

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

All amounts in Indian Rupees millions

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

See accompanying notes to the financial results



(MSK)

## DR. REDDY'S LABORATORIES LIMITED

### Segment Information

All amounts in Indian Rupees millions

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

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

### Segmental Capital employed

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

### Notes:

- These results have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules 2015 as amended.
- On 10 June 2020, the Company completed the acquisition of select divisions of Wockhardt Limited's branded generics business in India and the territories of Nepal, Sri Lanka, Bhutan and Maldives. The business comprises a portfolio of 62 brands in multiple therapy areas, such as respiratory, neurology, venous malformations, dermatology, gastroenterology, pain, and vaccines. This entire portfolio has been transferred to the Company, along with related sales and marketing teams, the manufacturing plant located in Baddi, Himachal Pradesh, and employees. The Company is in the process of determination of the fair value of consideration transferred, assets acquired and liabilities assumed. As at 30 June 2020, the Company, on a provisional basis, recognised Rs. 373 million and Rs. 14,141 million towards property, plant and equipment and intangible assets, respectively. The acquisition pertains to the Company's Global Generics segment.
- "Other income" for the quarter ended 30 June 2019 and year ended 31 March 2020 includes an amount of Rs. 3,457 million received from Celgene, pursuant to a settlement agreement entered in April 2019. The agreement effectively settles any claim the Company or its affiliates may have had for damages under section 8 of the Canadian Patented Medicines (Notice of Compliance) Regulations in regard to the Company's ANDS for a generic version of REVLIMID brand capsules, (Lenalidomide) pending before Health Canada.
- Total impairment charge for the year ended 31 March 2020 is Rs. 16,767 million, of which Rs. 11,137 million was towards impairment of gNuvaring, Rs. 4,385 million was towards ranitidine, tobramycin and iniquimod, and the balance is towards other product related intangibles forming part of Company's Global generics and Proprietary Products
- Tax benefit for the year ended 31 March 2020 was primarily due to recognition of deferred tax asset of:
  - Rs. 4,989 million towards MAT recoverable pursuant to enactment of Taxation Laws (Amendment) Act, 2019;
  - Rs. 1,264 million pursuant to a planned restructuring activity between the group Companies.
- "Revenue from operations" for the year ended 31 March 2020 includes an amount of Rs. 7,486 million (U.S.\$108.7 million) towards license fee for selling US and select territory rights for ZEMBRACE<sup>®</sup> SYMTOUCH<sup>®</sup> (sumatriptan injection) 3 mg and TOSYMRA<sup>®</sup> (sumatriptan nasal spray) 10 mg, (formerly referred to as "DFN-02") to Upsher-Smith Laboratories, LLC. The costs associated with this transaction are Rs. 328 million.
- The Company continues to consider the impact of COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, and certain investments. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial results. The Company based on its judgements, estimates and assumptions including sensitivity analysis expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets. The Company will continue to closely monitor any material changes to future economic conditions.
- The unaudited results were reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 29 July 2020.
- The figures of the quarter ended 31 March 2020 are the balancing number between audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the relevant financial year, which are subject to limited review.
- The results for the quarter ended 30 June 2020 were subject to a "Limited Review" by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.

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



G V Prasad  
Co-Chairman & Managing Director



Place: Hyderabad  
Date: 29 July 2020

