

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2017

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2017 (Unaudited)	30.09.2017 (Unaudited)	31.12.2016 (Unaudited)	31.12.2017 (Unaudited)	31.12.2016 (Unaudited)	31.03.2017 (Audited)
1	Revenue from operations						
	a) Net sales / income from operations	24,873	22,380	25,442	67,974	73,008	95,868
	b) License fees and service income	140	82	149	286	239	413
	c) Other operating income	217	81	94	410	350	917
	Total revenue from operations	25,230	22,543	25,685	68,670	73,597	97,198
2	Other income	477	404	890	1,309	5,332	5,912
	Total income (1 + 2)	25,707	22,947	26,575	69,979	78,929	103,110
3	Expenses						
	a) Cost of materials consumed	4,968	4,471	4,506	14,370	14,346	18,176
	b) Purchase of traded goods	1,686	1,696	1,619	4,570	5,029	6,715
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(185)	450	(338)	(127)	(1,672)	19
	d) Employee benefits expense	4,767	4,525	4,824	13,797	14,310	18,033
	e) Selling expenses	2,749	2,475	2,440	8,007	7,597	9,985
	f) Depreciation and amortisation expense	1,983	1,948	1,837	5,841	5,455	7,351
	g) Finance costs	133	190	165	487	414	572
	h) Other expenditure	5,890	5,790	6,228	18,018	19,639	26,814
	Total expenses	21,991	21,545	21,281	64,963	65,118	87,665
4	Profit / (loss) before tax (1 + 2 - 3)	3,716	1,402	5,294	5,016	13,811	15,445
5	Tax expense						
	a) Current tax	598	326	1,033	924	2,600	1,826
	b) Deferred tax	149	69	(127)	189	(400)	(222)
6	Net profit / (loss) for the period / year (4 - 5)	2,969	1,007	4,388	3,903	11,611	13,841
7	Other comprehensive income						
	a) (i) Items that will not be reclassified to profit or loss	7	(3)	-	2	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	108	(142)	(104)	76	(242)	475
	(ii) Income tax relating to items that will be reclassified to profit or loss	(37)	49	13	(26)	(4)	(51)
	Total other comprehensive income	78	(96)	(91)	52	(239)	408
8	Total comprehensive income (6 + 7)	3,047	911	4,297	3,955	11,372	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	17.90	6.07	26.49	23.54	69.55	83.05
	Diluted	17.87	6.06	26.44	23.49	69.38	82.88
		<i>(Not annualised)</i>	<i>(Not annualised)</i>	<i>(Not annualised)</i>	<i>(Not annualised)</i>	<i>(Not annualised)</i>	

See accompanying notes to the financial results.



(MSK)

Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016	31.03.2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Segment wise revenue and results						
1	Segment revenue						
	a) Pharmaceutical Services and Active Ingredients	5,605	6,189	5,551	16,473	16,778	22,564
	b) Global Generics	20,929	17,774	21,615	56,082	61,463	80,277
	c) Proprietary Products	26	29	-	82	-	417
	Total	26,560	23,992	27,166	72,637	78,241	103,258
	Less: Inter-segment revenue	1,330	1,449	1,481	3,967	4,644	6,066
	Add: Other un-allocable income	-	-	-	-	-	6
	Total revenue from operations	25,230	22,543	25,685	68,670	73,597	97,198
2	Segment results						
	Profit / (loss) before tax and interest from each segment						
	a) Pharmaceutical Services and Active Ingredients	56	209	145	(386)	(848)	(1,446)
	b) Global Generics	3,828	3,046	6,979	8,474	16,022	17,817
	c) Proprietary Products	(701)	(876)	(824)	(2,623)	(2,445)	(3,124)
	Total	3,183	2,379	6,300	5,465	12,729	13,247
	Less: (i) Finance costs	133	190	165	487	414	572
	(ii) Other un-allocable expenditure / (income), net	(666)	787	841	(38)	(1,496)	(2,770)
	Total profit before tax	3,716	1,402	5,294	5,016	13,811	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 nine months ended 31 December 2017 includes excise duty upto 30 June 2017. Accordingly, revenue from operations for the quarter and nine months ended 31 December 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.
- The unaudited results have been reviewed by the Audit Committee of the Board on 24 January 2018 and approved by the Board of Directors of the Company at their meeting held on 25 January 2018.
- The results for the quarter and nine months ended 31 December 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
Managing Director & Chief Executive Officer

Place: Hyderabad
Date: 25 January 2018

