

July 27, 2017

The Secretary / Executive Director
BSE Limited
National Stock Exchange of India Ltd.
New York Stock Exchange Inc.

Dear Sir/Madam,

Sub: Outcome of Board Meeting – Unaudited Financial Results for the quarter ended June 30, 2017

Further to our letter dated July 4, 2017, we would like to inform you that the Board of Directors of the Company at their meeting held on July 27, 2017 have *interalia* approved the Unaudited Financial Results of the Company for the quarter ended June 30, 2017.

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

1. Unaudited Standalone and Consolidated Financial Statements of the Company for the quarter ended June 30, 2017 as per Indian Accounting Standards.
2. Unaudited Standalone and Consolidated Financial Statements of the Company for the quarter ended June 30, 2017 prepared in compliance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).
3. Press Release on Financial Results of the Company for the quarter ended June 30, 2017.

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the above along with Limited Review Reports of the Statutory Auditors on the Unaudited Standalone and Consolidated Financial Statements of the Company for the quarter ended June 30, 2017.

The Board Meeting commenced at 1.30 PM and concluded at 2.00 PM.

This is for your information and records.

With regards,


Sandeep Poddar
Company Secretary

Encl : as above

Limited Review Report - Standalone Financial Results

**Review Report to
The Board of Directors
Dr. Reddy's Laboratories Limited**

We have reviewed the accompanying statement of unaudited standalone financial results of Dr. Reddy's Laboratories Limited (the 'Company') for the quarter ended June 30, 2017 (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, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.

We conducted our review 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 is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

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 applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

The comparative Ind AS financial information of the Company for the corresponding quarter June 30, 2016 were reviewed by the predecessor auditor, who issued an unmodified review report on those financial information on July 26, 2016.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

Kaustav Ghose
per Kaustav Ghose
Partner
Membership No.: 57828



Place: Hyderabad
Date: July 27, 2017

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2017

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended		Year ended	
		30.06.2017	31.03.2017	30.06.2016	31.03.2017
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Revenue from operations				
	a) Net sales / income from operations (inclusive of excise duty)	20,721	22,860	21,507	95,868
	b) License fees and service income	64	174	41	413
	c) Other operating income	112	567	89	917
	Total revenue from operations (inclusive of excise duty)	20,897	23,601	21,637	97,198
2	Other income	488	595	3,918	5,912
	Total income (1 + 2)	21,385	24,196	25,555	103,110
3	Expenses				
	a) Cost of materials consumed	4,931	3,830	4,936	18,176
	b) Purchase of traded goods	1,188	1,686	1,594	6,715
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(392)	1,691	(1,251)	19
	d) Employee benefits expense	4,505	3,723	4,684	18,033
	e) Selling expenses	2,783	2,388	2,521	9,985
	f) Depreciation and amortisation	1,910	1,896	1,725	7,351
	g) Finance costs	164	158	126	572
	h) Other expenditure	6,398	7,190	6,795	26,814
	Total expenses	21,487	22,562	21,130	87,665
4	Profit / (loss) before tax (1 + 2 - 3)	(102)	1,634	4,425	15,445
5	Tax expense				
	a) Current tax	-	(774)	894	1,826
	b) Deferred tax	(29)	178	(560)	(222)
6	Net profit / (loss) for the period / year (4 - 5)	(73)	2,230	4,091	13,841
7	Other comprehensive income				
	a) (i) Items that will not be reclassified to profit or loss	(2)	(38)	(3)	(31)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	15	-	15
	b) (i) Items that will be reclassified to profit or loss	110	717	(140)	475
	(ii) Income tax relating to items that will be reclassified to profit or loss	(38)	(47)	19	(51)
	Total other comprehensive income	70	647	(124)	408
8	Total comprehensive income (6 + 7)	(3)	2,877	3,967	14,249
9	Paid-up equity share capital (face value Rs. 5/- each)	829	829	828	829
10	Other equity				115,177
11	Earnings per equity share (face value Rs. 5/- each)				
	- Basic	(0.44)	13.46	24.13	83.05
	- Diluted	(0.44)	13.44	24.07	82.88
		(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results.



(MSK)

Segment Information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended		Year ended	
		30.06.2017	31.03.2017	30.06.2016	31.03.2017
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Segment wise revenue and results:				
1	Segment revenue (inclusive of excise duty):				
	a) Pharmaceutical Services and Active Ingredients	4,679	5,786	5,248	22,564
	b) Global Generics	17,379	18,814	17,920	80,277
	c) Proprietary Products	27	417	-	417
	Total	22,085	25,017	23,168	103,258
	Less: Inter-segment revenue	1,188	1,422	1,531	6,066
	Add: Other unallocable income	-	6	-	6
	Total revenue from operations	20,897	23,601	21,637	97,198
2	Segment results:				
	Profit / (loss) before tax and interest from each segment				
	a) Pharmaceutical Services and Active Ingredients	(651)	(598)	(743)	(1,446)
	b) Global Generics	1,600	1,795	3,865	17,817
	c) Proprietary Products	(1,046)	(679)	(750)	(3,124)
	Total	(97)	518	2,372	13,247
	Less: (i) Finance costs	164	158	126	572
	(ii) Other un-allocable expenditure / (income), net	(159)	(1,274)	(2,179)	(2,770)
	Total profit before tax	(102)	1,634	4,425	15,445

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:

- The Company adopted Indian Accounting Standards ("Ind AS") from 1 April 2016 and accordingly these results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34, Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting pronouncements generally accepted in India. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of Ind AS 34.
- The Company received a warning letter, dated 5 November 2015 from the U.S. FDA, regarding deviations with current Good Manufacturing Practices at its API manufacturing facilities in Srikakulam, Andhra Pradesh and Miryalaguda, Telangana, as well as regarding violations at its oncology formulation manufacturing facility at Duvvada, Visakhapatnam, Andhra Pradesh. The Company submitted its response to the warning letter on 7 December 2015. The Company has provided an update to the U.S. FDA on the progress of remediation in January 2016, March 2016, May 2016 and August 2016. The U.S. FDA completed the reinspection of the aforementioned facilities in March and April 2017. The Company has responded to the observations identified by the U.S. FDA. We have received Establishment Inspection report from the U.S. FDA for API manufacturing facility at Miryalaguda in June 2017 which indicates that the audit is closed.
- The unaudited results were reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 27 July 2017.
- The comparative results for the quarter ended 30 June 2016 were reviewed by the predecessor auditors. An unmodified report has been issued by them thereon.
- The results for the quarter ended 30 June 2017 presented were subjected to a "Limited review" by the Statutory Auditors of the Company. An unqualified report was issued by them thereon.

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



G V Prasad
Co-Chairman & Chief Executive Officer

Place: Hyderabad
Date: 27 July 2017



Limited Review Report – Consolidated Financial Results**Review Report to
The Board of Directors
Dr. Reddy's Laboratories Limited**

We have reviewed the accompanying statement of unaudited consolidated financial results of Dr. Reddy's Laboratories Limited Group comprising Dr. Reddy's Laboratories Limited (the 'Company') comprising its subsidiaries (together referred to as 'the Group'), and its joint ventures, for the quarter ended June 30, 2017 (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, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.

We conducted our review 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 is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

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 recognition and measurement principles laid down in the applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

The comparative Ind AS financial information of the Group and its joint ventures for the corresponding quarter June 30, 2016 were reviewed by the predecessor auditor who issued an unmodified review report on those financial information on July 26, 2016.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

Kaustav Ghose
per Kaustav Ghose
Partner
Membership No.: 57828



Place: Hyderabad

Date: July 27, 2017

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2017

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended
		30.06.2017	31.03.2017	30.06.2016	31.03.2017
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Revenue from operations				
	a) Net sales / income from operations (inclusive of excise duty)	32,489	34,985	31,857	138,663
	b) License fees and service income	670	557	488	2,146
	c) Other operating income	173	577	102	1,152
	Total revenue from operations (inclusive of excise duty)	33,332	36,119	32,447	141,961
2	Other income	380	205	670	1,715
3	Total income (1 + 2)	33,712	36,324	33,117	143,676
4	Expenses				
	a) Cost of materials consumed	6,548	4,649	6,075	21,930
	b) Purchase of traded goods	2,799	3,751	3,282	13,752
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	245	1,652	(1,793)	(1,233)
	d) Employee benefits expense	8,073	6,711	8,050	31,068
	e) Selling expenses	3,264	2,972	3,268	12,934
	f) Depreciation and amortisation	2,592	2,543	2,436	10,266
	g) Finance costs	215	196	148	634
	h) Other expenditure	9,171	10,479	9,663	38,788
	Total expenses	32,907	32,953	31,129	128,139
5	Profit before tax (3 - 4)	805	3,371	1,988	15,537
6	Tax expense:				
	Current tax	301	(568)	1,268	3,096
	Deferred tax	(64)	665	(742)	(131)
7	Net profit for the period / year (5 - 6)	568	3,274	1,462	12,572
8	Share of profit of equity accounted investees, net of tax	98	102	73	349
9	Net profit after taxes and share of profit of associates (7 + 8)	666	3,376	1,535	12,921
10	Other comprehensive income				
	(a) (i) Items that will not be reclassified subsequently to profit or loss	(1,594)	(653)	(3)	1,930
	(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss	379	190	-	(404)
	(b) (i) Items that will be reclassified subsequently to profit or loss	20	287	131	1,279
	(ii) Income tax relating to items that will be reclassified subsequently to profit or loss	(58)	130	19	136
	Total other comprehensive income	(1,253)	(46)	147	2,941
11	Total comprehensive income (9 + 10)	(587)	3,330	1,682	15,862
12	Paid-up equity share capital (face value Rs. 5/- each)	829	829	828	829
13	Reserves				121,792
14	Earnings per equity share (face value Rs.5/- each)				
	- Basic	4.02	20.38	9.06	77.53
	- Diluted	4.01	20.34	9.03	77.37
		(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results.

DR. REDDY'S LABORATORIES LIMITED
Segment Information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended		Year ended	
		30.06.2017	31.03.2017	30.06.2016	31.03.2017
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Segment wise revenue and results:				
1	Segment revenue (inclusive of excise duty):				
	a) Pharmaceutical Services and Active Ingredients	5,972	6,969	6,327	27,832
	b) Global Generics	27,482	29,169	26,660	115,736
	c) Proprietary Products	539	969	623	2,783
	d) Others	578	460	399	1,791
	Total	34,571	37,567	34,009	148,142
	Less: Inter-segment revenue	1,239	1,448	1,562	6,181
	Add: Other unallocable income	-	-	-	-
	Total revenue from operations	33,332	36,119	32,447	141,961
2	Segment results:				
	Gross profit from each segment				
	a) Pharmaceutical Services and Active Ingredients	533	543	1,139	4,497
	b) Global Generics	15,836	17,024	16,339	71,079
	c) Proprietary Products	418	410	525	1,951
	d) Others	310	208	183	853
	Total	17,097	18,185	18,186	78,380
	Less: Other un-allocable expenditure / (income), net	16,292	14,814	16,198	62,843
	Total profit before tax	805	3,371	1,988	15,537

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

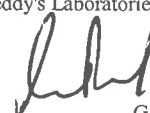
Segmental Capital employed

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:

- The Company adopted Indian Accounting Standards ("Ind AS") from 1 April 2016 and accordingly these results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34, Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting pronouncements generally accepted in India. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of Ind AS 34.
- Consequent to the decline in the expected cash flows of some of the products forming part of a cash generating unit ("CGU") under the Global Generics segment, the Company, following the guidance under Ind AS 36 "Impairment of assets", estimated the recoverable amount of the CGU and assessed that the recoverable amount of the CGU is lower than its carrying cost. Accordingly, an amount of Rs.335 million was recorded as an impairment charge during the quarter ended 31 March 2017. The said impairment charge was recorded under "other expenditure".
- The Company received a warning letter, dated 5 November 2015 from the U.S. FDA, regarding deviations with current Good Manufacturing Practices at its API manufacturing facilities in Srikakulam, Andhra Pradesh and Miryalaguda, Telangana, as well as regarding violations at its oncology formulation manufacturing facility at Duvvada, Visakhapatnam, Andhra Pradesh. The Company submitted its response to the warning letter on 7 December 2015. The Company has provided an update to the U.S. FDA on the progress of remediation in January 2016, March 2016, May 2016 and August 2016. The U.S. FDA completed the reinspection of the aforementioned facilities in March and April 2017. The Company has responded to the observations identified by the U.S. FDA. We have received Establishment Inspection report from the U.S. FDA for API manufacturing facility at Miryalaguda in June 2017 which indicates that the audit is closed.
- The unaudited results were reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 27 July 2017.
- The comparative results for the quarter ended 30 June 2016 were reviewed by the predecessor auditors. An unmodified report has been issued by them thereon.
- The results for the quarter ended 30 June 2017 were subjected to a "Limited review" by the Statutory Auditors of the Company. An unqualified report was issued by them thereon.

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



G V Prasad
Co-Chairman & Chief Executive Officer

Place: Hyderabad
Date: 27 July 2017



DR. REDDY'S LABORATORIES LTD.

8-2-337, Road No. 3, Banjara Hills,
Hyderabad - 500034. Telangana, India.

CONTACT

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Dr. Reddy's Q1 FY18 Financial Results

Revenues at ₹ 33.2 billion

(YoY Growth of 3%)

EBITDA at ₹ 3.4 billion

(10.1% of Revenues)

PAT at ₹ 0.6 billion

(1.8% of Revenues)

Hyderabad, India, July 27, 2017: Dr. Reddy's Laboratories Ltd. (NYSE: RDY | BSE: 500124 | NSE: DRREDDY) today announced its consolidated financial results for the first quarter ended June 30, 2017 under International Financial Reporting Standards (IFRS).

Q1 FY18: Key Highlights

- Consolidated Revenues at ₹ 33.2 billion, year-on-year growth of 3%
- Gross Profit Margin at 51.6%, declined ~460 bps over last year
- Research & Development (R&D) spend at ₹ 5.1 billion, 15.3% of Revenues
- Selling, general & administrative (SG&A) expenses at ₹ 11.8 billion, year on year decline of 4%
- EBITDA at ₹ 3.4 billion, 10.1% of Revenues
- Profit after tax at ₹ 0.6 billion, 1.8% of Revenues

Commenting on the results, G V Prasad, Co-Chairman and CEO said "Our first quarter's results of FY 18 have been below expectations. While headwinds in the form of price erosion due to U.S. customer consolidation continue, a lower contribution from new product launches in the U.S. and the GST implementation in India also impacted our performance.

On the positive side, we have progressed on our quality journey and have had several successful inspections. We continue to focus on strengthening our manufacturing & quality systems, revitalizing growth and creating a leaner and agile organization."



Dr. Reddy's Laboratories Limited and Subsidiaries

Consolidated Income Statement

Particulars	Q1 FY 18			Q1 FY 17			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Revenues	513	33,159	100.0	501	32,345	100.0	3
Cost of revenues	249	16,062	48.4	219	14,167	43.8	13
Gross profit	265	17,097	51.6	281	18,178	56.2	(6)
Operating Expenses							
Selling, general & administrative expenses	182	11,763	35.5	190	12,284	38.0	(4)
Research and development expenses	79	5,075	15.3	74	4,802	14.8	6
Other operating expense / (income)	(3)	(194)	(0.6)	-1	(96)	(0.3)	102
Results from operating activities	7	453	1.4	18	1,188	3.7	(62)
Finance expense / (income), net	(3)	(221)	(0.7)	-7	(445)	(1.4)	(50)
Share of (profit) of equity accounted investees, net of income tax	(2)	(98)	(0.3)	-1	(74)	(0.2)	33
Profit before income tax	12	772	2.3	26	1,707	5.3	(55)
Income tax expense	3	181	0.5	7	444	1.4	(59)
Profit for the period	9	591	1.8	20	1,263	3.9	(53)
Diluted EPS	0.06	3.56		0.12	7.43		(52)

EBITDA Computation

Particulars	Q1 FY 18		Q1 FY 17	
	(\$)	(Rs.)	(\$)	(Rs.)
Profit before income tax	12	772	26	1,707
Interest (income) / expense net*	(3)	(211)	(6)	(409)
Depreciation	31	2,008	27	1,760
Amortization	12	791	14	921
EBITDA	52	3,360	62	3,979
EBITDA (% to Revenues)		10.1		12.3



* Includes income from investments

Key Balance Sheet Items

Particulars	As on 30 th June 17		As on 31 st March 17	
	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents and Other current Investments	226	14,572	281	18,136
Trade receivables	637	41,140	589	38,065
Inventories	435	28,095	441	28,529
Property, plant and equipment	892	57,611	885	57,160
Goodwill and Other Intangible assets	752	48,564	753	48,677
Loans and borrowings (current & non-current)	781	50,462	761	49,185
Trade payables	205	13,225	208	13,417
Equity	1,910	1,23,423	1,920	1,24,044

Revenue Mix by Segment

Particulars	Q1 FY 18			Q1 FY 17			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Global Generics	425	27,455	83	412	26,638	82	3
North America		14,946			15,523		(4)
Europe*		2,075			1,615		28
India		4,687			5,223		(10)
Emerging Markets [#]		5,747			4,277		34
PSAI	72	4,651	14	73	4,692	15	(1)
North America		797			643		24
Europe		911			1,947		(53)
India		1,388			372		273
Rest of World		1,555			1,730		(10)
Proprietary Products & Others	16	1,053	3	16	1,015	3	4
Total	513	33,159	100	501	32,345	100	3




* Europe primarily includes Germany, UK and out licensing sales business

Emerging Markets refers to Russia, other CIS countries, Romania and Rest of the World markets including Venezuela

Segmental Analysis

Global Generics (GG)

Revenues from **GG** segment are ₹ 27.5 billion, grew 3% year-on-year. Growth primarily driven by higher volume uptake in Emerging Market and Europe and new launches across major markets. This was partially offset by price erosion in North America and channel de-stocking in India due to GST transition.

- Revenues from **North America** at ₹ 14.9 billion, declined 4% year-on-year. This is primarily on account of higher price erosion, increased competition in our key products namely Valganciclovir, Decitabine, Azacitidine etc. and discontinuation of the McNeil business. This was partially offset by contribution from new launches. During the quarter we launched 4 new products – Ezetimibe+Simvastatin, Liposomal Doxorubicin, Progesterone, and Bivalirudin injection.

As of 30th June, 2017, cumulatively 99 generic filings are pending for approval with the USFDA (97 ANDAs and 2 NDAs under 505(b)(2) route). Of these 97 ANDAs, 59 are Para IVs out of which we believe 26 to have 'First to File' status.

- Revenues from **Emerging Markets** at ₹ 5.7 billion, grew 34% year-on-year.
 - Revenues from **Russia** at ₹ 3.5 billion, grew 48% year-on-year in reporting currency and 31% in Ruble terms. Growth driven by higher improvement in base business and Rituximab supplies under the tender.
 - Revenues from **other CIS countries and Romania** market at ₹ 0.9 billion, grew by 28% year-on-year led by volume growth.
 - Revenues from **Rest of World (RoW)** territories at ₹ 1.4 billion, grew by 13% year-on-year.
- Revenues from **India** at ₹ 4.7 billion, declined 10% year-on-year. Decline primarily on account of channel destocking during the transition to the GST regime.
- Revenues from **Europe** at ₹ 2.1 billion, grew by 28% year-on-year in reporting currency and 37% in constant currency. Growth driven by primarily on account of new launches and improvement in base business.

Pharmaceutical Services and Active Ingredients (PSAI)

- Revenues from **PSAI** at ₹ 4.7 billion, marginally declined 1% year-on-year.
- During the quarter, 15 DMFs were filed globally of which 4 were in the US.



Income Statement Highlights:

- Gross profit margin at 51.6% and declined by ~460 bps over that of previous year. This is primarily on account of (a) lower contribution from Domestic Formulations business consequent to GST transition and (b) lower realizations in our North America Generics business. Gross profit margin for Global Generics (GG) and PSAl business segments are at 57.7% and 11.5% respectively.
- SG&A expenses at ₹ 11.8 billion, decreased 4% year-on-year.
- Research & development expenses at ₹ 5.1 billion. As a % to sales R&D expenses stood at 15.3% as compared to 14.8% in Q1 FY17. Focus continues to build a sustainable revenue stream through a mix of simple and complex generics, biosimilars and differentiated products pipeline.
- Net Finance income at ₹ 221 million compared to the net finance income of ₹ 445 million in Q1FY17. Lower income of ₹ 224 million is on account of:
 - Decrease in profit on sales of investments by ₹ 3 million.
 - Net foreign exchange gain of ₹ 10 million in the current quarter vs net foreign exchange gain of ₹ 36 million in the previous year
 - Decrease in net interest income of ₹ 195 million.
- Profit after Tax at ₹ 0.6 billion
- Diluted earnings per share is at ₹ 3.6
- Capital expenditure is at ₹ 2.7 billion.



Earnings Call Details (06.30 pm IST, July 27, 2017)

The Company will host an earnings call at 06.30 pm IST on July 27, 2017, to discuss the performance and answer any questions from participants. This call will be accessible through an audio dial-in and a web-cast.

Audio conference Participants can dial-in on the numbers below

Primary number:		91 22 3960 0616
Secondary number:		91 22 6746 5826
International Toll Free Number	USA	18667462133
	UK	08081011573
	Singapore	8001012045
	Hong Kong	800964448

Playback of call: **91 22 3065 2322, 91 22 6181 3322**

Conference ID: **375#**

Web-cast More details will be provided through our website, www.drreddys.com

Transcript of the event will be available at www.drreddys.com. Playback will be available for a few days.



About Dr. Reddy's: Dr. Reddy's Laboratories Ltd. (BSE: 500124, NSE: DRREDDY, NYSE: RDY) 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 gastro-intestinal, cardiovascular, diabetology, oncology, pain management and dermatology. Dr. Reddy's operates in markets across the globe. Our major markets include - USA, India, Russia and other CIS countries. For more information, log on to: www.drreddys.com

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