

May 17, 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 – Audited Financial Results for the quarter and year ended March 31, 2019.

Further to our letter dated April 1, 2019, we would like to inform you that the Board of Directors of the Company at their meeting held on May 17, 2019, have *inter alia* approved the Audited Financial Results of the Company for the quarter and year ended March 31, 2019.

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

1. Audited Consolidated Financial Results of the Company for the quarter and year ended March 31, 2019 as per International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).
2. Press Release on Financial Results of the Company for the above period.
3. Audited Consolidated Financial Results of the Company and its subsidiaries for the quarter and year ended March 31, 2019 as per Indian Accounting Standards.
4. Audited Standalone Financial Results of the Company for the quarter and year ended March 31, 2019 as per Indian Accounting Standards.

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Report of the Statutory Auditors on the financial results as mentioned at serial Nos. 3 & 4 are also enclosed.

We would like to state that the Statutory Auditors of the Company, have issued Audit Reports with 'Unmodified Opinion' on the Audited Financial Statements of the Company (Standalone and Consolidated) for the year ended March 31, 2019.

We would also like to inform that the Board of Directors have recommended a final dividend of Rs. 20/- (400%) per equity share of Rs. 5/- face value for the financial year 2018-19. The dividend on equity shares, if declared by the shareholders at the ensuing Annual General Meeting, will be credited / dispatched on or after August 4, 2019.

The Board Meeting commenced at 09.00 AM and concluded at 2.45 PM.

This is for your information and records.

With regards,


Sandeep Poddar
Company Secretary

Encl : as above

Audited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and year ended 31 March 2019 prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Revenues	40,166	38,500	35,349	153,851	142,028
2	Cost of revenues	19,113	17,748	16,454	70,421	65,724
3	Gross profit (1 - 2)	21,053	20,752	18,895	83,430	76,304
4	Selling, general and administrative expenses	12,376	12,036	12,067	48,890	46,910
5	Research and development expenses	3,662	3,668	4,348	15,607	18,265
6	Other income, net	(330)	(681)	(167)	(1,955)	(788)
	Total operating expenses	15,708	15,023	16,248	62,542	64,387
7	Results from operating activities [(3) - (4 + 5 + 6)]	5,345	5,729	2,647	20,888	11,917
	Finance income	594	502	1,209	2,280	2,897
	Finance expense	(245)	(515)	(177)	(1,163)	(817)
8	Finance (expense)/income, net	349	(13)	1,032	1,117	2,080
9	Share of profit of equity accounted investees, net of tax	157	89	69	438	344
10	Profit before tax (7 + 8 + 9)	5,851	5,805	3,748	22,443	14,341
11	Tax expense	1,507	953	726	3,648	4,535
12	Profit for the period / year	4,344	4,852	3,022	18,795	9,806
13	Earnings per share:					
	Basic earnings per share of Rs.5/- each	26.20	29.25	18.21	113.28	59.13
	Diluted earnings per share of Rs.5/- each	26.16	29.21	18.18	113.09	59.00
		(Not annualised)	(Not annualised)	(Not annualised)		



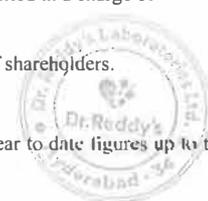
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Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	Segment wise revenue and results:					
1	Segment revenue:					
	a) Pharmaceutical Services and Active Ingredients	8,141	7,232	7,699	29,925	27,484
	b) Global Generics	30,384	31,347	27,836	122,903	114,014
	c) Proprietary Products	2,513	735	848	4,750	4,245
	d) Others	504	481	414	2,058	1,777
	Total	41,542	39,795	36,797	159,636	147,520
	Less: Inter-segment revenues	1,376	1,295	1,448	5,785	5,492
	Net revenue from operations	40,166	38,500	35,349	153,851	142,028
2	Segment results:					
	Gross profit from each segment					
	a) Pharmaceutical Services and Active Ingredients	1,420	1,826	1,510	6,128	4,446
	b) Global Generics	17,008	18,049	16,506	71,924	67,190
	c) Proprietary Products	2,307	628	726	4,182	3,799
	d) Others	318	249	153	1,196	869
	Total	21,053	20,752	18,895	83,430	76,304
	Less: Selling and other un-allocable expenditure, net of other income	15,202	14,947	15,147	60,987	61,963
	Total profit before tax	5,851	5,805	3,748	22,443	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 audited results have been reviewed by the Audit Committee of the Board on 16 May 2019 and approved by the Board of Directors of the Company at their meeting held on 17 May 2019. The above financial results have been prepared in accordance with International Financial Reporting Standards and its interpretations (IFRS), as issued by the International Accounting Standards Board (IASB).
- 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 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. Of these three manufacturing facilities, two facilities (API manufacturing facility at Miryalaguda and Oncology manufacturing facility at Duvvada) received Establishment Inspection Reports from U.S. FDA in the months of June 2017 and February 2019, respectively which indicate that the audit is closed. With respect to API manufacturing facility at Srikakulam, in October 2018, the Company was asked to carry out certain detailed investigations and analysis. As part of the review of the response by the U.S. FDA, certain additional follow-on queries were received by the Company. The Company responded to all queries in January 2019 to the U.S. FDA. In February 2019, the U.S. FDA has sent certain follow-up questions and in March 2019, the Company has submitted its responses to these questions. Based on the discussions with the U.S. FDA, a meeting would be conducted prior to re-inspection of the site.
- Effective 1 April 2018, the Company adopted IFRS 15, *Revenue from Contracts with Customers*, using the modified retrospective approach. IFRS 15 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 the 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 March 2019, the Company entered into agreement with Encore Dermatology, Inc. ("Encore") for sale and assignment of U.S. rights relating to three of its dermatology brands. As all the performance obligations are satisfied by 31 March 2019, the Company recognised Rs.1,807 million as revenue and Rs. 159 million representing the profit on sale of intangible assets after adjusting the associated costs.
- "Other income, net" for the year ended 31 March 2019 also includes gain of:
 - Rs. 423 million on sale of API manufacturing business unit located in Jeedimetla, Hyderabad to Therapiva Private Limited during the three months ended 31 December 2018; and
 - Rs. 423 million of profit on sale of intangible assets forming part of Company's Proprietary Products Segment during the three months ended 30 September 2018.
- 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. 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 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. 374 million and Rs. 1,304 million for the quarter and year ended 31 March 2018.
- The Board of Directors, at their meeting held on 17 May 2019, have recommended a final dividend of Rs. 20 per share subject to approval of shareholders.
- The results for the quarter and year ended 31 March 2018, were audited by other auditors. An unqualified report was issued by them thereon.
- The figures of the fourth quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the relevant financial year. Also the figures upto the end of third quarter were only reviewed and not subjected to audit.



12 The results for the quarter and year ended 31 March 2019 periods presented have been audited by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.

13 Consolidated statements of financial position

All amounts in Indian Rupees millions

Particulars	As at	
	31.03.2019	31.03.2018
	(Audited)	(Audited)
ASSETS		
Current assets		
Cash and cash equivalents	2,228	2,638
Other investments	22,529	18,330
Trade and other receivables	39,869	40,617
Inventories	33,579	29,089
Derivative financial instruments	360	103
Current tax assets	3,400	4,567
Other current assets	12,536	14,301
Total current assets	114,501	109,645
Non-current assets		
Property, plant and equipment	54,088	57,869
Goodwill	3,902	3,945
Other intangible assets	44,367	44,665
Trade and other receivables	113	169
Investment in equity accounted investees	2,529	2,104
Other investments	813	2,549
Deferred tax assets	4,168	3,628
Other non-current assets	946	1,030
Total non-current assets	110,926	115,959
Total assets	225,427	225,604
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	14,553	16,052
Short-term borrowings	12,125	25,466
Long-term borrowings, current portion	4,256	63
Provisions	4,166	3,732
Current tax liabilities	181	1,530
Derivative financial instruments	68	85
Bank overdraft	-	96
Other current liabilities	24,351	22,668
Total current liabilities	59,700	69,692
Non-current liabilities		
Long-term borrowings, excluding current portion	22,000	25,089
Deferred tax liabilities	610	730
Provisions	52	53
Other non-current liabilities	2,868	3,580
Total non-current liabilities	25,530	29,452
Total liabilities	85,230	99,144
Equity		
Share capital	830	830
Treasury shares	(535)	-
Share premium	8,211	7,790
Share based payment reserve	990	1,021
Capital redemption reserve	173	173
Retained earnings	128,646	113,865
Other components of equity	1,882	2,781
Total equity	140,197	126,460
Total liabilities and equity	225,427	225,604

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




G V Prasad
Co-Chairman and Chief Executive Officer

Place: Hyderabad
Date: 17 May 2019



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 Q4 & FY19 Financial Results

Hyderabad, India, May 17, 2019: Dr. Reddy's Laboratories Ltd. (BSE: 500124 | NSE: DRREDDY | NYSE: RDY) today announced its consolidated financial results for the fourth quarter and full year ended March 31, 2019 under International Financial Reporting Standards (IFRS).

Q4 Performance Summary

₹4,017 Cr

Revenue
[Up: 14% YoY]

52.4%

Gross Margin
[Q4 FY18: 53.5%]

₹1,238 Cr

SGNA expenses
[Up: 3% YoY]

₹366 Cr

R&D expenses
[9.1% of Revenues]

₹585 Cr

Profit before Tax
[14.6% of Revenues]

₹434 Cr

Profit after Tax
[10.8% of Revenues]

FY19 Performance Summary

₹15,385 Cr

Revenue
[Up: 8% YoY]

54.2%

Gross Margin
[FY18: 53.7%]

₹4,889 Cr

SGNA expenses
[Up: 4% YoY]

₹1,561 Cr

R&D expenses
[10.1% of Revenues]

₹2,244 Cr

Profit before Tax
[14.6% of Revenues]

₹1,880 Cr

Profit after Tax
[12.2% of Revenues]

Commenting on the results, CEO and Co-chairman, G.V. Prasad said "It has been a good year with a significant turnaround in the financial performance and steady progress on the quality front. Looking ahead, we will focus on profitable growth, continue the emphasis on operational excellence and drive innovation to deliver value to patients and healthcare systems worldwide."



Dr. Reddy's Laboratories Limited and Subsidiaries

Consolidated Income Statement

Particulars	Q4 FY19		Q4 FY18		YoY Gr %	Q3 FY19		QoQ Gr%
	(\$)	(Rs.)	(\$)	(Rs.)		(\$)	(Rs.)	
Revenues	581	40,166	511	35,349	14	557	38,500	4
Cost of Revenues	276	19,113	238	16,454	16	257	17,748	8
Gross Profit	304	21,053	273	18,895	11	300	20,752	1
Operating Expenses								
Selling, General & Administrative expenses	179	12,376	174	12,067	3	174	12,036	3
Research and Development expenses	53	3,662	63	4,348	(16)	53	3,668	(0)
Other operating (income)	(5)	(330)	(2)	(167)	97	(10)	(681)	(51)
Results from operating activities	77	5,345	38	2,647	102	83	5,729	(7)
Net finance (income) / expense	(5)	(349)	(15)	(1,032)	(66)	0	13	-
Share of (profit) / loss of equity accounted investees	(2)	(157)	(1)	(69)	127	(1)	(89)	77
Profit before income tax	85	5,851	54	3,748	56	84	5,805	1
Income tax expense	22	1,507	11	726	107	14	953	58
Profit for the period	63	4,344	44	3,022	44	70	4,852	(10)
Diluted Earnings Per Share (EPS)	0.38	26.16	0.26	18.18	44	0.42	29.21	(10)

As % to Revenues	Q4 FY19	Q4 FY18	Q3 FY19
Gross Profit	52.4	53.5	53.9
SG&A	30.8	34.1	31.3
R&D	9.1	12.3	9.5
PBT	14.6	10.6	15.1
PAT	10.8	8.5	12.6

EBITDA Computation

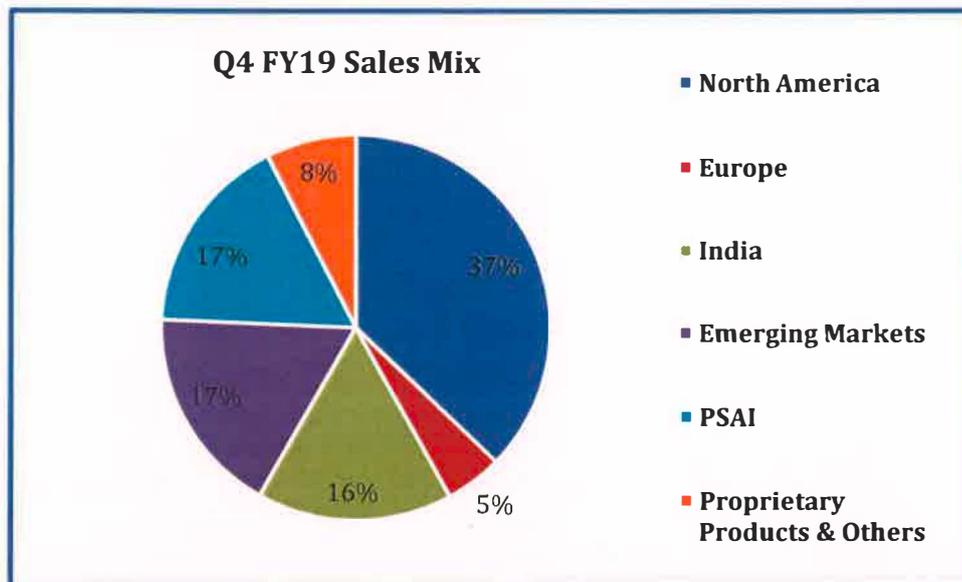
Particulars	Q4 FY19		Q4 FY18		Q3 FY19	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Profit before Income Tax	85	5,851	54	3,748	84	5,805
Interest (income) net*	(3)	(215)	(14)	(1,001)	(4)	(260)
Depreciation #	31	2,136	31	2,109	30	2,073
Amortization #	15	1,047	13	921	15	1,035
EBITDA	128	8,819	84	5,777	125	8,653
EBITDA (% to revenues)		22.0		16.3		22.5

* - Includes income from Investments # includes impairment charge



Revenue Mix by Segment

Particulars	Q4 FY19	Q4 FY18	YoY Growth %	Q3 FY19	QoQ Growth %
	(Rs.)	(Rs.)		(Rs.)	
Global Generics	30,384	27,836	9	31,347	(3)
North America	14,957	14,487	3	14,832	1
Europe*	1,912	1,711	12	2,030	(6)
India	6,505	6,138	6	6,741	(4)
Emerging Markets #	7,010	5,500	27	7,744	(9)
Pharmaceutical Services and Active Ingredients (PSAI)	6,765	6,251	8	5,937	14
Proprietary Products & Others	3,017	1,262	139	1,216	148
Total	40,166	35,349	14	38,500	4



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* Europe primarily includes Germany and UK

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

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

Particulars	FY 19			FY 18			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Revenues	2,225	1,53,851	100.0	2,054	1,42,028	100.0	8
Cost of Revenues	1,018	70,421	45.8	950	65,724	46.3	7
Gross Profit	1,206	83,430	54.2	1,103	76,304	53.7	9
Operating Expenses							
Selling, General & Administrative expenses	707	48,890	31.8	678	46,910	33.0	4
Research and Development expenses	226	15,607	10.1	264	18,265	12.9	(15)
Other operating (income)	(28)	(1,955)	(1.3)	(11)	(788)	(0.6)	148
Results from operating activities	302	20,888	13.6	172	11,917	8.4	75
Finance (income), net	(16)	(1,117)	(0.7)	(30)	(2,080)	(1.5)	(46)
Share of (profit) of equity accounted investees, net of income tax	(6)	(438)	(0.3)	(5)	(344)	(0.2)	27
Profit before income tax	325	22,443	14.6	207	14,341	10.1	56
Income tax expense	53	3,648	2.4	66	4,535	3.2	(20)
Profit for the period	272	18,795	12.2	142	9,806	6.9	92
Diluted Earnings Per Share (EPS)	1.64	113.09		0.85	59.00		92

EBITDA Computation

Particulars	FY 19		FY 18	
	(\$)	(Rs.)	(\$)	(Rs.)
Profit before income tax	325	22,443	207	14,341
Interest (income) / expense net*	(9)	(654)	(29)	(2,022)
Depreciation #	122	8,456	120	8,285
Amortization #	57	3,944	50	3,477
EBITDA	494	34,189	348	24,081
EBITDA (% to revenues)		22.2		17.0

* - Includes income from Investments # includes impairment charge

Key Balance Sheet Items

Particulars	As on 31st Mar 2019		As on 31st Dec 2018		As on 31st Mar 2018	
	(\$)	(Rs.)	(\$)	(Rs.)	(\$)	(Rs.)
Cash & cash equivalents and investments	370	25,570	370	25,593	340	23,517
Trade receivables (current & non-current)	578	39,982	539	37,302	590	40,786
Inventories	486	33,579	490	33,911	421	29,089
Property, plant and equipment	782	54,088	800	55,344	837	57,869
Goodwill and Other Intangible assets	698	48,269	711	49,205	703	48,610
Loans and borrowings (current & non-current)	555	38,381	634	43,836	733	50,714
Trade payables	210	14,553	230	15,939	232	16,052
Equity	2,027	1,40,197	1,962	1,35,708	1,829	1,26,460

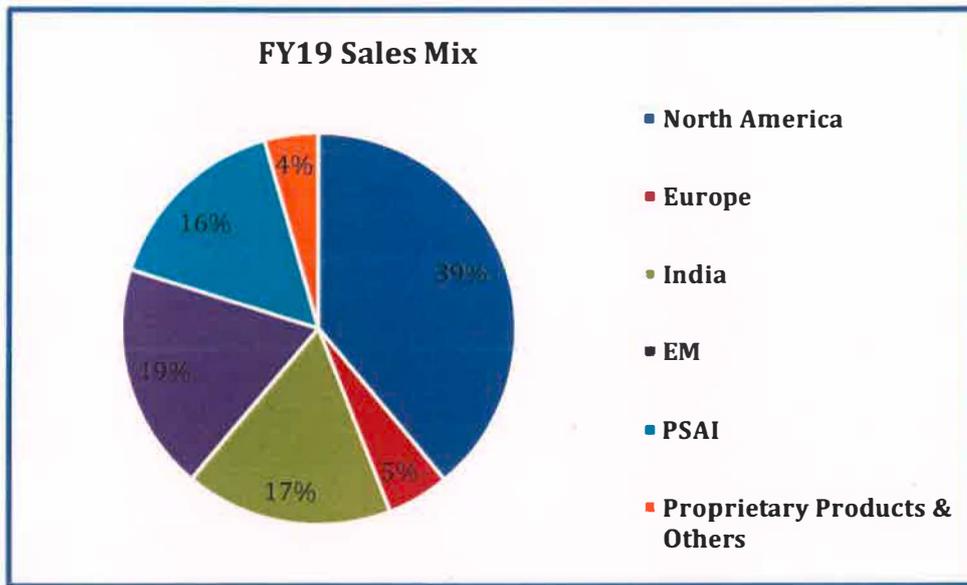


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Revenue Mix by Segment [Year on year]

Particulars	FY 19			FY 18			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Global Generics	1,777	1,22,903	79.9	1,649	1,14,014	80.3	8
North America		59,957			59,822		0.2
Europe*		7,873			8,217		(4)
India		26,179			23,322		12
Emerging Markets#		28,894			22,653		28
Pharmaceutical Services and Active Ingredients (PSAI)	349	24,140	15.7	318	21,992	15.5	10
Proprietary Products & Others	98	6,808	4.4	87	6,022	4.2	13
Total	2,225	1,53,851	100	2,054	1,42,028	100	8



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* Europe primarily includes Germany and UK

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

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Segmental Analysis [Full Year and Q4 FY 19]

Global Generics (GG)

Revenues from **GG** segment at ₹123 billion. Year-on-year (YoY) growth of 8%

Growth on account of higher contribution from Emerging Markets and India; primarily due to volume gains, new launches and scale up of new markets.

- Revenues from **North America** for the year at ₹60.0 billion, and remained flat on a YoY basis. The year was benefited by new launches, market share gains for existing products and a favorable forex rate, which was offset by price erosion in some of our key molecules.
- Revenues for the Q4 at ₹15.0 billion, YoY growth of 3% and sequential growth of 1%. During this quarter, we launched 5 new products – major ones being Propofol injection and Tadalafil (Adcirca and Cialis).

As of 31st March 2019, cumulatively 110 generic filings are pending for approval with the USFDA (107 ANDAs and 3 NDAs under 505(b)(2) route). Of these 107 ANDAs, 60 are Para IVs out of which we believe 34 have 'First to File' status.

- Revenues from **Emerging Markets** for the year at ₹28.9 billion, YoY growth of 28%.
 - Revenues from **Russia** for the year at ₹15.3 billion, YoY growth of 21%. Growth was majorly driven by scale up of Nasivin launched during FY 18 and improvement in base business, partially offset by adverse exchange rate movement.
 - Revenues for the Q4 at ₹3.6 billion, YoY growth of 41%. Growth primarily driven by better volume traction as previous year was impacted by lower volume off-take by the channel.
 - Revenues from **other CIS countries and Romania** for the year at ₹5.2 billion, YoY growth of 34%.
 - Revenues from **Rest of World (RoW)** territories for the year at ₹8.4 billion, YoY growth of 36%. Growth primarily on account of new launches and volume traction in key products.
- Revenues from **India** for the year at ₹26.2 billion, YoY growth of 12%, with a growth in base business and new product launches. Revenues for Q4 at ₹6.5 billion, YoY growth of 6%.
- Revenues from **Europe** for the year at ₹7.9 billion, YoY decline of 4% impacted by price erosion. Revenues for Q4 at ₹1.9 billion, YoY growth of 12%, primarily on account of new launches.

Pharmaceutical Services and Active Ingredients (PSAI)

- Revenues from **PSAI** for the year at ₹24.1 billion, YoY growth of 10%. Growth driven by sales from key molecules and favorable forex. Revenues for the Q4 at ₹6.8 billion, YoY growth of 8%
- During the quarter, we have filed 4 DMFs in the US.

Proprietary Products (PP)

- Revenues from **PP** for the year at ₹4.7 billion, YoY growth of 12%. Revenues include ₹1.8 billion, realized from the sale of derma brands. In previous year, we had a milestone revenue of ₹1.5 billion.



Income Statement Highlights [Full Year and Q4 FY 19]

- Gross profit margin for the year at 54.2%: Improved by ~50 bps over previous year primarily on account of new launches, leverage on manufacturing overheads, favorable forex rates, offset largely by higher price erosions in the US and Europe markets. Gross profit margin for GG and PSAI business segments are at 58.5% and 25.4% respectively.
- Gross profit margin for the Q4 at 52.4% (GG: 56.0%, PSAI: 21.0%).
 - YoY basis the gross margin declined by ~100 bps, primarily on account of price erosion, partially offset by new launches and favorable forex rates
 - QoQ basis the gross margin declined by ~150 bps, primarily on account of adverse forex rate from Q3 to Q4, change in the business mix, higher manufacturing overheads due to certain one-off charges and overhead impact on inventory movement. The decline in gross margin was partially offset due to revenue recognition on PP Derma products.
- SG&A expenses at ₹48.9 billion, YoY increase of 4%. SG&A expenses for the Q4 at ₹12.4 billion, year-on-year increase at 3%. We continue to focus on cost optimization and productivity improvement.
- Research & development (R&D) expenses at ₹15.6 billion. As % to Revenues - FY19: 10.1% | FY 18: 12.9%. Focus continues on building complex generics, bio-similars and differentiated products pipeline. R&D expenses for the Q4 at ₹3.7 billion, as % to revenues stood at 9.1%.
- Net Finance income for the year at ₹1.1 billion compared to ₹2.1 billion in FY18. The decline is primarily on account of higher income from profit on sales of investments by ₹1.5 billion in previous year.
- Profit after Tax at ₹18.8 billion. Effective tax rate at 16.3%. Profit after tax for the Q4 at ₹4.3 billion. Effective tax rate during the quarter at 25.8%.
- Diluted earnings per share for the year is at ₹113.1. Diluted earnings per share for Q4 is at ₹26.2
- Capital expenditure for FY19 is at ₹7.0 billion. Capital expenditure for Q4 FY18 is at ₹1.8 billion.

The Board has recommended payment of a dividend of Rs. 20 per equity share of face value Rs 5/- each (400% of face value) for the year ended March 31, 2019 subject to approval of members.

Other Matters

As a subsequent event, the company has entered into a settlement agreement with Celgene, pursuant to which the Company received a one-time payment of USD 50 million in settlement of any claim the Company or its affiliates may have had for damages under section 8 of the Canadian Patented Medicines (Notice of Compliance) Regulations in regard to the Company's ANDS for a generic version of REVLIMID brand capsules, (Lenalidomide) pending before Health Canada.



Earnings Call Details (06:00 pm IST, 08:30 am EDT, May 17, 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:

Universal Access Number: **+91 22 6280 1219**
Secondary number: **+91 22 7115 8120**

Local Access number: **+91 70456 71221**
(Available all over India)

International Toll Free Number	USA	1 866 746 2133
	UK	0 808 101 1573
	Singapore	800 101 2045
	Hong Kong	800 964 448

Playback of call: **+91 22 7194 5757, +91 22 6663 5757**
Conference ID: **04147**

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



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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

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.

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

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

1. We have audited the accompanying statement of quarterly consolidated Ind AS financial results of Dr. Reddy's Laboratories Limited ('the Company') comprising its subsidiaries (together, 'the Group'), and joint ventures for the quarter ended March 31, 2019 and the consolidated Ind AS financial results for the year ended March 31, 2019 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular'). The consolidated Ind AS financial results for the quarter ended March 31, 2019 and year ended March 31, 2019 have been prepared on the basis of the consolidated Ind AS financial results for the nine-month period ended December 31, 2018, the audited annual consolidated Ind AS financial statements as at and for the year ended March 31, 2019, and the relevant requirements of the Regulation and the Circular, which are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these consolidated Ind AS financial results based on our review of the consolidated Ind AS financial results for the nine-month period ended December 31, 2018 which was prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) 34 Interim Financial Reporting, specified under Section 133 of the Companies Act 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual consolidated Ind AS financial statements as at and for the year ended March 31, 2019; and the relevant requirements of the Regulation and the Circular.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate financial statements and the other financial information of subsidiaries, these quarterly consolidated Ind AS financial results as well as the year to date results:
 - i. includes the results of the following entities;
 - Subsidiaries
 - Aurigene Discovery Technologies (Malaysia) Sdn. Bhd.
 - Aurigene Discovery Technologies Inc.
 - Aurigene Discovery Technologies Limited
 - beta Institut gemeinnützige GmbH
 - betapharm Arzneimittel GmbH
 - Cheminor Investments Limited
 - Cheminor Employees Welfare Trust
 - Chirotech Technology Limited
 - Dr. Reddy's Research Foundation



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- Dr. Reddy's Employees ESOS Trust (from July 27, 2018)
 - Dr. Reddy's Farmaceutica Do Brasil Ltda.
 - Dr. Reddy's Laboratories (EU) Limited
 - Dr. Reddy's Laboratories (Proprietary) Limited
 - Dr. Reddy's Laboratories (UK) Limited
 - Dr. Reddy's Laboratories Canada, Inc.
 - Dr. Reddy's Laboratories Chile SPA.
 - Dr. Reddy's Laboratories Inc.
 - Dr. Reddy's Laboratories International SA
 - Dr. Reddy's Laboratories Japan KK
 - Dr. Reddy's Laboratories Kazakhstan LLP
 - Dr. Reddy's Laboratories Louisiana LLC
 - Dr. Reddy's Laboratories Malaysia Sdn. Bhd.
 - Dr. Reddy's Laboratories New York, Inc.
 - Dr. Reddy's Laboratories Philippines Inc. (from May 9, 2018)
 - Dr. Reddy's Laboratories Romania S.R.L.
 - Dr. Reddy's Laboratories SA
 - Dr. Reddy's Laboratories Taiwan Limited
 - Dr. Reddy's Laboratories Tennessee, LLC (until October 1, 2018)
 - Dr. Reddy's Laboratories (Thailand) Limited (from June 13, 2018)
 - Dr. Reddy's Laboratories, LLC
 - Dr. Reddy's New Zealand Limited.
 - Dr. Reddy's Singapore PTE Limited
 - Dr. Reddy's Srl
 - Dr. Reddy's Bio-Sciences Limited
 - Dr. Reddy's Laboratories (Australia) Pty. Limited
 - Dr. Reddy's Laboratories SAS
 - Dr. Reddy's Research and Development B.V. (formerly Octoplus B.V.)
 - Dr. Reddy's Venezuela, C.A.
 - Dr. Reddy's (WUXI) Pharmaceutical Company Limited
 - DRL Impex Limited
 - Eurobridge Consulting B.V.
 - Idea2Enterprises (India) Private Limited
 - Imperial Credit Private Limited
 - Industrias Quimicas Falcon de Mexico, S.A. de CV
 - Lacock Holdings Limited
 - OOO Dr. Reddy's Laboratories Limited
 - OOO DRS LLC
 - Promius Pharma LLC
 - Reddy Antilles N.V.
 - Reddy Holding GmbH
 - Reddy Netherlands B.V.
 - Reddy Pharma Iberia SA
 - Reddy Pharma Italia S.R.L.
 - Reddy Pharma SAS
 - Regkinetics Services Limited (formerly Dr. Reddy's Pharma SEZ Limited)
- Joint ventures
 - DRANU LLC
 - DRES Energy Private Limited
 - Kunshan Rotam Reddy Pharmaceutical Co. Limited

ii. are presented in accordance with the requirements of the Regulation read with the Circular in this regard; and



S.R. BATLIBOI & ASSOCIATES LLP

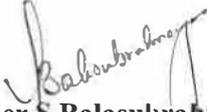
Chartered Accountants

- iii. give a true and fair view of the consolidated net profit including and other comprehensive income and other financial information for the quarter ended March 31, 2019 and for the year ended March 31, 2019.
4. We did not audit the financial results/statements and other financial information, in respect of two subsidiaries, whose Ind AS financial results/statements include total assets of Rs 19,515 million as at March 31, 2019, and total revenues of Rs 5,108 million and Rs 21,954 million for the quarter and the year ended on that date respectively. These Ind AS financial results/statements and other financial information have been audited by other auditors, which financial results/statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion, in so far as it relates to the affairs of such subsidiaries, is based solely on the report of other auditors. Our opinion is not modified/qualified in respect of this matter.
5. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2019 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2019 and the published year-to-date figures up to December 31, 2018, being the date of the end of the third quarter of the current financial year, which were subjected to a limited review as stated in paragraph 1 above, as required under the Regulation and the Circular.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per **S Balasubrahmanyam**
Partner
Membership No.: 053315



Place: Hyderabad
Date: May 17, 2019

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2019

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Revenue from operations					
	a) Net sales / income from operations	37,472	37,861	34,464	148,706	138,022
	b) License fees and service income	2,694	639	885	5,145	4,006
	c) Other operating income	130	146	190	631	782
	Total revenue from operations	40,296	38,646	35,539	154,482	142,810
2	Other income	833	1,023	449	3,375	1,552
3	Total income (1 + 2)	41,129	39,669	35,988	157,857	144,362
4	Expenses					
	a) Cost of materials consumed	7,360	7,354	7,305	28,894	26,309
	b) Purchase of stock-in-trade	4,393	5,418	4,488	18,808	14,501
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	871	(1,014)	(1,726)	(2,754)	(415)
	d) Employee benefits expense	8,415	8,054	8,005	33,562	32,149
	e) Depreciation and amortisation expense	2,872	2,903	2,763	11,348	10,772
	f) Finance costs	245	241	178	889	788
	g) Selling and other expenses	11,068	10,788	11,831	44,190	46,754
	Total expenses	35,224	33,744	32,844	134,937	130,858
5	Profit before tax (3 - 4)	5,905	5,925	3,144	22,920	13,504
6	Tax expense:					
	a) Current tax	1,413	610	184	4,707	1,753
	b) Deferred tax	95	401	308	(849)	2,627
7	Net profit for the period before share of profit of equity accounted investees	4,397	4,914	2,652	19,062	9,124
8	Share of profit of equity accounted investees, net of tax	157	89	69	438	344
9	Net profit after taxes and share of profit of associates (7 + 8)	4,554	5,003	2,721	19,500	9,468
10	Other comprehensive income					
	a) (i) Items that will not be reclassified subsequently to profit or loss	507	(438)	(6)	(379)	(3,710)
	(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss	(900)	103	(1)	(673)	874
	b) (i) Items that will be reclassified subsequently to profit or loss	226	199	186	19	(23)
	(ii) Income tax relating to items that will be reclassified subsequently to profit or loss	(55)	(230)	19	(54)	23
	Total other comprehensive income	(222)	(366)	198	(1,087)	(2,836)
11	Total comprehensive income (9 + 10)	4,332	4,637	2,919	18,413	6,632
12	Paid-up equity share capital (face value Rs. 5/- each)	830	830	830	830	830
13	Other equity				-	124,886
14	Earnings per equity share (face value Rs. 5/- each)					
	Basic	27.45	30.16	16.39	117.53	57.08
	Diluted	27.41	30.12	16.36	117.33	56.96
		(Not annualised)	(Not annualised)	(Not annualised)		

See accompanying notes to the financial results

DR. REDDY'S LABORATORIES LIMITED
Segment Information

All amounts in Indian Rupees millions

Sl. No	Particulars	Quarter ended			Year ended	
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	Segment wise revenue and results:					
1	Segment revenue :					
	a) Pharmaceutical Services and Active Ingredients	8,241	7,355	7,853	30,403	27,930
	b) Global Generics	30,415	31,369	27,858	123,056	114,282
	c) Proprietary Products	2,513	735	847	4,750	4,250
	d) Others	503	482	429	2,058	1,840
	Total	41,672	39,941	36,987	160,267	148,302
	Less: Inter-segment revenue	1,376	1,295	1,448	5,785	5,492
	Total revenue from operations	40,296	38,646	35,539	154,482	142,810
2	Segment results:					
	Gross profit from each segment					
	a) Pharmaceutical Services and Active Ingredients	1,428	1,833	1,517	6,158	4,477
	b) Global Generics	17,008	18,049	16,506	71,924	67,190
	c) Proprietary Products	2,307	628	726	4,182	3,799
	d) Others	318	249	153	1,196	869
	Total	21,061	20,759	18,902	83,460	76,335
	Less: Selling and other un-allocable expenditure / (income), net	15,156	14,834	15,758	60,540	62,831
	Total profit before tax	5,905	5,925	3,144	22,920	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 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. Of these three manufacturing facilities, two facilities (API manufacturing facility at Miryalaguda and Oncology manufacturing facility at Duvvada) received Establishment Inspection Reports from U.S. FDA in the months of June 2017 and February 2019, respectively which indicate that the audit is closed. With respect to API manufacturing facility at Srikakulam, in October 2018, the Company was asked to carry out certain detailed investigations and analysis. As part of the review of the response by the U.S. FDA, certain additional follow-on queries were received by the Company. The Company responded to all queries in January 2019 to the U.S. FDA. In February 2019, the U.S. FDA has sent certain follow-up questions and in March 2019, the Company has submitted its responses to these questions. Based on the discussions with the U.S. FDA, a meeting would be conducted prior to re-inspection of the site.
- Effective 1 April 2018, the Company adopted Ind AS 115, Revenue from Contracts with Customers, using the modified retrospective approach. Ind AS 115 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 March 2019, the Company entered into agreement with Encore Dermatology, Inc. ("Encore") for sale and assignment of U.S. rights relating to three of its dermatology brands. As all the performance obligations are satisfied by 31 March 2019, the Company recognised Rs. 1,807 million as revenue and Rs. 159 million representing the profit on sale of intangible assets after adjusting the associated costs.
- "Other income" for the year ended 31 March 2019 also includes gain of:
 - Rs. 423 million on sale of API manufacturing business unit located in Jeedimetla, Hyderabad to Therapiva Private Limited during the three months ended 31 December 2018; and
 - Rs. 423 million of profit on sale of intangible assets forming part of Company's Proprietary Products Segment during the three months ended 30 September 2018.
- 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. 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 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. 396 million and Rs. 1,269 million for the quarter and year ended 31 March 2018 respectively.
- The audited results were reviewed by the Audit Committee of the Board on 16 May 2019 and approved by the Board of Directors of the Company at their meeting held on 17 May 2019.
- The Board of Directors, at their meeting held on 17 May 2019, have recommended a final dividend of Rs. 20 per share subject to the approval of shareholders.
- The figures of the fourth quarter are the balancing figures between audited figures in respect of the full financial year and published year to date figures upto the third quarter of the relevant financial year. Also the figures upto the end of third quarter were only reviewed and not subjected to audit.
- The results for the quarter and year ended 31 March 2019 periods presented have been audited by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.



MSW

Particulars	As at	
	31.03.2019	31.03.2018
	(Audited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	49,127	49,733
Capital work-in-progress	4,725	7,678
Goodwill	4,659	5,331
Other intangible assets	18,124	14,616
Intangible assets under development	24,610	27,027
Investment in equity accounted investees	2,529	2,104
Financial assets		
Investments	813	2,549
Trade receivables	113	169
Other financial assets	731	756
Deferred tax assets, net	4,317	5,405
Tax assets, net	3,400	4,567
Other non-current assets	407	524
Total non-current assets	113,555	120,459
Current assets		
Inventories	33,579	29,089
Financial assets		
Investments	22,529	18,330
Trade receivables	39,869	40,527
Derivative instruments	360	105
Cash and cash equivalents	2,228	2,638
Other financial assets	2,112	1,533
Other current assets	10,424	12,762
Total current assets	111,101	104,984
TOTAL ASSETS	224,656	225,443
EQUITY AND LIABILITIES		
Equity		
Equity share capital	830	830
Other equity	139,406	124,886
Total equity	140,236	125,716
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	22,000	25,089
Other financial liabilities	102	144
Provisions	793	817
Deferred tax liabilities, net	473	1,950
Other non-current liabilities	2,079	2,789
Total non-current liabilities	25,447	30,789
Current liabilities		
Financial liabilities		
Borrowings	12,125	25,562
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	77	93
Total outstanding dues of creditors other than micro enterprises and small enterprises	13,594	13,252
Derivative instruments	68	85
Other financial liabilities	22,670	19,497
Liabilities for current tax, net	181	1,530
Provisions	4,789	4,387
Other current liabilities	5,469	4,532
Total current liabilities	58,973	68,938
TOTAL EQUITY AND LIABILITIES	224,656	225,443

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




G V Prasad
Co-Chairman & Chief Executive Officer

Place: Hyderabad
Date: 17 May 2019



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

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

1. We have audited the accompanying statement of quarterly standalone Ind AS financial results of Dr. Reddy's Laboratories Limited ('the Company') for the quarter ended March 31, 2019 and for the year ended March 31, 2019 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulation'), read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('the Circular'). The standalone Ind AS financial results for the quarter ended March 31, 2019 and year ended March 31, 2019 have been prepared on the basis of the standalone Ind AS financial results for the nine-month period ended December 31, 2018, the audited annual standalone Ind AS financial statements as at and for the year ended March 31, 2019, and the relevant requirements of the Regulation and the Circular, which are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these standalone Ind AS financial results based on our review of the standalone Ind AS financial results for the nine-month period ended December 31, 2018 which was prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) 34 Interim Financial Reporting, specified under Section 133 of the Companies Act 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual standalone Ind AS financial statements as at and for the year ended March 31, 2019; and the relevant requirements of the Regulation and the Circular.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, these quarterly standalone Ind AS financial results as well as the year to date results:
 - i. are presented in accordance with the requirements of the Regulation read with the Circular, in this regard; and
 - ii. give a true and fair view of the net profit including other comprehensive income and other financial information for the quarter ended March 31, 2019 and for the year ended March 31, 2019.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

4. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2019 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2019 and the published year-to-date figures up to December 31, 2018, being the date of the end of the third quarter of the current financial year, which were subjected to a limited review as stated in paragraph 1 above, as required under the Regulation and the Circular.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per S Balasubrahmanyam

Partner

Membership No.: 053315



Place: Hyderabad

Date: May 17, 2019

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2019

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Revenue from operations					
	a) Net sales / income from operations	26,084	27,037	24,494	104,667	92,468
	b) License fees and service income	263	145	272	1,062	558
	c) Other operating income	105	135	157	526	567
	Total revenue from operations	26,452	27,317	24,923	106,255	93,593
2	Other income	727	928	731	2,384	2,040
	Total income (1 + 2)	27,179	28,245	25,654	108,639	95,633
3	Expenses					
	a) Cost of materials consumed	5,233	5,461	5,740	21,032	20,110
	b) Purchase of stock-in-trade	2,365	2,575	2,146	8,686	6,716
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,063	(251)	(389)	660	(516)
	d) Employee benefits expense	4,900	4,719	4,633	19,319	18,430
	e) Depreciation and amortisation expense	2,042	1,935	1,900	7,806	7,741
	f) Finance costs	87	158	140	568	628
	g) Selling and other expenses	8,525	7,944	9,529	33,561	35,554
	Total expenses	24,215	22,541	23,699	91,632	88,663
4	Profit before tax (1 + 2 - 3)	2,964	5,704	1,955	17,007	6,970
5	Tax expense					
	a) Current tax	657	434	457	2,818	1,381
	b) Deferred tax	279	1,276	(269)	1,416	(80)
6	Net profit for the period / year (4 - 5)	2,028	3,994	1,767	12,773	5,669
7	Other comprehensive income					
	a) (i) Items that will not be reclassified to profit or loss	(14)	4	41	(1)	43
	(ii) Income tax relating to items that will not be reclassified to profit or loss	6	-	(16)	3	(16)
	b) (i) Items that will be reclassified to profit or loss	168	669	(209)	209	(133)
	(ii) Income tax relating to items that will be reclassified to profit or loss	(59)	(234)	72	(73)	46
	Total other comprehensive income	101	439	(112)	138	(60)
8	Total comprehensive income (6 + 7)	2,129	4,433	1,655	12,911	5,609
9	Paid-up equity share capital (face value Rs. 5/- each)	830	830	830	830	830
10	Other equity				126,011	117,248
11	Earnings per equity share (face value Rs. 5/- each)					
	Basic	12.22	24.08	10.65	76.98	34.19
	Diluted	12.21	24.05	10.63	76.85	34.12
		(Not annualised)	(Not annualised)	(Not annualised)		

See accompanying notes to the financial results.



All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Segment information						
	Segment wise revenue and results					
1	Segment revenue					
	a) Pharmaceutical Services and Active Ingredients	6,941	6,661	6,268	25,802	22,741
	b) Global Generics	20,739	21,924	20,068	85,936	76,150
	c) Proprietary Products	149	27	27	303	109
	Total	27,829	28,612	26,363	112,041	99,000
	Less: Inter-segment revenue	1,377	1,295	1,440	5,786	5,407
	Total revenue from operations	26,452	27,317	24,923	106,255	93,593
2	Segment results					
	Profit / (loss) before tax and interest from each segment					
	a) Pharmaceutical Services and Active Ingredients	32	1,230	383	2,156	(3)
	b) Global Generics	4,022	3,457	3,482	20,852	11,956
	c) Proprietary Products	(619)	(395)	(841)	(2,252)	(3,464)
	Total	3,435	4,292	3,024	20,756	8,489
	Less: (i) Finance costs	87	158	140	568	628
	(ii) Other un-allocable expenditure / (income), net	384	(1,570)	929	3,181	891
	Total profit before tax	2,964	5,704	1,955	17,007	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 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. Of these three manufacturing facilities, two facilities (API manufacturing facility at Miryalaguda and Oncology manufacturing facility at Duvvada) received Establishment Inspection Reports from U.S. FDA in the months of June 2017 and February 2019, respectively which indicate that the audit is closed. With respect to API manufacturing facility at Srikakulam, in October 2018, the Company was asked to carry out certain detailed investigations and analysis. As part of the review of the response by the U.S. FDA, certain additional follow-on queries were received by the Company. The Company responded to all queries in January 2019 to the U.S. FDA. In February 2019, the U.S. FDA has sent certain follow-up questions and in March 2019, the Company has submitted its responses to these questions. Based on the discussions with the U.S. FDA, a meeting would be conducted prior to re-inspection of the site.
- Effective 1 April 2018, the Company adopted Ind AS 115, *Revenue from Contracts with Customers*, using the modified retrospective approach. Ind AS 115 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.



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5 Balance sheet

All amounts in Indian Rupees millions

Particulars	As at	As at
	31.03.2019	31.03.2018
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	39,504	39,790
Capital work-in-progress	4,001	6,750
Goodwill	323	323
Other intangible assets	7,000	7,060
Financial assets		
Investments	18,191	19,537
Trade receivables	113	169
Loans	332	1,991
Other financial assets	447	437
Deferred tax assets, net	-	931
Tax assets, net	3,106	3,518
Other non-current assets	126	112
Total non-current assets	73,143	80,618
Current assets		
Inventories	20,156	18,568
Financial assets		
Investments	21,144	16,828
Trade receivables	37,177	42,038
Derivative instruments	335	17
Cash and cash equivalents	1,132	1,207
Other financial assets	692	509
Other current assets	8,696	11,218
Total current assets	89,332	90,385
TOTAL ASSETS	162,475	171,003
EQUITY AND LIABILITIES		
Equity		
Equity share capital	830	830
Other equity	126,011	117,248
Total Equity	126,841	118,078
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	3,454	4,880
Provisions	547	533
Deferred tax liabilities, net	555	-
Other non-current liabilities	285	313
Total non-current liabilities	4,841	5,726
Current liabilities		
Financial liabilities		
Borrowings	5,463	21,008
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	77	93
Total outstanding dues of creditors other than micro enterprises and small enterprises	10,239	10,517
Derivative instruments	45	85
Other financial liabilities	10,160	11,386
Provisions	1,847	1,734
Other current liabilities	2,962	2,376
Total current liabilities	30,793	47,199
TOTAL EQUITY AND LIABILITIES	162,475	171,003

- 6 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".
- 7 The audited results were reviewed by the Audit Committee of the Board on 16 May 2019 and approved by the Board of Directors of the Company at their meeting held on 17 May 2019.
- 8 The Board of Directors, at their meeting held on 17 May 2019, have recommended a final dividend of Rs. 20 per share subject to the approval of shareholders.
- 9 The figures of the fourth quarter are the balancing figures between audited figures in respect of the full financial year and published year to date figures upto the third quarter of the relevant financial year. Also the figures upto the end of third quarter were only reviewed and not subjected to audit.
- 10 The results for the quarter and year ended 31 March 2019 periods presented have been audited 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: 17 May 2019

