

Unaudited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and half year ended 30 September 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			Half year ended		Year ended
		30.09.2014	30.06.2014	30.09.2013	30.09.2014	30.09.2013	31.03.2014
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	<b>Net Income from Sales and Services</b>	<b>358,781</b>	<b>351,754</b>	<b>335,745</b>	<b>710,535</b>	<b>620,237</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	(12,382)	(6,930)	(10,080)	(19,312)	(21,955)	(33,094)
	b) Consumption of raw materials	75,626	66,875	77,065	142,501	142,649	273,402
	c) Purchase of traded goods	21,258	18,488	15,100	39,746	36,396	76,797
	d) Other expenditure	64,419	64,882	58,970	129,301	118,267	246,583
3	<b>Gross Profit (1 - 2)</b>	<b>209,860</b>	<b>208,439</b>	<b>194,689</b>	<b>418,299</b>	<b>344,881</b>	<b>758,015</b>
4	Selling, General and Administrative expenses	106,733	106,789	97,368	213,522	185,304	387,830
5	Research and Development expenses	41,131	38,753	30,087	79,884	54,384	124,023
6	Other (income) / expense, net	(2,656)	(1,848)	(6,367)	(4,504)	(10,123)	(14,159)
7	<b>Operating profit (3) - (4 + 5 + 6)</b>	<b>64,652</b>	<b>64,745</b>	<b>73,601</b>	<b>129,397</b>	<b>115,316</b>	<b>260,321</b>
8	Finance (expense) / income, net	4,211	4,809	2,913	9,020	2,214	3,995
9	Share of profit of equity accounted affiliate, net of income taxes	511	534	437	1,045	792	1,741
10	<b>Profit before tax (7+8+9)</b>	<b>69,374</b>	<b>70,088</b>	<b>76,951</b>	<b>139,462</b>	<b>118,322</b>	<b>266,057</b>
11	Tax expense	11,964	15,049	7,926	27,013	13,204	50,937
12	<b>Net Profit after tax (10-11)</b>	<b>57,410</b>	<b>55,039</b>	<b>69,025</b>	<b>112,449</b>	<b>105,118</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>57,410</b>	<b>55,039</b>	<b>69,025</b>	<b>112,449</b>	<b>105,118</b>	<b>215,120</b>
15	<b>Net profit attributable to:</b>						
	- Equity holders of the Company	57,410	55,039	69,033	112,449	105,132	215,145
	- Non-controlling interest	-	-	(8)	-	(14)	(25)
16	Paid-up equity share capital (Face value of Rs. 5/- each)	8,518	8,517	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	33.70	32.34	40.59	66.05	61.85	126.52
	- Diluted	33.60	32.24	40.47	65.82	61.62	126.04
		<i>(Not annualised)</i>	<i>(Not annualised)</i>	<i>(Not annualised)</i>	<i>(Not annualised)</i>	<i>(Not annualised)</i>	
19	Public shareholding *						
	- Number of shares	97,914,376	95,472,936	97,979,592	97,914,376	97,979,592	96,048,821
	- Percentage of shareholding	57.47	56.05	57.60	57.47	57.60	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	73,113	71,643	60,052	144,756	115,749	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			Half year ended		Year ended
		30.09.2014	30.06.2014	30.09.2013	30.09.2014	30.09.2013	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	83,017	73,454	78,324	156,471	147,157	295,750
	b) Global Generics	288,680	290,026	265,478	578,706	484,503	1,051,636
	c) Proprietary Products	2,978	3,059	4,254	6,037	7,445	17,783
	d) Others	3,204	3,293	1,987	6,497	5,581	12,545
	<b>Total</b>	<b>377,879</b>	<b>369,832</b>	<b>350,043</b>	<b>747,711</b>	<b>644,686</b>	<b>1,377,714</b>
	Less: Inter-segment revenue	19,098	18,078	14,298	37,176	24,449	56,011
	<b>Net Revenue from operations</b>	<b>358,781</b>	<b>351,754</b>	<b>335,745</b>	<b>710,535</b>	<b>620,237</b>	<b>1,321,703</b>
<b>2</b>	<b>Segment results :</b>						
	Gross Profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	17,127	12,334	15,774	29,461	26,907	48,476
	b) Global Generics	189,273	192,809	175,591	382,082	310,415	691,490
	c) Proprietary Products	2,653	2,443	4,057	5,096	6,872	16,062
	d) Others	807	853	(733)	1,660	687	1,987
	<b>Total</b>	<b>209,860</b>	<b>208,439</b>	<b>194,689</b>	<b>418,299</b>	<b>344,881</b>	<b>758,015</b>
	Less: Other un-allocable expenditure, net of other income	140,486	138,351	117,738	278,837	226,559	491,958
	<b>Total profit before tax</b>	<b>69,374</b>	<b>70,088</b>	<b>76,951</b>	<b>139,462</b>	<b>118,322</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	NIL
Received during the quarter	4
Disposed off during the quarter	2
Remaining unresolved at the end of the quarter	2*

\*Since resolved

- On 18 October 2014, the Company entered into an asset purchase agreement with Novartis Consumer Health Inc. to acquire the title and rights to Habitrol<sup>®</sup> franchise (an over-the-counter nicotine replacement therapy transdermal patch) and to market the product in the U.S. territory. The agreement is subject to FTC review and the transfer of asset will happen post FTC clearance.
- The unaudited results have been reviewed by the Audit Committee of the Board on 28 October 2014 and approved by the Board of Directors of the Company at their meeting held on 29 October 2014. 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).
- 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.
- The results for the quarter and half year ended 30 September 2014 have been subjected to a "Limited Review" by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.

## 6 Statement of Assets and Liabilities (Consolidated)

All amounts in Indian Rupees lakhs

Particulars	As at	As at
	30.09.2014	31.03.2014
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	82,164	84,510
Other investments	205,205	250,828
Trade and other receivables	377,222	330,365
Inventories	281,231	239,923
Derivative financial instruments	4,420	5,535
Current tax assets	5,093	12,978
Other current assets	118,415	113,330
<b>Total current assets</b>	<b>1,073,750</b>	<b>1,037,469</b>
<b>Non-current assets</b>		
Property, plant and equipment	465,593	444,235
Goodwill	35,534	34,284
Other intangible assets	100,947	112,687
Investment in equity accounted investees	9,423	8,062
Other investments – non-current	114	1
Deferred tax assets	69,641	60,536
Other non-current assets	8,177	4,954
<b>Total non-current assets</b>	<b>689,429</b>	<b>664,759</b>
<b>Total assets</b>	<b>1,763,179</b>	<b>1,702,228</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Trade and other payables	128,433	105,028
Derivative financial instruments	3,866	3,055
Current tax liabilities	17,784	11,925
Short-term borrowings	140,515	206,065
Long-term borrowings, current portion	69,163	33,954
Provisions	31,701	28,192
Other current liabilities	155,863	152,412
<b>Total current liabilities</b>	<b>547,325</b>	<b>540,631</b>
<b>Non-current liabilities</b>		
Long-term loans and borrowings, excluding current portion	178,864	207,396
Provisions - non-current	577	921
Deferred tax liabilities	28,719	27,437
Other non-current liabilities	17,654	17,842
<b>Total non-current liabilities</b>	<b>225,814</b>	<b>253,596</b>
<b>Total liabilities</b>	<b>773,139</b>	<b>794,227</b>
<b>Equity</b>		
Share capital	8,518	8,505
Equity shares held by controlled trust	-	(49)
Share premium	221,604	215,523
Share based payment reserve	8,264	10,075
Retained earnings	727,087	650,500
Other components of equity	24,567	23,447
<b>Total equity</b>	<b>990,040</b>	<b>908,001</b>
<b>Total liabilities and equity</b>	<b>1,763,179</b>	<b>1,702,228</b>

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

All amounts in Indian Rupees lakhs

Particulars	Quarter ended			Half year ended		Year ended
	30.09.2014	30.06.2014	30.09.2013	30.09.2014	30.09.2013	31.03.2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Total income from operations	248,084	269,048	270,754	517,132	452,916	972,805
Profit from ordinary activities before tax	51,522	78,168	91,476	129,690	99,812	245,439
Profit from ordinary activities after tax	43,359	60,275	77,338	103,634	83,824	193,284

**Note:**

The unaudited standalone financial results for the quarter and half year ended 30 September 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 October 2014

G V Prasad  
Co-Chairman & Chief Executive Officer