

October 29, 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 and half-year ended September 30, 2021.

Further to our letter dated September 24, 2021, we would like to inform you that the Board of Directors of the Company at their meeting held on October 29, 2021 have *inter alia* approved the Unaudited Financial Results of the Company for the quarter and half-year ended September 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 and half-year ended September 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 and half-year ended September 30, 2021 as per Indian Accounting Standards.
4. Unaudited Standalone Financial Results of the Company for the quarter and half-year ended September 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, respectively are also enclosed.

The Board Meeting commenced at 8.00 AM and concluded at 1.30 PM

This is for your information and records.

With regards,

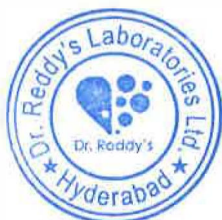

Sandeep Poddar
Company Secretary

DR. REDDY'S LABORATORIES LIMITED

Unaudited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and half year ended 30 September 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			Half year ended		Year ended
		30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenues	57,632	49,194	48,967	106,826	93,142	189,722
2	Cost of revenues	26,846	23,495	22,558	50,341	41,978	86,645
3	Gross profit (1 - 2)	30,786	25,699	26,409	56,485	51,164	103,077
4	Selling, general and administrative expenses	15,951	15,045	13,107	30,996	25,893	54,650
5	Research and development expenses	4,463	4,534	4,359	8,997	8,339	16,541
6	Impairment of non-current assets	-	-	781	-	781	8,588
7	Other income, net	(1,743)	(487)	(149)	(2,230)	(267)	(982)
	Total operating expenses	18,671	19,092	18,098	37,763	34,746	78,797
8	Results from operating activities [(3) - (4 + 5 + 6 + 7)]	12,115	6,607	8,311	18,722	16,418	24,280
	Finance income	553	845	489	1,398	1,327	2,623
	Finance expense	(234)	(193)	(252)	(427)	(485)	(970)
9	Finance income, net	319	652	237	971	842	1,653
10	Share of profit of equity accounted investees, net of tax	247	166	73	413	150	480
11	Profit before tax (8 + 9 + 10)	12,681	7,425	8,621	20,106	17,410	26,413
12	Tax expense/(benefit), net	2,761	1,717	998	4,478	3,994	9,175
13	Profit for the period/year (11 -12)	9,920	5,708	7,623	15,628	13,416	17,238
14	Earnings per share:						
	Basic earnings per share of Rs.5/- each	59.80	34.44	45.96	94.24	80.91	103.94
	Diluted earnings per share of Rs.5/- each	59.65	34.34	45.83	94.00	80.69	103.65
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	



(MSL)

Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Segment wise revenue and results:						
1	Segment revenue:						
	a) Pharmaceutical Services and Active Ingredients	9,990	8,862	10,256	18,852	20,346	38,887
	b) Global Generics	47,431	41,113	39,841	88,544	74,916	154,404
	c) Proprietary Products	1,232	59	100	1,291	156	523
	d) Others	597	482	521	1,079	1,012	2,813
	Total	59,250	50,516	50,718	109,766	96,430	196,627
	Less: Inter-segment revenues	1,618	1,322	1,751	2,940	3,288	6,905
	Net revenues	57,632	49,194	48,967	106,826	93,142	189,722
2	Segment results:						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	2,166	1,630	2,284	3,796	5,140	9,426
	b) Global Generics	26,990	23,719	23,685	50,709	45,211	91,111
	c) Proprietary Products	1,232	45	88	1,277	144	482
	d) Others	398	305	352	703	669	2,058
	Total	30,786	25,699	26,409	56,485	51,164	103,077
	Less: Selling and other un-allocable expenditure, net of other income	18,105	18,274	17,788	36,379	33,754	76,664
	Total profit before tax	12,681	7,425	8,621	20,106	17,410	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 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).
- In September 2021, the Company completed the sale of its U.S. and Canada territory rights for ELYXYB (celecoxib oral solution) 25 mg/mL, to BioDelivery Sciences International, Inc. An amount of Rs. 1,084 million is included under the head "Revenues" and this pertains to the Company's Proprietary Products segment.
- Included in "Other income, net" for the quarter ended 30 September 2021 is Rs. 1,064 million representing the profit on sale of intangible asset, E7777 (anti-cancer agent) to Citius Pharmaceuticals, Inc. This transaction pertains to the Company's Proprietary Products segment.
- 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 results for the quarter and 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 financial results. Of the total amount, Rs. 1,820 million (U.S.\$ 25 million) was recognised under heading "Impairment of non-current assets" and the balance Rs. 91 million (U.S.\$ 1.25 million) was recognised under the heading "Selling, general and administrative expenses". The said expense forms part of the Company's Proprietary Products segment.
- During the year ended 31 March 2021, there were significant changes to the market conditions for certain of the products forming part of Company's Global Generics and Proprietary Products segments. 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 / ethinogestral 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.
 Further, an amount of Rs. 46 million has been recognised as impairment of 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 September 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 de-recognition 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 Limited 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 and pertains to Company's Global Generics segment.
- On 10 June 2020, the Company completed the acquisition of select divisions of Wockhardt Limited's branded generics business in India and the territories of Nepal, Sri Lanka, Bhutan and Maldives. The business comprises a portfolio of 62 brands in multiple therapy areas, such as respiratory, neurology, venous malformations, dermatology, gastroenterology, pain, and vaccines. This entire portfolio has been transferred to the Company, along with related sales and marketing teams, the manufacturing plant located in Baddi, Himachal Pradesh, and employees. During the quarter ended 30 September 2020, the Company completed the purchase price allocation. The fair value of consideration transferred is Rs.16,115 million. The Company recognised Rs. 373 million, Rs. 14,888 million and Rs. 530 million towards property, plant and equipment, intangible assets, and goodwill, respectively. The acquisition pertains to Company's Global Generics segment.
- 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 Company has disclosed the matter to the U.S. Department of Justice, Securities and Exchange Commission ("SEC") and Securities Exchange Board of India. 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. During the quarter ended 30 September 2021, the Company shared the report with respect to one jurisdiction with the SEC. The investigation is ongoing, and the Company is complying with its listing obligations as it relates to updating the regulatory agencies. While the findings from the ongoing investigations may result in government enforcement actions against the Company in the United States and/or foreign jurisdictions, which could lead to civil and criminal actions under relevant laws, the outcome are not reasonably ascertainable at this time. The Company is also in the process of reviewing its Compliance Program including controls in relation to compliance and implement appropriate enhancements, if any.



10 Impairment charge of Rs. 781 million for the quarter ended 30 September 2020 comprises of:

- Rs. 728 million pertaining to Xeglyze® forming part of Company's Proprietary Products segment due to decrease in the market potential for the product;
- Rs. 53 million pertaining to certain product related intangibles forming part of Company's Global Generics segment due to Company's decision to discontinue their further development.

11 Consolidated statements of financial position

All amounts in Indian Rupees millions

Particulars	As at	
	30.09.2021	31.03.2021
	(Unaudited)	(Audited)
ASSETS		
Current assets		
Cash and cash equivalents	9,980	14,829
Other investments	14,601	19,744
Trade and other receivables	68,611	49,641
Inventories	49,700	45,412
Derivative financial instruments	1,158	1,218
Tax assets	3,174	2,745
Other current assets	15,898	14,509
Total current assets before assets held for sale	163,122	148,098
Assets held for sale	150	151
Total current assets	163,272	148,249
Non-current assets		
Property, plant and equipment	60,229	57,111
Goodwill	4,576	4,568
Other intangible assets	32,630	35,648
Trade and other receivables	55	118
Investment in equity accounted investees	3,882	3,375
Other investments	3,607	4,958
Deferred tax assets	9,422	10,630
Other non-current assets	827	834
Total non-current assets	115,228	117,242
Total assets	278,500	265,491
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	25,552	23,744
Short-term borrowings	23,380	23,136
Long-term borrowings, current portion	916	864
Provisions	3,744	3,435
Tax liabilities	1,311	1,389
Derivative financial instruments	449	326
Bank overdraft	-	9
Other current liabilities	30,550	30,488
Total current liabilities	85,902	83,391
Non-current liabilities		
Long-term borrowings	5,977	6,299
Deferred tax liabilities	99	338
Provisions	58	58
Other non-current liabilities	2,536	2,343
Total non-current liabilities	8,670	9,038
Total liabilities	94,572	92,429
Equity		
Share capital	832	832
Treasury shares	(1,660)	(1,967)
Share premium	9,205	8,887
Share based payment reserve	1,407	1,461
Capital redemption reserve	173	173
Special economic zone re-investment reserve	1,012	1,326
Retained earnings	167,819	156,023
Other components of equity	5,140	6,327
Total equity	183,928	173,062
Total liabilities and equity	278,500	265,491



(MSK)

12 Consolidated statements of cash flows

All amounts in Indian Rupees millions

Particulars	Half year ended	
	30.09.2021	30.09.2020
	(Unaudited)	(Unaudited)
Cash flows from/(used in) operating activities :		
Profit for the period	15,628	13,416
<i>Adjustments for:</i>		
Tax expense/(benefit), net	4,478	3,994
Fair value changes and profit on sale of financial instruments measured at FVTPL*, net	(217)	(389)
Depreciation and amortization	5,890	6,411
Impairment of non-current assets	-	781
Allowance for credit losses (on trade receivables and other advances)	138	61
(Gain)/loss on sale or de-recognition of non-current assets, net	(1,161)	15
Share of profit of equity accounted investees	(413)	(150)
Foreign exchange (gain)/loss, net	(398)	919
Interest (income)/expense, net	(19)	82
Equity settled share-based payment expense	290	304
<i>Changes in operating assets and liabilities:</i>		
Trade and other receivables	(19,031)	1,620
Inventories	(4,288)	(5,602)
Trade and other payables	4,934	4,773
Other assets and other liabilities, net	(634)	(3,991)
Cash generated from operations	5,197	22,244
Income tax paid, net	(3,539)	(2,077)
Net cash generated from operating activities	1,658	20,167
Cash flows from/(used in) investing activities :		
Expenditures on property, plant and equipment	(6,781)	(3,999)
Proceeds from sale of property, plant and equipment	154	33
Expenditures on other intangible assets	(3,767)	(567)
Proceeds from sale of other intangible assets	2,946	-
Payment for acquisition of business	-	(15,514)
Purchase of other investments	(30,095)	(50,933)
Proceeds from sale of other investments	35,494	53,296
Interest received	411	714
Net cash used in investing activities	(1,638)	(16,970)
Cash flows from/(used in) financing activities :		
Proceeds from issuance of equity shares (including treasury shares)	281	177
Purchase of treasury shares	-	(190)
(Repayment of)/ proceeds from short-term borrowings	(62)	3,644
Proceeds from long-term borrowings	-	3,800
Repayment of long-term borrowings	-	(3,743)
Payment of principal portion of lease liabilities	(408)	(366)
Dividend paid	(4,146)	(4,147)
Interest paid	(616)	(559)
Net cash used in financing activities	(4,951)	(1,384)
Net (decrease)/increase in cash and cash equivalents	(4,931)	1,813
Effect of exchange rate changes on cash and cash equivalents	91	13
Cash and cash equivalents at the beginning of the period ⁽¹⁾	14,820	1,962
Cash and cash equivalents at the end of the period⁽²⁾	9,980	3,788

*FVTPL (fair value through profit or loss)

⁽¹⁾ Adjusted for bank-overdraft of Rs. 9 million and Rs. 91 million for the periods ended 30 September 2021 and 30 September 2020, respectively.

⁽²⁾ Adjusted for bank-overdraft of Rs. Nil and Rs. 101 million for the periods ended 30 September 2021 and 30 September 2020, respectively.

- 13 India's Code on Social Security, 2020, which aims to consolidate, codify and revise certain existing social security laws, received Presidential assent in September 2020 and has been published in the Gazette of India. However, the related final rules have not yet been issued and the date on which this Code will come into effect has not been announced. The Company will assess the impact of this Code and the rules thereunder when they come into effect.
- 14 The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these interim financial results. Based on its judgments, estimates and assumptions, including sensitivity analysis, the Company 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.
- 15 The unaudited results were reviewed by the Audit Committee of the Board at their meeting held on 28 October 2021 and approved by the Board of Directors of the Company at their meeting held on 29 October 2021.
- 16 The results for the quarter and half year ended 30 September 2021 were subject to a "Limited Review" by the Independent 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 October 2021



DR. REDDY'S LABORATORIES LTD.

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CONTACT

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Dr. Reddy's Q2 & H1 FY22 Financial Results

Hyderabad, India, October 29, 2021: Dr. Reddy's Laboratories Ltd. (BSE: 500124 | NSE: DRREDDY | NYSE: RDY | NSEIFSC: DRREDDY) today announced its consolidated financial results for the quarter and the half year ended September 30, 2021. The information mentioned in this release is on the basis of consolidated financial statements under International Financial Reporting Standards (IFRS).

Q2 Performance Summary

Rs. 5,763 Cr

Revenue

[Up: 17% QoQ; 18% YoY]

53.4%

Gross Margin

[Q1 FY22: 52.2%; Q2 FY21: 53.9%]

Rs.1,595 Cr

SGNA expenses

[Up: 6% QoQ; 22% YoY]

Rs. 446 Cr

R&D expenses

[7.7% of Revenues]

Rs. 1,557 Cr

EBITDA

[27.0% of Revenues]

Rs. 1,268 Cr

Profit before Tax

[Up: 71% QoQ; 47% YoY]

Rs. 992 Cr

Profit after Tax

[Up: 74% QoQ; 30% YoY]

H1 Performance Summary

Rs. 10,683 Cr

Revenue

[Up: 15% YoY]

52.9%

Gross Margin

[H1 FY21: 54.9%]

Rs. 3,100 Cr

SGNA expenses

[Up: 20% YoY]

Rs. 900 Cr

R&D expenses

[8.4% of Revenues]

Rs. 2,576 Cr

EBITDA

[24.1% of Revenues]

Rs. 2,011 Cr

Profit before Tax

[Up: 15% YoY]

Rs. 1,563 Cr

Profit after Tax

[Up: 16% YoY]

Commenting on the results, Co-Chairman & MD, G V Prasad said "I am pleased with the improvement in the financial performance across our businesses. While we continue to strengthen our core businesses of generics and APIs, we are also making investments in our long-term growth drivers and deeper innovation capabilities. Our focus remains on meeting unmet patient needs around the world in keeping with our purpose".




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

Particulars	Q2 FY22		Q2 FY21		YoY Gr %	Q1 FY22		QoQ Gr%
	(\$)	(Rs.)	(\$)	(Rs.)		(\$)	(Rs.)	
Revenues	777	57,632	660	48,967	18	663	49,194	17
Cost of Revenues	362	26,846	304	22,558	19	317	23,495	14
Gross Profit	415	30,786	356	26,409	17	347	25,699	20
Operating Expenses								
Selling, General & Administrative expenses	215	15,951	177	13,107	22	203	15,045	6
Research and Development expenses	60	4,463	59	4,359	2	61	4,534	(2)
Impairment of non-current assets	-	-	11	781	(100)	-	-	-
Other operating income	(24)	(1,743)	(2)	(149)	1070	(7)	(487)	258
Results from operating activities	163	12,115	112	8,311	46	89	6,607	83
Net finance income	(4)	(319)	(3)	(237)	35	(9)	(652)	(51)
Share of profit of equity accounted investees	(3)	(247)	(1)	(73)	238	(2)	(166)	49
Profit before income tax	171	12,681	116	8,621	47	100	7,425	71
Income tax expense	37	2,761	13	998	177	23	1,717	61
Profit for the period	134	9,920	103	7,623	30	77	5,708	74

Diluted Earnings Per Share (EPS)	0.80	59.65	0.62	45.83	30	0.46	34.34	74
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As % to revenues
Gross Profit
SG&A
R&D
EBITDA
PBT
PAT

Q2 FY22
53.4
27.7
7.7
27.0
22.0
17.2

Q2 FY21
53.9
26.8
8.9
25.9
17.6
15.6

Q1 FY22
52.2
30.6
9.2
20.7
15.1
11.6

EBITDA Computation

Particulars	Q2 FY22	
	(\$)	(Rs.)
Profit before Income Tax	171	12,681
Interest income (net)*	(1)	(93)
Depreciation	28	2,075
Amortization	12	910
Impairment	-	-
EBITDA	210	15,572

Q2 FY21	
(\$)	(Rs.)
116	8,621
(0)	(1)
30	2,188
15	1,084
11	781
171	12,673

Q1 FY22	
(\$)	(Rs.)
100	7,425
(2)	(142)
27	1,973
13	932
-	-
137	10,188

* Includes income from Investments

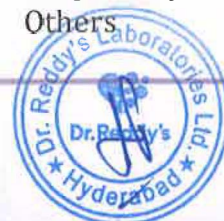
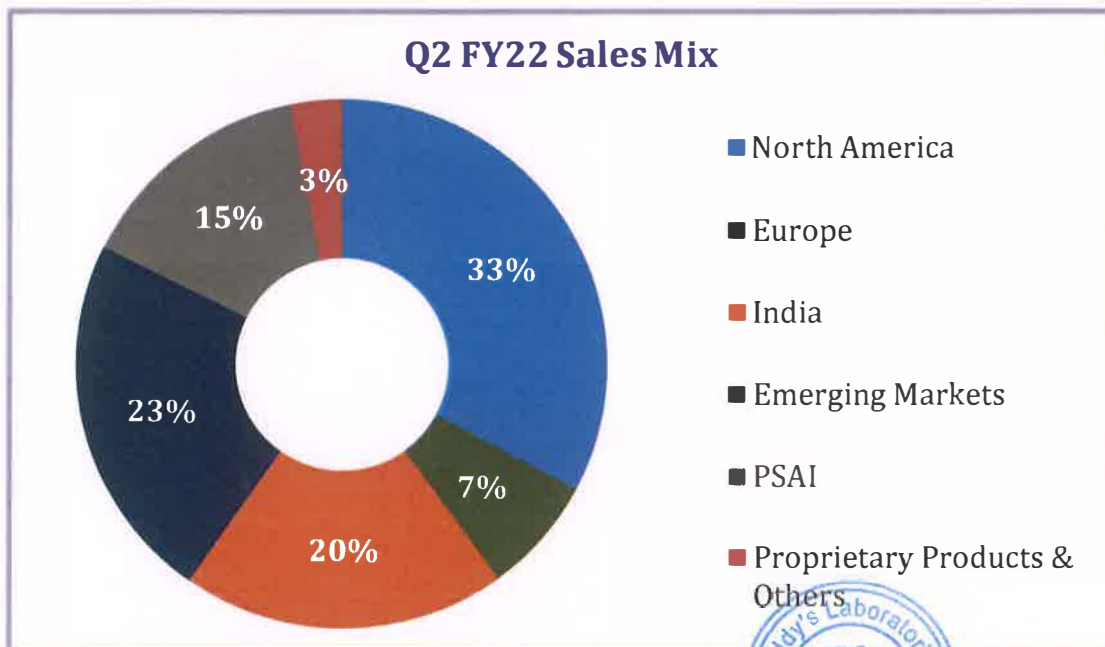


Key Balance Sheet Items

Particulars	As on 30th Sep 2021		As on 30th Jun 2021		As on 30th Sep 2020	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents and other investments	380	28,188	463	34,356	352	26,074
Trade receivables	926	68,666	825	61,148	679	50,335
Inventories	670	49,700	685	50,771	555	41,134
Property, plant and equipment	812	60,229	791	58,636	742	55,026
Goodwill and Other Intangible assets	502	37,206	536	39,746	614	45,553
Loans and borrowings (current & non-current)	408	30,273	450	33,373	370	27,429
Trade payables	345	25,552	386	28,607	308	22,833
Equity	2,480	1,83,928	2,402	1,78,114	2,229	1,65,337

Revenue Mix by Segment

Segment	Q2 FY22 (Rs.)	Q2 FY21 (Rs.)	YoY Growth %	Q1 FY22 (Rs.)	QoQ Growth %
Global Generics	47,431	39,841	19%	41,113	15%
North America	18,909	18,328	3%	17,390	9%
Europe	4,135	3,754	10%	3,994	4%
India	11,402	9,123	25%	10,600	8%
Emerging Markets	12,985	8,636	50%	9,129	42%
Pharmaceutical Services and Active Ingredients (PSAI)	8,372	8,505	-2%	7,540	11%
Proprietary Products & Others	1,829	621	195%	541	238%
Total	57,632	48,967	18%	49,194	17%



Signature

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. Our major Covid-19 products launched till now include Sputnik V vaccine, Remdesivir, Avigan® (Favipiravir) and 2-deoxy-D-glucose (2-DG). We have commercialized all these products in India and some of these products in overseas markets. Currently, we are conducting clinical trials for Sputnik Light, Molnupiravir and are also developing several other covid drugs for treatment ranging from mild to severe conditions.

Revenue Analysis

Global Generics (GG)

Revenues from **GG** segment at Rs. 47.4 billion:

- Year-on-year growth of 19% and sequential quarter growth of 15% was driven by covid portfolio, new product launches and base business volume traction across key markets. However, this was offset partly by price erosion in some of our products.

North America

Revenues from **North America** at Rs. 18.9 billion:

- Year-on-year growth of 3% and sequential quarter growth of 9%, driven by launch and scale up of new products and increase in volumes of certain of our existing products, which was offset by price erosion in some molecules.
- During this quarter, we launched 4 new products. These were Chlordiazepoxide Hydrochloride + Clidinium Bromide Capsules in the US and Lenalidomide capsules, Ertapenem injection and Dasatinib tablets in Canada.
- We filed two new ANDAs during the quarter. As of 30th September 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, 46 are Para IVs and we believe 23 have 'First to File' status.

Europe

Revenues from **Europe** at Rs. 4.1 billion. Year-on-year growth of 10% and sequential quarter growth of 4% 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. 11.4 billion:

- Year-on-year growth of 25% and sequential quarter growth of 8% was primarily driven by increase in sales volumes of our existing products, including from our Covid portfolio, contribution from new product launches and increase in sales price of our existing products.
- We launched two new products during the quarter. These were Melotryp and Baricax.



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Emerging Markets

Revenues from **Emerging Markets** at Rs. 13.0 billion. Year-on-year growth of 50% and sequential quarter growth of 42%:

- Revenues for **Russia** at Rs. 5.7 billion. Year-on-year growth of 44% and sequential quarter growth of 63% was on account of increase in volumes and sales prices in our existing products and new products launches. We have launched biosimilar bevacizumab in Russia during the quarter.
- Revenues from other **CIS countries and Romania** at Rs. 2.2 billion. Year-on-year growth of 9% and sequential quarter growth of 51% was driven by primarily by new product launches. While sequential quarter growth was supported by increase in sales volumes and prices of certain of our existing products, year-on-year growth was offset partly on account of reduction in volumes and price erosion in some of our existing products.
- Revenues from **Rest of World (RoW)** territories at Rs. 5.1 billion. Year-on-year growth of 90% and sequential growth of 22% was driven by covid portfolio, new products and volume traction in our base business, partially offset by a reduction in sales price of some of our products.

Pharmaceutical Services and Active Ingredients (PSAI)

Revenues from **PSAI** at Rs. 8.4 billion with a year-on-year decline of 2% and sequential quarter growth of 11%.

- While there has been growth from covid portfolio, there was a decline in some of our other products due to lower traction in the volumes and further there has been decrease in sales price for some of our products.
- During the quarter we filed two DMFs in the US.

Proprietary Products (PP) & Others

Revenues from **PP & Others** at Rs. 1.8 billion. Year-on-year growth of 195% and sequential quarter growth of 238% was primarily on account of recognition of a license fee associated with the sale of our U.S. and Canada territory rights for ELYXYB® (celecoxib oral solution) 25 mg/ml, to BioDelivery Sciences International, Inc.



Income Statement Highlights:

- **Gross profit** margin for the quarter at 53.4%:
 - Decreased by ~50 bps over previous year majorly on account of price erosion and lower export benefits partially offset by leverage benefit on manufacturing overheads.
 - Increased by ~120 bps sequentially, driven majorly by leverage benefit on manufacturing overheads partially offset by price erosion.
 - Gross profit margin for GG and PSAI business segments are at 56.9% and 25.9% respectively.
- **Selling, general & administrative (SG&A) expenses** at Rs. 16.0 billion, increased by 22% on a year-on-year basis and by 6% sequentially. This increase was in line with the business growth and primarily attributable to royalty on sales, annual increments, investments in sales & marketing of our key brands and investments in digitalization.
- **Research & development (R&D) expenses** at Rs. 4.5 billion. As % to revenues – Q2 FY22: 7.7% | Q1 FY22: 9.2% | Q2 FY21: 8.9%. We continue our focus on investing in R&D to build a healthy pipeline of new products across our markets including development of products in our biosimilars and generics businesses.
- **Other operating income** at Rs. 1.7 billion compared to Rs. 149 million in Q2 FY21. The increase was on account of recognition of income towards sale of all of our rights relating to our anti-cancer agent E7777 (denileukin diftitox) to Citius Pharmaceuticals, Inc.
- **Net Finance income** at Rs. 319 million compared to Rs. 237 million in Q2 FY21.
- **Profit before Tax** at Rs. 12.7 billion, increased by 47% year-on-year and by 71% sequentially.
- **Profit after Tax** at Rs. 9.9 billion. The effective tax rate is 21.8% for the quarter.
- **Diluted earnings per share** is at Rs. 59.65.

Other Highlights:

- **EBITDA** is at Rs. 15.6 billion and the EBITDA margin is 27.0%.
- **Capital expenditure** is at Rs. 3.6 billion.
- **Free cash flow** is at Rs. 830 million.
- **Net debt** for the company is at Rs. 2.7 billion as on September 30, 2021. Consequently, net debt to equity ratio is 0.015.



Earnings Call Details (05:30 pm IST, 08:00 am EDT, Oct 29, 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=7069312&linkSecurityString=1ac796eb00>

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 November 4th, 2021. For play back dial in phone No: +91 22 7194 5757 | +91 22 6663 5757, and Playback Code is 57312.

Transcript: Transcript of the Earnings call will be available on the Company's website: www.drreddys.com

About Dr. Reddy's: Dr. Reddy's Laboratories Ltd. (BSE: 500124, NSE: DRREDDY, NYSE: RDY, 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 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 joint ventures for the quarter ended September 30, 2021 and year to date from April 1, 2021 to September 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 Holding Company and following entities:

S. 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

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

S. No	Name of the Company
10	Aurigene Discovery Technologies (Malaysia) SDN BHD
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.
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

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

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

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



per Shankar Srinivasan

Partner

Membership No.: 213271

UDIN: 21 213271 AAAAH I8453

Place: Hyderabad

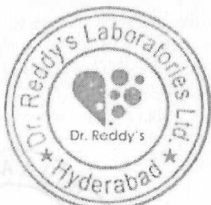
Date: October 29, 2021

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2021

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations						
	a) Net sales/income from operations	55,167	48,262	47,766	103,429	91,010	184,202
	b) License fees and service income	2,465	932	1,201	3,397	2,132	5,520
	c) Other operating income	237	257	142	494	232	753
	Total revenue from operations	57,869	49,451	49,109	107,320	93,374	190,475
2	Other income	2,055	1,079	512	3,134	1,383	2,914
3	Total income (1 + 2)	59,924	50,530	49,621	110,454	94,757	193,389
4	Expenses						
	a) Cost of materials consumed	8,232	11,139	9,485	19,371	20,924	42,958
	b) Purchase of stock-in-trade	10,314	9,735	6,889	20,049	12,165	25,736
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,730	(3,853)	(573)	(2,123)	(4,092)	(7,905)
	d) Employee benefits expense	10,104	9,465	9,488	19,569	18,212	36,299
	e) Depreciation and amortisation expense	2,941	2,839	3,165	5,780	6,088	12,288
	f) Impairment of non-current assets	-	1,838	781	1,838	781	6,768
	g) Finance costs	234	193	252	427	485	970
	h) Selling and other expenses	13,891	13,782	11,478	27,673	22,610	47,920
	Total expenses	47,446	45,138	40,965	92,584	77,173	165,034
5	Profit before tax and before share of equity accounted investees(3 - 4)	12,478	5,392	8,656	17,870	17,584	28,355
6	Share of profit of equity accounted investees, net of tax	247	166	73	413	150	480
7	Profit before tax (5+6)	12,725	5,558	8,729	18,283	17,734	28,835
8	Tax expense/(benefit):						
	a) Current tax	1,668	1,367	1,724	3,035	4,890	8,172
	b) Deferred tax	1,099	387	(713)	1,486	(820)	1,147
9	Net profit after taxes and share of profit of associates (7 - 8)	9,958	3,804	7,718	13,762	13,664	19,516
10	Other comprehensive income						
	a) (i) Items that will not be reclassified subsequently to profit or loss	(101)	(1,243)	(26)	(1,344)	181	4,026
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	293	-	293	-	(220)
	b) (i) Items that will be reclassified subsequently to profit or loss	(137)	(68)	258	(205)	989	1,913
	(ii) Income tax relating to items that will be reclassified to profit or loss	(77)	173	(138)	96	(294)	(319)
	Total other comprehensive income	(315)	(845)	94	(1,160)	876	5,400
11	Total comprehensive income (9 + 10)	9,643	2,959	7,812	12,602	14,540	24,916
12	Paid-up equity share capital (face value Rs. 5/- each)	832	832	831	832	831	832
13	Other equity						175,585
14	Earnings per equity share (face value Rs. 5/- each)						
	Basic	60.03	22.95	46.54	82.99	82.40	117.67
	Diluted	59.88	22.89	46.40	82.77	82.18	117.34
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results



Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Segment wise revenue and results:							
1	Segment revenue :						
	a) Pharmaceutical Services and Active Ingredients	10,187	8,980	10,355	19,167	20,520	39,284
	b) Global Generics	47,472	41,251	39,882	88,723	74,974	154,759
	c) Proprietary Products	1,232	59	100	1,291	156	523
	d) Others	596	483	523	1,079	1,012	2,814
	Total	59,487	50,773	50,860	110,260	96,662	197,380
	Less: Inter-segment revenue	1,618	1,322	1,751	2,940	3,288	6,905
	Total revenue from operations	57,869	49,451	49,109	107,320	93,374	190,475
2	Segment results:						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	2,169	1,634	2,292	3,803	5,151	9,444
	b) Global Generics	26,990	23,718	23,685	50,708	45,211	91,111
	c) Proprietary Products	1,232	45	88	1,277	144	482
	d) Others	397	306	352	703	669	2,058
	Total	30,788	25,703	26,417	56,491	51,175	103,095
	Less: Selling and other un-allocable expenditure/(income), net	18,063	20,145	17,688	38,208	33,441	74,260
	Total profit before tax	12,725	5,558	8,729	18,283	17,734	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.
- In September 2021, the Company completed the sale of its U.S. and Canada territory rights for ELYXYB (celecoxib oral solution) 25 mg/mL, to BioDelivery Sciences International, Inc. An amount of Rs. 1,084 million is included under the head "License fee and service income" and this pertains to the Company's Proprietary Products segment.
- Included in "Other income" for the quarter ended 30 September 2021 is Rs. 1,064 million representing the profit on sale of intangible asset, I7777 (anti-cancer agent) to Citius Pharmaceuticals, Inc. This transaction pertains to the Company's Proprietary Products segment.
- 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. 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 of non-current assets" and Rs. 92 million (U.S.\$ 1.25 million) as "selling and other expenses"] was recognized during the quarter ended 30 June 2021. The said expense forms part of the Company's Proprietary Products segment.
- During the year ended 31 March 2021, there were significant changes to the market conditions for certain of the products forming part of Company's Global Generics and Proprietary Products segments. 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 / ethinogestral 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.
 Further, an amount of Rs. 46 million has been recognised as impairment of 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 September 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 de-recognition 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 Limited 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, and pertains to Company's Global Generics segment.
- 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 Haddi, Himachal Pradesh, and employees. During the quarter ended 30 September 2020, the Company completed the purchase price allocation. The fair value of consideration transferred is Rs.16,115 million. The Company recognised Rs. 373 million, Rs. 14,888 million and Rs. 530 million towards property, plant and equipment, intangible assets, and goodwill, respectively. The acquisition pertains to Company's Global Generics segment.
- 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 Company has disclosed the matter to the U.S. Department of Justice, Securities and Exchange Commission ("SEC") and Securities Exchange Board of India. 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. During the quarter ended 30 September 2021, the Company filed the report with respect to one jurisdiction with the SEC. The investigation is ongoing, and the Company is complying with its listing obligations as it relates to reporting the regulatory agencies. While the findings from the aforesaid investigations may result in government enforcement actions against the Company in the United States and/or in other jurisdictions, which could lead to civil and criminal sanctions under relevant laws, the outcome are not reasonably ascertainable at this time. The Company is also in the process of reviewing its Compliance Program including controls in relation to compliance and implement appropriate enhancements, if any.



(MSU)

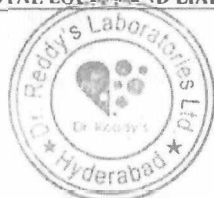
- 10 Impairment charge of Rs. 781 million for the quarter ended 30 September 2020 comprises of:
- Rs. 728 million pertaining to Xeglyze® forming part of Company's Proprietary Products segment due to decrease in the market potential for the product;
 - Rs. 53 million pertaining to certain product related intangibles forming part of Company's Global Generics segment due to Company's decision to discontinue their further development.

11 Consolidated Balance Sheet

All amounts in Indian Rupees millions

Particulars	As at	
	30.09.2021	31.03.2021
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	48,168	47,322
Capital work-in-progress	11,771	9,539
Goodwill	5,614	5,599
Other intangible assets	27,913	29,136
Intangible assets under development	4,416	6,112
Investment in equity accounted investees	3,882	3,375
Financial assets		
Investments	3,607	4,958
Trade receivables	55	118
Other financial assets	767	768
Deferred tax assets, net	9,396	10,686
Tax assets, net	3,174	2,745
Other non-current assets	349	307
Total non-current assets	119,112	120,665
Current assets		
Inventories	49,700	45,412
Financial assets		
Investments	14,601	19,744
Trade receivables	68,611	49,641
Derivative instruments	1,158	1,218
Cash and cash equivalents	9,980	14,829
Other financial assets	2,120	1,858
Other current assets	13,778	12,650
Total current assets before assets held for sale	159,948	145,352
Assets held for sale	150	151
Total current assets	160,098	145,503
TOTAL ASSETS	279,210	266,168
EQUITY AND LIABILITIES		
Equity		
Equity share capital	832	832
Other equity	184,612	175,585
Total equity	185,444	176,417
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	3,800	3,800
Lease liabilities	2,177	2,499
Provisions	718	508
Deferred tax liabilities, net	13	289
Other non-current liabilities	1,799	1,617
Total non-current liabilities	8,507	8,713
Current liabilities		
Financial liabilities		
Borrowings	23,380	23,145
Lease liabilities	916	864
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	189	158
Total outstanding dues of creditors other than micro enterprises and small enterprises	22,854	17,951
Derivative instruments	449	326
Other financial liabilities	22,603	23,417
Liabilities for current tax, net	1,310	1,388
Provisions	5,023	5,015
Other current liabilities	8,535	8,774
Total current liabilities	85,259	81,038
TOTAL EQUITY AND LIABILITIES	279,210	266,168

(MSK)



12 Consolidated statement of cash flows

All amounts in Indian Rupees millions

Particulars	Half year ended	
	30.09.2021	30.09.2020
	(Unaudited)	(Unaudited)
Cash flows from/(used in) operating activities :		
Profit before tax	18,283	17,734
<i>Adjustments for:</i>		
Fair value changes and profit on sale of financial instruments measured at FVTPL*, net	(217)	(389)
Depreciation and amortisation expense	5,780	6,088
Impairment of non-current assets	1,838	781
Allowance for credit losses (on trade receivables and other advances)	138	61
(Gain)/loss on sale or de-recognition of non-current assets, net	(1,161)	15
Share of profit of equity accounted investees	(413)	(150)
Foreign exchange loss/(gain), net	(395)	918
Interest income	(446)	(403)
Finance costs	427	485
Equity settled share-based payment expense	290	304
<i>Changes in operating assets and liabilities:</i>		
Trade receivables	(19,031)	1,620
Inventories	(4,288)	(5,602)
Trade payables	4,934	4,773
Other assets and other liabilities, net	(542)	(3,991)
Cash generated from operations	5,197	22,244
Income tax paid, net	(3,539)	(2,077)
Net cash from operating activities	1,658	20,167
Cash flows from/(used in) investing activities :		
Expenditures on property, plant and equipment	(6,781)	(3,999)
Proceeds from sale of property, plant and equipment	154	33
Expenditures on other intangible assets	(3,767)	(567)
Proceeds from sale of other intangible assets	2,946	-
Payment for acquisition of business	-	(15,514)
Purchase of other investments	(30,095)	(50,933)
Proceeds from sale of other investments	35,494	53,296
Interest received	411	714
Net cash used in investing activities	(1,638)	(16,970)
Cash flows from/(used in) financing activities :		
Proceeds from issuance of equity shares (including treasury shares)	281	177
Purchase of treasury shares	-	(190)
(Repayment of)/proceeds from short-term borrowings	(62)	3,644
Proceeds from long term borrowings	-	3,800
Repayment of long-term loans and borrowings	-	(3,743)
Payment of principal portion of lease liabilities	(408)	(366)
Dividend paid	(4,146)	(4,147)
Interest paid	(616)	(559)
Net cash used in financing activities	(4,951)	(1,384)
Net (decrease)/increase in cash and cash equivalents	(4,931)	1,813
Effect of exchange rate changes on cash and cash equivalents	91	13
Cash and cash equivalents at the beginning of the period ⁽¹⁾	14,820	1,962
Cash and cash equivalents at the end of the period⁽²⁾	9,980	3,788

*FVTPL (fair value through profit or loss)

⁽¹⁾ Adjusted for bank-overflow of Rs 9 million and Rs 91 million for the periods ended 30 September 2021 and 30 September 2020, respectively

⁽²⁾ Adjusted for bank-overflow of Rs Nil and Rs 101 million for the periods ended 30 September 2021 and 30 September 2020, respectively.

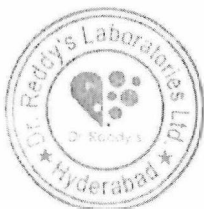
- India's Code on Social Security, 2020, which aims to consolidate, codify and revise certain existing social security laws, received Presidential assent in September 2020 and has been published in the Gazette of India. However, the related final rules have not yet been issued and the date on which this Code will come into effect has not been announced. The Company will assess the impact of this Code and the rules thereunder when they come into effect.
- The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these interim financial results. Based on its judgments, estimates and assumptions, including sensitivity analysis, the Company 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 on 28 October 2021 and approved by the Board of Directors of the Company at their meeting held on 29 October 2021.
- The results for the quarter and half year ended 30 September 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: 29 October 2021



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

1. We have reviewed the accompanying statement of unaudited standalone financial results of Dr. Reddy's Laboratories Limited (the "Company") for the quarter ended September 30, 2021 and year to date from April 1, 2021 to September 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 Shankar Srinivasan**

Partner

Membership No.: 213271

UDIN: 21213271 AAAAHS 4251

Place: Hyderabad

Date: October 29, 2021

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2021

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2021 (Unaudited)	30.06.2021 (Unaudited)	30.09.2020 (Unaudited)	30.09.2021 (Unaudited)	30.09.2020 (Unaudited)	31.03.2021 (Audited)
1	Revenue from operations						
	a) Net sales/income from operations	36,731	34,001	33,233	70,732	65,497	132,094
	b) License fees and service income	1,364	100	103	1,464	207	720
	c) Other operating income	139	234	122	373	198	677
	Total revenue from operations	38,234	34,335	33,458	72,569	65,902	133,491
2	Other income	1,181	1,862	266	3,043	6,593	8,011
	Total income (1 + 2)	39,415	36,197	33,724	75,612	72,495	141,502
3	Expenses						
	a) Cost of materials consumed	6,732	8,707	8,165	15,439	16,047	32,663
	b) Purchase of stock-in-trade	6,562	6,235	3,043	12,797	6,046	12,523
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	252	(3,025)	(1,358)	(2,773)	(3,287)	(3,956)
	d) Employee benefits expense	6,352	5,865	6,080	12,217	11,530	22,701
	e) Depreciation and amortisation expense	2,066	1,971	2,142	4,037	4,119	8,350
	f) Impairment of non-current assets	-	-	-	-	53	150
	g) Finance costs	111	65	93	176	233	467
	h) Selling and other expenses	10,853	10,934	9,362	21,787	17,940	38,042
	Total expenses	32,928	30,752	27,527	63,680	52,681	110,940
4	Profit before tax (1 + 2 - 3)	6,487	5,445	6,197	11,932	19,814	30,562
5	Tax expense/(benefit)						
	a) Current tax	1,156	984	1,114	2,140	3,505	5,401
	b) Deferred tax	841	327	273	1,168	1,997	3,297
6	Net profit for the period/year (4 - 5)	4,490	4,134	4,810	8,624	14,312	21,864
7	Other comprehensive income						
	a) (i) Items that will not be reclassified to profit or loss	1	1	-	2	(1)	(169)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	62
	b) (i) Items that will be reclassified to profit or loss	207	(531)	420	(324)	780	994
	(ii) Income tax relating to items that will be reclassified to profit or loss	(73)	186	(157)	113	(285)	(346)
	Total other comprehensive income	135	(344)	263	(209)	494	541
8	Total comprehensive income (6 + 7)	4,625	3,790	5,073	8,415	14,806	22,405
9	Paid-up equity share capital (face value Rs. 5/- each)	832	832	831	832	831	832
10	Other equity						169,005
11	Earnings per equity share (face value Rs. 5/- each)						
	Basic	27.07	24.94	29.00	52.01	86.31	131.84
	Diluted	27.00	24.87	28.92	51.87	86.08	131.46
		<i>(Not annualised)</i>	<i>(Not annualised)</i>	<i>(Not annualised)</i>	<i>(Not annualised)</i>	<i>(Not annualised)</i>	

See accompanying notes to the financial results.



Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2021	30.06.2021	30.09.2020	30.09.2021	30.09.2020	31.03.2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Segment wise revenue and results						
1	Segment revenue						
	a) Pharmaceutical Services and Active Ingredients	9,089	7,392	7,996	16,481	16,702	33,458
	b) Global Generics	29,548	28,199	27,112	57,747	52,353	106,467
	c) Proprietary Products	1,215	66	101	1,281	135	471
	Total	39,852	35,657	35,209	75,509	69,190	140,396
	Less: Inter-segment revenue	1,618	1,322	1,751	2,940	3,288	6,905
	Total revenue from operations	38,234	34,335	33,458	72,569	65,902	133,491
2	Segment results						
	Profit/(loss) before tax and interest from each segment						
	a) Pharmaceutical Services and Active Ingredients	725	207	145	932	5,831	7,486
	b) Global Generics	4,891	5,724	5,674	10,615	13,916	23,928
	c) Proprietary Products	1,039	(44)	(281)	995	(455)	(631)
	Total	6,655	5,887	5,538	12,542	19,292	30,783
	Less: (i) Finance costs	111	65	93	176	233	467
	(ii) Other un-allocable expenditure/(income), net	57	377	(752)	434	(755)	(246)
	Total profit before tax	6,487	5,445	6,197	11,932	19,814	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.
- In September 2021, the Company completed the sale of its U.S. and Canada territory rights for ELYXYB (celecoxib oral solution) 25 mg/mL, to BioDelivery Sciences International, Inc. An amount of Rs. 1,084 million is included under the head "License fee and service income" and this pertains to the Company's Proprietary Products segment.
- 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, forming part of the Company's Global Generics segment, 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 in the Company's Global Generics segment.
- During the quarter ended 31 December 2020, the Company entered into a definitive agreement with Glenmark Pharmaceuticals Limited 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, and pertains to Company's Global Generics segment.
- On 10 June 2020, the Company completed the acquisition of select divisions of Wockhardt Limited's branded generics business in India and the territories of Nepal, Sri Lanka, Bhutan and Maldives. The business comprises a portfolio of 62 brands in multiple therapy areas, such as respiratory, neurology, venous malformations, dermatology, gastroenterology, pain, and vaccines. This entire portfolio has been transferred to the Company, along with related sales and marketing teams, the manufacturing plant located in Baddi, Himachal Pradesh, and employees. During the quarter ended 30 September 2020, the Company completed the purchase price allocation. The fair value of consideration transferred is Rs.16,115 million. The Company recognised Rs. 373 million, Rs 14,888 million and Rs. 530 million towards property, plant and equipment, intangible assets, and goodwill, respectively. The acquisition pertains to Company's Global Generics segment.
- "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.
- 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 Company has disclosed the matter to the U.S. Department of Justice, Securities and Exchange Commission ("SEC") and Securities Exchange Board of India. 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. During the quarter ended 30 September 2021, the Company shared the report with respect to one jurisdiction with the SEC. The investigation is ongoing, and the Company is complying with its listing obligations as it relates to updating the regulatory agencies. While the findings from the aforesaid investigations 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 outcome are not reasonably ascertainable at this time. The Company is also in the process of reviewing its Compliance Program including controls in relation to compliance and implement appropriate enhancements, if any.

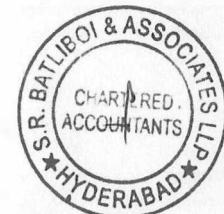


8 Balance sheet

All amounts in Indian Rupees millions

Particulars	As at	As at
	30.09.2021	31.03.2021
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	36,843	35,792
Capital work-in-progress	10,844	8,771
Goodwill	853	853
Other intangible assets	21,096	21,798
Intangible assets under development	237	237
Financial assets		
Investments	34,332	33,922
Trade receivables	55	118
Loans	12	12
Other financial assets	491	492
Deferred tax assets, net	1,494	2,548
Tax assets, net	1,930	2,151
Other non-current assets	208	160
Total non-current assets	108,395	106,854
Current assets		
Inventories	32,240	28,197
Financial assets		
Investments	11,089	15,972
Trade receivables	60,022	40,800
Derivative instruments	942	915
Cash and cash equivalents	7,896	13,063
Other financial assets	548	529
Other current assets	11,093	9,966
Total current assets	123,830	109,442
TOTAL ASSETS	232,225	216,296
EQUITY AND LIABILITIES		
Equity		
Equity share capital	832	832
Other equity	173,843	169,005
Total Equity	174,675	169,837
Liabilities		
Non-current liabilities		
Financial liabilities		
Lease liabilities	160	177
Provisions	512	251
Other non-current liabilities	967	428
Total non-current liabilities	1,639	856
Current liabilities		
Financial liabilities		
Borrowings	17,850	11,809
Lease liabilities	135	159
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	151	152
Total outstanding dues of creditors other than micro enterprises and small enterprises	18,070	13,212
Derivative instruments	346	306
Other financial liabilities	11,531	12,010
Provisions	2,882	2,987
Other current liabilities	4,946	4,968
Total current liabilities	55,911	45,603
TOTAL EQUITY AND LIABILITIES	232,225	216,296

(MSK)



9 Statement of cashflows

All amounts in Indian Rupees millions

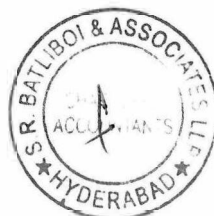
Particulars	Half year ended	
	30.09.2021	30.09.2020
	(Unaudited)	(Unaudited)
Cash flows from/(used in) operating activities :		
Profit before tax	11,932	19,814
<i>Adjustments for:</i>		
Fair value changes and profit on sale of financial instruments measured at FVTPL*, net	(199)	(353)
Depreciation and amortisation expense	4,037	4,119
Impairment of non-current assets	-	53
Allowance for credit losses (on trade receivables and other advances)	105	41
(Gain)/loss on sale or de-recognition of non-current assets, net	12	(4,733)
Foreign exchange loss/(gain), net	(754)	(220)
Interest income	(929)	(382)
Finance costs	176	233
Dividend income	-	(516)
Equity settled share-based payment expense	290	304
<i>Changes in operating assets and liabilities:</i>		
Trade receivables	(19,267)	136
Inventories	(4,043)	(4,984)
Trade payables	4,857	4,844
Other assets and other liabilities, net	(1,221)	23
Cash flow (used in)/from operations	(5,004)	18,379
Income taxes paid, net	(1,919)	(1,387)
Net cash (used in)/from operating activities	(6,923)	16,992
Cash flows from/(used in) investing activities :		
Proceeds from sale of property, plant and equipment	19	4,890
Expenditures on property, plant and equipment	(5,864)	(3,439)
Expenditures on other intangible assets	(264)	(138)
Payment for acquisition of business	-	(15,514)
Purchase of other investments	(28,967)	(48,769)
Proceeds from sale of investments	34,006	49,763
Dividend received	-	516
Interest received	916	693
Net cash used in investing activities	(154)	(12,298)
Cash flows from/(used in) financing activities :		
Proceeds from issuance of equity shares (including treasury shares)	281	177
Purchases of treasury shares	-	(190)
Proceeds from/(repayment of) short-term loans and borrowings, net	6,050	5,491
Repayment of long-term loans and borrowings	-	(3,743)
Payment of principle portion of lease liabilities	(96)	(90)
Dividend paid	(4,146)	(4,147)
Interest paid	(253)	(284)
Net cash from/(used in) financing activities	1,837	(2,786)
Net (decrease)/increase in cash and cash equivalents	(5,240)	1,908
Effect of exchange rate changes on cash and cash equivalents	83	(17)
Cash and cash equivalents at the beginning of the period ⁽¹⁾	13,054	391
Cash and cash equivalents at the end of the period⁽²⁾	7,896	2,282

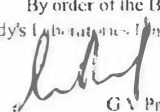
* FVTPL (fair value through profit or loss)

⁽¹⁾ Adjusted for bank overdraft of Rs. 9 million and Rs. 1 million for periods ended 30 September 2021 and 30 September 2020 respectively.

⁽²⁾ Adjusted for bank overdraft of Rs. Nil and Rs. Nil for periods ended 30 September 2021 and 30 September 2020 respectively.

- 10 India's Code on Social Security, 2020, which aims to consolidate, codify and revise certain existing social security laws, received Presidential assent in September 2020 and has been published in the Gazette of India. However, the related final rules have not yet been issued and the date on which this Code will come into effect has not been announced. The Company will assess the impact of this Code and the rules thereunder when they come into effect.
- 11 The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these interim financial results. Based on its judgments, estimates and assumptions, including sensitivity analysis, the Company 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 on 28 October 2021 and approved by the Board of Directors of the Company at their meeting held on 29 October 2021.
- 13 The results for the quarter and half year ended 30 September 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: 29 October 2021

