

February 4, 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 and nine months ended December 31, 2016

Further to our letter dated January 9, 2017, we would like to inform you that the Board of Directors of the Company at their meeting held on February 4, 2017, *inter alia*, have approved the Unaudited Financial Results of the Company for the quarter and nine months ended December 31, 2016.

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

1. Unaudited Standalone Financial Results of the Company for the quarter and nine months ended December 31, 2016 prepared under Indian Accounting Standards (Ind-AS).
2. Unaudited Consolidated Financial Results of the Company and its subsidiaries for the quarter and nine months ended December 31, 2016 prepared under Indian Accounting Standards (Ind-AS).
3. Press Release on Financial Results of the Company for the above period.

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are also enclosing the above along with the Limited Review Reports of the Statutory Auditors on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended December 31, 2016.

We have also uploaded the financial results on the website of the Company as also on the website of BSE Ltd. and National Stock Exchange of India Ltd. viz. www.bseindia.com and www.nseindia.com respectively.

This is for your information and records.

With regards,


Sandeep Poddar
Company Secretary

Encl : as above

Limited Review Report

**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 December 31, 2016 and year to date from April 01, 2016 to December 31, 2016 (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.

This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report 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 prescribed 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 accompanying standalone financial results and other financial information for the three and nine months ended December 31, 2015, and for the year ended March 31, 2016, have been reviewed by other auditors, who issued an unmodified review report on those statements.

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

Kaustav Ghose
per Kaustav Ghose
Partner
Membership No.: 57828



Place: Hyderabad
Date: February 04, 2017

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2016

All amounts in Indian Rupees millions, except share data and where otherwise stated

Sl. No.	Particulars	Quarter ended			Nine Months ended		Year ended
		31.12.2016	30.09.2016	31.12.2015	31.12.2016	31.12.2015	31.03.2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	Income from operations						
	a) Net sales / income from operations (inclusive of excise duty)	25,442	26,059	24,290	73,008	78,403	100,060
	b) License fees and service income	149	49	102	239	267	2,288
	c) Other operating income	94	167	105	350	465	571
	Total income from operations (inclusive of excise duty)	25,685	26,275	24,497	73,597	79,135	102,919
2	Expenses						
	a) Cost of materials consumed	4,506	4,904	5,098	14,346	15,609	20,727
	b) Purchase of traded goods	1,619	1,816	1,814	5,029	4,837	6,104
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(338)	(83)	(183)	(1,672)	(749)	(288)
	d) Employee benefits expense	4,824	4,802	4,304	14,310	12,612	16,934
	e) Selling expenses	2,440	2,636	2,575	7,597	7,717	9,275
	f) Depreciation and amortisation	1,837	1,893	1,669	5,455	4,683	6,495
	g) Other expenditure	6,228	6,731	6,641	19,639	18,779	29,514
	Total expenses	21,116	22,699	21,918	64,704	63,488	88,761
3	Profit before other income and finance costs (1 - 2)	4,569	3,576	2,579	8,893	15,647	14,158
4	Other income	890	639	568	5,332	2,263	3,249
5	Profit before finance costs (3 + 4)	5,459	4,215	3,147	14,225	17,910	17,407
6	Finance costs	165	123	135	414	495	641
7	Profit before tax (5 - 6)	5,294	4,092	3,012	13,811	17,415	16,766
8	Tax expense	906	960	642	2,200	3,285	3,023
9	Net profit for the period / year (7 - 8)	4,388	3,132	2,370	11,611	14,130	13,743
10	Other Comprehensive income	(91)	(24)	(48)	(239)	(70)	(289)
11	Total Comprehensive income (9 + 10)	4,297	3,108	2,322	11,372	14,060	13,454
12	Paid-up equity share capital (face value Rs. 5/- each)	829	829	853	829	853	853
13	Other Equity						119,931
14	Earnings per equity share (face value Rs. 5/- each)						
	- Basic	26.49	18.91	13.89	69.55	82.86	80.59
	- Diluted	26.44	18.86	13.86	69.38	82.60	80.34
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results



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Segment Information

All amounts in Indian Rupees millions, except share data and where otherwise stated

Sl. No.	Particulars	Quarter ended			Nine Months ended		Year ended
		31.12.2016	30.09.2016	31.12.2015	31.12.2016	31.12.2015	31.03.2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	Segment wise revenue and results:						
	Segment revenue (inclusive of excise duty):						
	a) Pharmaceutical Services and Active Ingredients	5,551	5,979	4,870	16,778	16,842	23,096
	b) Global Generics	21,615	21,928	20,809	61,463	66,116	85,131
	c) Proprietary Products	-	-	-	-	1	1
	Total	27,166	27,907	25,679	78,241	82,959	108,228
	Less: Inter segment revenue	1,481	1,632	1,182	4,644	3,824	5,309
	Add: Other unallocable income	-	-	-	-	-	-
	Total income from operations	25,685	26,275	24,497	73,597	79,135	102,919
2	Segment results:						
	Profit / (loss) before tax and interest from each segment						
	a) Pharmaceutical Services and Active Ingredients	145	(250)	(710)	(848)	(282)	(1,324)
	b) Global Generics	6,979	5,178	4,379	16,022	21,414	23,081
	c) Proprietary Products	(824)	(871)	(617)	(2,445)	(2,058)	(2,975)
	Total	6,300	4,057	3,052	12,729	19,074	18,782
	Less: (i) Interest expense	165	123	135	414	495	641
	(ii) Other un-allocable expenditure / (income), net	841	(158)	(95)	(1,496)	1,164	1,375
	Total profit before tax	5,294	4,092	3,012	13,811	17,415	16,766

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.

2 Reconciliation between financial results as previously reported under Previous GAAP and Ind AS for the quarter and nine months ended 31 December 2015

Particulars	Quarter ended 31.12.2015	Nine Months ended 31.12.2015
Net profit under previous GAAP	2,368	13,602
Impact on account of measuring investments at fair value through profit and loss	220	748
Recognition of intangible assets not eligible for recognition under Previous GAAP	-	5
Reversal of goodwill amortised under Previous GAAP	5	10
Difference in measurement of employee share based payments	(18)	(10)
Impact on current and deferred taxes	(204)	(211)
Others	(1)	(14)
Net profit under Ind AS	2,370	14,130

- Other expenditure for the year ended 31 March 2016 includes provision for doubtful debts of Rs. 3,559 million pertaining to outstanding receivable from Venezuelan subsidiary.
- 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 believes that it can resolve the issues raised by the U.S. FDA satisfactorily in a timely manner. The Company takes the matters identified by U.S. FDA in the warning letter seriously and will continue to work diligently to address the observations identified in the warning letter and is concurrently continuing to develop and implement its corrective action plans relating to the warning letter. Further, 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 scheduled reinspection of the aforementioned manufacturing facilities in February and March 2017.
- On 26 September 2016, the Bombay High court dismissed the writ petition filed by the Indian Pharmaceutical Alliance in July 2014 contending the validity of certain notifications issued in July 2014 by the National Pharmaceutical Pricing Authority. Consequently, during the quarter ended 30 September 2016, an amount of Rs. 344 million was recorded as a potential liability including the interest thereon. The aforesaid amount was included under "selling expenses".
- The unaudited results have been reviewed by the Audit Committee of the Board on 3 February 2017 and approved by the Board of Directors of the Company at their meeting held on 4 February 2017.
- The results for the quarter and nine months ended 31 December 2015, and the year ended 31 March 2016 have been reviewed by other auditors. An unmodified report has been issued by them thereon.
- The results for the quarter and nine months ended 31 December 2016 periods presented have been subjected to a "Limited review" by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.

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

1. We have reviewed the accompanying statement of unaudited consolidated financial results of Dr. Reddy's Laboratories Limited Group comprising Dr. Reddy's Laboratories Limited ('the Company') and its subsidiaries (together, 'the Group'), and joint ventures, for the quarter ended December 31, 2016 and year to date from April 01, 2016 to December 31, 2016 (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. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. 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.
3. We did not review revenues of Rs. 7,119 million and Rs. 20,821 million for the quarter and year to date period ended December 31, 2016 respectively, included in the accompanying unaudited consolidated financial results relating to subsidiaries, whose financial information have been reviewed by the other auditors and whose reports have been furnished to us. The above revenues are before giving effect to any consolidation adjustments. Our conclusion on the unaudited quarterly financial results, in so far as it relates to such subsidiaries is based solely on the reports of the other auditors.

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

4. Based on our review conducted as above and on consideration of reports of other auditors on the unaudited separate quarterly financial results and on the other financial information of the components, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited consolidated financial results prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed 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

5. The accompanying consolidated financial results and other financial information for the three and nine months ended December 31, 2015, and for the year ended March 31, 2016, have been reviewed by other auditors, who issued an unmodified review report on those statements.

For S.R. BATLIBOI & ASSOCIATES LLP

ICAI Firm registration number: 101049W/E300004

Chartered Accountants

Kaustav Ghose

per Kaustav Ghose

Partner

Membership No.: 57828



Place: Hyderabad

Date: February 04, 2017

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER & NINE MONTHS ENDED 31 DECEMBER 2016

All amounts in Indian Rupees millions, except share data and where otherwise stated

Sl. No.	Particulars	Quarter ended			Nine Months ended		Year Ended
		31.12.2016	30.09.2016	31.12.2015	31.12.2016	31.12.2015	31.03.2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	Income from operations						
	a) Net sales / income from operations (inclusive of excise duty)	36,534	35,287	39,100	103,678	115,524	152,475
	b) License fees and service income	531	570	580	1,589	1,623	2,233
	c) Other operating income	167	306	117	575	586	975
	Total income from operations (inclusive of excise duty)	37,232	36,163	39,797	105,842	117,733	155,683
2	Expenses						
	a) Cost of materials consumed	5,369	5,837	6,633	17,281	20,678	26,799
	b) Purchase of traded goods	3,496	3,223	3,072	10,001	9,158	11,743
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(706)	(386)	98	(2,885)	(1,900)	(957)
	d) Employee benefits expense	8,146	8,161	7,893	24,357	23,265	31,174
	e) Selling expenses	3,145	3,549	3,002	9,962	9,126	11,811
	f) Depreciation and amortisation	2,665	2,622	2,354	7,723	6,622	9,389
	g) Other expenditure	9,137	9,509	9,259	28,309	26,370	39,260
	Total expenses	31,252	32,515	32,311	94,748	93,319	129,219
3	Profit before other income and finance costs (1 - 2)	5,980	3,648	7,486	11,094	24,414	26,464
4	Other income	403	438	618	1,510	2,100	2,950
5	Profit before finance costs (3 + 4)	6,383	4,086	8,104	12,604	26,514	29,414
6	Finance costs	164	126	160	438	656	826
7	Profit before tax (5 - 6)	6,219	3,960	7,944	12,166	25,858	28,588
8	Tax expense	1,385	956	2,151	2,867	5,948	7,511
9	Net profit for the period / year (7 - 8)	4,834	3,004	5,793	9,299	19,910	21,077
10	Share of profit of equity accounted investees, net of tax	89	85	64	247	170	229
11	Net Profit after taxes and share of profit of associates (9 + 10)	4,923	3,089	5,857	9,546	20,080	21,306
12	Other comprehensive income	1,194	1,646	1,215	2,987	1,038	(370)
13	Total comprehensive income	6,117	4,735	7,072	12,533	21,118	20,936
14	Paid-up equity share capital (face value Rs. 5/- each)	829	829	853	829	853	853
15	Reserves						124,845
16	Earnings per equity share (face value Rs. 5/- each)						
	- Basic	29.72	18.64	34.34	57.18	117.75	124.93
	- Diluted	29.65	18.59	34.25	57.04	117.38	124.54
		(Not annualised)	(Not annualised)	(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, except share data and where otherwise stated

Sl. No.	Particulars	Quarter ended			Nine Months ended		Year Ended
		31.12.2016	30.09.2016	31.12.2015	31.12.2016	31.12.2015	31.03.2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	Segment wise revenue and results:						
	Segment revenue (inclusive of excise duty):						
	a) Pharmaceutical Services and Active Ingredients	6,997	7,538	9,127	20,863	20,923	28,437
	b) Global Generics	30,714	29,193	30,879	86,567	97,429	128,330
	c) Proprietary Products	603	588	653	1,814	2,014	2,659
	d) Others	435	498	390	1,331	1,321	1,704
	Total	38,749	37,817	41,049	110,575	121,687	161,130
	Less: Inter segment revenue	1,517	1,654	1,252	4,733	3,954	5,447
	Add: Other unallocable income	-	-	-	-	-	-
	Total income from operations	37,232	36,163	39,797	105,842	117,733	155,683
2	Segment results:						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	1,537	1,278	894	3,954	3,768	4,954
	b) Global Generics	19,649	18,067	22,017	54,055	64,992	84,427
	c) Proprietary Products	509	507	545	1,541	1,684	2,217
	d) Others	210	252	142	645	586	706
	Total	21,905	20,104	23,598	60,195	71,030	92,304
	Less: Other un-allocable expenditure / (income), net	15,686	16,144	15,654	48,029	45,172	63,716
	Total profit before tax	6,219	3,960	7,944	12,166	25,858	28,588

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.
- Reconciliation between financial results under Previous GAAP and Ind AS for the quarter and nine months ended 31 December 2015**

Particulars	Quarter ended 31.12.2015	Nine months ended 31.12.2015
Net profit under previous GAAP	6,703	19,158
Impact on account of measuring investments at fair value through profit and loss	224	762
Recognition of intangible assets not eligible for recognition under Previous GAAP	250	859
Reversal of goodwill amortised under Previous GAAP	98	296
Difference in measurement of employee share based payments	(18)	(10)
Impact on current and deferred taxes	(1,334)	(896)
Others	(66)	(89)
Net profit under Ind AS	5,857	20,080

- Other expenditure includes an amount of Rs. 637 million, Rs. 776 million and Rs. 4,621 million for the quarter, nine months ended 31 December 2015 and year ended 31 March 2016, respectively, on account of currency devaluation and translation of monetary assets and liabilities using SIMADI / DICOM rate pertaining to the Company's Venezuelan subsidiary.
- 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 believes that it can resolve the issues raised by the U.S. FDA satisfactorily in a timely manner. The Company takes the matters identified by U.S. FDA in the warning letter seriously and will continue to work diligently to address the observations identified in the warning letter and is concurrently continuing to develop and implement its corrective action plans relating to the warning letter. Further, 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 scheduled reinspection of the aforementioned manufacturing facilities in February and March 2017.
- On 26 September 2016, the Bombay High court dismissed the writ petition filed by the Indian Pharmaceutical Alliance in July 2014 contending the validity of certain notifications issued in July 2014 by the National Pharmaceutical Pricing Authority. Consequently, during the quarter ended 30 September 2016, an amount of Rs. 344 million was recorded as a potential liability including the interest thereon. The aforesaid amount was included under "selling expenses".
- The unaudited results have been reviewed by the Audit Committee of the Board on 3 February 2017 and approved by the Board of Directors of the Company at their meeting held on 4 February 2017.
- The results for the quarter and nine months ended 31 December 2015 and the year ended 31 March 2016 have been reviewed by other auditors. An unmodified report has been issued by them thereon.
- The results for the quarter and nine months ended 31 December 2016 periods presented have been subjected 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: 4 February 2017



DR. REDDY'S LABORATORIES LTD.

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CONTACT

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Dr. Reddy's Q3 and 9M FY17 Financial Results

Q3 Revenues at ₹37.1 Bn [QoQ growth: 3%] Q3 EBITDA at ₹8.8 Bn [23.7% of Revenues]	9M Revenues at ₹105.3 Bn [YoY decline: 10%] 9M EBITDA at ₹19.2 Bn [18.2% of Revenues]
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Hyderabad, India, February 4, 2017: Dr. Reddy's Laboratories Ltd. (BSE: 500124 | NSE: DRREDDY | NYSE: RDY) today announced its consolidated financial results for the third quarter and nine months ended December 31, 2016 under International Financial Reporting Standards (IFRS).

Q3 FY17: Key Highlights

- Revenues at ₹37.1 billion: QoQ growth: 3%
YoY decline: 7%
- Gross Profit Margin at 59.1%.
- Research & Development (R&D) spend at ₹5.0 billion. [13.4% of Revenues]
- Selling, general & administrative (SG&A) expenses at ₹11.3 billion [YoY decline: 6%]
- EBITDA at ₹8.8 billion [23.7% of Revenues]
- Profit after tax at ₹4.7 billion [12.7% of Revenues]

9M FY17: Key Highlights

- Revenues at ₹105.3 billion: YoY decline: 10%
- Gross Profit Margin at 57.2%.
- Research & Development (R&D) spend at ₹15.0 billion. [14.2% of Revenues]
- Selling, general & administrative (SG&A) expenses at ₹35.4 billion [YoY increase: 4%]
- EBITDA at ₹19.2 billion [18.2% of Revenues]
- Profit after tax at ₹8.9 billion [8.5% of Revenues]

Commenting on the results, Co-chairman and CEO, G V Prasad said "Our performance in Q3 has delivered a modest sequential revenue growth of 3% over the previous quarter. Our EBITDA has improved significantly from the last quarter to Rs. 8.8 billion, on the back of enhanced emphasis on operational efficiencies and controlling of SG&A costs across all our businesses."




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

Particulars	Q3 FY17			Q3 FY16			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Revenue	546	37,065	100.0	584	39,679	100.0	(7)
Cost of revenues	223	15,166	40.9	237	16,089	40.5	(6)
Gross profit	322	21,899	59.1	347	23,590	59.5	(7)
Operating Expenses							
Selling, general & administrative expenses	167	11,341	30.6	177	12,039	30.3	(6)
Research and development expenses	73	4,956	13.4	60	4,095	10.3	21
Other operating income	(3)	(187)	(0.5)	(2)	(122)	(0.3)	53
Results from operating activities	85	5,789	15.6	112	7,578	19.1	(24)
Net finance (income) / expense	(1)	(44)	(0.1)	1	62	0.2	171
Share of profit of equity accounted investees	(1)	(89)	(0.2)	(1)	(64)	(0.2)	38
Profit before income tax	87	5,922	16.0	112	7,580	19.1	(22)
Income tax expense	18	1,221	3.3	26	1,788	4.5	(32)
Profit for the period	69	4,701	12.7	85	5,792	14.6	(19)
Diluted EPS	0.42	28.32		0.50	33.86		(16)

EBITDA Computation

Particulars	Q3 FY 17		Q3 FY 16	
	\$	Rs.	\$	Rs.
Profit before income tax	87	5,922	112	7,580
Interest income, net*	(1)	(53)	(3)	(236)
Depreciation	29	1,936	25	1,685
Amortization / Impairment	15	988	16	1,086
EBITDA	129	8,793	149	10,115
EBITDA% to Revenues		23.7%		25.5%

* Includes income from Investments

Key Balance Sheet Items

Particulars	As on 31 st Dec 16		As on 30 th Sep 16	
	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents and Other current Investments	297	20,145	315	21,379
Trade Receivables	605	41,119	544	36,939
Inventories	442	30,052	420	28,516
Property, plant and equipment	842	57,209	825	56,052
Goodwill and Other Intangible assets	736	49,977	747	50,766
Loans and borrowings (current & non-current)	854	57,999	890	60,480
Trade & other payables	196	13,308	181	12,281
Equity	1,782	121,040	1,697	115,264

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Revenue Mix by Segment [Year on year]

Particulars	Q3 FY17			Q3 FY16			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Global Generics	451	30,638	83	494	33,558	84	-9
North America		16,595			19,417		-15
Europe*		2,148			1,937		11
India		5,947			5,805		2
Emerging Markets#		5,948			6,399		-7
PSAI	80	5,400	14	75	5,082	13	6
North America		1,259			1,037		21
Europe		1,828			1,951		-6
India		409			622		-34
Rest of World		1,904			1,472		29
Proprietary Products & Others	15	1,027	3	15	1,039	3	-1
Total	546	37,065	100	584	39,679	100	-7

Revenue Mix by Segment [Sequential]

Particulars	Q3 FY 17			Q2 FY 17			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Global Generics	451	30,638	83	427	28,995	81	6
North America		16,595			16,134		3
Europe*		2,148			1,776		21
India		5,947			6,251		-5
Emerging Markets#		5,948			4,834		23
PSAI	80	5,400	14	85	5,784	16	-7
North America		1,259			1,135		11
Europe		1,828			2,095		-13
India		409			575		-29
Rest of World		1,904			1,979		-4
Proprietary Products & Others	15	1,027	3	16	1,078	3	-5
Total	546	37,065	100	528	35,857	100	3

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* 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 at ₹30.6 billion, year-on-year decline of 9%; primarily on account of lower contribution from North America and Venezuela. However, it grew by 6% sequentially.

- Revenues from **North America** at ₹16.6 billion. Year-on-year decline of 15%, primarily on account of increased competition in valgancyclovir and our injectables franchise coupled with continuing pricing pressure.

During the quarter we launched 5 new products i.e. Aripiprazole, Lamotrigene ODT, Fluoxetine Tabs, Raloxifene HCl and Nystatin - Triamcinolone Cream.

As of 31st December 2016, cumulatively 92 generic filings are pending for approval with the USFDA (90 ANDAs and 2 NDAs under 505(b)(2) route). Of these 90 ANDAs, 59 are Para IVs out of which we believe 20 have 'First to File' status. Further, these 90 ANDAs include 7 ANDAs, acquired from Teva, of which 6 are Para IVs.

- Revenues from **Emerging Markets** at ₹5.9 billion, year-on-year decline of 7%. [Ex-Venezuela: growth of 7%]
 - Revenues from **Russia** at ₹3.1 billion, year-on-year decline of 2%. In constant currency it declined by 5%.
 - Revenues from **other CIS countries and Romania** market at ₹1.0 billion, year-on-year growth of 16%.
 - Revenues from **Rest of World (RoW)** territories at ₹1.8 billion, year-on-year decline of 23% primarily on account of sales decline in Venezuela.
- Revenues from **India** at ₹5.9 billion, year-on-year growth: 2.4%.
- Revenues from **Europe** at ₹2.1 billion, year-on-year growth: 11%.

Pharmaceutical Services and Active Ingredients (PSAI)

- Revenues from **PSAI** at ₹5.4 billion, year-on-year growth of 6%. On a sequential basis revenues declined by 7%.
- During the quarter, 16 DMFs were filed globally of which 1 was in the US. The cumulative number of DMF filings as of 31st December, 2016 was 782.

Proprietary Products (PP)

Zembrace™ Sym Touch™ (Suma 3 mg) injection and Sernivo™ (betamethasone dipropionate) Spray, 0.05% are gradually gaining traction in prescriptions.

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Income Statement Highlights:

- Gross profit margin at 59.1% and declined by ~40 bps over that of previous year, primarily on account of price erosion in the US. This has been caused due to new competitor's entry in some of key molecules. Gross profit margin for GG and PSAL business segments are at 64.1% and 28.3% respectively.
- SG&A expenses at ₹11.3 billion, year-on-year decline by 6%. After normalization of the Venezuela base effect and the settlement charge paid to Novartis wrt zoledronic acid in previous year, there is a marginal increase which is largely attributable to normal salary increments, headcount and other costs.

Sequentially, there is a decline of 4%. Normalized for the NPPA charge that we took last quarter, there is no major variance.

- Research & development expenses at ₹5.0 billion. As a % to Revenues- Q3 FY 17:13.4% | Q2 FY 17: 14.5% | Q1 FY 17: 14.8%]. Current quarter also includes spend towards the IPR&D assets in-licensed from Xenoport and Eisai. Focus continues on building complex generics, biosimilars and differentiated products pipeline.
- Net Finance income at ₹44 million compared to the net finance expense of ₹62 million in Q3FY16. The incremental benefit of ₹106 million is on account of:
 - Net foreign exchange loss of ₹10 million in the current quarter vs net foreign exchange loss of ₹297 million in the previous year
 - Increase in profit on sales of investments by ₹36 million.
 - Net increase in interest expense of ₹218 million.
- Profit after Tax at ₹4.7 billion
- Diluted earnings per share is at ₹28.32
- Capital expenditure is at ₹3.0 billion.



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Earnings Call Details (06:30 pm IST, 08:00 am EST, February 4, 2017)

The Company will host an earnings call 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**

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.