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Unaudited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter ended 30 June 2017 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
		30.06.2017	31.03.2017	30.06.2016	31.03.2017
1	**Revenues**	**33,159**	**35,542**	**32,345**	**140,809**
2	Cost of revenues	16,062	17,360	14,167	62,453
3	**Gross profit (1 - 2)**	**17,097**	**18,182**	**18,178**	**78,356**
4	Selling, general and administrative expenses	11,763	10,973	12,284	46,372
5	Research and development expenses	5,075	4,579	4,802	19,551
6	Other (income) / expense, net	(194)	(505)	(96)	(1,065)
	Total operating expenses	**16,644**	**15,047**	**16,990**	**64,858**
7	**Operating profit (3) - (4 + 5 + 6)**	**453**	**3,135**	**1,188**	**13,498**
	Finance income	436	285	593	1,587
	Finance expense	(215)	(333)	(148)	(781)
8	**Finance (expense)/income, net**	**221**	**(48)**	**445**	**806**
9	Share of profit of equity accounted investees, net of tax	98	102	74	349
10	**Profit before tax (7 + 8 + 9)**	**772**	**3,189**	**1,707**	**14,653**
11	Tax expense	181	64	444	2,614
12	**Profit for the period / year**	**591**	**3,125**	**1,263**	**12,039**
	Attributable to :				
	- Equity holders of the Company	591	3,125	1,263	12,039
	- Non-controlling interest	-	-	-	-
13	**Earnings per share:**				
	Basic earnings per share of Rs.5/- each	3.57	18.86	7.45	72.24
	Diluted earnings per share of Rs.5/- each	3.56	18.83	7.43	72.09
		(Not annualised)	*(Not annualised)*	*(Not annualised)*	

Dr.Reddy's

Segment reporting (consolidated)

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Year ended
		30.06.2017	31.03.2017	30.06.2016	31.03.2017
	Segment wise revenue and results:				
1	**Segment revenue:** [1]				
	a) Pharmaceutical Services and Active Ingredients	4,651	5,401	4,692	21,277
	b) Global Generics	27,455	29,138	26,638	115,409
	c) Proprietary Products	512	552	620	2,363
	d) Others	541	451	395	1,760
	Net revenue from operations	**33,159**	**35,542**	**32,345**	**140,809**
2	**Segment results:**				
	Gross Profit from each segment				
	a) Pharmaceutical Services and Active Ingredients	533	541	1,131	4,473
	b) Global Generics	15,836	17,024	16,339	71,079
	c) Proprietary Products	418	410	525	1,951
	d) Others	310	207	183	853
	Total	**17,097**	**18,182**	**18,178**	**78,356**
	Less: Other un-allocable expenditure, net of other income	16,325	14,993	16,471	63,703
	Total profit before tax	**772**	**3,189**	**1,707**	**14,653**

Global Generics segment includes operations of Biologics business.

[1] Segment revenues for the three months ended 30 June 2017, 31 March 2017, and 30 June 2016 does not include inter-segment revenues from Pharmaceutical Services and Active Ingredients to Global Generics,which is accounted for at a cost of Rs.1,239 million, Rs.1,449 million and Rs.1,562 million, respectively. Segment revenues for the year ended 31 March 2017 does not include inter-segment revenues from Pharmaceutical Services and Active Ingredients to Global Generics,which is accounted for at a cost of Rs.6,181 million.

Notes:

1 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 27 July 2017. The above financial results have been prepared from the 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).

2 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. We have received Establishment Inspection report from the U.S. FDA for API manufacturing facility at Miryalaguda in June 2017 which indicates that the audit is closed.

3 Consequent to the decline in the expected cash flows of some of the products forming part of a cash generating unit ("CGU") under the Global Generics segment, the Company, following the guidance under IAS 36 "Impairment of assets", estimated the recoverable amount of the CGU and assessed that the recoverable amount of the CGU is lower than its carrying cost. Accordingly, an amount of Rs.335 million was recorded as an impairment charge during the quarter ended 31 March 2017. The said impairment charge was recorded under "selling, general and administrative expenses".

4 The results for the quarter ended 30 June 2017 were subjected to a "Limited review" by the Independent 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: 27 July 2017

(MSK)