

February 1, 2019

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, 2018.

Further to our letter dated January 3, 2019, we would like to inform you that the Board of Directors of the Company at their meeting held on February 1, 2019 have *inter alia* approved the Unaudited Financial Results of the Company for the quarter and nine months ended December 31, 2018.

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

1. Unaudited Consolidated Financial Results of the Company for the quarter and nine months ended December 31, 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 and nine months ended December 31, 2018 as per Indian Accounting Standards.
4. Unaudited Standalone Financial Results of the Company for the quarter and nine months ended December 31, 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 1.20 PM and concluded at 2.30 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 statement of financial position of Dr. Reddy's Laboratories Limited as of December 31, 2018 and the related condensed consolidated interim income statements, the statements of comprehensive income for the three and nine months period then ended, changes in equity and cash flows for the nine months 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 matter

The condensed consolidated interim financial statements of the Company as at December 31, 2017, and for the three-month and nine months period then ended, were reviewed by other auditors who expressed an unmodified conclusion on those financial statements vide their review report dated January 25, 2018. 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 who expressed an unmodified opinion on those statements vide their audit report dated May 22, 2018.

Ernst & Young Associates LLP

Ernst & Young Associates LLP
Hyderabad, India
February 01, 2019

Unaudited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and nine months ended 31 December 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			Nine months ended		Year ended
		31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenues	38,500	37,978	38,060	113,685	106,679	142,028
2	Cost of revenues	17,748	17,081	16,649	51,308	49,270	65,724
3	Gross profit (1 - 2)	20,752	20,897	21,411	62,377	57,409	76,304
4	Selling, general and administrative expenses	12,036	12,372	12,048	36,514	34,843	46,910
5	Research and development expenses	3,668	4,120	4,667	11,945	13,917	18,265
6	Other income, net	(681)	(641)	(313)	(1,625)	(621)	(788)
	Total operating expenses	15,023	15,851	16,402	46,834	48,139	64,387
7	Results from operating activities [(3) - (4 + 5 + 6)]	5,729	5,046	5,009	15,543	9,270	11,917
	Finance income	502	833	1,053	1,686	1,688	2,897
	Finance expense	(515)	(208)	(202)	(918)	(640)	(817)
8	Finance (expense)/income, net	(13)	625	851	768	1,048	2,080
9	Share of profit of equity accounted investees, net of tax	89	109	85	281	275	344
10	Profit before tax (7 + 8 + 9)	5,805	5,780	5,945	16,592	10,593	14,341
11	Tax expense	953	742	2,601	2,141	3,809	4,535
12	Profit for the period / year	4,852	5,038	3,344	14,451	6,784	9,806
13	Earnings per share:						
	Basic earnings per share of Rs.5/- each	29.25	30.35	20.16	87.08	40.91	59.13
	Diluted earnings per share of Rs.5/- each	29.21	30.31	20.13	86.97	40.83	59.00
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	



(MSK)

Segment reporting (consolidated)

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment wise revenue and results:						
	Segment revenue:						
	a) Pharmaceutical Services and Active Ingredients	7,232	7,657	6,785	21,784	19,785	27,484
	b) Global Generics	31,347	30,536	30,105	92,519	86,178	114,014
	c) Proprietary Products	735	776	2,137	2,237	3,397	4,245
	d) Others	481	637	382	1,554	1,363	1,777
	Total	39,795	39,606	39,409	118,094	110,723	147,520
	Less: Inter-segment revenues	1,295	1,628	1,349	4,409	4,044	5,492
	Net revenue from operations	38,500	37,978	38,060	113,685	106,679	142,028
2	Segment results:						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	1,826	1,697	1,296	4,708	2,936	4,446
	b) Global Generics	18,049	18,111	17,912	54,916	50,684	67,190
	c) Proprietary Products	628	653	2,022	1,875	3,073	3,799
	d) Others	249	436	181	878	716	869
	Total	20,752	20,897	21,411	62,377	57,409	76,304
	Less: Selling and other un-allocable expenditure, net of other income	14,947	15,117	15,466	45,785	46,816	61,963
	Total profit before tax	5,805	5,780	5,945	16,592	10,593	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 above financial results have been prepared from the interim condensed 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 nine months ended 31 December 2017 and year ended 31 March 2018 are not comparable with those of the other 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 requested the U.S. FDA to schedule an inspection of the oncology formulation manufacturing facility at Duvvada. In October 2018, the re-inspection was completed and the U.S. FDA issued Form 483 with eight observations. The Company responded to these observations identified by U.S. FDA in November 2018 and awaiting to hear from agency. With respect to API manufacturing facility at Srikakulam, the Company was asked to carry out certain detailed investigations and analyses. In response, the Company submitted the results of the investigations and analyses in October 2018. As part of the review of the response by the U.S. FDA, certain additional follow on queries have been received by the Company. The Company responded to all queries in January 2019 to U.S. FDA and awaiting re-inspection by the U.S. FDA.
- 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.
- During the three months ended 31 December 2018, the Company sold one of its API manufacturing business units located in Jeedimetla, Hyderabad to Therapiva Private Limited. This sale was done by way of slump sale including all related property, plant and equipment, current assets, current liabilities, and transfer of employees. An amount of Rs. 423 million representing the profit on sale of such business unit was included under the head "other income, net".
- Other income, net for the three months ended 30 September 2018 and nine months ended 31 December 2018 includes gain of Rs. 464 million on account of sale of rights relating to an intangible asset forming part of Company's Proprietary Products Segment and sale of membership interest in Dr. Reddy's Laboratories Tennessee, LLC.
- In the United States of America, The Tax Cuts and Jobs Act of 2017 was approved and enacted in to law on 22 December 2017 which resulted in a reduction of the federal income tax rate from 35% to 21%. Consequent to this enactment, the Company has re-measured its U.S. deferred tax assets and liabilities based on the new tax law and this resulted in a charge of Rs. 930 million for the three months ended 31 December 2017.
- 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 1 February 2019.
- The results for the quarter and nine months ended 31 December 2017, and the year ended 31 March 2018 were reviewed / audited respectively, by other auditors. An unqualified report was issued by them thereon.
- The results for the quarter and nine months ended 31 December 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: 1 February 2019

G V Prasad
Co-Chairman and Chief Executive Officer

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 Q3 FY19 Financial Results

Hyderabad, India, February 1, 2019: Dr. Reddy's Laboratories Ltd. (BSE: 500124 | NSE: DRREDDY | NYSE: RDY) today announced its consolidated financial results for the quarter ended December 31, 2018 under International Financial Reporting Standards (IFRS).

Q3 Performance Summary

₹3,850 Cr

Revenue

[Up: 1% QoQ; 1% YoY]

53.9%

Gross Margin

[Q2 FY19: 55.0%; Q3 FY18: 56.3%]

₹1,204 Cr

SGNA expenses

[Dc: 3% QoQ; Flat: YoY]

₹367 Cr

R&D expenses

[9.5% of Revenues]

₹581 Cr

Profit before Tax

[Flat: QoQ; Dc: 2% YoY]

₹485 Cr

Profit after Tax

[Dc: 4% QoQ; Up: 45% YoY]

9M Performance Summary

₹11,369 Cr

Revenue

[Up: 7% YoY]

54.9%

Gross Margin

[9M FY18: 53.8%]

₹3,651 Cr

SGNA expenses

[Up: 5% YoY]

₹1,195 Cr

R&D expenses

[10.5% of Revenues]

₹1,659 Cr

Profit before Tax

[Up: 57% YoY]

₹1,445 Cr

Profit after Tax

[Up: 113% YoY]

Commenting on the results, CEO and Co-chairman, G.V. Prasad said "We continued to improve our performance in the third quarter of FY 19, supported by significant growth in emerging markets and India, pickup in new product launches, and improvements in cost structure. We are on track towards delivering sustainable & profitable growth."



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

Particulars	Q3 FY19		Q3 FY18		YoY Gr %	Q2 FY19		QoQ Gr%
	(\$)	(Rs.)	(\$)	(Rs.)		(\$)	(Rs.)	
Revenues	553	38,500	547	38,060	1	546	37,978	1
Cost of Revenues	255	17,748	239	16,649	7	245	17,081	4
Gross Profit	298	20,752	308	21,411	(3)	300	20,897	(1)
Operating Expenses								
Selling, General & Administrative expenses	173	12,036	173	12,048	(0)	178	12,372	(3)
Research and Development expenses	53	3,668	67	4,667	(21)	59	4,120	(11)
Other (income) / expense net	(10)	(681)	(4)	(313)	118	(9)	(641)	6
Results from operating activities	82	5,729	72	5,009	14	73	5,046	14
Net finance (income) / expense	0	13	(12)	(851)	(102)	(9)	(625)	(102)
Share of (profit) / loss of equity accounted investees, net of tax	(1)	(89)	(1)	(85)	5	(2)	(109)	(18)
Profit before income tax	83	5,805	85	5,945	(2)	83	5,780	0
Income tax expense	14	953	37	2,601*	(63)	11	742	28
Profit for the period	70	4,852	48	3,344	45	72	5,038	(4)

Diluted Earnings Per Share (EPS)	0.42	29.21	0.29	20.13	45	0.44	30.31	(4)
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* ~ Rs. 930 million impact on account of reforms in US tax laws

As % to Revenues	Q3 FY19	Q3 FY18	Q2 FY19
Gross Profit	53.9	56.3	55.0
SG&A	31.3	31.7	32.6
R&D	9.5	12.3	10.8
EBITDA	22.5	21.2	22.8
PBT	15.1	15.6	15.2
PAT	12.6	8.8	13.3

EBITDA Computation

Particulars	Q3 FY19		Q3 FY18		Q2 FY19	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Profit before Income Tax	83	5,805	85	5,945	83	5,780
Interest (income) net*	(4)	(260)	(13)	(881)	(2)	(132)
Depreciation	30	2,073	30	2,089	29	2,033
Amortization	15	1,035	13	902	14	965
EBITDA	124	8,653	116	8,055	124	8,646

* Includes income from Investments

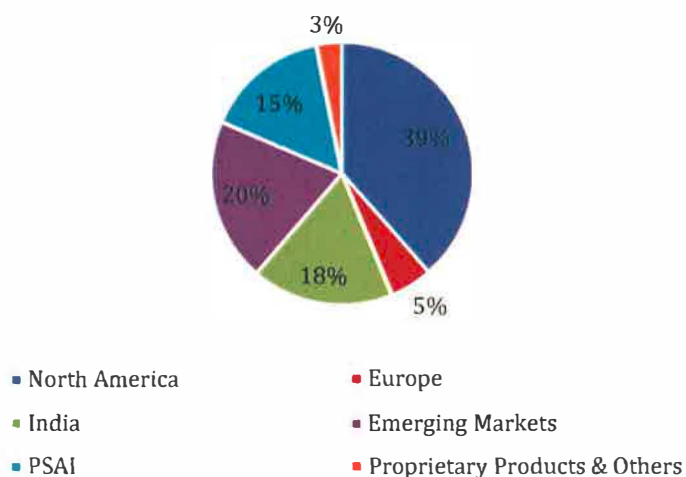


Key Balance Sheet Items

Particulars	As on 31 st Dec, 2018		As on 30 th Sep, 2018		As on 31 st Dec, 2017	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents and other investments	368	25,593	299	20,837	360	25,032
Trade receivables (current & non-current)	536	37,302	666	46,317	612	42,593
Inventories	487	33,911	467	32,490	386	26,825
Property, plant and equipment	795	55,344	814	56,640	836	58,189
Goodwill and Other Intangible assets	707	49,205	737	51,290	692	48,182
Loans and borrowings (current & non-current)	630	43,836	798	55,522	789	54,911
Trade payables	229	15,939	202	14,073	209	14,575
Equity	1,950	1,35,708	1,889	1,31,446	1,778	1,23,685

Revenue Mix by Segment

Particulars	Q3 FY19	Q3 FY18	YoY Growth %	Q2 FY19	QoQ Growth %
	(Rs.)	(Rs.)		(Rs.)	
Global Generics	31,347	30,105	4	30,536	3
North America	14,832	16,073	(8)	14,265	4
Europe	2,030	2,006	1	1,915	6
India	6,741	6,126	10	6,864	(2)
Emerging Markets	7,744	5,900	31	7,492	3
Pharmaceutical Services and Active Ingredients (PSAI)	5,937	5,436	9	6,029	(2)
Proprietary Products & Others	1,216	2,519	(52)	1,413	(14)
Total	38,500	38,060	1	37,978	1

Q3 FY19 Sales Mix

Segmental Analysis

Global Generics (GG)

Revenues from **GG** segment at ₹31.3 billion. Year-on-year growth of 4%, primarily driven by contributions from Emerging Markets, India and favorable forex. Sequentially the sales grew by 3%.

- Revenues from North America at ₹14.8 billion. Year-on-year decline of 8%. Sequential growth of 4%, aided by higher volume offtake, new launches and favorable forex offset by higher price erosion in some of the key molecules.

During the quarter, 10 new products were launched and we have filed 3 ANDAs with the USFDA.

As of 31st Dec 2018, cumulatively 103 generic filings are pending for approval with the USFDA (100 ANDAs and 3 NDAs under 505(b)(2) route). Of these 100 ANDAs, 59 are Para IVs, and we believe 33 have 'First to File' status.

- Revenues from **Emerging Markets** at ₹7.7 billion. Year-on-year growth is 31%, primarily on account of new launches, traction in new markets and improved volume offtake in our existing markets. Sequential growth is 3%.
 - Revenues from **Russia** at ₹4.1 billion. Year-on-year growth of 22%, driven by both new launches and improvement in base business, marginally offset by unfavorable forex.
 - Revenues from **other CIS countries and Romania** market at ₹1.4 billion. Year-on-year growth of 45%, driven by new products and volume uptake in the base business.
 - Revenues from **Rest of World (RoW)** territories at ₹2.2 billion. Year-on-year growth of 43%, primarily driven by new products, traction in new markets and volume uptake in base business.
- Revenues from **India** at ₹6.7 billion. Year-on-year growth of 10%, primarily driven by volume traction and new products. Sequentially the revenues declined by 2%.
- Revenues from **Europe** at ₹2.0 billion. Year-on-year growth of 1%, primarily on account of new products and volume uptake largely offset by higher price erosion in some of the key molecules. Sequential growth is 6%.

Pharmaceutical Services and Active Ingredients (PSAI)

- Revenues from **PSAI** at ₹5.9 billion, with year-on-year growth of 9% and sequential decline of 2%. The YoY growth is largely driven by custom pharmaceutical services business.

Proprietary Products (PP)

- Revenues from **PP** at ₹735 million, with year-on-year decline of 66% and sequential decline of 5%. The YoY decline is largely due to one-time milestone income of ₹1.3 billion recorded during Q3 FY18.



Income Statement Highlights:

- Gross profit margin at 53.9%.
 - Declined by ~240 bps over that of previous year and by ~110 bps sequentially
 - Decline in gross profit margins both year-on-year and sequentially is largely on account of price erosion in some of our key molecules in the US partly offset by favorable foreign exchange and better manufacturing overhead leverage.
 - Gross profit margin for GG and PSAI business segments are at 57.6% and 30.8% respectively.
- SG&A expenses at ₹12.0 billion, remained flat on a year-on-year basis and declined by 3% sequentially. Spend control is largely on account of cost optimization and productivity improvement initiatives.
- R&D expenses at ₹3.7 billion, year-on-year decline of 21%. Decline is largely on account of timing variation in development related activities coupled with productivity improvement measures. As % to revenues- Q3 FY19: 9.5% | Q2 FY 19: 10.8% | Q3 FY18: 12.3%.
- Other (income)/expense, net includes gain of ₹423 million on account of sale of the API business manufacturing unit located at Jeedimetla, Hyderabad.
- Net finance expense at ₹13 million compared to net finance income of ₹851 million in Q3 FY18. The movement is largely due to higher income from investments, in the previous year.
- Profit after Tax at ₹4.9 billion. Effective tax rate for the quarter is 16.4%. Lower rate is primarily on account of reduction of the federal income tax rate from 35% to 21% in the United States and claim of deduction of an item in the current quarter, which was previously disallowed for tax purpose.
- Diluted earnings per share is at ₹29.21
- Capital expenditure is at ₹1.5 billion.



Earnings Call Details (06:30 pm IST, 08:00 am EST, February 1, 2019)

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: **37176**

Playback will be available after the earnings call, through February 7th, 2019.

Transcript of the call will be available at www.drreddys.com.



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.

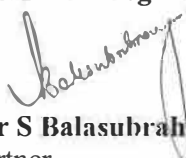
The company assumes no obligation to update any information contained herein.

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

1. 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 December 31, 2018 and year to date from April 01, 2018 to December 31, 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').
2. 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 issue express a conclusion on the Statement based on our review.
3. 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.
4. 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.: 053315

Place: Hyderabad

Date: February 01, 2019



DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2018

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations						
	a) Net sales / income from operations	37,861	36,866	36,164	111,234	103,558	138,022
	b) License fees and service income	639	1,112	1,896	2,451	3,121	4,006
	c) Other operating income	146	197	281	501	592	782
	Total revenue from operations	38,646	38,175	38,341	114,186	107,271	142,810
2	Other income	1,023	1,282	430	2,542	1,103	1,552
3	Total income (1 + 2)	39,669	39,457	38,771	116,728	108,374	144,362
4	Expenses						
	a) Cost of materials consumed	7,354	6,786	6,378	21,534	19,004	26,309
	b) Purchase of stock-in-trade	5,418	4,567	3,906	14,415	10,013	14,501
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,014)	(836)	83	(3,625)	1,311	(415)
	d) Employee benefits expense	8,054	8,722	8,181	25,147	24,144	32,149
	e) Depreciation and amortisation expense	2,903	2,786	2,715	8,476	8,009	10,772
	f) Finance costs	241	208	172	644	610	788
	g) Selling and other expenses	10,788	11,343	11,866	33,122	34,923	46,754
	Total expenses	33,744	33,576	33,301	99,713	98,014	130,858
5	Profit before tax (3 - 4)	5,925	5,881	5,470	17,015	10,360	13,504
6	Tax expense:						
	a) Current tax	610	1,288	653	3,294	1,569	1,753
	b) Deferred tax	401	(481)	1,875	(944)	2,319	2,627
7	Net profit for the period before share of profit of equity accounted investees	4,914	5,074	2,942	14,665	6,472	9,124
8	Share of profit of equity accounted investees, net of tax	89	109	85	281	275	344
9	Net profit after taxes and share of profit of associates (7 + 8)	5,003	5,183	3,027	14,946	6,747	9,468
10	Other comprehensive income						
	a) (i) Items that will not be reclassified subsequently to profit or loss	(438)	66	(1,430)	(886)	(3,704)	(3,710)
	(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss	103	(16)	331	227	875	874
	b) (i) Items that will be reclassified subsequently to profit or loss	199	(60)	(103)	(207)	(209)	(23)
	(ii) Income tax relating to items that will be reclassified subsequently to profit or loss	(230)	113	16	1	4	23
	Total other comprehensive income	(366)	103	(1,186)	(865)	(3,034)	(2,836)
11	Total comprehensive income (9 + 10)	4,637	5,286	1,841	14,081	3,713	6,632
12	Paid-up equity share capital (face value Rs. 5/- each)	830	830	829	830	829	830
13	Other equity						124,886
14	Earnings per equity share (face value Rs. 5/- each)						
	Basic	30.16	31.22	18.25	90.07	40.69	57.08
	Diluted	30.12	31.18	18.22	89.96	40.61	56.96
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results



(MSK)

DR. REDDY'S LABORATORIES LIMITED
Segment Information

All amounts in Indian Rupees millions

Sl. No	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment wise revenue and results:						
	Segment revenue :						
	a) Pharmaceutical Services and Active Ingredients	7,355	7,787	6,895	22,162	20,077	27,930
	b) Global Generics	31,369	30,609	30,270	92,641	86,424	114,282
	c) Proprietary Products	735	772	2,136	2,237	3,403	4,250
	d) Others	482	635	389	1,555	1,411	1,840
	Total	39,941	39,803	39,690	118,595	111,315	148,302
	Less: Inter-segment revenue	1,295	1,628	1,349	4,409	4,044	5,492
	Total revenue from operations	38,646	38,175	38,341	114,186	107,271	142,810
2	Segment results:						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	1,833	1,705	1,302	4,730	2,960	4,477
	b) Global Generics	18,049	18,111	17,912	54,916	50,684	67,190
	c) Proprietary Products	628	653	2,022	1,875	3,073	3,799
	d) Others	249	436	181	878	716	869
	Total	20,759	20,905	21,417	62,399	57,433	76,335
	Less: Selling and other un-allocable expenditure / (income), net	14,834	15,024	15,947	45,384	47,073	62,831
	Total profit before tax	5,925	5,881	5,470	17,015	10,360	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") 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 nine months ended 31 December 2017 and year ended 31 March 2018 are not comparable with those of the other 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 requested the U.S. FDA to schedule an inspection of the oncology formulation manufacturing facility at Duvvada. In October 2018, the re-inspection was completed and the U.S.FDA issued Form 483 with eight observations. The Company responded to these observations identified by U.S. FDA in November 2018 and awaiting to hear from agency. With respect to API manufacturing facility at Srikakulam, the Company was asked to carry out certain detailed investigations and analyses. In response, the Company submitted the results of the investigations and analyses in October 2018. As part of the review of the response by the U.S. FDA, certain additional follow on queries have been received by the Company. The Company responded to all queries in January 2019 to U.S. FDA and awaiting re-inspection by the U.S. FDA.
- 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.
- During the three months ended 31 December 2018, the Company sold one of its API manufacturing business units located in Jeedimetla, Hyderabad to Therapiva Private Limited. This sale was done by way of slump sale including all related property, plant and equipment, current assets, current liabilities, and transfer of employees. An amount of Rs. 423 million representing the profit on sale of such business unit was included under the head "other income".
- "Other income" for the three months ended 30 September 2018 and nine months ended 31 December 2018 includes gain of Rs. 460 million on account of sale of rights relating to an intangible asset forming part of Company's Proprietary Products Segment and sale of membership interest in Dr. Reddy's Laboratories Tennessee, LLC.
- In the United States of America, The Tax Cuts and Jobs Act of 2017 was approved and enacted in to law on 22 December 2017 which resulted in a reduction of the federal income tax rate from 35% to 21%. Consequent to this enactment, the Company has re-measured its U.S. deferred tax assets and liabilities based on the new tax law and this resulted in a charge of Rs. 873 million for the three months ended 31 December 2017.
- 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 1 February 2019.
- The results for the quarter and nine months ended 31 December 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: 1 February 2019

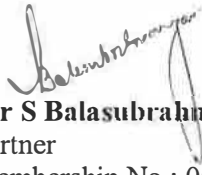


Limited Review Report –Standalone Financial Results**Review Report to
The Board of Directors
Dr. Reddy's Laboratories Limited**

1. 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 December 31, 2018 and year to date from April 01, 2018 to December 31, 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').
2. 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.
3. 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.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the 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: February 01, 2019



DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2018

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations						
	a) Net sales / income from operations	27,037	25,725	24,873	78,583	67,974	92,468
	b) License fees and service income	145	436	140	799	286	558
	c) Other operating income	135	149	217	421	410	567
	Total revenue from operations	27,317	26,310	25,230	79,803	68,670	93,593
2	Other income	928	748	477	1,657	1,309	2,040
	Total income (1 + 2)	28,245	27,058	25,707	81,460	69,979	95,633
3	Expenses						
	a) Cost of materials consumed	5,461	4,799	4,968	15,799	14,370	20,110
	b) Purchase of stock-in-trade	2,575	1,935	1,686	6,321	4,570	6,716
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(251)	327	(185)	(403)	(127)	(516)
	d) Employee benefits expense	4,719	5,030	4,767	14,419	13,797	18,430
	e) Depreciation and amortisation expense	1,935	1,908	1,983	5,764	5,841	7,741
	f) Finance costs	158	158	133	481	487	628
	g) Selling and other expenses	7,944	8,573	8,639	25,036	26,025	35,554
	Total expenses	22,541	22,730	21,991	67,417	64,963	88,663
4	Profit before tax (1 + 2 - 3)	5,704	4,328	3,716	14,043	5,016	6,970
5	Tax expense						
	a) Current tax	434	942	598	2,161	924	1,381
	b) Deferred tax	1,276	(76)	149	1,137	189	(80)
6	Net profit for the period / year (4 - 5)	3,994	3,462	2,969	10,745	3,903	5,669
7	Other comprehensive income						
	a) (i) Items that will not be reclassified to profit or loss	4	8	7	13	2	43
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	(3)	-	(3)	-	(16)
	b) (i) Items that will be reclassified to profit or loss	669	(327)	108	41	76	(133)
	(ii) Income tax relating to items that will be reclassified to profit or loss	(234)	114	(37)	(14)	(26)	46
	Total other comprehensive income	439	(208)	78	37	52	(60)
8	Total comprehensive income (6 + 7)	4,433	3,254	3,047	10,782	3,955	5,609
9	Paid-up equity share capital (face value Rs. 5/- each)	830	830	829	830	829	830
10	Other equity						117,248
11	Earnings per equity share (face value Rs. 5/- each)						
	Basic	24.08	20.86	17.90	64.75	23.54	34.19
	Diluted	24.05	20.83	17.87	64.67	23.49	34.12
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results.



Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2018	30.09.2018	31.12.2017	31.12.2018	31.12.2017	31.03.2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Segment wise revenue and results						
1	Segment revenue						
	a) Pharmaceutical Services and Active Ingredients	6,661	6,548	5,605	18,861	16,473	22,741
	b) Global Generics	21,924	21,294	20,929	65,197	56,082	76,150
	c) Proprietary Products	27	96	26	154	82	109
	Total	28,612	27,938	26,560	84,212	72,637	99,000
	Less: Inter-segment revenue	1,295	1,628	1,330	4,409	3,967	5,407
	Total revenue from operations	27,317	26,310	25,230	79,803	68,670	93,593
2	Segment results						
	Profit / (loss) before tax and interest from each segment						
	a) Pharmaceutical Services and Active Ingredients	1,230	968	56	2,124	(386)	(3)
	b) Global Generics	3,457	6,690	3,828	16,830	8,474	11,956
	c) Proprietary Products	(395)	(609)	(701)	(1,633)	(2,623)	(3,464)
	Total	4,292	7,049	3,183	17,321	5,465	8,489
	Less: (i) Finance costs	158	158	133	481	487	628
	(ii) Other un-allocable expenditure / (income), net	(1,570)	2,563	(666)	2,797	(38)	891
	Total profit before tax	5,704	4,328	3,716	14,043	5,016	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.

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") 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 nine months ended 31 December 2017 and year ended 31 March 2018 are not comparable with those of the other 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 requested the U.S. FDA to schedule an inspection of the oncology formulation manufacturing facility at Duvvada. In October 2018, the re-inspection was completed and the U.S. FDA issued Form 483 with eight observations. The Company responded to these observations identified by U.S. FDA in November 2018 and awaiting to hear from agency. With respect to API manufacturing facility at Srikakulam, the Company was asked to carry out certain detailed investigations and analyses. In response, the Company submitted the results of the investigations and analyses in October 2018. As part of the review of the response by the U.S. FDA, certain additional follow on queries have been received by the Company. The Company responded to all queries in January 2019 to U.S. FDA and awaiting re-inspection by the U.S. FDA.
- 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.
- During the three months ended 31 December 2018, the Company sold one of its API manufacturing business units located in Jeedimetla, Hyderabad to Therapiva Private Limited. This sale was done by way of slump sale including all related property, plant and equipment, current assets, current liabilities, and transfer of employees. An amount of Rs. 423 million representing the profit on sale of such business unit was included under the head "other income".
- 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 1 February 2019.
- The results for the quarter and nine months ended 31 December 2018 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: 1 February 2019