

Unaudited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter ended 30 June 2016 prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

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

Particulars	Quarter ended			Year ended
	30.06.2016	31.03.2016	30.06.2015	31.03.2016
<b>Revenues</b>	<b>Rs.32,345</b>	<b>Rs.37,562</b>	<b>Rs.37,578</b>	<b>Rs.154,708</b>
Cost of revenues	14,167	16,286	14,631	62,427
<b>Gross profit</b>	<b>18,178</b>	<b>21,276</b>	<b>22,947</b>	<b>92,281</b>
Selling, general and administrative expenses	12,284	11,632	10,973	45,702
Research and development expenses	4,802	4,879	4,387	17,834
Other (income)/expense, net	(96)	(307)	(125)	(874)
<b>Total operating expenses</b>	<b>16,990</b>	<b>16,204</b>	<b>15,235</b>	<b>62,662</b>
<b>Results from operating activities</b>	<b>1,188</b>	<b>5,072</b>	<b>7,712</b>	<b>29,619</b>
Finance income	593	883	585	2,251
Finance expense	(148)	(3,529)	(369)	(4,959)
<b>Finance (expense)/income, net</b>	<b>445</b>	<b>(2,646)</b>	<b>216</b>	<b>(2,708)</b>
Share of profit of equity accounted investees, net of tax	74	59	49	229
<b>Profit before tax</b>	<b>1,707</b>	<b>2,485</b>	<b>7,977</b>	<b>27,140</b>
Tax expense	444	1,739	1,720	7,127
<b>Profit for the period</b>	<b>1,263</b>	<b>746</b>	<b>6,257</b>	<b>20,013</b>
<b>Attributable to:</b>				
Equity holders of the Company	1,263	746	6,257	20,013
Non-controlling interest	-	-	-	-
<b>Profit for the period</b>	<b>Rs.1,263</b>	<b>Rs.746</b>	<b>Rs.6,257</b>	<b>Rs.20,013</b>
<b>Earnings per share:</b>				
Basic earnings per share of Rs.5/- each	Rs.7.45	Rs.4.37	Rs.36.71	Rs.117.34
Diluted earnings per share of Rs.5/- each	Rs.7.43	Rs.4.36	Rs.36.58	Rs.116.98



(M.S.K.)

**Segment reporting (Consolidated)**

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

Particulars	Quarter ended			Year ended
	30.06.2016	31.03.2016	30.06.2015	31.03.2016
<b>Segment wise revenue and results:</b>				
<b>Segment revenue: <sup>(1)</sup></b>				
a) Pharmaceutical Services and Active Ingredients	Rs.4,692	Rs.5,765	Rs.5,614	Rs.22,379
b) Global Generics	26,638	30,775	30,961	128,062
c) Proprietary Products	620	645	697	2,659
d) Others	395	377	306	1,608
<b>Net Revenue from operations</b>	<b>Rs.32,345</b>	<b>Rs.37,562</b>	<b>Rs.37,578</b>	<b>Rs.154,708</b>
<b>Segment results:</b>				
Gross Profit from each segment				
a) Pharmaceutical Services and Active Ingredients	Rs.1,131	Rs.1,187	Rs.1,332	Rs.4,931
b) Global Generics	16,339	19,435	20,916	84,427
c) Proprietary Products	525	533	577	2,217
d) Others	183	121	121	706
<b>Total</b>	<b>18,178</b>	<b>21,276</b>	<b>22,946</b>	<b>92,281</b>
Less: Other un-allocable expenditure, net of other income	16,471	18,791	14,969	65,141
<b>Total profit before tax</b>	<b>Rs.1,707</b>	<b>Rs.2,485</b>	<b>Rs.7,977</b>	<b>Rs.27,140</b>

Global Generics segment includes operations of Biologics business.

<sup>(1)</sup> Segment revenues for the three months ended 30 June 2016, 31 March 2016 and 30 June 2015 does not include inter-segment revenues from PSAI to Global Generics, which is accounted for at a cost of Rs.1,562 million, Rs.1,493 million and Rs.1,204 million, respectively. Segment revenues for the year ended 31 March 2016 does not include inter-segment revenues from PSAI to Global Generics, which is accounted for at a cost of Rs.5,447 million.

**Notes:**

- The Company received a warning letter, dated 5 November 2015 from the U.S. FDA, regarding deviations with current Good Manufacturing Practices at its API manufacturing facilities in Srikakulam, Andhra Pradesh and Miryalaguda, Telangana, as well as regarding violations at its oncology formulation manufacturing facility at Duvvada, Visakhapatnam, Andhra Pradesh. The Company submitted its response to the warning letter on 7 December 2015. The Company believes that it can resolve the issues raised by the U.S. FDA satisfactorily in a timely manner. The Company takes the matters identified by U.S. FDA in the warning letter seriously and will continue to work diligently to address the observations identified in the warning letter and is concurrently continuing to develop and implement its corrective action plans relating to the warning letter. Further, the Company has provided an update to the U.S. FDA on the progress of remediation in January 2016, March 2016 and May 2016.
- Finance expense for the quarter and year ended 31 March 2016 includes foreign exchange loss of Rs.3,845 million and Rs.4,621 million, respectively, on account of currency devaluation and translation of monetary assets and liabilities using SIMADI / DICOM rate pertaining to the Company's Venezuelan subsidiary.
- The results for the quarter ended 30 June 2016 have been subject to a "Limited review" by the independent 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 &amp; Chief Executive Officer

Place: Hyderabad

Date: 26 July 2016