

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2017

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations						
	a) Net sales / income from operations	22,380	20,721	26,059	43,101	47,566	95,868
	b) License fees and service income	82	64	49	146	90	413
	c) Other operating income	81	112	167	193	256	917
	Total revenue from operations	22,543	20,897	26,275	43,440	47,912	97,198
2	Other income	404	488	639	892	4,446	5,912
	Total income (1 + 2)	22,947	21,385	26,914	44,332	52,358	103,110
3	Expenses						
	a) Cost of materials consumed	4,471	4,931	4,904	9,402	9,840	18,176
	b) Purchase of traded goods	1,696	1,188	1,816	2,884	3,410	6,715
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	450	(392)	(83)	58	(1,334)	19
	d) Employee benefits expense	4,525	4,505	4,802	9,030	9,486	18,033
	e) Selling expenses	2,475	2,783	2,636	5,258	5,157	9,985
	f) Depreciation and amortisation expense	1,948	1,910	1,893	3,858	3,618	7,351
	g) Finance costs	190	164	123	354	249	572
	h) Other expenditure	5,790	6,398	6,731	12,188	13,415	26,814
	Total expenses	21,545	21,487	22,822	43,032	43,841	87,665
4	Profit / (loss) before tax (1 + 2 - 3)	1,402	(102)	4,092	1,300	8,517	15,445
5	Tax expense						
	a) Current tax	326	-	673	326	1,567	1,826
	b) Deferred tax	69	(29)	287	40	(273)	(222)
6	Net profit / (loss) for the period / year (4 - 5)	1,007	(73)	3,132	934	7,223	13,841
7	Other comprehensive income						
	a) (i) Items that will not be reclassified to profit or loss	(3)	(2)	9	(5)	7	(31)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	15
	b) (i) Items that will be reclassified to profit or loss	(142)	110	3	(32)	(138)	475
	(ii) Income tax relating to items that will be reclassified to profit or loss	49	(38)	(36)	11	(17)	(51)
	Total other comprehensive income	(96)	70	(24)	(26)	(148)	408
8	Total comprehensive income (6 + 7)	911	(3)	3,108	908	7,075	14,249
9	Paid-up equity share capital (face value Rs. 5/- each)	829	829	829	829	829	829
10	Other equity						115,177
11	Earnings per equity share (face value Rs. 5/- each)						
	Basic	6.07	(0.44)	18.91	5.63	43.10	83.05
	Diluted	6.06	(0.44)	18.86	5.62	43.00	82.88
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results.

(MSK)



Handwritten signature

Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Segment wise revenue and results:						
1	Segment revenue:						
	a) Pharmaceutical Services and Active Ingredients	6,189	4,679	5,979	10,868	11,227	22,564
	b) Global Generics	17,774	17,379	21,928	35,153	39,848	80,277
	c) Proprietary Products	29	27	-	56	-	417
	Total	23,992	22,085	27,907	46,077	51,075	103,258
	Less: Inter-segment revenue	1,449	1,188	1,632	2,637	3,163	6,066
	Add: Other un-allocable income	-	-	-	-	-	6
	Total revenue from operations	22,543	20,897	26,275	43,440	47,912	97,198
2	Segment results:						
	Profit / (loss) before tax and interest from each segment						
	a) Pharmaceutical Services and Active Ingredients	209	(651)	(250)	(442)	(993)	(1,446)
	b) Global Generics	3,046	1,600	5,178	4,646	9,043	17,817
	c) Proprietary Products	(876)	(1,046)	(871)	(1,922)	(1,621)	(3,124)
	Total	2,379	(97)	4,057	2,282	6,429	13,247
	Less: (i) Finance costs	190	164	123	354	249	572
	(ii) Other un-allocable expenditure / (income), net	787	(159)	(158)	628	(2,337)	(2,770)
	Total profit before tax	1,402	(102)	4,092	1,300	8,517	15,445

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.
- 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 half year ended 30 September 2017 includes excise duty upto 30 June 2017. Accordingly, revenue from operations for the quarter and half year ended 30 September 2017 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. 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.
- On 26 September 2016, the Bombay High court dismissed the writ petition filed by the Indian Pharmaceutical Alliance in July 2014 contending the validity of certain notifications issued in July 2014 by the National Pharmaceutical Pricing Authority. Consequently, during the quarter ended 30 September 2016, an amount of Rs. 344 million was recorded as a potential liability including the interest thereon. The aforesaid amount was included under "selling expenses".

(MSK)



MSK

5 Balance sheet

All amounts in Indian Rupees millions

Particulars	As at	As at
	30.09.2017 (Unaudited)	31.03.2017 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	40,702	40,433
Capital work-in-progress	5,293	5,400
Goodwill	323	323
Other intangible assets	7,480	7,665
Financial assets		
Investments	18,023	18,028
Trade receivables	217	206
Loans	2,010	1,932
Other financial assets	474	462
Deferred tax assets, net	792	821
Tax assets, net	3,240	2,892
Other non-current assets	841	372
Total non-current assets	79,395	78,534
Current assets		
Inventories	17,977	18,097
Financial assets		
Investments	13,073	12,991
Trade receivables	44,006	44,054
Cash and cash equivalents	962	668
Other financial assets	506	1,057
Other current assets	10,448	9,071
Total current assets	86,972	85,938
TOTAL ASSETS	166,367	164,472
EQUITY AND LIABILITIES		
Equity		
Equity share capital	829	829
Other equity	112,307	115,177
Total Equity	113,136	116,006
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	4,887	4,852
Provisions	497	623
Other non-current liabilities	358	411
Total non-current liabilities	5,742	5,886
Current liabilities		
Financial liabilities		
Borrowings	22,857	18,699
Trade payables	8,960	7,787
Other financial liabilities	11,872	11,556
Provisions	1,946	2,084
Other current liabilities	1,854	2,454
Total current liabilities	47,489	42,580
TOTAL EQUITY AND LIABILITIES	166,367	164,472

- 6 The unaudited results have been reviewed by the Audit Committee of the Board on 30 October 2017 and approved by the Board of Directors of the Company at their meeting held on 31 October 2017.
- 7 The results for the quarter and half year ended 30 September 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: 31 October 2017

