

Unaudited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and nine months ended 31 December 2014 prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

All amounts in Indian Rupees lakhs, except share data

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	<b>Net Income from Sales and Services</b>	<b>384,310</b>	<b>358,781</b>	<b>353,376</b>	<b>1,094,845</b>	<b>973,613</b>	<b>1,321,703</b>
2	<b>Cost of Sales and Services</b>						
	a) (Increase) / decrease in stock-in-trade and work-in-progress	(12,698)	(12,382)	(3,360)	(32,010)	(25,315)	(33,094)
	b) Consumption of raw materials	80,638	75,626	64,748	223,139	203,297	273,402
	c) Purchase of traded goods	28,226	21,258	15,412	67,972	55,907	76,797
	d) Other expenditure	64,622	64,419	62,665	193,923	180,932	246,583
3	<b>Gross Profit (1 - 2)</b>	<b>223,522</b>	<b>209,860</b>	<b>213,911</b>	<b>641,821</b>	<b>558,792</b>	<b>758,015</b>
4	Selling, General and Administrative expenses	111,504	106,733	99,453	325,026	284,757	387,830
5	Research and Development expenses	43,161	41,131	29,791	123,045	84,175	124,023
6	Other (income) / expense, net	(3,410)	(2,656)	(1,773)	(7,914)	(11,896)	(14,159)
7	<b>Operating profit (3) - (4 + 5 + 6)</b>	<b>72,267</b>	<b>64,652</b>	<b>86,440</b>	<b>201,664</b>	<b>201,756</b>	<b>260,321</b>
8	Finance (expense) / income, net	10,129	4,211	147	19,149	2,361	3,995
9	Share of profit of equity accounted affiliate, net of income taxes	466	511	465	1,511	1,257	1,741
10	<b>Profit before tax (7+8+9)</b>	<b>82,862</b>	<b>69,374</b>	<b>87,052</b>	<b>222,324</b>	<b>205,374</b>	<b>266,057</b>
11	Tax expense	25,409	11,964	25,210	52,422	38,414	50,937
12	<b>Net Profit after tax (10-11)</b>	<b>57,453</b>	<b>57,410</b>	<b>61,842</b>	<b>169,902</b>	<b>166,960</b>	<b>215,120</b>
13	Extra-ordinary items (net of tax expense)	-	-	-	-	-	-
14	<b>Net Profit for the period / year (12 - 13)</b>	<b>57,453</b>	<b>57,410</b>	<b>61,842</b>	<b>169,902</b>	<b>166,960</b>	<b>215,120</b>
15	<b>Net profit attributable to:</b>						
	- Equity holders of the Company	57,453	57,410	61,853	169,902	166,985	215,145
	- Non-controlling interest	-	-	(11)	-	(25)	(25)
16	Paid-up equity share capital (Face value of Rs. 5/- each)	8,518	8,518	8,505	8,518	8,505	8,505
17	Securities premium, retained earnings, share based payment reserve and other components of equity						899,541
18	<b>Earnings per share before and after extra-ordinary items (in Rupees) per Rs. 5/- share</b>						
	- Basic	33.72	33.70	36.36	99.77	98.21	126.52
	- Diluted	33.61	33.60	36.25	99.42	97.85	126.04
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	
19	Public shareholding *						
	- Number of shares	97,291,936	97,914,376	97,590,957	97,291,936	97,590,957	96,048,821
	- Percentage of shareholding	57.11	57.47	57.37	57.11	57.37	56.47
20	Promoters and promoter group shareholding						
	<b>a) Pledged / Encumbered</b>						
	- Number of shares	-	-	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the Company)	-	-	-	-	-	-
	<b>b) Non-encumbered</b>						
	- Number of shares	43,417,812	43,417,812	43,417,812	43,417,812	43,417,812	43,417,812
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00	100.00	100.00	100.00
	- Percentage of shares (as a % of the total share capital of the Company)	25.49	25.49	25.53	25.49	25.53	25.52
21	Details of items exceeding 10% of total expenditure						
	- Employee cost	71,977	73,113	65,463	216,733	181,212	249,364

\*Public Shareholding as defined under Clause 40A of the Listing Agreement (excludes shares held by Promoters, Promoter Group and American Depository Receipt holders)

**Segment reporting (Consolidated)**

All amounts in Indian Rupees lakhs

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>1</b>	<b>Segment wise revenue and results:</b>						
	<b>Segment revenue :</b>						
	a) Pharmaceutical Services and Active Ingredients	79,946	83,017	65,418	236,417	212,575	295,750
	b) Global Generics	316,922	288,680	293,958	895,628	778,461	1,051,636
	c) Proprietary Products	3,862	2,978	4,777	9,899	12,222	17,783
	d) Others	2,402	3,204	4,019	8,899	9,600	12,545
	<b>Total</b>	<b>403,132</b>	<b>377,879</b>	<b>368,172</b>	<b>1,150,843</b>	<b>1,012,858</b>	<b>1,377,714</b>
	Less: Inter-segment revenue	18,822	19,098	14,796	55,998	39,245	56,011
	<b>Net Revenue from operations</b>	<b>384,310</b>	<b>358,781</b>	<b>353,376</b>	<b>1,094,845</b>	<b>973,613</b>	<b>1,321,703</b>
<b>2</b>	<b>Segment results :</b>						
	Gross Profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	10,503	17,127	7,951	39,964	34,858	48,476
	b) Global Generics	208,814	189,273	200,514	590,896	510,929	691,490
	c) Proprietary Products	3,220	2,653	4,315	8,316	11,187	16,062
	d) Others	985	807	1,131	2,645	1,818	1,987
	<b>Total</b>	<b>223,522</b>	<b>209,860</b>	<b>213,911</b>	<b>641,821</b>	<b>558,792</b>	<b>758,015</b>
	Less: Other un-allocable expenditure, net of other income	140,660	140,486	126,859	419,497	353,418	491,958
	<b>Total profit before tax</b>	<b>82,862</b>	<b>69,374</b>	<b>87,052</b>	<b>222,324</b>	<b>205,374</b>	<b>266,057</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:**
**1 Investor Complaints**

Pending at the beginning of the quarter	2
Received during the quarter	2
Disposed off during the quarter	4
Remaining unresolved at the end of the quarter	Nil

2 Selling, General and Administrative expenses include impairment of certain product related and customer related intangibles amounting to Rs. 2,598 lakhs and Rs. 2,492 lakhs recorded during the quarter ended 31 December 2014 in the Company's Global Generics and Pharmaceutical Services and Active Ingredients segments, respectively. During the quarter ended 31 December 2013, the Company recorded reversal of impairment of certain product related intangibles amounting to Rs 4,974 lakhs in the Company's Global Generics Segment.

3 On 17 December 2014, the Company completed the acquisition of Habitrol® franchise (an over-the-counter nicotine replacement therapy transdermal patch) from Novartis Consumer Health Inc. and began marketing the product in the U.S. market. The total consideration paid was U.S.\$ 80 million.

4 On 18 January 2015, Aurigene Discovery Technologies Limited ("Aurigene"), a wholly owned subsidiary of the Company, entered into a collaboration, license and option agreement with Curis Inc., ("Curis") to discover, develop and commercialize Small Molecule Antagonists for Immuno-Oncology and Precision Oncology Targets. As a partial consideration for the collaboration, Curis has issued to Aurigene approximately 17.1 million shares of its common stock, i.e. 19.9% of its outstanding common stock immediately prior to the transaction. In addition, Aurigene is also entitled to certain development, commercial milestones and sales based royalties.

5 The unaudited results have been reviewed by the Audit Committee of the Board on 28 January 2015 and approved by the Board of Directors of the Company at their meeting held on 29 January 2015. 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).

6 The Securities and Exchange Board of India (SEBI) issued a circular dated 5 April 2010 permitting listed entities having subsidiaries to voluntarily submit the Consolidated Financial Statements as per IFRS. Consequent to this, the Company has voluntarily prepared and published unaudited Consolidated Financial Statements as per IFRS.

7 The results for the quarter and nine months ended 31 December 2014 have been subjected to a "Limited Review" by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.

**8 Unaudited financial results of Dr. Reddy's Laboratories Limited (Standalone Information) prepared as per IGAAP**

All amounts in Indian Rupees lakhs

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Total income from operations	215,090	248,084	258,377	732,222	711,293	972,805
Profit from ordinary activities before tax	7,510	51,522	85,913	137,200	185,725	245,439
Profit from ordinary activities after tax	7,159	43,359	62,317	110,793	146,141	193,284

**Note:**

The unaudited standalone financial results for the quarter and nine months ended 31 December 2014 are available on the Stock Exchange's website : [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) and also on the Company's website: [www.drreddys.com](http://www.drreddys.com).

By order of the Board  
For Dr. Reddy's Laboratories Limited

Place: Hyderabad  
Date: 29 January 2015

G V Prasad  
Co-Chairman & Chief Executive Officer