29 Dr. Reddy's Laboratories (Proprietary) Limited
- 30 Dr. Reddy's Laboratories Romania S.R.L.
- 31 Dr. Reddy's Laboratories SAS
- 32 Dr. Reddy's Laboratories Taiwan Limited
- 33 Dr. Reddy's Laboratories (Thailand) Limited
- 34 Dr. Reddy's Laboratories (UK) Limited
- 35 Dr. Reddy's Research and Development B.V.
- 36 Dr. Reddy's Srl
- 37 Dr. Reddy's New Zealand Limited
- 38 Dr. Reddy's (WUXI) Pharmaceutical Co. Limited
- 39 Dr. Reddy's Venezuela, C.A.
- 40 Dr. Reddy's Laboratories B.V. (Formerly Eurobridge Consulting B.V.)
- 41 Lacock Holdings Limited
- 42 OOO Dr. Reddy's Laboratories Limited
- 43 OOO DRS LLC
- 44 Promius Pharma LLC
- 45 Reddy Holding GmbH
- 46 Reddy Netherlands B.V.
- 47 Reddy Pharma Iberia SA
- 48 Reddy Pharma Italia S.R.L.
- 49 Reddy Pharma SAS
- 50 Dr. Reddy's (Beijing) Pharmaceutical Co. Limited (from August 19, 2020)
- 51 Dr. Reddy's Formulations Limited (from March 11, 2021)

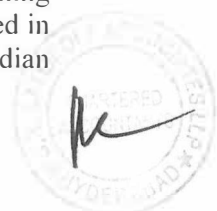
Joint ventures

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

Other consolidating entities

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

5. Based on our review conducted and procedures performed as stated in paragraph 3 above nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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

Navneet Rai

per Navneet Rai Kabra

Partner

Membership No.: 102328



UDIN: 21102328AAAAES1194

Place: Hyderabad

Date: July 27, 2021

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended
		30.06.2021	31.03.2021	30.06.2020	31.03.2021
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Revenue from operations				
	a) Net sales / income from operations	48,262	46,083	43,244	184,202
	b) License fees and service income	932	1,201	931	5,520
	c) Other operating income	257	398	90	753
	Total revenue from operations	49,451	47,682	44,265	190,475
2	Other income	1,079	826	871	2,914
3	Total income (1 + 2)	50,530	48,508	45,136	193,389
4	Expenses				
	a) Cost of materials consumed	11,139	10,261	11,439	42,958
	b) Purchase of stock-in-trade	9,735	6,768	5,276	25,736
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3,853)	(1,614)	(3,519)	(7,905)
	d) Employee benefits expense	9,465	8,930	8,724	36,299
	e) Depreciation and amortisation expense	2,839	3,088	2,923	12,288
	f) Impairment of non-current assets	1,838	15	-	6,768
	g) Finance costs	193	297	233	970
	h) Selling and other expenses	13,782	12,790	11,132	47,920
	Total expenses	45,138	40,535	36,208	165,034
5	Profit before tax and before share of equity accounted investees(3 - 4)	5,392	7,973	8,928	28,355
6	Share of profit of equity accounted investees, net of tax	166	179	77	480
7	Profit before tax (5+6)	5,558	8,152	9,005	28,835
8	Tax expense / (benefit):				
	a) Current tax	1,367	1,380	3,166	8,172
	b) Deferred tax	387	1,199	(107)	1,147
9	Net profit after taxes and share of profit of associates (7 - 8)	3,804	5,573	5,946	19,516
10	Other comprehensive income				
	a) (i) Items that will not be reclassified subsequently to profit or loss	(1,243)	1,042	207	4,026
	(ii) Income tax relating to items that will not be reclassified to profit or loss	293	(220)	-	(220)
	b) (i) Items that will be reclassified subsequently to profit or loss	(68)	(6)	731	1,913
	(ii) Income tax relating to items that will be reclassified to profit or loss	173	(24)	(156)	(319)
	Total other comprehensive income	(845)	792	782	5,400
11	Total comprehensive income (9 + 10)	2,959	6,365	6,728	24,916
12	Paid-up equity share capital (face value Rs. 5/- each)	832	832	831	832
13	Other equity				175,585
14	Earnings per equity share (face value Rs. 5/- each)				
	Basic	22.95	33.61	35.87	117.67
	Diluted	22.89	33.51	35.78	117.34
		(Not annualised)	(Not annualised)	(Not annualised)	



Segment Information

All amounts in Indian Rupees millions

Sl. No	Particulars	Quarter ended		Year ended	
		30.06.2021	31.03.2021	30.06.2020	31.03.2021
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Segment wise revenue and results:				
1	Segment revenue :				
	a) Pharmaceutical Services and Active Ingredients	8,980	9,923	10,165	39,284
	b) Global Generics	41,251	39,007	35,092	154,759
	c) Proprietary Products	59	243	56	523
	d) Others	483	390	489	2,814
	Total	50,773	49,563	45,802	197,380
	Less: Inter-segment revenue	1,322	1,881	1,537	6,905
	Total revenue from operations	49,451	47,682	44,265	190,475
2	Segment results:				
	Gross profit from each segment				
	a) Pharmaceutical Services and Active Ingredients	1,634	2,517	2,859	9,444
	b) Global Generics	23,718	22,446	21,526	91,111
	c) Proprietary Products	45	238	56	482
	d) Others	306	178	317	2,058
	Total	25,703	25,379	24,758	103,095
	Less: Selling and other un-allocable expenditure/(income), net	20,145	17,227	15,753	74,260
	Total profit before tax	5,558	8,152	9,005	28,835

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 14 June 2021, the Company received the arbitration decision and award in favour of Hatchtech Pty Limited regarding the Civil Litigation and Arbitration relating to the acquisition of the product Xeglyze®. The award required the Company to pay an amount of Rs. 3,401 million (U.S.\$ 46.25 million) towards milestone payments, interest, and fees. As the Company was carrying Rs. 1,471 million (U.S.\$ 20 million) as the provision towards this litigation, an additional expense of Rs. 1,930 million (U.S.\$ 26.25 million) [Rs. 1,838 million (U.S.\$ 25 million) as impairment and Rs. 92 million (U.S.\$ 1.25 million) as other expenses] was recognized during the three months ended 30 June 2021.
- During the year ended 31 March 2021, there were significant changes to the market conditions for certain of the products. The changes include the launch by competitor of generic version of the product, decrease in the market potential of products primarily due to higher than expected price erosion and increased competition, and higher than expected value erosion. Due to these adverse market developments, the Company recorded an impairment loss of:
 - Rs. 3,180 million relating to Ethinyl estradiol / Ethenogestral vaginal ring (a generic equivalent to NuvaRing®);
 - Rs. 1,587 million relating to Saxagliptin and metformin (generic version of Kombiglyze-XR) and Phentermine and Topiramate (generic version of Qsymia®);
 - Rs. 1,471 million relating to Xeglyze®;
 - Rs. 484 million relating to other intangible assets; and
 - Rs. 46 million relating to property, plant and equipment.
- Tax expense for the year ended 31 March 2021 includes the following:
 - Rs. 1,012 million of benefit, in the quarter ended 30 June 2020, on account of recognition of deferred tax asset consequent to a planned restructuring activity between the Group companies; and
 - Rs. 627 million of expense, in the quarter ended 31 March 2021, on account of derecognition of deferred tax asset due to non-availability of depreciation on goodwill pursuant to an amendment to section 2(11) of the Income Tax Act in the Finance Act, 2021.
- During the quarter ended 31 December 2020, the Company entered into a definitive agreement with Glenmark Pharmaceuticals Ltd. to acquire, certain brands in various Emerging Market countries for a total consideration of Rs. 1,516 million. The said transaction was accounted for as an acquisition of product related intangibles.



- 6 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 Daddi, 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.
- 7 The Company has commenced a detailed investigation into an anonymous complaint. The complaint alleges that healthcare professionals in Ukraine and potentially in other countries were provided with improper payments by or on behalf of the Company in violation of U.S. anti-corruption laws, specifically the U.S. Foreign Corrupt Practices Act. A U.S. law firm is conducting the investigation at the instruction of a committee of the Company's Board of Directors. The investigation is ongoing. The Company has disclosed the matter to the U.S. Department of Justice, Securities and Exchange Commission ("SEC") and Securities Exchange Board of India, and on July 6, 2021 the Company received a subpoena from the SEC for the production of documents pertaining to certain CIS geographies, and the Company is in the process of responding to the same. While the matter may result in government enforcement actions against the Company in the United States and/or foreign jurisdictions, which could lead to civil and criminal sanctions under relevant laws, the probability of such action and the outcome are not reasonably ascertainable at this time.
- 8 The Code on Social Security, 2020 ('Code') received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the related final rules have not yet been issued and the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code and the rules thereunder when they come into effect.
- 9 On 22 October 2020, the Company experienced a cybersecurity incident related to ransomware. The Company could contain the incident in a timely fashion and has also ensured that all traces of the infection are completely cleaned from the network. All affected systems were restored and brought back to normalcy in the order of priority. Based on our forensic investigation, no evidence was found of any data breaches leading to personally identifiable information. Since then, the Company has also been focused on implementing significant improvements to its cyber and data security systems to safeguard from such risks in the future.
- 10 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.
- 11 The unaudited results have been reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 27 July 2021.
- 12 The figures of the quarter ended 31 March 2021 are the balancing number between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the relevant financial year, which are subject to limited review.
- 13 The results for the quarter ended 30 June 2021 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 July 2021



Independent Auditor's Review Report on the Quarterly Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**Review Report to
The Board of Directors
Dr. Reddy's Laboratories Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of Dr. Reddy's Laboratories Limited (the "Company") for the quarter ended June 30, 2021 (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 Navneet Rai Kabra

Partner

Membership No.: 102328

UDIN: 21102328AAAAET5948



Place: Hyderabad

Date: July 27, 2021

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended
		30.06.2021	31.03.2021	30.06.2020	31.03.2021
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Revenue from operations				
	a) Net sales / income from operations	34,001	32,779	32,264	132,094
	b) License fees and service income	100	356	104	720
	c) Other operating income	234	372	76	677
	Total revenue from operations	34,335	33,507	32,444	133,491
2	Other income	1,862	816	6,447	8,011
	Total income (1 + 2)	36,197	34,323	38,891	141,502
3	Expenses				
	a) Cost of materials consumed	8,707	8,163	7,882	32,663
	b) Purchase of stock-in-trade	6,235	3,266	3,003	12,523
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3,025)	208	(1,929)	(3,956)
	d) Employee benefits expense	5,865	5,456	5,450	22,701
	e) Depreciation and amortisation expense	1,971	2,107	1,977	8,350
	f) Impairment	-	-	-	150
	g) Finance costs	65	169	140	467
	h) Selling and other expenses	10,934	10,385	8,751	38,042
	Total expenses	30,752	29,754	25,274	110,940
4	Profit before tax (1 + 2 - 3)	5,445	4,569	13,617	30,562
5	Tax expense / (benefit)				
	a) Current tax	984	788	2,391	5,401
	b) Deferred tax	327	666	1,724	3,297
6	Net profit for the period / year (4 - 5)	4,134	3,115	9,502	21,864
7	Other comprehensive income				
	a) (i) Items that will not be reclassified to profit or loss	1	(174)	(1)	(169)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	62	-	62
	b) (i) Items that will be reclassified to profit or loss	(531)	78	360	994
	(ii) Income tax relating to items that will be reclassified to profit or loss	186	(28)	(128)	(346)
	Total other comprehensive income	(344)	(62)	231	541
8	Total comprehensive income (6 + 7)	3,790	3,053	9,733	22,405
9	Paid-up equity share capital (face value Rs. 5/- each)	832	832	831	832
10	Other equity				169,005
11	Earnings per equity share (face value Rs. 5/- each)				
	Basic	24.94	18.78	57.31	131.84
	Diluted	24.87	18.73	57.18	131.46
		(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results.



Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended		Year ended	
		30.06.2021 (Unaudited)	31.03.2021 (Audited)	30.06.2020 (Unaudited)	31.03.2021 (Audited)
	Segment wise revenue and results				
1	Segment revenue				
	a) Pharmaceutical Services and Active Ingredients	7,392	8,993	8,706	33,458
	b) Global Generics	28,199	26,144	25,241	106,467
	c) Proprietary Products	66	251	34	471
	Total	35,657	35,388	33,981	140,396
	Less: Inter-segment revenue	1,322	1,881	1,537	6,905
	Total revenue from operations	34,335	33,507	32,444	133,491
2	Segment results				
	Profit / (loss) before tax and interest from each segment				
	a) Pharmaceutical Services and Active Ingredients	207	1,227	5,686	7,486
	b) Global Generics	5,724	3,565	8,242	23,928
	c) Proprietary Products	(44)	44	(174)	(631)
	Total	5,887	4,836	13,754	30,783
	Less: (i) Finance costs	65	169	140	467
	(ii) Other un-allocable expenditure / (income), net	377	98	(3)	(246)
	Total profit before tax	5,445	4,569	13,617	30,562

Global Generics includes operations of Biologics business. Inter-segment revenue represents sale from Pharmaceutical Services and Active Ingredients to Global Generics at cost.

Segmental capital employed

As certain assets of the Company including manufacturing facilities, development facilities and treasury assets and liabilities are often deployed interchangeably across segments, it is impractical to allocate these assets and liabilities to each segment. Hence, the details for capital employed have not been disclosed in the above table.

Notes:

- These results have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules 2015 as amended.
- "Other income" for the quarter ended 30 June 2021 includes Rs. 529 million received of preference dividend declared by Dr. Reddy's Laboratories S.A. during the quarter.
- During the year ended 31 March 2021, the Company recorded a total impairment loss of Rs.150 million the details of which are as under:
 - Rs.97 million in the quarter ended 31 December 2020 on account of decreased market potential of certain products, primarily due to higher than expected price erosion, increased competition, and higher than expected value erosion.
 - Rs. 53 million in the quarter ended 30 September 2020 on account of the Company's decision to discontinue the development of certain product related intangibles.
- During the three months ended 31 December 2020, the Company entered into a definitive agreement with Glenmark Pharmaceuticals Ltd. to acquire certain brands in various Emerging Market countries for a total consideration of Rs. 1,516 million. The said transaction was accounted for as an acquisition of product related intangibles.
- 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.
- "Other income" for the year ended 31 March 2021 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 of preference dividend from Dr. Reddy's Laboratories S.A. during the quarter ended 30 June 2020.
- Tax expense for the quarter ended 31 March 2021 includes an amount Rs. 627 million on account of derecognition of deferred tax asset due to non-availability of depreciation on goodwill pursuant to an amendment to section 2(11) of the Income Tax Act in the Finance Act, 2021.



- 8 The Company has commenced a detailed investigation into an anonymous complaint. The complaint alleges that healthcare professionals in Ukraine and potentially in other countries were provided with improper payments by or on behalf of the Company in violation of U.S. anti-corruption laws, specifically the U.S. Foreign Corrupt Practices Act. A U.S. law firm is conducting the investigation at the instruction of a committee of the Company's Board of Directors. The investigation is ongoing. The Company has disclosed the matter to the U.S. Department of Justice, Securities and Exchange Commission ("SEC") and Securities Exchange Board of India, and on July 6, 2021 the Company received a subpoena from the SEC for the production of documents. While the matter may result in government enforcement actions against the Company in the United States and/or foreign jurisdictions, which could lead to civil and criminal sanctions under relevant laws, the probability of such action and the outcome are not reasonably ascertainable at this time.
- 9 The Code on Social Security, 2020 ("Code") received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the related final rules have not yet been issued and the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code and the rules thereunder when they come into effect.
- 10 On 22 October 2020, the Company experienced a cybersecurity incident related to ransomware. The Company could contain the incident in a timely fashion and has also ensured that all traces of the infection are completely cleaned from the network. All affected systems were restored and brought back to normalcy in the order of priority. Based on our forensic investigation, no evidence was found of any data breaches leading to personally identifiable information. Since then, the Company has also been focused on implementing significant improvements to its cyber and data security systems to safeguard from such risks in the future.
- 11 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.
- 12 The unaudited results were reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 27 July 2021.
- 13 The figures of the quarter ended 31 March 2021 are the balancing number between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the relevant financial year, which are subject to limited review.
- 14 The results for the quarter ended 30 June 2021 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

Place: Hyderabad
Date: 27 July 2021




G. Prasad
Co-Chairman & Managing Director