

Dr. Reddy's Laboratories Ltd.
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May 10, 2023

National Stock Exchange of India Ltd. (Scrip Code: DRREDDY-EQ)
BSE Limited (Scrip Code: 500124)
New York Stock Exchange Inc. (Stock Code: RDY)
NSE IFSC Ltd. (Stock Code: DRREDDY)

Dear Sir/Madam,

Sub: Outcome of Board Meeting held on May 10, 2023

In furtherance to our letter dated March 23, 2023, we would like to inform you that the Board of Directors of the Company at its meeting held on May 10, 2023, has, *inter alia*, transacted the following businesses:

Financial Results

- A. Approved the Audited Financial Results of the Company for the quarter and year ended March 31, 2023. In terms of the above, we are enclosing herewith the following:
1. Audited Consolidated Financial Results of the Company and its subsidiaries for the quarter and year ended March 31, 2023, as per International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).
 2. Audited Consolidated Financial Results of the Company and its subsidiaries for the quarter and year ended March 31, 2023, as per Indian Accounting Standards.
 3. Audited Standalone Financial Results of the Company for the quarter and year ended March 31, 2023, as per Indian Accounting Standards.

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Reports of the Statutory Auditors on the financial results as mentioned at serial nos. 2 & 3 are also enclosed.

We would like to confirm that the Statutory Auditors of the Company have issued Audit Reports with 'Unmodified Opinion' on the Audited Financial Statements of the Company (Standalone and Consolidated) for the year ended March 31, 2023.



Dividend

- B. Recommended a final dividend of Rs. 40/- (800%) per equity share of Rs. 5/- each for the financial year 2022-23. The dividend will be paid on or after five days from the date of declaration of the final dividend by the shareholders at the 39th Annual General Meeting (AGM).

The Board Meeting commenced at 02:00 PM and concluded at 04:49 PM.

This is for your information and record.

Thanking you.

Yours faithfully,
For **Dr. Reddy's Laboratories Limited**

K Randhir Singh
Company Secretary, Compliance Officer & Head-CSR

Encl: As above

DR. REDDY'S LABORATORIES LIMITED

Audited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and year ended 31 March 2023 prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Revenues	62,968	67,700	54,368	245,879	214,391
2	Cost of revenues	26,971	27,607	25,625	106,536	100,551
3	Gross profit (1 - 2)	35,997	40,093	28,743	139,343	113,840
4	Selling, general and administrative expenses	17,992	17,981	15,674	68,026	62,081
5	Research and development expenses	5,366	4,821	4,326	19,381	17,482
6	Impairment of non-current assets	540	134	7,515	699	7,562
7	Other (income)/expense, net	(281)	732	(291)	(5,907)	(2,761)
	Total operating expenses	23,617	23,668	27,224	82,199	84,364
8	Results from operating activities [(3) - (4 + 5 + 6 + 7)]	12,380	16,425	1,519	57,144	29,476
	Finance income	1,153	279	1,175	4,281	3,077
	Finance expense	(354)	(418)	(316)	(1,428)	(958)
9	Finance (expense)/income, net	799	(139)	859	2,853	2,119
10	Share of profit of equity accounted investees, net of tax	76	60	105	370	703
11	Profit before tax (8 + 9 + 10)	13,255	16,346	2,483	60,367	32,298
12	Tax expense, net	3,663	3,875	1,608	15,300	8,730
13	Profit for the period/year (11 - 12)	9,592	12,471	875	45,067	23,568
14	Earnings per share:					
	Basic earnings per share of Rs.5/- each	57.74	75.09	5.28	271.43	142.08
	Diluted earnings per share of Rs.5/- each	57.62	74.95	5.26	270.85	141.69
		(Not annualised)	(Not annualised)	(Not annualised)		

Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	Segment wise revenue and results:					
1	Segment revenue:					
	a) Pharmaceutical Services and Active Ingredients	10,261	10,142	9,256	36,646	36,995
	b) Global Generics	54,257	59,241	46,118	213,768	179,170
	c) Others	924	701	693	3,042	4,481
	Total	65,442	70,084	56,067	253,456	220,646
	Less: Inter-segment revenues	2,474	2,384	1,699	7,577	6,255
	Net revenues	62,968	67,700	54,368	245,879	214,391
2	Segment results:					
	Gross profit from each segment					
	a) Pharmaceutical Services and Active Ingredients	1,963	1,409	1,387	4,715	6,821
	b) Global Generics	33,498	38,255	26,830	132,719	103,270
	c) Others	536	429	526	1,909	3,749
	Total	35,997	40,093	28,743	139,343	113,840
	Less: Selling and other un-allocable expenditure, net of other	22,742	23,747	26,260	78,976	81,542
	Total profit before tax	13,255	16,346	2,483	60,367	32,298

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) and are reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 10 May 2023. The Independent Auditors have issued an unqualified report thereon.
- Revenues for the year ended 31 March 2023 includes :
 - Rs. 2,640 million from sale of certain non-core dermatology brands to Eris Lifesciences Limited for the quarter ended 31 March 2023;
 - Rs. 1,399 million from sale of brands Styptovit-E, Finast, Finast-T and Dynapres to Torrent Pharmaceuticals Limited;
 - Rs. 902 million from sale of brands Z&D, Pedicloryl, Pecef and Ezinapi to J B Chemicals and Pharmaceuticals Limited.
 The amounts recognised above are adjusted for expected sales returns. These transactions pertain to Company's Global Generics segment.
- During the quarter and year ended 31 March 2023, an amount of Rs. 305 million and Rs. 3,111 million respectively, representing government grants has been accounted for as a reduction from cost of revenues.
- During the quarter ended 31 March 2023, Company considered a total impairment of Rs. 540 million towards:
 - The Company assessed performance of business acquired from Nimbus Health GmbH against the initial estimates and performance of the products. Basis the assessment, the Company has recorded an impairment charge of the carrying values amounting to Rs. 375 million (Goodwill- Rs. 272 million and Other intangibles- Rs. 103 million). The said impairment charge pertains to the Company's Global Generics segment.
 - Consequent to adverse market conditions with respect to certain of the Company's products related intangibles forming part of the company's Global Generics and Pharmaceutical Services and Active Ingredients segments, the Company assessed the recoverable amount of these products and recognised an amount of Rs. 165 million as impairment charge during the quarter ended 31 March 2023.
- Included in "Other income/(expense), net" for the year ended 31 March 2023, is an amount of Rs. 991 million representing the Loss on sale of Assets, pursuant to agreement dated 16 December 2022 with Delpharm Development Leiden B.V (Delpharm) for transfer of its certain assets, liabilities and employees at its site at Leiden, Netherlands. This transaction pertains to Company's Global Generics segment.
- On 23 June 2022, the Company entered into a settlement agreement with Indivior Inc., Indivior UK Limited and Aquestive Therapeutics, Inc. Pursuant to the agreement, the Company will receive payments totaling U.S.\$ 72 million by 31 March 2024. The said agreement resolves all claims between the parties relating to the Company's generic buprenorphine and naloxone sublingual film including Indivior's and Aquestive's patent infringement allegations and the Company's antitrust counterclaims. On 28 June 2022 the U.S. Court dismissed all claims and counterclaims pending in the case with prejudice, pursuant to a joint stipulation of dismissal filed by the parties. The Company recognised the present value of the amount receivable at Rs.5,638 million (U.S.\$ 71.39 million) on the date of the settlement as 'Other income, net' in the consolidated financial results of the Company. The aforesaid transaction pertain to Company's Global Generics segment.
- Revenues for the quarter and year ended 31 March 2022 includes:
 - Rs. 1,774 million towards the sale of territorial rights relating to two of the Company's anti-bacterial brands (Ciprolet® and Levolet®) in Russia and CIS region to Aium JSC;
 - Rs. 390 million towards the sale of two of the Company's Brands (Daffy bar and Combihale) in India to Mankind Pharma Limited;
 - Rs. 1,084 million towards sale of its U.S. and Canada territory rights for ELYXYBTM (celecoxib oral solution) 25 mg/mL, to BioDelivery Sciences International, Inc.
 The aforesaid transactions pertain to Company's Global Generics Segment.



- 8 During the year ended 31 March 2022, 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, decrease in the market potential of products, increased competition leading to lower volumes, and revenues not being in line with projections. Due to these adverse market developments, the Company recorded an impairment loss of Rs. 7,562 million on various non-current assets. The said impairment loss includes:
- a) Rs. 4,337 million relating to PPC-06 (Tepilamide Fumarate Extended Release Tablets) in-process research and development asset;
 - b) Rs. 3,051 million pertaining to Shreveport Cash Generating Unit ("CGU") comprising of Property, plant and equipment and Goodwill;
 - c) Rs. 174 million relating to other intangible assets.
- 9 The Company has been in litigation with Teva, principally over claims relating to the manufacturing of the commercial batches for VeraRing. Both the parties had claimed damages and all other remedies available under the law for the breach of the supply agreement entered between the parties. During the quarter ended 31 March 2023, the company had entered into a Settlement Agreement pursuant to which, all claims between the parties have been dismissed with prejudice and without any admission of liability by any of the parties.
- 10 The Company received an anonymous complaint in September 2020, alleging 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. The Company disclosed the matter to the U.S. Department of Justice ("DOJ"), Securities and Exchange Commission ("SEC") and Securities Exchange Board of India. The Company engaged a U.S. law firm to conduct the investigation at the instruction of a committee of the Company's Board of Directors. On 6 July 2021 the Company received a subpoena from the SEC for the production of related documents, which were provided to the SEC. The Company made presentations to the SEC and the DOJ in relation to the investigation with respect to certain countries during the current and previous fiscal year. The Company also made a presentation to the SEC and the DOJ in relation to its Global Compliance Framework, including the ongoing enhancement initiatives, during the year ended 31 March 2023. The Company is complying with its listing obligations as it relates to updating the regulatory agencies. While the findings from the aforesaid investigations could result in government or regulatory enforcement actions against the Company in the United States and/or foreign jurisdictions, which can lead to civil and criminal sanctions under relevant laws, the outcomes including liabilities are not reasonably ascertainable at this time.
- 11 The Company has considered the impact of recent tax regulations and developments, including updates to its estimate on the impact of adoption of the Taxation Laws (Amendment) Act 2019, in determining its "Tax expense, net" for the quarter and year ended 31 March 2023.
- 12 As the revenues and gross profits of the Proprietary Products segment are considerably lower than the quantitative thresholds mentioned in IFRS 8, "Operating Segments", the Company believes that Proprietary Products segment no longer qualifies to be a reportable segment and consequently, effective 1 April 2022, the Company included the financial information relating to Proprietary Products segment in "Others". The corresponding information relating to Proprietary Products segment for earlier periods has been restated to reflect the aforementioned change.
- 13 During the quarter and year ended 31 March 2022, pursuant to a change in the U.S. Income tax regulations relating to the timing of recognition of certain sales based accruals, the Company recognised current tax liability of Rs. 4,602 million with a corresponding increase in the deferred tax asset.
- 14 The Company considered the uncertainties relating to the military conflict between Russia and Ukraine, 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 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 On 5 April 2022 the Company received approval from the Honorable National Company Law Tribunal, Hyderabad Bench ("NCLT") for the merger of Dr. Reddy's Holding Limited into Dr. Reddy's Laboratories Limited. Subsequently, the Company has filed the NCLT order, with the Ministry of Company Affairs on 8 April 2022 ('Effective Date'). Consequently, Dr. Reddy's Holding Limited has been merged with the company.

All amounts in Indian Rupees millions

Particulars	As at	As at
	31.03.2023	31.03.2022
	(Audited)	(Audited)
ASSETS		
Current assets		
Cash and cash equivalents	5,779	14,852
Other investments	56,018	29,513
Trade and other receivables	72,485	66,764
Inventories	48,670	50,884
Derivative financial instruments	1,232	1,906
Tax assets	2,687	4,035
Other current assets	20,069	13,902
Total current assets	206,940	181,856
Non-current assets		
Property, plant and equipment	66,462	62,169
Goodwill	4,245	4,418
Other intangible assets	30,849	27,246
Trade and other receivables	-	54
Investment in equity accounted investees	4,702	4,318
Other investments	660	3,668
Deferred tax assets	7,196	8,204
Other non-current assets	800	894
Total non-current assets	114,914	110,971
Total assets	321,854	292,827
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	26,444	25,572
Short-term borrowings	7,390	27,082
Long-term borrowings, current portion	4,804	1,017
Provisions	5,454	4,258
Tax liabilities	2,144	1,615
Derivative financial instruments	137	479
Other current liabilities	39,472	33,992
Total current liabilities	85,845	94,015
Non-current liabilities		
Long-term borrowings	1,278	5,746
Deferred tax liabilities	833	60
Provisions	59	57
Other non-current liabilities	2,848	2,422
Total non-current liabilities	5,018	8,285
Total liabilities	90,863	102,300
Equity		
Share capital	833	832
Treasury shares	(1,269)	(1,601)
Share premium	9,688	9,280
Share based payment reserve	1,652	1,628
Capital redemption reserve	173	173
Debenture redemption reserve	380	304
Special economic zone re-investment reserve	886	755
Retained earnings	215,593	175,712
Other components of equity	3,055	3,444
Total equity	230,991	190,527
Total liabilities and equity	321,854	292,827



All amounts in Indian Rupees millions

Particulars	Year ended	
	31.03.2023	31.03.2022
	(Audited)	(Audited)
Cash flows from/(used in) operating activities :		
Profit for the period	45,067	23,568
<i>Adjustments for:</i>		
Tax expense/(benefit), net	15,300	8,730
Fair value changes and profit on sale of financial instruments measured at FVTPL**, net	(876)	(277)
Depreciation and amortization	12,636	11,824
Impairment of non-current assets	699	7,562
Allowance for credit losses (on trade receivables and other advances)	205	55
Loss/(gain) on sale or de-recognition of non-current assets, net	208	(1,119)
Share of profit of equity accounted investees	(370)	(703)
Foreign exchange (gain)/loss, net	(939)	(766)
Interest (income)/expense, net	248	(7)
Inventories write-down	4,869	4,584
Equity settled share-based payment expense	397	592
Dividend income	_*	_*
<i>Changes in operating assets and liabilities:</i>		
Trade and other receivables	(5,752)	(17,012)
Inventories	(2,654)	(9,912)
Trade and other payables	23	4,412
Other assets and other liabilities, net	528	4,014
Cash generated from operations	69,589	35,545
Income tax paid, net	(10,714)	(7,437)
Net cash generated from operating activities	58,875	28,108
Cash flows from/(used in) investing activities :		
Expenditures on property, plant and equipment	(11,323)	(14,660)
Proceeds from sale of property, plant and equipment	82	370
Expenditures on other intangible assets	(7,543)	(4,389)
Proceeds from sale of other intangible assets	-	2,946
Payment for acquisition of business, net of cash acquired ⁽¹⁾	-	(326)
Purchase of other investments	(136,171)	(88,972)
Proceeds from sale of other investments	112,805	77,771
Interest and dividend received	777	873
Net cash used in investing activities	(41,373)	(26,387)
Cash flows from/(used in) financing activities :		
Proceeds from issuance of equity shares (including treasury shares)	157	334
Proceeds from sale of treasury shares	211	-
(Repayment of)/Proceeds from short-term loans and borrowings, net	(19,382)	3,520
Payment of principal portion of lease liabilities	(1,015)	(785)
Dividend paid	(4,979)	(4,146)
Interest paid	(1,853)	(1,345)
Net cash used in financing activities	(26,861)	(2,422)
Net (decrease)/increase in cash and cash equivalents	(9,359)	(701)
Effect of exchange rate changes on cash and cash equivalents	286	733
Cash and cash equivalents at the beginning of the period ⁽²⁾	14,852	14,820
Cash and cash equivalents at the end of the period	5,779	14,852

*Rounded off to million.

**FVTPL (fair value through profit or loss)

⁽¹⁾ Cash and cash equivalents acquired under business combination Rs. Nil and Rs. 11 million for the periods ended 31 March 2023 and 31 March 2022, respectively.

⁽²⁾ Adjusted for bank-overdraft of Rs. Nil and Rs. 9 million for the periods ended 31 March 2023 and 31 March 2022, respectively.

18 The Board of Directors, at their meeting held on 10 May 2023, have recommended a final dividend of Rs.40 per share subject to approval of shareholders.

19 The figures of the fourth quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the relevant financial year. Also the figures upto the end of third quarter were only reviewed and not subjected to audit.

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



 G V Prasad
 Co-Chairman & Managing Director



 Place: Hyderabad
 Date: 10 May 2023

Independent Auditor's Report on the Quarterly and Year to Date Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Dr. Reddy's Laboratories Limited

Report on the audit of the Consolidated Financial Results**Opinion**

We have audited the accompanying Statement of Consolidated Financial Results for the Quarter and Year Ended March 31, 2023 ("Statement") of Dr. Reddy's Laboratories Limited ("Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures, attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations")

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. includes the results of the following entities:

Holding Company

1. Dr. Reddy's Laboratories Limited

Subsidiaries

1. Aurigene Oncology limited (Formerly, Aurigene Discovery Technologies Limited)
2. Cheminor Investments Limited
3. Dr. Reddy's Bio-Sciences Limited
4. Dr. Reddy's Formulations Limited
5. Dr. Reddy's Farmaceutica Do Brasil Ltda
6. Dr. Reddy's Laboratories SA
7. Idea2Enterprises (India) Private Limited
8. Imperial Credit Private Limited
9. Industrias Quimicas Falcon de Mexico, S.A.de C.V.
10. Svaas Wellness Limited
11. Aurigene Discovery Technologies (Malaysia) Sdn. Bhd.
12. Aurigene Discovery Technologies Inc.(liquidated on 23 March 2022)
13. Aurigene Pharmaceutical Services Limited
14. beta Institut gemeinnützige GmbH
15. betapharm Arzneimittel GmbH
16. Chirotech Technology Limited
17. DRL Impex Limited
18. Dr. Reddy's Laboratories (Australia) Pty. Limited
19. Dr. Reddy's (Beijing) Pharmaceutical Co. Limited
20. Dr. Reddy's Laboratories B.V. (merged with Reddy Netherlands B.V., Netherlands effective 25 January 2023)
21. Dr. Reddy's Laboratories Canada, Inc.
22. Dr. Reddy's Laboratories Chile SPA
23. Dr. Reddy's Laboratories (EU) Limited



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24. Dr. Reddy's Laboratories Inc.
25. Dr. Reddy's Laboratories Japan KK
26. Dr. Reddy's Laboratories Kazakhstan LLP
27. Dr. Reddy's Laboratories LLC, Ukraine
28. Dr. Reddy's Laboratories Louisiana LLC
29. Dr. Reddy's Laboratories Malaysia Sdn. Bhd.
30. Dr. Reddy's Laboratories New York, LLC
31. Dr. Reddy's Laboratories Philippines Inc.
32. Dr. Reddy's Laboratories (Proprietary) Limited
33. Dr. Reddy's Laboratories Romania S.R.L.
34. Dr. Reddy's Laboratories SAS
35. Dr. Reddy's Laboratories Taiwan Limited
36. Dr. Reddy's Laboratories (Thailand) Limited
37. Dr. Reddy's Laboratories (UK) Limited
38. Dr. Reddy's New Zealand Limited
39. Dr. Reddy's (WUXI) Pharmaceutical Co. Ltd (liquidated on 13 December 2021)
40. Dr. Reddy's Research and Development B.V.
41. Dr. Reddy's Srl
42. Dr. Reddy's Venezuela, C.A.
43. Dr. Reddy's Laboratories LLC, Russia
44. DRS LLC (merged with Dr. Reddy's Laboratories LLC, Russia effective 1 July 2022)
45. Lacock Holdings Limited
46. Promius Pharma LLC
47. Reddy Holding GmbH
48. Reddy Netherlands B.V.
49. Reddy Pharma Iberia SAU
50. Reddy Pharma Italia S.R.L
51. Reddy Pharma SAS
52. Nimbus Health GmbH (from 24 February 2022)

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 Research Foundation

- ii. are presented in accordance with the requirements of the Listing Regulations in this regard;
and
- iii. gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the consolidated net profit and other comprehensive income / (loss) and other financial information of the Group and its joint ventures for the quarter and year ended March 31, 2023.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the Group and its joint ventures in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the



provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Consolidated Financial Results

The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net profit and other comprehensive loss and other financial information of the Group including its joint ventures in accordance with the applicable accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the companies included in the Group and its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the companies included in the Group and its joint ventures are responsible for assessing the ability of the Group and its joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and its joint ventures are also responsible for overseeing the financial reporting process of the Group and its joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate



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Chartered Accountants

internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities Exchange Board of India under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

Other Matter

The accompanying Statement includes the audited financial results and other financial information, in respect of two subsidiaries, whose financial results/statements include total assets of Rs 29,445 million as at March 31, 2023, total revenues of Rs. 7,902 million and Rs. 33,087 million, total net profit after tax of Rs. 510 million and Rs. 2,534 million, total comprehensive income of Rs. 510 million and Rs. 2,534 million, for the quarter and the year ended on that date respectively, and net cash outflows of Rs. 18 million for the year ended March 31, 2023, as considered in the Statement which have been audited by their respective independent auditors.

The independent auditor's report on the financial statements and other financial information of these entities have been furnished to us by the Management and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of such auditors.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

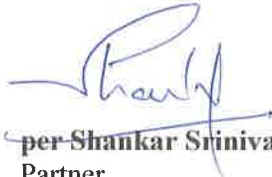
These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with the accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

The Statement includes the results for the quarter ended March 31, 2023 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2023 and the published unaudited year-to-date figures up to the end of the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per Shankar Srinivasan

Partner

Membership No.: 213271



UDIN: 23213271BGSEIC9292

Place: Hyderabad

Date: May 10, 2023

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2023

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Revenue from operations					
	a) Net sales/income from operations	58,430	66,353	50,684	234,595	205,144
	b) License fees and service income	4,539	1,346	3,684	11,284	9,247
	c) Other operating income	183	199	381	818	1,061
	Total revenue from operations	63,152	67,898	54,749	246,697	215,452
2	Other income	1,385	587	1,219	10,555	4,844
3	Total income (1 + 2)	64,537	68,485	55,968	257,252	220,296
4	Expenses					
	a) Cost of materials consumed	10,728	12,891	13,030	42,198	43,124
	b) Purchase of stock-in-trade	7,667	9,160	7,087	33,670	34,837
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	586	(2,037)	(1,139)	709	(3,539)
	d) Employee benefits expense	12,760	11,732	9,726	46,466	38,858
	e) Depreciation and amortisation expense	3,155	3,237	2,930	12,502	11,652
	f) Impairment of non-current assets	540	134	7,419	699	9,304
	g) Finance costs	354	418	315	1,428	958
	h) Selling and other expenses	15,532	16,633	14,116	59,465	55,191
	Total expenses	51,322	52,168	53,484	197,137	190,385
5	Profit before tax and before share of equity accounted investees(3 - 4)	13,215	16,317	2,484	60,115	29,911
6	Share of profit of equity accounted investees, net of tax	76	60	105	370	703
7	Profit before tax (5+6)	13,291	16,377	2,589	60,485	30,614
8	Tax expense/(benefit):					
	a) Current tax	4,279	3,096	6,064	8,144	11,013
	b) Deferred tax	(589)	842	(4,445)	7,268	(2,224)
9	Net profit after taxes and share of profit of associates (7 - 8)	9,601	12,439	970	45,073	21,825
10	Other comprehensive income					
	a) (i) Items that will not be reclassified subsequently to profit or loss	83	(69)	(981)	(660)	(3,568)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(12)	(31)	12	(43)	305
	b) (i) Items that will be reclassified subsequently to profit or loss	1,196	2,404	796	276	653
	(ii) Income tax relating to items that will be reclassified to profit or loss	(342)	(600)	(327)	306	(288)
	Total other comprehensive income	925	1,704	(500)	(121)	(2,898)
11	Total comprehensive income (9 + 10)	10,526	14,143	470	44,952	18,927
12	Paid-up equity share capital (face value Rs. 5/- each)	833	833	832	833	832
13	Other equity				232,028	191,292
14	Earnings per equity share (face value Rs. 5/- each)					
	Basic	57.79	74.91	5.84	271.47	131.57
	Diluted	57.68	74.76	5.83	270.90	131.21
		(Not annualised)	(Not annualised)	(Not annualised)		

See accompanying notes to the financial results




Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	Segment wise revenue and results:					
1	Segment revenue :					
	a) Pharmaceutical Services and Active Ingredients	10,398	10,304	9,316	37,195	37,499
	b) Global Generics	54,297	59,276	46,359	213,953	179,647
	c) Others	931	702	773	3,126	4,561
	Total	65,626	70,282	56,448	254,274	221,707
	Less: Inter-segment revenue	2,474	2,384	1,699	7,577	6,255
	Total revenue from operations	63,152	67,898	54,749	246,697	215,452
2	Segment results:					
	Gross profit from each segment					
	a) Pharmaceutical Services and Active Ingredients	1,970	1,413	1,390	4,733	6,834
	b) Global Generics	33,498	38,254	26,830	132,719	103,270
	c) Others	535	430	526	1,909	3,749
	Total	36,003	40,097	28,746	139,361	113,853
	Less: Selling and other un-allocable expenditure/(income), net	22,712	23,721	26,157	78,876	83,239
	Total profit before tax	13,291	16,377	2,589	60,485	30,614

Global Generics includes operations of Biologics business. Inter-segment revenue represents sales from Pharmaceutical Services and Active Ingredients to Global Generics and Others 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 are 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 and are reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 10 May 2023. The Statutory Auditors have issued an unqualified report thereon.
- License fee and service income for the year ended 31 March 2023 includes:
 - Rs. 2,640 million from sale of certain non-core dermatology brands to Fris Lifesciences Limited for the quarter ended 31 March 2023;
 - Rs. 1,399 million from sale of brands Styptovit-E, Finast, Finast-T and Dynapres to Torrent Pharmaceuticals Limited;
 - Rs. 902 million from sale of brands Z&D, Pedicloryl, Pecef and Ezinapi to J B Chemicals and Pharmaceuticals Limited.
 The amounts recognised above are adjusted for expected sales returns. These transactions pertain to Company's Global Generics segment.
- During the quarter and year ended 31 March 2023, an amount of Rs. 305 million and Rs. 3,111 million respectively representing government grants has been accounted for as a reduction from cost of material consumed.
- During the quarter ended 31 March 2023, Company considered a total impairment of Rs. 540 million towards:
 - The Company assessed performance of business acquired from Nimbus Health GmbH against the initial estimates and performance of the products. Basis the assessment, the Company has recorded an impairment charge of the carrying values amounting to Rs. 375 million (Goodwill- Rs. 272 million and Other intangibles- Rs. 103 million). The said impairment charge pertains to the Company's Global Generics segment.
 - Consequent to adverse market conditions with respect to certain of the Company's products related intangibles forming part of the Company's Global Generics and Pharmaceutical Services and Active Ingredients segments, the Company assessed the recoverable amount of these products and recognised an amount of Rs. 165 million as impairment charge.
- Included in "Selling and other expenses" for the year ended 31 March 2023, is an amount of Rs. 991 million representing the Loss on sale of Assets, pursuant to agreement dated 16 December 2022 with Delpharm Development Leiden B.V (Delpharm) for transfer of its certain assets, liabilities and employees at its site at Leiden, Netherlands. This transaction pertains to Company's Global Generics segment.
- On 23 June 2022, the Company entered into a Settlement Agreement with Indivior Inc., Indivior UK Limited and Aquestive Therapeutics, Inc. Pursuant to the agreement, the Company will receive payments totaling U.S.\$ 72 million by 31 March 2024. The said agreement resolves all claims between the parties relating to the Company's generic buprenorphine and naloxone sublingual film including Indivior's and Aquestive's patent infringement allegations and the Company's antitrust counterclaims. On 28 June 2022 the U.S. Court dismissed all claims and counterclaims pending in the case with prejudice, pursuant to a joint stipulation of dismissal filed by the parties. The Company recognised the present value of the amount receivable at Rs.5,638 million (U.S.\$ 71.39 million) on the date of the settlement as 'Other income' in the consolidated financial results of the Company. The aforesaid transaction pertain to Company's Global Generics segment.

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- 7 License fee and service income for the year ended 31 March 2022 includes:
- Rs. 1,774 million towards the sale of territorial rights relating to two of the Company's anti-bacterial brands (Ciprolet® and Levolet®) in Russia and CIS region to Alium JSC;
 - Rs. 390 million towards the sale of two of the Company's Brands (Daffy bar and Combihale) in India to Mankind Pharma Limited;
 - Rs. 1,084 million towards sale of its U.S. and Canada territory rights for ELYXYB™ (celecoxib oral solution) 25 mg/mL, to BioDelivery Sciences International, Inc.
- The aforesaid transactions pertain to Company's Global Generics and Others segment.
- 8 During the year ended 31 March 2022, there were significant changes to the market conditions for certain of the products forming part of Company's Global Generics and Others segment. The changes include, decrease in the market potential of products, and increased competition leading to lower volumes and revenues not being in line with projections. Due to these adverse market developments, the Company recorded an impairment loss of Rs. 9,304 million on various non-current assets. The said impairment loss includes:
- Rs. 4,337 million relating to PPC-06 (Tepilamide Fumarate Extended Release Tablets) intangible assets under development;
 - Rs. 2,955 million pertaining to Shreveport Cash Generating Unit ("CGU") comprising of Property, plant and equipment and Goodwill;
 - Rs. 174 million relating to other intangible assets.
- 9 The Company has been in litigation with Teva, principally over claims relating to the manufacturing of the commercial batches for VeraRing. Both the parties had claimed damages and all other remedies available under the law for the breach of the supply agreement entered between the parties. During the quarter ended 31 March 2023, the company had entered into a Settlement Agreement pursuant to which, all claims between the parties have been dismissed with prejudice and without any admission of liability by any of the parties.
- 10 The Company has considered the impact of recent tax regulations and developments, including updates to its estimate on the impact of adoption of the Taxation Laws (Amendment) Act 2019, in determining its "Tax expense/(benefit)" for the year ended 31 March 2023.
- 11 As the revenues and gross profits of the Proprietary Products segment are considerably lower than the quantitative thresholds mentioned in IND AS 108, "Operating Segments", the Company believes that Proprietary Products segment no longer qualifies to be a reportable segment and consequently, effective 1 April 2022, the Company included the financial information relating to Proprietary Products Segment in "Others". The corresponding information relating to Proprietary Products segment for earlier periods has been restated to reflect the aforementioned change.
- 12 During the quarter and year ended 31 March 2022, pursuant to a change in the U.S. Income tax regulations relating to the timing of recognition of certain sales based accruals, the Company recognised current tax liability of Rs. 4,602 million with a corresponding increase in the deferred tax asset.
- 13 On 5 April 2022 the Company received approval from the Honorable National Company Law Tribunal, Hyderabad Bench ("NCLT") for the merger of Dr. Reddy's Holding Limited into Dr. Reddy's Laboratories Limited. Subsequently, the Company has filed the NCLT order, with the Ministry of Company Affairs on 8 April 2022 ('Effective Date').
- 14 The Company received an anonymous complaint in September 2020, alleging 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. The Company disclosed the matter to the U.S. Department of Justice ("DOJ"), Securities and Exchange Commission ("SEC") and Securities Exchange Board of India. The Company engaged a U.S. law firm to conduct the investigation at the instruction of a committee of the Company's Board of Directors. On 6 July 2021 the Company received a subpoena from the SEC for the production of related documents, which were provided to the SEC. The Company made presentations to the SEC and the DOJ in relation to the investigation with respect to certain countries during the current and previous fiscal year. The Company also made a presentation to the SEC and the DOJ in relation to its Global Compliance Framework, including the ongoing enhancement initiatives, during the year ended 31 March 2023. The Company is complying with its listing obligations as it relates to updating the regulatory agencies. While the findings from the aforesaid investigations could result in government or regulatory enforcement actions against the Company in the United States and/or foreign jurisdictions, which can lead to civil and criminal sanctions under relevant laws, the outcomes including liabilities are not reasonably ascertainable at this time.
- 15 The Company considered the uncertainties relating to the military conflict between Russia and Ukraine, 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 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.



Particulars	As at	As at
	31.03.2023 (Audited)	31.03.2022 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	56,542	48,869
Capital work-in-progress	9,752	12,796
Goodwill	5,474	5,473
Other intangible assets	30,175	26,873
Intangible assets under development	549	138
Investment in equity accounted investees	4,702	4,318
Financial assets		
Investments	660	1,668
Trade receivables	-	54
Other financial assets	727	2,773
Deferred tax assets, net	7,052	12,770
Tax assets, net	2,687	3,285
Other non-current assets	276	629
Total non-current assets	118,596	119,646
Current assets		
Inventories	48,670	50,884
Financial assets		
Investments	44,496	20,173
Trade receivables	72,485	66,764
Derivative financial instruments	1,232	1,906
Cash and cash equivalents	5,779	14,852
Other bank balances	11,523	9,340
Other financial assets	4,950	1,574
Other current assets	15,120	12,330
Total current assets	204,255	177,823
TOTAL ASSETS	322,851	297,469
EQUITY AND LIABILITIES		
Equity		
Equity share capital	833	832
Other equity	232,028	191,292
Total equity	232,861	192,124
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	-	3,800
Lease liabilities	1,278	1,946
Provisions	199	258
Deferred tax liabilities, net	760	14
Other non-current liabilities	2,032	1,669
Total non-current liabilities	4,269	7,687
Current liabilities		
Financial liabilities		
Borrowings	11,190	27,082
Lease liabilities	1,004	1,017
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	83	125
Total outstanding dues of creditors other than micro enterprises and small enterprises	22,601	22,537
Derivative financial instruments	137	479
Other financial liabilities	29,175	24,832
Liabilities for current tax, net	2,143	5,442
Provisions	6,525	5,866
Other current liabilities	12,863	10,278
Total current liabilities	85,721	97,658
TOTAL EQUITY AND LIABILITIES	322,851	297,469




17 Consolidated statement of cashflows

All amounts in Indian Rupees millions

Particulars	Year ended	
	31.03.2023	31.03.2022
	(Audited)	(Audited)
Cash flows from/(used in) operating activities :		
Profit before tax	60,485	30,614
<i>Adjustments for:</i>		
Fair value changes and profit on sale of financial instruments measured at FVTPL**, net	(876)	(277)
Depreciation and amortisation expense	12,502	11,652
Impairment of non-current assets	699	9,304
Allowance for credit losses (on trade receivables and other advances)	205	70
Loss/(Profit) on sale or de-recognition of non-current assets, net	208	(1,119)
Share of profit of equity accounted investees	(370)	(703)
Foreign exchange (gain)/loss, net	(925)	(758)
Interest income	(1,180)	(965)
Finance costs	1,428	958
Equity settled share-based payment expense	397	592
Inventories write-down	4,869	4,584
Dividend income	*	*
<i>Changes in operating assets and liabilities:</i>		
Trade and other receivables	(5,752)	(17,012)
Inventories	(2,654)	(9,912)
Trade and other payables	23	4,412
Other assets and other liabilities, net	528	4,105
Cash generated from operations	69,587	35,545
Income tax paid, net	(10,714)	(7,437)
Net cash from operating activities	58,873	28,108
Cash flows from/(used in) investing activities :		
Expenditures on property, plant and equipment	(11,323)	(14,660)
Proceeds from sale of property, plant and equipment	82	370
Expenditures on other intangible assets	(7,541)	(4,389)
Proceeds from sale of other intangible assets	-	2,946
Payment for acquisition of business, net of cash acquired ⁽¹⁾	-	(326)
Purchase of investments	(136,171)	(88,972)
Proceeds from sale of investments	112,805	77,771
Interest and dividend received	777	873
Net cash used in investing activities	(41,371)	(26,387)
Cash flows from/(used in) financing activities :		
Proceeds from issuance of equity shares (including treasury shares)	157	334
Proceeds from sale of treasury shares	211	-
(Repayment of)/Proceeds from short-term loans and borrowings, net	(19,382)	3,520
Payment of principal portion of lease liabilities	(1,015)	(785)
Dividend paid	(4,979)	(4,146)
Interest paid	(1,853)	(1,345)
Net cash used in financing activities	(26,861)	(2,422)
Net (decrease)/increase in cash and cash equivalents	(9,359)	(701)
Effect of exchange rate changes on cash and cash equivalents	286	733
Cash and cash equivalents at the beginning of the period ⁽²⁾	14,852	14,820
Cash and cash equivalents at the end of the period	5,779	14,852

*Rounded off to million.

**FVTPL (fair value through profit or loss)

⁽¹⁾ Cash and cash equivalents acquired under business combination Rs. Nil and Rs.11 million for the periods ended 31 March 2023 and 31 March 2022, respectively.

⁽²⁾ Adjusted for bank-overdraft of Rs. Nil and Rs. 9 million for the periods ended 31 March 2023 and 31 March 2022, respectively.




- 18 The Board of Directors, at their meeting held on 10 May 2023, have recommended a final dividend of Rs.40 per share subject to approval of shareholders.
- 19 The figures of the fourth quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the relevant financial year. Also the figures upto the end of third quarter were only reviewed and not subjected to audit.

SG

Place: Hyderabad
Date: 10 May 2023



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



G V Prasad
Co-Chairman & Managing Director

Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
**The Board of Directors of
Dr. Reddy's Laboratories Limited**

Report on the audit of the Standalone Financial Results**Opinion**

We have audited the accompanying Statement of Audited Standalone Financial Results for the Quarter and Year Ended March 31, 2023 ("Statement") of Dr. Reddy's Laboratories Limited (the "Company"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income / (loss) and other financial information of the Company for the quarter and year ended March 31, 2023.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Other Matter

The Statement includes the results for the quarter ended March 31, 2023 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2023 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Shankar Srinivasan
Partner

Membership No.: 213271



UDIN: 23213271BQSE1D4242

Place: Hyderabad

Date: May 10, 2023

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2023

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Revenue from operations					
	a) Net sales / income from operations	42,491	38,624	33,829	162,989	138,864
	b) License fees and service income	2,887	172	2,490	6,002	4,289
	c) Other operating income	162	180	368	634	899
	Total revenue from operations	45,540	38,976	36,687	169,625	144,052
2	Other income	1,148	514	1,147	5,913	4,820
	Total income (1 + 2)	46,688	39,490	37,834	175,538	148,872
3	Expenses					
	a) Cost of materials consumed	8,541	8,659	10,149	31,614	33,784
	b) Purchase of stock-in-trade	3,692	4,874	3,354	17,793	20,571
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,068	(1,281)	(557)	1,295	(3,896)
	d) Employee benefits expense	7,651	7,084	6,089	28,326	24,346
	e) Depreciation and amortisation expense	2,367	2,388	2,052	9,232	8,143
	f) Impairment of non current assets	41	10	98	51	98
	g) Finance costs	26	28	127	169	380
	h) Selling and other expenses	13,936	12,879	10,855	48,398	43,208
	Total expenses	37,322	34,641	32,167	136,878	126,634
4	Profit before tax (1 + 2 - 3)	9,366	4,849	5,667	38,660	22,238
5	Tax expense					
	a) Current tax	2,319	1,988	974	8,641	3,926
	b) Deferred tax	323	(385)	496	3,891	2,080
6	Net profit for the period / year (4 - 5)	6,724	3,246	4,197	26,128	16,232
7	Other comprehensive income					
	a) (i) Items that will not be reclassified to profit or loss	86	2	(47)	89	(45)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(22)	(31)	17	(53)	17
	b) (i) Items that will be reclassified to profit or loss	1,350	1,296	955	(928)	832
	(ii) Income tax relating to items that will be reclassified to profit or loss	(339)	(551)	(335)	358	(291)
	Total other comprehensive income	1,075	716	590	(534)	513
8	Total comprehensive income (6 + 7)	7,799	3,962	4,787	25,594	16,745
9	Paid-up equity share capital (face value Rs. 5/- each)	833	833	832	833	832
10	Other equity				203,909	182,530
11	Earnings per equity share (face value Rs. 5/- each)					
	Basic	40.49	19.54	25.29	157.37	97.85
	Diluted	40.41	19.50	25.24	157.03	97.58
		(Not annualised)	(Not annualised)	(Not annualised)		

See accompanying notes to the financial results.




Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	Segment wise revenue and results					
1	Segment revenue					
	a) Pharmaceutical Services and Active Ingredients	9,111	6,357	7,932	27,896	31,718
	b) Global Generics	38,651	34,298	30,255	147,999	116,999
	c) Others	129	110	199	497	1,590
	Total	47,891	40,765	38,386	176,392	150,307
	Less: Inter-segment revenue	2,351	1,789	1,699	6,767	6,255
	Total revenue from operations	45,540	38,976	36,687	169,625	144,052
2	Segment results					
	Profit / (loss) before tax and interest from each segment					
	a) Pharmaceutical Services and Active Ingredients	486	(671)	(322)	(1,336)	384
	b) Global Generics	9,054	7,498	5,944	46,716	21,871
	c) Others	(51)	(97)	129	(154)	1,160
	Total	9,489	6,730	5,751	45,226	23,415
	Less: (i) Finance costs	26	28	127	169	380
	(ii) Other un-allocable expenditure / (income), net	97	1,853	(43)	6,397	797
	Total profit before tax	9,366	4,849	5,667	38,660	22,238

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 are 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 and are reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 10 May 2023. The Statutory Auditors have issued an unqualified report thereon.
- License fee and service income for the year ended 31 March 2023 includes:
 - Rs. 2,640 million from sale of certain non-core dermatology brands in India to Eris Lifesciences Limited for the quarter ended 31 March 2023;
 - Rs. 1,399 million from sale of brands Styptovit-E, Finast, Finast-T and Dynapres to Torrent Pharmaceuticals Limited;
 - Rs. 902 million from sale of brands Z&D, Pedicloryl, Pefef and Ezinapi to J B Chemicals and Pharmaceuticals Limited;
The amounts recognised above are adjusted for expected sales returns. These transactions pertain to the Company's Global Generics segment.
- During the quarter and year ended 31 March 2023, an amount of Rs. 305 million and Rs. 3,111 million respectively, representing government grants has been accounted for as a reduction from cost of material consumed.
- Consequent to adverse market conditions with respect to certain of the Company's products related intangibles forming part of the company's Global Generics and Pharmaceutical Services and Active Ingredients segments, the Company assessed the recoverable amount of these products and recognised an amount of Rs. 41 million as impairment of non current assets during the quarter ended 31 March 2023.
- On 5 April 2022 the Company received approval from the Honorable National Company Law Tribunal, Hyderabad Bench ("NCLT") for the merger of Dr. Reddy's Holding Limited into Dr. Reddy's Laboratories Limited. Subsequently, the Company has filed the NCLT order, with the Ministry of Company Affairs on 8 April 2022 ('Effective Date'). Consequently, Dr. Reddy's Holding Limited has been merged with the Company.
- As the revenues and gross profits of the Proprietary Products segment are considerably lower than the quantitative thresholds mentioned in IND AS 108, "Operating Segments", the Company believes that Proprietary Products segment no longer qualifies to be a reportable segment and consequently, effective 1 April 2022, the Company included the financial information relating to Proprietary Products segment in "Others". The corresponding information relating to Proprietary Products segment for earlier periods has been restated to reflect the aforementioned change.



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- 7 The Company has considered the impact of recent tax regulations and developments, including updates to its estimate on the impact of adoption of the Taxation Laws (Amendment) Act 2019, in determining its "Tax expense/(benefit)" for the year ended 31 March 2023.
- 8 License fee and service income for the quarter and year ended 31 March 2022 includes:
- a) Rs. 1,774 million towards the sale of territorial rights relating to two of the Company's anti-bacterial brands (Ciprolet® and Levolet®) in Russia and CIS region to Alium JSC;
 - b) Rs. 390 million towards the sale of two of the Company's Brands (Daffy bar and Combihale) in India to Mankind Pharma Limited.
- The aforesaid transactions pertain to Company's Global Generics Segment.
- 9 The Company received an anonymous complaint in September 2020, alleging 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. The Company disclosed the matter to the U.S. Department of Justice ("DOJ"), Securities and Exchange Commission ("SEC") and Securities Exchange Board of India. The Company engaged a U.S. law firm to conduct the investigation at the instruction of a committee of the Company's Board of Directors. On July 6, 2021 the Company received a subpoena from the SEC for the production of related documents, which were provided to the SEC.
- The Company made presentations to the SEC and the DOJ in relation to the investigation with respect to certain countries during the current and previous fiscal year. The Company also made a presentation to the SEC and the DOJ in relation to its Global Compliance Framework, including the ongoing enhancement initiatives, during the year ended 31 March 2023. The Company is complying with its listing obligations as it relates to updating the regulatory agencies. While the findings from the aforesaid investigations could result in government or regulatory enforcement actions against the Company in the United States and/or foreign jurisdictions, which can lead to civil and criminal sanctions under relevant laws, the outcomes including liabilities are not reasonably ascertainable at this time.
- 10 The Company considered the uncertainties relating to the military conflict between Russia and Ukraine, 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 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.



11 Balance sheet

All amounts in Indian Rupees millions

Particulars	As at	As at
	31.03.2023	31.03.2022
	(Audited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	47,379	40,240
Capital work-in-progress	8,991	11,864
Goodwill	853	853
Other intangible assets	23,835	20,412
Intangible assets under development	139	139
Financial assets		
Investments	31,422	30,243
Trade receivables	-	54
Loans	11	12
Other financial assets	533	2,514
Deferred tax assets, net	-	194
Tax assets, net	2,546	3,115
Other non-current assets	156	403
Total non-current assets	115,865	110,043
Current assets		
Inventories	30,430	33,478
Financial assets		
Investments	42,978	19,124
Trade receivables	42,889	49,454
Derivative financial instruments	715	1,903
Cash and cash equivalents	1,123	11,595
Other bank balances	5,335	8,710
Other financial assets	2,224	642
Other current assets	12,189	9,981
Total current assets before assets held for sale	137,883	134,887
Assets held for sale	-	26
Total current assets	137,883	134,913
TOTAL ASSETS	253,748	244,956
EQUITY AND LIABILITIES		
Equity		
Equity share capital	833	832
Other equity	203,909	182,530
Total Equity	204,742	183,362
Liabilities		
Non-current liabilities		
Financial liabilities		
Lease liabilities	286	197
Provisions	79	104
Deferred tax liabilities, net	3,392	-
Other non-current liabilities	852	842
Total non-current liabilities	4,609	1,143
Current liabilities		
Financial liabilities		
Borrowings	6	21,711
Lease liabilities	216	146
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	72	120
Total outstanding dues of creditors other than micro enterprises and small enterprises	17,573	16,542
Derivative financial instruments	135	472
Other financial liabilities	15,369	12,153
Provisions	3,052	3,222
Other current liabilities	7,974	6,085
Total current liabilities	44,397	60,451
TOTAL EQUITY AND LIABILITIES	253,748	244,956



12 Statement of cashflows

All amounts in Indian Rupees millions

Particulars	Year ended	Year ended
	31.03.2023	31.03.2022
	(Audited)	(Audited)
Cash flows from/(used in) operating activities		
Profit before taxation	38,660	22,238
<i>Adjustments for:</i>		
Fair value changes and profit on sale of financial instruments measured at FVTPL**, net	(798)	(233)
Depreciation and amortisation expense	9,232	8,143
Impairment of non-current assets	51	98
Allowance for credit losses (on trade receivables and other advances)	161	65
Loss/(Profit) on sale/disposal of property, plant and equipment and other intangible assets, net	233	78
Foreign exchange loss/ (gain), net	(1,656)	(1,623)
Interest income	(1,300)	(1,669)
Finance costs	169	380
Equity settled share-based payment expense	318	592
Inventory write-down	4,048	2,620
Dividend income	-*	-*
<i>Changes in operating assets and liabilities:</i>		
Trade receivables	6,568	(8,655)
Inventories	(1,000)	(7,901)
Trade payables	983	3,298
Other assets and other liabilities, net	2,687	844
Cash generated from operations	58,356	18,275
Income taxes paid, net	(7,827)	(4,888)
Net cash generated from operating activities	50,529	13,387
Cash flows from/(used in) investing activities		
Expenditures on property, plant and equipment	(10,002)	(13,113)
Proceeds from sale of property, plant and equipment	247	94
Expenditures on other intangible assets	(5,711)	(543)
Proceeds from redemption of preference shares	-	16,878
Purchase of investments	(120,320)	(91,118)
Proceeds from sale of investments	100,769	65,848
Equity investments in subsidiary	(459)	-
Interest income and dividend received	1,000	1,574
Net cash used in investing activities	(34,476)	(20,380)
Cash flows from/(used in) financing activities		
Proceeds from issuance of equity shares (including treasury shares)	157	334
Proceeds from sale of treasury shares	211	-
(Repayment of)/Proceeds from short-term loans and borrowings, net	(21,705)	9,683
Payment of principal portion of lease liabilities	(195)	(172)
Dividend paid	(4,979)	(4,146)
Interest paid	(458)	(644)
Net cash from/(used in) financing activities	(26,969)	5,055
Net increase/ (decrease) in cash and cash equivalents	(10,916)	(1,938)
Effect of exchange rate changes on cash and cash equivalents	445	479
Cash and cash equivalents at the beginning of the year x	11,595	13,054
Cash and cash equivalents at the end of the year	1,123	11,595

*Rounded off to million.

**FVTPL (fair value through profit or loss)

o Adjusted for bank overdraft of Rs. Nil million wul Rs. 9 million for the years ended 31 March 2023 and year ended 31 March 2022 respectively.

13 Amounts for previous year have been regrouped / reclassified wherever considered necessary.

14 The Board of Directors, at their meeting held on 10 May 2023, have recommended a final dividend of Rs.40 per share subject to the approval of shareholders.

15 The figures of the fourth quarter are the balancing figures between audited figures in respect of the full financial year and published year to date figures upto the third quarter of the relevant financial year. Also the figures upto the end of third quarter were only reviewed and not subjected to audit.



Place: Hyderabad
Date: 10 May 2023



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

GVP.s.d
Co-Chairman & Managing Director