

**DR. REDDY'S LABORATORIES LIMITED**  
**STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2017**

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     |
|           |   | (Unaudited)      | (Audited)        | (Unaudited)      | (Audited)      |
| <b>1</b>  | <b>Revenue from operations</b>  |                  |                  |                  |                |
|           | a) Net sales / income from operations (inclusive of excise duty)                  | 20,721           | 22,860           | 21,507           | 95,868         |
|           | b) License fees and service income  | 64               | 174              | 41               | 413            |
|           | c) Other operating income   | 112              | 567              | 89               | 917            |
|           | <b>Total revenue from operations (inclusive of excise duty)</b>                   | <b>20,897</b>    | <b>23,601</b>    | <b>21,637</b>    | <b>97,198</b>  |
| <b>2</b>  | <b>Other income</b>   | <b>488</b>       | <b>595</b>       | <b>3,918</b>     | <b>5,912</b>   |
|           | <b>Total income (1 + 2)</b>   | <b>21,385</b>    | <b>24,196</b>    | <b>25,555</b>    | <b>103,110</b> |
| <b>3</b>  | <b>Expenses</b>   |                  |                  |                  |                |
|           | a) Cost of materials consumed   | 4,931            | 3,830            | 4,936            | 18,176         |
|           | b) Purchase of traded goods   | 1,188            | 1,686            | 1,594            | 6,715          |
|           | c) Changes in inventories of finished goods, work-in-progress and stock-in-trade  | (392)            | 1,691            | (1,251)          | 19             |
|           | d) Employee benefits expense  | 4,505            | 3,723            | 4,684            | 18,033         |
|           | e) Selling expenses   | 2,783            | 2,388            | 2,521            | 9,985          |
|           | f) Depreciation and amortisation  | 1,910            | 1,896            | 1,725            | 7,351          |
|           | g) Finance costs  | 164              | 158              | 126              | 572            |
|           | h) Other expenditure  | 6,398            | 7,190            | 6,795            | 26,814         |
|           | <b>Total expenses</b>   | <b>21,487</b>    | <b>22,562</b>    | <b>21,130</b>    | <b>87,665</b>  |
| <b>4</b>  | <b>Profit / (loss) before tax (1 + 2 - 3)</b>                                     | <b>(102)</b>     | <b>1,634</b>     | <b>4,425</b>     | <b>15,445</b>  |
| <b>5</b>  | <b>Tax expense</b>  |                  |                  |                  |                |
|           | a) Current tax  | -                | (774)            | 894              | 1,826          |
|           | b) Deferred tax   | (29)             | 178              | (560)            | (222)          |
| <b>6</b>  | <b>Net profit / (loss) for the period / year (4 - 5)</b>                          | <b>(73)</b>      | <b>2,230</b>     | <b>4,091</b>     | <b>13,841</b>  |
| <b>7</b>  | <b>Other comprehensive income</b>   |                  |                  |                  |                |
|           | a) (i) Items that will not be reclassified to profit or loss                      | (2)              | (38)             | (3)              | (31)           |
|           | (ii) Income tax relating to items that will not be reclassified to profit or loss | -                | 15               | -                | 15             |
|           | b) (i) Items that will be reclassified to profit or loss                          | 110              | 717              | (140)            | 475            |
|           | (ii) Income tax relating to items that will be reclassified to profit or loss     | (38)             | (47)             | 19               | (51)           |
|           | <b>Total other comprehensive income</b>   | <b>70</b>        | <b>647</b>       | <b>(124)</b>     | <b>408</b>     |
| <b>8</b>  | <b>Total comprehensive income (6 + 7)</b>   | <b>(3)</b>       | <b>2,877</b>     | <b>3,967</b>     | <b>14,249</b>  |
| <b>9</b>  | <b>Paid-up equity share capital (face value Rs. 5/- each)</b>                     | <b>829</b>       | <b>829</b>       | <b>828</b>       | <b>829</b>     |
| <b>10</b> | <b>Other equity</b>   |                  |                  |                  | <b>115,177</b> |
| <b>11</b> | <b>Earnings per equity share (face value Rs. 5/- each)</b>                        |                  |                  |                  |                |
|           | - Basic   | (0.44)           | 13.46            | 24.13            | 83.05          |
|           | - Diluted   | (0.44)           | 13.44            | 24.07            | 82.88          |
|           |   | (Not annualised) | (Not annualised) | (Not annualised) |                |

See accompanying notes to the financial results.

*(MSK)*



| Segment Information |   | All amounts in Indian Rupees millions |                         |                           |                         |
|---------------------|---|---------------------------------------|-------------------------|---------------------------|-------------------------|
| Sl. No.             | Particulars   | Quarter ended                         |                         | Year ended                |                         |
|                     |   | 30.06.2017<br>(Unaudited)             | 31.03.2017<br>(Audited) | 30.06.2016<br>(Unaudited) | 31.03.2017<br>(Audited) |
|                     | <b>Segment wise revenue and results:</b>                  |                                       |                         |                           |                         |
| <b>1</b>            | <b>Segment revenue (inclusive of excise duty):</b>        |                                       |                         |                           |                         |
|                     | a) Pharmaceutical Services and Active Ingredients         | 4,679                                 | 5,786                   | 5,248                     | 22,564                  |
|                     | b) Global Generics  | 17,379                                | 18,814                  | 17,920                    | 80,277                  |
|                     | c) Proprietary Products                                   | 27                                    | 417                     | -                         | 417                     |
|                     | <b>Total</b>  | <b>22,085</b>                         | <b>25,017</b>           | <b>23,168</b>             | <b>103,258</b>          |
|                     | Less: Inter-segment revenue                               | 1,188                                 | 1,422                   | 1,531                     | 6,066                   |
|                     | Add: Other unallocable income                             | -                                     | 6                       | -                         | 6                       |
|                     | <b>Total revenue from operations</b>                      | <b>20,897</b>                         | <b>23,601</b>           | <b>21,637</b>             | <b>97,198</b>           |
| <b>2</b>            | <b>Segment results:</b>                                   |                                       |                         |                           |                         |
|                     | Profit / (loss) before tax and interest from each segment |                                       |                         |                           |                         |
|                     | a) Pharmaceutical Services and Active Ingredients         | (651)                                 | (598)                   | (743)                     | (1,446)                 |
|                     | b) Global Generics  | 1,600                                 | 1,795                   | 3,865                     | 17,817                  |
|                     | c) Proprietary Products                                   | (1,046)                               | (679)                   | (750)                     | (3,124)                 |
|                     | <b>Total</b>  | <b>(97)</b>                           | <b>518</b>              | <b>2,372</b>              | <b>13,247</b>           |
|                     | Less: (i) Finance costs                                   | 164                                   | 158                     | 126                       | 572                     |
|                     | (ii) Other un-allocable expenditure / (income), net       | (159)                                 | (1,274)                 | (2,179)                   | (2,770)                 |
|                     | <b>Total profit before tax</b>                            | <b>(102)</b>                          | <b>1,634</b>            | <b>4,425</b>              | <b>15,445</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:

- The Company adopted Indian Accounting Standards ("Ind AS") from 1 April 2016 and accordingly these results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34, Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting pronouncements generally accepted in India. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of Ind AS 34.
- 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.
- 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 27 July 2017.
- The comparative results for the quarter ended 30 June 2016 were reviewed by the predecessor auditors. An unmodified report has been issued by them thereon.
- The results for the quarter ended 30 June 2017 presented 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: 27 July 2017

