

**DR. REDDY'S LABORATORIES LIMITED**  
**STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2018**

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
<b>1</b>	<b>Revenue from operations</b>					
	a) Net sales / income from operations	34,464	36,164	34,985	138,022	138,663
	b) License fees and service income	885	1,896	557	4,006	2,146
	c) Other operating income	190	281	577	782	1,152
	<b>Total revenue from operations</b>	<b>35,539</b>	<b>38,341</b>	<b>36,119</b>	<b>142,810</b>	<b>141,961</b>
2	Other income	449	430	205	1,552	1,715
<b>3</b>	<b>Total income (1 + 2)</b>	<b>35,988</b>	<b>38,771</b>	<b>36,324</b>	<b>144,362</b>	<b>143,676</b>
<b>4</b>	<b>Expenses</b>					
	a) Cost of materials consumed	7,305	6,378	4,649	26,309	21,930
	b) Purchase of stock-in-trade	4,488	3,906	3,751	14,501	13,752
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,726)	83	1,652	(415)	(1,233)
	d) Employee benefits expense	8,005	8,181	6,711	32,149	31,068
	e) Depreciation and amortisation expense	2,763	2,715	2,543	10,772	10,266
	f) Finance costs	178	172	196	788	634
	g) Selling and other expenses	11,831	11,866	13,451	46,754	51,722
	<b>Total expenses</b>	<b>32,844</b>	<b>33,301</b>	<b>32,953</b>	<b>130,858</b>	<b>128,139</b>
<b>5</b>	<b>Profit before tax (3 - 4)</b>	<b>3,144</b>	<b>5,470</b>	<b>3,371</b>	<b>13,504</b>	<b>15,537</b>
<b>6</b>	<b>Tax expense:</b>					
	a) Current tax	184	653	(568)	1,753	3,096
	b) Deferred tax	308	1,875	665	2,627	(131)
<b>7</b>	<b>Net profit for the period before share of profit of equity accounted investees (5 - 6)</b>	<b>2,652</b>	<b>2,942</b>	<b>3,274</b>	<b>9,124</b>	<b>12,572</b>
8	Share of profit of equity accounted investees, net of tax	69	85	102	344	349
<b>9</b>	<b>Net profit after taxes and share of profit of associates (7 + 8)</b>	<b>2,721</b>	<b>3,027</b>	<b>3,376</b>	<b>9,468</b>	<b>12,921</b>
10	Other comprehensive income					
	a) (i) Items that will not be reclassified subsequently to profit or loss	(6)	(1,430)	(653)	(3,710)	1,930
	(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss	(1)	331	190	874	(404)
	b) (i) Items that will be reclassified subsequently to profit or loss	186	(103)	287	(23)	1,279
	(ii) Income tax relating to items that will be reclassified subsequently to profit or loss	19	16	130	23	136
	<b>Total other comprehensive income</b>	<b>198</b>	<b>(1,186)</b>	<b>(46)</b>	<b>(2,836)</b>	<b>2,941</b>
<b>11</b>	<b>Total comprehensive income (9 + 10)</b>	<b>2,919</b>	<b>1,841</b>	<b>3,330</b>	<b>6,632</b>	<b>15,862</b>
12	Paid-up equity share capital (face value Rs. 5/- each)	830	829	829	830	829
13	Other equity				124,886	121,792
<b>14</b>	<b>Earnings per equity share (face value Rs.5/- each)</b>					
	Basic	16.39	18.25	20.38	57.08	77.53
	Diluted	16.36	18.22	20.34	56.96	77.37
		(Not annualised)	(Not annualised)	(Not annualised)		

See accompanying notes to the financial results

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DR. REDDY'S LABORATORIES LIMITED

Segment Information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	<b>Segment wise revenue and results:</b>					
1	<b>Segment revenue :</b>					
	a) Pharmaceutical Services and Active Ingredients	7,853	6,895	6,969	27,930	27,832
	b) Global Generics	27,858	30,270	29,169	114,282	115,736
	c) Proprietary Products	847	2,136	969	4,250	2,783
	d) Others	429	389	460	1,840	1,791
	<b>Total</b>	<b>36,987</b>	<b>39,690</b>	<b>37,567</b>	<b>148,302</b>	<b>148,142</b>
	Less: Inter-segment revenue	1,448	1,349	1,448	5,492	6,181
	Add: Other un-allocable income	-	-	-	-	-
	<b>Total revenue from operations</b>	<b>35,539</b>	<b>38,341</b>	<b>36,119</b>	<b>142,810</b>	<b>141,961</b>
2	<b>Segment results:</b>					
	Gross profit from each segment					
	a) Pharmaceutical Services and Active Ingredients	1,517	1,302	543	4,477	4,497
	b) Global Generics	16,506	17,912	17,024	67,190	71,079
	c) Proprietary Products	726	2,022	410	3,799	1,951
	d) Others	153	181	208	869	853
	<b>Total</b>	<b>18,902</b>	<b>21,417</b>	<b>18,185</b>	<b>76,335</b>	<b>78,380</b>
	Less: Selling and other un-allocable expenditure / (income), net	15,758	15,947	14,814	62,831	62,843
	<b>Total profit before tax</b>	<b>3,144</b>	<b>5,470</b>	<b>3,371</b>	<b>13,504</b>	<b>15,537</b>

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 on the basis of the audited financial statements for the year ended 31 March 2018 and the unaudited interim financial results upto the end of the third quarter, which are prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) Rules 2015.
- Post implementation of Goods and Services Tax ("GST") with effect from 1 July 2017, revenue from operations is disclosed net of GST. Revenue from operations for the earlier periods included excise duty which is now subsumed in the GST. Revenue from operations for the year ended 31 March 2018 includes excise duty upto 30 June 2017. Accordingly, revenue from operations for the quarter and year ended 31 March 2018 are not comparable with those of the previous periods presented.
- The Company received a warning letter, dated 5 November 2015 from the U.S. FDA, regarding deviations with current Good Manufacturing Practices at its API manufacturing facilities in Srikakulam, Andhra Pradesh and Miryalaguda, Telangana, as well as regarding violations at its oncology formulation manufacturing facility at Duvvada, Visakhapatnam, Andhra Pradesh. The Company submitted its response to the warning letter on 7 December 2015. The Company has provided an update to the U.S. FDA on the progress of remediation in January 2016, March 2016, May 2016 and August 2016. The U.S. FDA completed the reinspection of the aforementioned facilities in March and April 2017. The Company has responded to the observations identified by the U.S. FDA. The Company received Establishment Inspection report ("EIR") from the U.S. FDA for API manufacturing facility at Miryalaguda in June 2017 which indicates that the audit is closed. With regard to the Oncology manufacturing facility at Duvvada and API manufacturing facility at Srikakulam, the Company received EIRs from the U.S. FDA in November 2017 and February 2018, respectively, which indicates that the status remains unchanged.
- In 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.
- During the quarter ended 31 December 2017, the Company entered into a settlement agreement with the U.S. Department of Justice with respect to a litigation involving packaging for five blister packed prescription products. Consequent to the settlement, the Company has agreed to pay Rs. 319 million (U.S.\$ 5 million) to the Department of Justice. The same has been provided in the books of account under the head "other expenditure".
- The audited results have been reviewed by the Audit Committee of the Board on 21 May 2018 and approved by the Board of Directors of the Company at their meeting held on 22 May 2018.
- The Board of directors, at their meeting held on 22 May 2018, 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 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.
- The results for the quarter and year ended 31 March 2018 periods presented have been audited by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.



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DR. REDDY'S LABORATORIES LIMITED

10 Consolidated Balance Sheet

All amounts in Indian Rupees millions

Particulars	As at	
	31.03.2018	31.03.2017
	(Audited)	(Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	49,733	50,281
Capital work-in-progress	7,678	6,095
Goodwill	5,331	4,763
Other intangible assets	14,616	14,263
Intangible assets under development	27,027	27,150
Investment in joint ventures	2,104	1,603
Financial assets		
Investments	2,549	5,223
Trade receivables	169	210
Other financial assets	756	829
Deferred tax assets, net	5,405	6,784
Tax assets, net	4,567	3,388
Other non-current assets	524	739
<b>Total non-current assets</b>	<b>120,459</b>	<b>121,328</b>
<b>Current assets</b>		
Inventories	29,089	28,528
Financial assets		
Investments	18,330	14,271
Trade receivables	40,527	37,986
Derivative instruments	105	264
Cash and cash equivalents	2,638	3,865
Other financial assets	1,533	1,432
Other current assets	12,762	10,491
<b>Total current assets</b>	<b>104,984</b>	<b>96,837</b>
<b>TOTAL ASSETS</b>	<b>225,443</b>	<b>218,165</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	830	829
Other equity	124,886	121,792
<b>Total equity</b>	<b>125,716</b>	<b>122,621</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	25,089	5,449
Other financial liabilities	144	183
Provisions	817	842
Deferred tax liabilities, net	1,950	1,620
Other non-current liabilities	2,789	3,251
<b>Total non-current liabilities</b>	<b>30,789</b>	<b>11,345</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	25,562	43,626
Trade payables	13,345	10,569
Derivative instruments	85	10
Other financial liabilities	19,497	18,740
Liabilities for current tax, net	1,530	1,482
Provisions	4,387	5,125
Other current liabilities	4,532	4,647
<b>Total current liabilities</b>	<b>68,938</b>	<b>84,199</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>225,443</b>	<b>218,165</b>

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




K Satish Reddy  
Chairman

Place: Hyderabad  
Date: 22 May 2018

