

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED STANDALONE 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)
1	Revenue from operations				
	a) Net sales / income from operations	32,264	28,195	24,827	109,925
	b) License fees and service income	104	184	149	8,105
	c) Other operating income	76	138	111	474
	Total revenue from operations	32,444	28,517	25,087	118,504
2	Other income	6,447	1,274	4,714	7,432
	Total income (1 + 2)	38,891	29,791	29,801	125,936
3	Expenses				
	a) Cost of materials consumed	7,882	6,543	5,839	25,565
	b) Purchase of stock-in-trade	3,003	2,261	2,479	11,172
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,929)	672	(675)	(999)
	d) Employee benefits expense	5,450	5,166	4,996	20,302
	e) Depreciation and amortisation expense	1,977	1,923	1,970	7,892
	f) Finance costs	140	118	121	478
	g) Selling and other expenses	8,751	8,667	8,141	33,768
	Total expenses	25,274	25,350	22,871	98,178
4	Profit before tax (1 + 2 - 3)	13,617	4,441	6,930	27,758
5	Tax expense / (benefit)				
	a) Current tax	2,391	690	1,528	4,839
	b) Deferred tax	1,724	(1,277)	(79)	(6,458)
6	Net profit for the period / year (4 - 5)	9,502	5,028	5,481	29,377
7	Other comprehensive income				
	a) (i) Items that will not be reclassified to profit or loss	(1)	85	4	88
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(33)	-	(33)
	b) (i) Items that will be reclassified to profit or loss	360	(464)	(64)	(750)
	(ii) Income tax relating to items that will be reclassified to profit or loss	(128)	161	20	259
	Total other comprehensive income	231	(251)	(40)	(436)
8	Total comprehensive income (6 + 7)	9,733	4,777	5,441	28,941
9	Paid-up equity share capital (face value Rs. 5/- each)	831	831	831	831
10	Other equity				151,088
11	Earnings per equity share (face value Rs. 5/- each)				
	Basic	57.31	30.34	33.06	177.23
	Diluted	57.18	30.28	33.01	176.88
		(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results.



(MSK)

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)
Segment wise revenue and results					
1	Segment revenue				
	a) Pharmaceutical Services and Active Ingredients	8,706	7,373	5,617	26,996
	b) Global Generics	25,241	22,606	20,828	89,774
	c) Proprietary Products	34	16	36	7,644
	Total	33,981	29,995	26,481	124,414
	Less: Inter-segment revenue	1,537	1,478	1,394	5,910
	Total revenue from operations	32,444	28,517	25,087	118,504
2	Segment results				
	Profit / (loss) before tax and interest from each segment				
	a) Pharmaceutical Services and Active Ingredients	5,686	438	(424)	1,465
	b) Global Generics	8,242	4,203	7,810	22,116
	c) Proprietary Products	(174)	(97)	(277)	6,525
	Total	13,754	4,544	7,109	30,106
	Less: (i) Finance costs	140	118	121	478
	(ii) Other un-allocable expenditure / (income), net	(3)	(15)	58	1,870
	Total profit before tax	13,617	4,441	6,930	27,758

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

Segmental capital employed

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

Notes:

- These results have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules 2015 as amended.
- "Other income" for the quarter ended 30 June 2020 includes
 - Rs. 4,772 million received from Aurigene Pharmaceutical Services limited (APSL) during the quarter ended 30 June 2020, pursuant to sale of the contract development and manufacturing organisation (CDMO) division of the Custom Pharmaceutical Services (CPS) business of the Company.
 - Rs. 516 million received of preference dividend declared by Dr. Reddy's Laboratories S.A. during the quarter.
- 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 includes dividend income of Rs. 392 million declared by Kunshan Rotam Reddy Pharmaceutical Company Limited during the quarter.
- "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.
- 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[®] SYMTOUCH[®] (sumatriptan injection) 3 mg and TOSYMRA[®] (sumatriptan nasal spray) 10 mg, (formerly referred to as "DFN-02") to Upsher-Smith Laboratories, LLC. The costs associated with this transaction are Rs. 328 million.
- The Company continues to consider the uncertainty relating to the 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 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: 29 July 2020

