

July 26, 2018

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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, 2018.

Further to our letter dated July 4, 2018, we would like to inform you that the Board of Directors of the Company at their meeting held on July 26, 2018 have *inter alia* approved the Unaudited Financial Results of the Company for the quarter ended June 30, 2018.

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

1. Unaudited Consolidated Financial Results of the Company for the quarter ended June 30, 2018 prepared in compliance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) along with the Review Report of the Independent Auditors.
2. Press Release on Financial Results of the Company for the above period.
3. Unaudited Consolidated Financial Results of the Company and its subsidiaries for the quarter ended June 30, 2018 as per Indian Accounting Standards.
4. Unaudited Standalone Financial Results of the Company for the quarter ended June 30, 2018 as per Indian Accounting Standards.

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Limited Review Reports of the Statutory Auditors on the Unaudited Standalone and Consolidated Financial Results at point nos. 3 and 4 are also enclosed.

The Board Meeting commenced at 1.45 PM and concluded at 2.45 PM.

This is for your information and records.

With regards,


Sandeep Poddar
Company Secretary

Encl.: as above

Report on Review of Interim Financial Information

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

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Dr. Reddy's Laboratories Limited as of June 30, 2018 and the related condensed consolidated interim income statements, the statements of comprehensive income, changes in equity and cash flows for the three-month period then ended ("interim financial information").

Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity."

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting.

Other matters

The condensed consolidated interim financial statements of the Company as of June 30, 2017, and for the three-month period then ended, were reviewed by other auditors whose report dated July 27, 2017 stated that based on their review they were not aware of any material modifications that should be made to those statements for them to be in conformity with IAS 34, Interim Financial Reporting. The consolidated balance sheet of the Company as of March 31, 2018, the related consolidated statements of income, statements of comprehensive income, shareholders' equity and cash flows for the year then ended, and the related notes and schedules (not presented herein) were audited by other auditors whose report dated May 22, 2018 expressed an unqualified opinion on those statements prepared in accordance with International Financial Reporting Standards.

Ernst & Young Associates LLP

Ernst & Young Associates LLP
Hyderabad, India
July 26, 2018

Unaudited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter ended 30 June 2018 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
		30.06.2018	31.03.2018	30.06.2017	31.03.2018
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Revenues	37,207	35,349	33,159	142,028
2	Cost of revenues	16,479	16,454	16,062	65,724
3	Gross profit (1 - 2)	20,728	18,895	17,097	76,304
4	Selling, general and administrative expenses	12,106	12,067	11,763	46,910
5	Research and development expenses	4,157	4,348	5,075	18,265
6	Other (income)/expense, net	(303)	(167)	(194)	(788)
	Total operating expenses	15,960	16,248	16,644	64,387
7	Operating profit [(3) - (4 + 5 + 6)]	4,768	2,647	453	11,917
	Finance income	351	1,209	436	2,897
	Finance expense	(195)	(177)	(215)	(817)
8	Finance (expense)/income, net	156	1,032	221	2,080
9	Share of profit of equity accounted investees, net of tax	83	69	98	344
10	Profit before tax (7 + 8 + 9)	5,007	3,748	772	14,341
11	Tax expense	446	726	181	4,535
12	Profit for the period / year	4,561	3,022	591	9,806
	Attributable to :				
	- Equity holders of the Company	4,561	3,022	591	9,806
	- Non-controlling interest	-	-	-	-
13	Earnings per share:				
	Basic earnings per share of Rs.5/- each	27.48	18.21	3.57	59.13
	Diluted earnings per share of Rs.5/- each	27.45	18.18	3.56	59.00
		(Not annualised)	(Not annualised)	(Not annualised)	



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Segment reporting (consolidated)

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended		Year ended	
		30.06.2018	31.03.2018	30.06.2017	31.03.2018
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Segment wise revenue and results:				
	Segment revenue:				
	a) Pharmaceutical Services and Active Ingredients	6,895	7,699	5,890	27,484
	b) Global Generics	30,636	27,836	27,455	114,014
	c) Proprietary Products	726	848	512	4,245
	d) Others	436	414	541	1,777
	Total	38,693	36,797	34,398	147,520
	Less: Inter-segment revenues	1,486	1,448	1,239	5,492
	Net revenue from operations	37,207	35,349	33,159	142,028
2	Segment results:				
	Gross profit from each segment				
	a) Pharmaceutical Services and Active Ingredients	1,185	1,510	533	4,446
	b) Global Generics	18,756	16,506	15,836	67,190
	c) Proprietary Products	594	726	418	3,799
	d) Others	193	153	310	869
	Total	20,728	18,895	17,097	76,304
	Less: Selling and other un-allocable expenditure, net of other income	15,721	15,147	16,325	61,963
	Total profit before tax	5,007	3,748	772	14,341

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 unaudited results have been reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 26 July 2018. The above financial results have been prepared from the consolidated financial statements, which are prepared in accordance with International Financial Reporting Standards and its interpretations (IFRS), as issued by the International Accounting Standards Board (IASB).
- Post implementation of Goods and Services Tax ("GST") in India with effect from 1 July 2017, revenues are disclosed net of GST. Revenues for the period prior to 1 July 2017 included excise duty which is now subsumed in the GST. Accordingly, revenues for the quarter ended 30 June 2018 is not comparable with those of the previous periods presented.
- 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. The Company received Establishment Inspection report ("EIR") from the U.S. FDA for API manufacturing facility at Miryalaguda in June 2017 which indicates that the audit is closed. With regard to the Oncology manufacturing facility at Duvvada and API manufacturing facility at Srikakulam, the Company received EIRs from the U.S. FDA in November 2017 and February 2018, respectively, which indicates that the status remains unchanged. In June 2018, the Company has requested U.S. FDA to schedule an inspection of the oncology formulation manufacturing facility at Duvvada.
- IFRS 15, *Revenue from Contracts with Customers*, mandatory for reporting periods beginning on or after 1 April 2018, replaces existing revenue recognition requirements. Under the modified retrospective approach, there were no significant adjustments required to the retained earnings as at 1 April 2018. Also, the application of IFRS 15 did not have any significant impact on recognition and measurement of revenue and related items in the financial results of the Company.
- Effective 1 April 2018, the Company adopted IFRS 9, *Financial instruments*, using modified retrospective approach. IFRS 9 significantly differs from IAS 39, *Financial Instruments: Recognition and Measurement*, and includes a logical model for classification and measurement, a single, forward looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. As a result of the aforesaid changes, the overall impact of adoption of the new accounting standard on the retained earnings as on 1 April 2018 is Rs. 12 million.
- In the United States of America, *The Tax Cuts and Jobs Act of 2017* was approved and enacted into law on 22 December 2017. The law includes significant changes to the U.S. corporate income tax system, including a reduction in Federal corporate tax rate from 35% to 21%. Consequent to this enactment, the Company had re-measured its U.S. deferred tax assets and liabilities based on the new tax law and this resulted in a charge of Rs.374 million and Rs.1,304 million for the quarter and year ended 31 March 2018 respectively.
- The results for the quarter and year ended 31 March 2018, and the quarter ended 30 June 2017 were audited / reviewed respectively, by other auditors. An unqualified report was issued by them thereon.
- The results for the quarter ended 30 June 2018 were subjected to a "Limited Review". An unqualified report was issued thereon.

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



Place: Hyderabad
Date: 26 July 2018

G V Prasad
Co-Chairman and Chief Executive Officer

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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 FY19 Financial Results

Hyderabad, India, July 26, 2018: Dr. Reddy's Laboratories Ltd. (BSE: 500124 | NSE: DRREDDY | NYSE: RDY) today announced its consolidated financial results for the quarter ended June 30, 2018 under International Financial Reporting Standards (IFRS).

Revenues

₹3,721 Cr

[YoY: 12% Up, QoQ: 5% Up]

Gross Margin

55.7%

[Q1 FY18: 51.6%; Q4 FY18: 53.5%]

SG&A expenses

₹1,211 Cr

[YoY: 3% Up, QoQ: Flat]

R&D expenses

₹416 Cr

[11.2% of Revenues]

Profit before Tax

₹501 Cr

[13.5% of Revenues]

Profit after Tax

₹456 Cr

[12.3% of Revenues]

Commenting on the results, Co-chairman and CEO, GV Prasad said "I am pleased with our first quarter results, aided by the launch of gSuboxone. Our focus on operational efficiencies has helped in significantly improving our margin profile. Looking ahead, while we may continue to experience price erosion in the North America Generics market, we will also continue to drive growth and cost efficiencies, at the same time, enhancing our quality management systems and building healthy portfolios across the markets we serve".



Dr. Reddy's Laboratories Limited and Subsidiaries

Consolidated Income Statement

Particulars	Q1 FY19		Q1 FY18		YoY Gr %	Q4 FY18		QoQ Gr%
	(\$)	(Rs.)	(\$)	(Rs.)		(\$)	(Rs.)	
Revenues	543	37,207	484	33,159	12	516	35,349	5
Cost of Revenues	241	16,479	235	16,062	3	240	16,454	0
Gross Profit	303	20,728	250	17,097	21	276	18,895	10
Operating Expenses								
Selling, General & Administrative expenses	177	12,106	172	11,763	3	176	12,067	0.3
Research and Development expenses	61	4,157	74	5,075	(18)	63	4,348	(4)
Other operating (income) / expense	(4)	(303)	(3)	(194)	56	(2)	(167)	80
Results from operating activities	70	4,768	7	453	952	39	2,647	80
Net finance (income) / expense	(2)	(156)	(3)	(221)	(30)	(15)	(1,032)	(85)
Share of (profit) / loss of equity accounted investees	(1)	(83)	(1)	(98)	(15)	(1)	(69)	20
Profit before income tax	73	5,007	11	772	548	55	3,748	34
Income tax expense	7	446	3	181	146	11	726	(39)
Profit for the period	67	4,561	9	591	672	44	3,022	51
Diluted Earnings Per Share (EPS)	0.40	27.45	0.05	3.56	672	0.27	18.18	51

As % to Revenues	Q1 FY19	Q1 FY18	Q4 FY18
Gross Profit	55.7	51.6	53.5
SG&A	32.5	35.5	34.1
R&D	11.2	15.3	12.3
PBT	13.5	2.3	10.6
PAT	12.3	1.8	8.5

EBITDA Computation

Particulars	Q1 FY19		Q1 FY18		Q4 FY18	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Profit before Income Tax	73	5,007	11	772	55	3,748
Interest (income) net*	(1)	(46)	(3)	(211)	(15)	(1,001)
Depreciation#	32	2,214	29	2,008	31	2,109
Amortization#	13	896	12	791	13	921
EBITDA	118	8,071	49	3,360	84	5,777

* Includes income from Investments # includes impairment charge

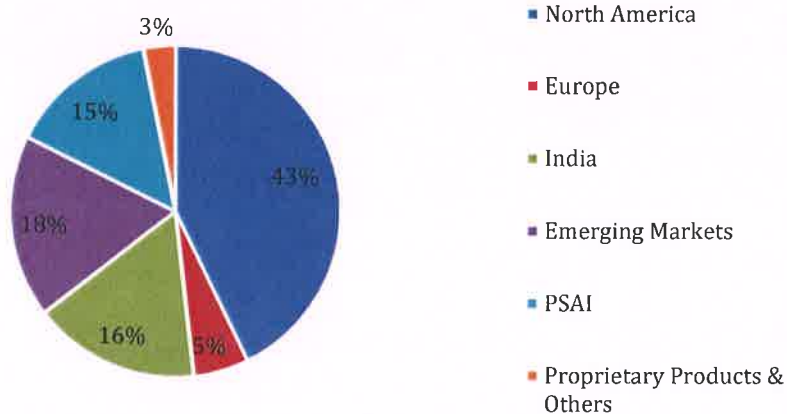



Key Balance Sheet Items

Particulars	As on 30 th June, 2018		As on 31st March 2018		As on 30 th June 2017	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents and other investments	249	17,047	344	23,517	213	14,572
Trade receivables (current & non-current)	703	48,095	596	40,786	601	41,140
Inventories	460	31,498	425	29,089	410	28,095
Property, plant and equipment	833	57,020	845	57,869	842	57,611
Goodwill and Other Intangible assets	720	49,289	710	48,610	709	48,564
Loans and borrowings (current & non-current)	793	54,273	741	50,714	737	50,462
Trade payables	216	14,816	234	16,052	193	13,225
Equity	1,905	1,30,430	1,847	1,26,460	1,803	1,23,423

Revenue Mix by Segment

Particulars	Q1 FY19	Q1 FY18	YoY Growth %	Q4 FY18	QoQ Growth %
	(Rs.)	(Rs.)		(Rs.)	
Global Generics	30,636	27,455	12	27,836	10
North America	15,903	14,946	6	14,487	10
Europe	2,016	2,075	(3)	1,711	18
India	6,074	4,687	30	6,138	(1)
Emerging Markets	6,643	5,747	16	5,500	21
Pharmaceutical Services and Active Ingredients (PSAI)	5,409	4,651	16	6,251	(13)
Proprietary Products & Others	1,162	1,053	10	1,262	(8)
Total	37,207	33,159	12	35,349	5

Q1 FY19 Sales Mix

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Segmental Analysis

Global Generics (GG)

Revenues from **GG** segment at ₹30.6 billion. Year-on-year growth of 12%, primarily driven by contributions from Emerging Markets, India and launch of gSuboxone in the US. Sequential growth is 10%.

- Revenues from **North America** at ₹15.9 billion. Year-on-year growth is 6%. Sequential growth of 10%, driven by contribution from new products, primarily gSuboxone, and partly offset by competitive pressures on some of the key molecules.

As of 30th June 2018, cumulatively 112 generic filings are pending for approval with the USFDA (109 ANDAs and 3 NDAs under 505(b)(2) route). Of these 109 ANDAs, 61 are Para IVs out of which we believe 30 have 'First to File' status.

- Revenues from **Emerging Markets** at ₹6.6 billion. Year-on-year growth is 16%. Sequential growth is 21%.
 - Revenues from **Russia** at ₹3.8 billion. Year-on-year growth of 9%. Constant currency growth is 14%. Growth primarily driven by new launches and volume traction in some of the key molecules.
 - Revenues from **other CIS countries and Romania** market at ₹1.2 billion. Year-on-year growth of 37%, primarily driven by new launches across markets.
 - Revenues from **Rest of World (RoW)** territories at ₹1.7 billion. Year-on-year growth of 17%, primarily driven by new markets and volume traction in base business.
- Revenues from **India** at ₹6.1 billion. Year-on-year growth of 30%. Q1FY18 was impacted due to GST transition.
- Revenues from **Europe** at ₹2.0 billion. Year-on-year decline of 3%, primarily on account of higher price erosion in some of the key molecules.

Pharmaceutical Services and Active Ingredients (PSAI)

- Revenues from **PSAI** at ₹5.4 billion. Year-on-year growth of 16%. Sequential decline is 13%
- During the quarter, we filed two DMFs with the USFDA.

Proprietary Products (PP)

- Revenues from **PP** at ₹726 million. Year-on-year growth of 42%, majorly driven by volume traction coupled with better realizations in some of the key molecules. Sequential decline is 14%. Q4FY18 had a one-time out licensing income of ₹160 million, received from Encore Dermatology Inc.



Income Statement Highlights:

- Gross profit margin at 55.7%.
 - Improved by ~230 bps sequentially and ~410 bps over that of previous year
 - Improvement primarily aided by contribution from new launches including gSuboxone, leverage benefit, better product mix coupled with favorable foreign exchange. This was partially offset by higher price erosions due to channel consolidation and increased competitive intensity in some of our key molecules in the US.
 - Gross profit margin for GG and PSAI business segments are at 61.2% and 21.9% respectively.
- SG&A expenses at ₹12.1 billion, marginal increase of 3% on a year-on-year basis and remained flat sequentially.
- R&D expenses at ₹4.2 billion. As % to Revenues- Q1 FY19: 11.2% | Q4 FY 18: 12.3% | Q1 FY18: 15.3%. Decrease is primarily on account of quarterly variation in the milestone related payments and other spend activities. Focus continues on building complex generics, biosimilars and differentiated products pipeline.
- Net Finance income at ₹156 million compared to ₹221 million in Q1FY18.
- Profit after Tax at ₹4.6 billion. The effective tax rate is 8.9% for the quarter. This is lower primarily on account of profit mix and favourable resolutions of certain tax related litigations pertaining to earlier years. The effective tax rate in Q1FY18 was 23.5%
- Diluted earnings per share is at ₹27.45
- Capital expenditure is at ₹2.3 billion.

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Earnings Call Details (06:30 pm IST, 09:00 am EDT, July 26, 2018)

The Company will host an earnings call to discuss the performance and answer any questions from participants.

Audio conference Participants can dial-in on the numbers below

Primary number: **91 22 6280 1219**

Secondary number: **91 22 7115 8120**

The numbers listed above are universally accessible from all networks and all countries.

Local Access number (India): **91 70456 71221**

International Toll Free Number	USA	18667462133
	UK	08081011573
	Singapore	8001012045
	Hong Kong	800964448

Playback of call: **91 22 7194 5757, 91 22 6663 5757**

Conference ID: **375#**

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 gastrointestinal, cardiovascular, diabetology, oncology, pain management and dermatology. Dr. Reddy's operates in markets across the globe. Our major markets include - USA, India, Russia & CIS countries, and Europe. For more information, log on to: www.drreddys.com

Disclaimer: This press release may include statements of future expectations and other forward-looking statements that are based on the management's current views and assumptions and involve known or unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions such as performance of financial markets, credit defaults, currency exchange rates, interest rates, persistency levels and frequency / severity of insured loss events (ii) mortality and morbidity levels and trends, (iii) changing levels of competition and general competitive factors, (iv) changes in laws and regulations and in the policies of central banks and/or governments, (v) the impact of acquisitions or reorganisation, including related integration issues.

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



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 Ind AS 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, 2018 (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 ('the Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular').

The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended, read with the Circular 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.

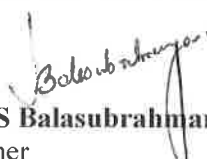
We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review 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 of unaudited consolidated Ind AS financial results 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 the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004


per S Balasubrahmanyam
Partner
Membership No.: 053315Place: Hyderabad
Date: July 26, 2018

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2018

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended		Year ended	
		30.06.2018	31.03.2018	30.06.2017	31.03.2018
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Revenue from operations				
	a) Net sales / income from operations	36,507	34,464	32,489	138,022
	b) License fees and service income	700	885	670	4,006
	c) Other operating income	158	190	173	782
	Total revenue from operations	37,365	35,539	33,332	142,810
2	Other income	504	449	380	1,552
3	Total income (1 + 2)	37,869	35,988	33,712	144,362
4	Expenses				
	a) Cost of materials consumed	7,394	7,305	6,548	26,309
	b) Purchase of stock-in-trade	4,430	4,488	2,799	14,501
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,775)	(1,726)	245	(415)
	d) Employee benefits expense	8,371	8,005	8,073	32,149
	e) Depreciation and amortisation expense	2,787	2,763	2,592	10,772
	f) Finance costs	195	178	215	788
	g) Selling and other expenses	11,257	11,831	12,435	46,754
	Total expenses	32,659	32,844	32,907	130,858
5	Profit before tax (3 - 4)	5,210	3,144	805	13,504
6	Tax expense:				
	a) Current tax	1,396	184	301	1,753
	b) Deferred tax	(864)	308	(64)	2,627
7	Net profit for the period before share of profit of equity accounted investees (5 - 6)	4,678	2,652	568	9,124
8	Share of profit of equity accounted investees, net of tax	83	69	98	344
9	Net profit after taxes and share of profit of associates (7 + 8)	4,761	2,721	666	9,468
10	Other comprehensive income				
	a) (i) Items that will not be reclassified subsequently to profit or loss	(515)	(6)	(1,594)	(3,710)
	(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss	140	(1)	379	874
	b) (i) Items that will be reclassified subsequently to profit or loss	(346)	186	20	(23)
	(ii) Income tax relating to items that will be reclassified subsequently to profit or loss	118	19	(58)	23
	Total other comprehensive income	(603)	198	(1,253)	(2,836)
11	Total comprehensive income (9 + 10)	4,158	2,919	(587)	6,632
12	Paid-up equity share capital (face value Rs. 5/- each)	830	830	829	830
13	Other equity				124,886
14	Earnings per equity share (face value Rs.5/- each)				
	Basic	28.69	16.39	4.02	57.08
	Diluted	28.66	16.36	4.01	56.96
		(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results



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DR. REDDY'S LABORATORIES LIMITED

Segment Information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended		Year ended	
		30.06.2018	31.03.2018	30.06.2017	31.03.2018
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Segment wise revenue and results:				
1	Segment revenue :				
	a) Pharmaceutical Services and Active Ingredients	7,020	7,853	5,972	27,930
	b) Global Generics	30,663	27,858	27,482	114,282
	c) Proprietary Products	730	847	539	4,250
	d) Others	438	429	578	1,840
	Total	38,851	36,987	34,571	148,302
	Less: Inter-segment revenue	1,486	1,448	1,239	5,492
	Total revenue from operations	37,365	35,539	33,332	142,810
2	Segment results:				
	Gross profit from each segment				
	a) Pharmaceutical Services and Active Ingredients	1,192	1,517	533	4,477
	b) Global Generics	18,756	16,506	15,836	67,190
	c) Proprietary Products	594	726	418	3,799
	d) Others	193	153	310	869
	Total	20,735	18,902	17,097	76,335
	Less: Selling and other un-allocable expenditure / (income), net	15,525	15,758	16,292	62,831
	Total profit before tax	5,210	3,144	805	13,504

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

Segmental Capital employed

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

Notes:

- These results have been prepared in accordance with the Ind AS notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules 2015 as amended.
- Post implementation of Goods and Services Tax ("GST") with effect from 1 July 2017, revenue from operations is disclosed net of GST. Revenue from operations for the period prior to 1 July 2017 included excise duty which is now subsumed in the GST. Accordingly, revenue from operations for the quarter ended 30 June 2018 is not comparable with those of the previous periods presented.
- 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. The Company received Establishment Inspection report ("EIR") from the U.S. FDA for API manufacturing facility at Miryalaguda in June 2017 which indicates that the audit is closed. With regard to the Oncology manufacturing facility at Duvvada and API manufacturing facility at Srikakulam, the Company received EIRs from the U.S. FDA in November 2017 and February 2018, respectively, which indicates that the status remains unchanged. In June 2018, the Company has requested U.S. FDA to schedule an inspection of the oncology formulation manufacturing facility at Duvvada.
- Ind AS 115, *Revenue from Contracts with Customers*, mandatory for reporting periods beginning on or after 1 April 2018, replaces existing revenue recognition requirements. Under the modified retrospective approach, there were no significant adjustments required to the retained earnings as at 1 April 2018. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial results of the Company.
- In the United States of America, *The Tax Cuts and Jobs Act of 2017* was approved and enacted into law on 22 December 2017. The law includes significant changes to the U.S. corporate income tax system, including a reduction in Federal corporate tax rate from 35% to 21%. Consequent to this enactment, the Company had re-measured its U.S. deferred tax assets and liabilities based on the new tax law and this resulted in a charge of Rs.396 million and Rs.1,269 million for the quarter and year ended 31 March 2018 respectively.
- The unaudited results have been reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 26 July 2018.
- The results for the quarter ended 30 June 2018 were subject to a "Limited Review" by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.

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



G V Prasad

Co-Chairman & Chief Executive Officer



Place: Hyderabad
Date: 26 July 2018



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 Ind AS financial results of Dr. Reddy's Laboratories Limited (the 'Company') for the quarter ended June 30, 2018 (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 ('the Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular').

The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS) 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended, read with the Circular 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.

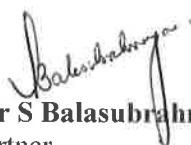
We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review 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 the Regulation, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004


per S Balasubrahmanyam
Partner
Membership No.: 053315



Place: Hyderabad

Date: July 26, 2018

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2018

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended		Year ended	
		30.06.2018	31.03.2018	30.06.2017	31.03.2018
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Revenue from operations				
	a) Net sales / income from operations	25,821	24,494	20,721	92,468
	b) License fees and service income	218	272	64	558
	c) Other operating income	137	157	112	567
	Total revenue from operations	26,176	24,923	20,897	93,593
2	Other income	349	731	488	2,040
	Total income (1 + 2)	26,525	25,654	21,385	95,633
3	Expenses				
	a) Cost of materials consumed	5,539	5,740	4,931	20,110
	b) Purchase of stock-in-trade	1,811	2,146	1,188	6,716
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(479)	(389)	(392)	(516)
	d) Employee benefits expense	4,670	4,633	4,505	18,430
	e) Depreciation and amortisation expense	1,921	1,900	1,910	7,741
	f) Finance costs	165	140	164	628
	g) Selling and other expenses	8,887	9,529	9,181	35,554
	Total expenses	22,514	23,699	21,487	88,663
4	Profit / (loss) before tax (1 + 2 - 3)	4,011	1,955	(102)	6,970
5	Tax expense				
	a) Current tax	785	457	-	1,381
	b) Deferred tax	(63)	(269)	(29)	(80)
6	Net profit / (loss) for the period / year (4 - 5)	3,289	1,767	(73)	5,669
7	Other comprehensive income				
	a) (i) Items that will not be reclassified to profit or loss	1	41	(2)	43
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(16)	-	(16)
	b) (i) Items that will be reclassified to profit or loss	(302)	(209)	110	(133)
	(ii) Income tax relating to items that will be reclassified to profit or loss	106	72	(38)	46
	Total other comprehensive income	(195)	(112)	70	(60)
8	Total comprehensive income (6 + 7)	3,094	1,655	(3)	5,609
9	Paid-up equity share capital (face value Rs. 5/- each)	830	830	829	830
10	Other equity				117,248
11	Earnings per equity share (face value Rs. 5/- each)				
	Basic	19.82	10.65	(0.44)	34.19
	Diluted	19.80	10.63	(0.44)	34.12
		(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results.



(msw)

Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended		Year ended	
		30.06.2018	31.03.2018	30.06.2017	31.03.2018
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
1	Segment wise revenue and results				
	Segment revenue				
	a) Pharmaceutical Services and Active Ingredients	5,652	6,268	4,679	22,741
	b) Global Generics	21,979	20,068	17,379	76,150
	c) Proprietary Products	31	27	27	109
	Total	27,662	26,363	22,085	99,000
	Less: Inter-segment revenue	1,486	1,440	1,188	5,407
	Total revenue from operations	26,176	24,923	20,897	93,593
2	Segment results				
	Profit / (loss) before tax and interest from each segment				
	a) Pharmaceutical Services and Active Ingredients	(74)	383	(651)	(3)
	b) Global Generics	6,683	3,482	1,600	11,956
	c) Proprietary Products	(629)	(841)	(1,046)	(3,464)
	Total	5,980	3,024	(97)	8,489
	Less: (i) Finance costs	165	140	164	628
	(ii) Other un-allocable expenditure / (income), net	1,804	929	(159)	891
	Total profit before tax	4,011	1,955	(102)	6,970

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.

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- 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 26 July 2018.
- The results for the quarter ended 30 June 2018 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




Place: Hyderabad
Date: 26 July 2018

G V Prasad
Co-Chairman & Chief Executive Officer

