

DR REDDYS LABORATORIES LTD  
Form 6-K  
August 28, 2015  
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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16**

**UNDER THE SECURITIES EXCHANGE ACT OF 1934**

**For the Quarter Ended June 30, 2015**

**Commission File Number 1-15182**

**DR. REDDY S LABORATORIES LIMITED**

(Translation of registrant's name into English)

**8-2-337, Road No. 3, Banjara Hills**

**Hyderabad, Telangana 500 034, India**

**+91-40-49002900**

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  [X]

Form 40-F  [ ]

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

**Note:** Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

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**Note:** Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If Yes is marked, indicate below the file number assigned to registrant in connection with Rule 12g3-2(b):  
82-\_\_\_\_\_.

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**QUARTERLY REPORT**

**Quarter Ended June 30, 2015**

**Currency of Presentation and Certain Defined Terms**

In this Quarterly Report, references to \$ or dollars or U.S.\$ or U.S. dollars are to the legal currency of the United States and references to Rs. or rupees or Indian rupees are to the legal currency of India. Our unaudited condensed consolidated interim financial statements are presented in Indian rupees and are prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ( IAS 34 ). Convenience translation into U.S. dollars with respect to our unaudited condensed consolidated interim financial statements is also presented. References to a particular fiscal year are to our fiscal year ended March 31 of such year. References to ADS are to our American Depositary Shares. All references to IAS are to the International Accounting Standards, to IASB are to the International Accounting Standards Board, to IFRS are to International Financial Reporting Standards, to SIC are to Standing Interpretations Committee and to IFRIC are to the International Financial Reporting Interpretations Committee.

References to U.S. FDA are to the United States Food and Drug Administration, to NDAs are to New Drug Applications, and to ANDAs are to Abbreviated New Drug Applications.

References to U.S. or United States are to the United States of America, its territories and its possessions. References to India are to the Republic of India. All references to we, us, our, DRL, Dr. Reddy s or the Company are to Dr. Reddy s Laboratories Limited and its subsidiaries. Dr. Reddy s is a registered trademark of Dr. Reddy s Laboratories Limited in India. Other trademarks or trade names used in this Quarterly Report are trademarks registered in the name of Dr. Reddy s Laboratories Limited or are pending before the respective trademark registries, unless otherwise specified. Market share data is based on information provided by IMS Health Inc. and its affiliates ( IMS Health ), a provider of market research to the pharmaceutical industry, unless otherwise stated.

Except as otherwise stated in this report, all convenience translations from Indian rupees to U.S. dollars are at the certified foreign exchange rate of U.S.\$1.00 = Rs.63.59, as published by Federal Reserve Board of Governors on June 30, 2015. No representation is made that the Indian rupee amounts have been, could have been or could be converted into U.S. dollars at such a rate or any other rate. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

Information contained in our website, [www.drreddys.com](http://www.drreddys.com), is not part of this Quarterly Report and no portion of such information is incorporated herein.

***Forward-Looking and Cautionary Statement***

IN ADDITION TO HISTORICAL INFORMATION, THIS QUARTERLY REPORT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE REFLECTED IN THE FORWARD-LOOKING STATEMENTS. FACTORS THAT MIGHT CAUSE SUCH A DIFFERENCE INCLUDE, BUT ARE NOT LIMITED TO, THOSE DISCUSSED IN THE SECTION ENTITLED "OPERATING AND FINANCIAL REVIEW" AND ELSEWHERE IN THIS REPORT. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS,

WHICH REFLECT OUR ANALYSIS ONLY AS OF THE DATE HEREOF. IN ADDITION, READERS SHOULD CAREFULLY REVIEW THE INFORMATION IN OUR PERIODIC REPORTS AND OTHER DOCUMENTS FILED WITH AND/OR FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION ( SEC ) FROM TIME TO TIME.

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## ITEM 1. FINANCIAL STATEMENTS

**DR. REDDY S LABORATORIES LIMITED****UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

(in millions, except share and per share data)

Particulars	Note	As of		
		June 30, 2015	June 30, 2015	March 31, 2015
		<i>Convenience translation into U.S.\$ (See Note 2.(d))</i>		
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	5	U.S.\$99	Rs.6,296	Rs.5,394
Other investments	6	453	28,821	34,259
Trade and other receivables		661	42,030	40,755
Inventories	7	411	26,149	25,529
Derivative financial instruments	9	9	601	800
Current tax assets		9	596	1,819
Other current assets		180	11,436	11,282
<b>Total current assets</b>		<b>U.S.\$1,823</b>	<b>Rs.115,929</b>	<b>Rs.119,838</b>
<b>Non-current assets</b>				
Property, plant and equipment	10	U.S.\$777	Rs.49,386	Rs.48,090
Goodwill	11	59	3,773	3,380
Other intangible assets	12	320	20,333	13,050
Investment in equity accounted investees		17	1,097	1,033
Other investments non-current	6	60	3,832	2,817
Deferred tax assets		95	6,013	5,792
Other non-current assets		13	837	762
<b>Total non-current assets</b>		<b>U.S.\$1,341</b>	<b>Rs.85,271</b>	<b>Rs.74,924</b>
<b>Total assets</b>		<b>U.S.\$3,164</b>	<b>Rs.201,200</b>	<b>Rs.194,762</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade and other payables		U.S.\$180	Rs.11,448	Rs.10,660
Derivative financial instruments	9	8	511	462
Current tax liabilities		36	2,294	2,506
Short-term borrowings	13	349	22,221	21,857
Long-term borrowings, current portion	13	112	7,096	6,962
Provisions		68	4,304	4,231
Other current liabilities		263	16,752	17,317
<b>Total current liabilities</b>		<b>U.S.\$1,016</b>	<b>Rs.64,626</b>	<b>Rs.63,995</b>
<b>Non-current liabilities</b>				
Long-term borrowings, excluding current portion	13	U.S.\$190	Rs.12,083	Rs.14,307

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Provisions non-current	1	58	53
Deferred tax liabilities	32	2,035	1,779
Other non-current liabilities	55	3,513	3,326
<b>Total non-current liabilities</b>	<b>U.S.\$278</b>	<b>Rs.17,689</b>	<b>Rs.19,465</b>
<b>Total liabilities</b>	<b>U.S.\$1,294</b>	<b>Rs.82,315</b>	<b>Rs.83,460</b>

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Table of Contents**DR. REDDY S LABORATORIES LIMITED****UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

(in millions, except share and per share data)

Particulars	Note	As of		
		June 30, 2015 <i>Convenience translation into U.S.\$ (See Note 2.(d))</i>	June 30, 2015	March 31, 2015
<b>Equity</b>				
Share capital	16	U.S.\$13	Rs.853	Rs.852
Share premium		354	22,506	22,178
Share based payment reserve		13	851	1,081
Retained earnings		1,414	89,900	83,643
Other components of equity		75	4,775	3,548
<b>Total equity</b>		<b>U.S.\$1,870</b>	<b>Rs.118,885</b>	<b>Rs.111,302</b>
<b>Total liabilities and equity</b>		<b>U.S.\$3,164</b>	<b>Rs.201,200</b>	<b>Rs.194,762</b>

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.



Table of Contents**DR. REDDY S LABORATORIES LIMITED****UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT**

(in millions, except share and per share data)

Particulars	Note	For the three months ended June 30,		
		2015	2015	2014
		<i>Convenience translation into U.S.\$</i>		
		<i>(See Note 2.(d))</i>		
<b>Revenues</b>		<b>U.S.\$591</b>	<b>Rs.37,578</b>	<b>Rs.35,175</b>
Cost of revenues		230	14,631	14,331
<b>Gross profit</b>		<b>361</b>	<b>22,947</b>	<b>20,844</b>
Selling, general and administrative expenses		173	10,973	10,679
Research and development expenses		69	4,387	3,875
Other (income)/expense, net	14	(2)	(125)	(185)
<b>Total operating expenses</b>		<b>240</b>	<b>15,235</b>	<b>14,369</b>
<b>Results from operating activities</b>		<b>121</b>	<b>7,712</b>	<b>6,475</b>
Finance income		9	585	753
Finance expense		(6)	(369)	(272)
<b>Finance (expense)/income, net</b>	15	<b>3</b>	<b>216</b>	<b>481</b>
Share of profit of equity accounted investees, net of tax		1	49	53
<b>Profit before tax</b>		<b>125</b>	<b>7,977</b>	<b>7,009</b>
Tax expense	19	27	1,720	1,505
<b>Profit for the period</b>		<b>98</b>	<b>6,257</b>	<b>5,504</b>
<b>Attributable to:</b>				
Equity holders of the Company		98	6,257	5,504
Non-controlling interest		-	-	-
<b>Profit for the period</b>		<b>U.S.\$98</b>	<b>Rs.6,257</b>	<b>Rs.5,504</b>
<b>Earnings per share:</b>				
Basic earnings per share of Rs.5/- each		U.S.\$0.58	Rs.36.71	Rs.32.34
Diluted earnings per share of Rs.5/- each		U.S.\$0.58	Rs.36.58	Rs.32.24

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Table of Contents**DR. REDDY S LABORATORIES LIMITED****UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME****(in millions, except share and per share data)**

Particulars	For the three months ended June 30,		
	2015	2015	2014
	<i>Convenience translation into U.S.\$</i>		
	<i>(See Note 2.(d))</i>		
<b>Profit for the period</b>	<b>U.S.\$98</b>	<b>Rs.6,257</b>	<b>Rs.5,504</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that will not be reclassified to profit or loss:</i>	-	-	-
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Changes in fair value of available for sale financial instruments	U.S.\$19	Rs.1,211	Rs.220
Foreign currency translation adjustments	3	206	57
Effective portion of changes in fair value of cash flow hedges, net	3	160	(119)
Tax on items that may be reclassified subsequently to profit or loss	(6)	(350)	(30)
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>U.S.\$19</b>	<b>Rs.1,227</b>	<b>Rs.128</b>
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>U.S.\$19</b>	<b>Rs.1,227</b>	<b>Rs.128</b>
<b>Total comprehensive income for the period</b>	<b>U.S.\$118</b>	<b>Rs.7,484</b>	<b>Rs.5,632</b>
<b>Attributable to:</b>			
Equity holders of the Company	118	7,484	5,632
Non-controlling interests	-	-	-
<b>Total comprehensive income for the period</b>	<b>U.S.\$118</b>	<b>Rs.7,484</b>	<b>Rs.5,632</b>

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

**Table of Contents****DR. REDDY S LABORATORIES LIMITED****UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

(in millions, except share and per share data)

<b>Particulars</b>	<b>Number of shares</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Fair value reserve</b>	<b>Share based payment reserve</b>
<b>Balance as of April 1, 2015</b>	<b>170,381,174</b>	<b>Rs.852</b>	<b>Rs.22,178</b>	<b>Rs.1,141</b>	<b>Rs.1,081</b>
Issue of equity shares on exercise of options	176,748	1	328	-	(328)
Share based payment expense	-	-	-	-	98
Profit for the period	-	-	-	-	-
Net change in fair value of available for sale financial instruments, net of tax expense of Rs.300	-	-	-	911	-
Foreign currency translation adjustments, net of tax benefit of Rs.5	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges, net of tax expense of Rs.55	-	-	-	-	-
<b>Balance as of June 30, 2015</b>	<b>170,557,922</b>	<b>Rs.853</b>	<b>Rs.22,506</b>	<b>Rs.2,052</b>	<b>Rs.851</b>
<b>Convenience translation into U.S.\$ (See Note 2(d))</b>		<b>U.S.\$13</b>	<b>U.S.\$354</b>	<b>U.S.\$32</b>	<b>U.S.\$13</b>
<b>Balance as of April 1, 2014</b>	<b>170,108,868</b>	<b>Rs.851</b>	<b>Rs.21,553</b>	<b>Rs.78</b>	<b>Rs.1,008</b>
Issue of equity shares on exercise of options	226,171	1	364	-	(364)
Share based payment expense	-	-	-	-	95
Profit for the period	-	-	-	-	-
Sale of equity shares held by controlled trust <sup>(1)</sup>	-	-	196	-	-
Net change in fair value of available for sale financial instruments, net of tax expense of Rs.65	-	-	-	155	-
Foreign currency translation adjustments, net of tax benefit of Rs.4	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges, net of tax benefit of	-	-	-	-	-

Rs.31

<b>Balance as of June 30, 2014</b>	<b>170,335,039</b>	<b>Rs.852</b>	<b>Rs.22,113</b>	<b>Rs.233</b>	<b>Rs.739</b>
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The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Table of Contents**DR. REDDY S LABORATORIES LIMITED****UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**

(in millions, except share and per share data)

[Continued from above table, first column repeated]

<b>Particulars</b>	<b>Equity shares held by a controlled trust</b>	<b>Foreign currency translation reserve</b>	<b>Hedging reserve</b>	<b>Retained earnings</b>	<b>Actuarial gains / (losses)</b>	<b>Total</b>
<b>Balance as of April 1, 2015</b>	<b>Rs.-</b>	<b>Rs.4,455</b>	<b>Rs.(1,765)</b>	<b>Rs.83,643</b>	<b>Rs.(283)</b>	<b>Rs.111,302</b>
Issue of equity shares on exercise of options	-	-	-	-	-	1
Share based payment expense	-	-	-	-	-	98
Profit for the period	-	-	-	6,257	-	6,257
Net change in fair value of available for sale financial instruments, net of tax expense of Rs.300	-	-	-	-	-	911
Foreign currency translation adjustments, net of tax benefit of Rs.5	-	211	-	-	-	211
Effective portion of changes in fair value of cash flow hedges, net of tax expense of Rs.55	-	-	105	-	-	105
<b>Balance as of June 30, 2015</b>	<b>Rs.-</b>	<b>Rs.4,666</b>	<b>Rs.(1,660)</b>	<b>Rs.89,900</b>	<b>Rs.(283)</b>	<b>Rs.118,885</b>
<b>Convenience translation into U.S.\$</b>						
<b>(See Note 2(d))</b>	<b>U.S.\$-</b>	<b>U.S.\$73</b>	<b>U.S.\$(26)</b>	<b>U.S.\$1,414</b>	<b>U.S.\$(5)</b>	<b>U.S.\$1,870</b>
<b>Balance as of April 1, 2014</b>	<b>Rs.(5)</b>	<b>Rs.4,477</b>	<b>Rs.(1,960)</b>	<b>Rs.65,051</b>	<b>Rs.(252)</b>	<b>Rs.90,801</b>
Issue of equity shares on exercise of options	-	-	-	-	-	1
Share based payment expense	-	-	-	-	-	95
Profit for the period	-	-	-	5,504	-	5,504
Sale of equity shares held by controlled trust <sup>(1)</sup>	5	-	-	-	-	201

Net change in fair value of available for sale financial instruments, net of tax expense of Rs.65	-	-	-	-	-	155
Foreign currency translation adjustments, net of tax benefit of Rs.4	-	61	-	-	-	61
Effective portion of changes in fair value of cash flow hedges, net of tax benefit of Rs.31	-	-	(88)	-	-	(88)
<b>Balance as of June 30, 2014</b>	<b>Rs.-</b>	<b>Rs.4,538</b>	<b>Rs.(2,048)</b>	<b>Rs.70,555</b>	<b>Rs.(252)</b>	<b>Rs.96,730</b>

<sup>(1)</sup> During the three months ended June 30, 2014, the Company disposed of all of the shares held by its controlled trust for a total consideration of Rs.201. A gain of Rs.196 arising from this transaction was recorded in share premium.

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Table of Contents**DR. REDDY S LABORATORIES LIMITED****UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

(in millions, except share and per share data)

Particulars	Note	For the three months ended June 30,		
		2015	2015	2014
		<i>Convenience translation into U.S.\$</i>		
		<i>(See Note 2(d))</i>		
<b>Cash flows from/(used in) operating activities:</b>				
Profit for the period		U.S.\$98	Rs.6,257	Rs.5,504
<i>Adjustments for:</i>				
Income tax expense		27	1,720	1,505
Dividend and profit on sale of investments		(4)	(233)	(53)
Depreciation and amortization		36	2,267	1,872
Inventory write-downs		8	489	721
Allowance for doubtful trade and other receivables		1	37	(19)
Loss/(profit) on sale of property, plant and equipment and other intangible assets, net		0	26	40
Allowance for sales returns		10	607	469
Share of profit of equity accounted investees		(1)	(49)	(53)
Exchange (gain)/loss, net		8	505	35
Interest (income)/expense, net		(1)	(71)	48
Share based payment expense		2	106	95
<i>Changes in operating assets and liabilities:</i>				
Trade and other receivables		(2)	(103)	(2,581)
Inventories		(14)	(863)	(2,034)
Trade and other payables		8	519	(125)
Other assets and other liabilities		(26)	(1,652)	(24)
<b>Cash generated from operations</b>		<b>U.S.\$150</b>	<b>Rs.9,562</b>	<b>Rs.5,400</b>
Income tax paid		(15)	(954)	(842)
<b>Net cash from operating activities</b>		<b>U.S.\$135</b>	<b>Rs.8,608</b>	<b>Rs.4,558</b>
<b>Cash flows from/(used in) investing activities:</b>				
Expenditure on property, plant and equipment		U.S.\$(40)	Rs.(2,573)	Rs.(2,044)
Proceeds from sale of property, plant and equipment		0	2	67
Expenditure on other intangible assets		(4)	(236)	(186)
Purchase of other investments		(251)	(15,947)	(8,830)
Proceeds from sale of other investments		344	21,864	7,680
Cash paid for acquisition of business, net of cash acquired	4	(125)	(7,936)	
Interest and dividend received		3	190	177
<b>Net cash used in investing activities</b>		<b>U.S.\$(73)</b>	<b>Rs.(4,636)</b>	<b>Rs.(3,136)</b>
<b>Cash flows from/(used in) financing activities:</b>				
Proceeds from issuance of equity shares		U.S.\$0	Rs.1	Rs.1

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Proceeds from sale of equity shares held by a controlled trust			201
Proceeds from/(repayment of) of short term borrowings, net	(5)	(318)	(3,257)
Repayment of long term borrowings	(40)	(2,572)	(15)
Interest paid	(4)	(279)	(289)
<b>Net cash used in financing activities</b>	<b>U.S.\$(50)</b>	<b>Rs.(3,168)</b>	<b>Rs.(3,359)</b>
Net increase/(decrease) in cash and cash equivalents	13	804	(1,937)
Effect of exchange rate changes on cash and cash equivalents	2	98	(4)
Cash and cash equivalents at the beginning of the period	5	85	5,394
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>U.S.\$99</b>	<b>Rs.6,296</b>
			<b>Rs.6,510</b>

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.



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**DR. REDDY S LABORATORIES LIMITED**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(in millions, except share and per share data)**

**1. Reporting entity**

Dr. Reddy s Laboratories Limited (the parent company ), together with its subsidiaries (collectively, the Company ), is a leading India-based pharmaceutical company headquartered in Hyderabad, Telangana, India. Through its three businesses Pharmaceutical Services and Active Ingredients, Global Generics and Proprietary Products the Company offers a portfolio of products and services, including Active Pharmaceutical Ingredients ( APIs ), Custom Pharmaceutical Services ( CPS ), generics, biosimilars, differentiated formulations and New Chemical Entities ( NCEs ). The Company s principal research and development facilities are located in Telangana, India, Cambridge, United Kingdom and Leiden, the Netherlands; its principal manufacturing facilities are located in Telangana, India, Andhra Pradesh, India, Himachal Pradesh, India, Cuernavaca-Cuautla, Mexico, Mirfield, United Kingdom, Louisiana, United States, and Tennessee, United States; and its principal markets are in India, Russia, the United States, the United Kingdom, Venezuela and Germany. The Company s shares trade on the Bombay Stock Exchange and the National Stock Exchange in India and also on the New York Stock Exchange in the United States.

**2. Basis of preparation of financial statements**

**a) Statement of compliance**

These unaudited condensed consolidated interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board. They do not include all of the information required for a complete set of annual financial statements and should be read in conjunction with the audited consolidated financial statements and related notes included in the Company s Annual Report on Form 20-F for the fiscal year ended March 31, 2015. These unaudited condensed consolidated interim financial statements were authorized for issuance by the Company s Board of Directors on August 28, 2015.

**b) Significant accounting policies**

The accounting policies applied by the Company in these unaudited condensed consolidated interim financial statements are the same as those applied by the Company in its audited consolidated financial statements as at and for the year ended March 31, 2015 contained in the Company s Annual Report on Form 20-F.

**c) Functional and presentation currency**

These unaudited condensed consolidated interim financial statements are presented in Indian rupees, which is the functional currency of the parent company. All financial information presented in Indian rupees has been rounded to the nearest million.

In respect of all non-Indian subsidiaries that operate as marketing arms of the parent company in their respective countries/regions, the functional currency has been determined to be the functional currency of the parent company (i.e., the Indian rupee). The operations of these entities are largely restricted to importing of finished goods from the parent company in India, sales of these products in the foreign country and making of import payments to the parent company. The cash flows realized from sales of goods are available for making import payments to the parent company and cash is paid to the parent company on a regular basis. The costs incurred by these entities are primarily the cost of goods imported from the parent company. The financing of these subsidiaries is done directly or indirectly by the parent company. In respect of subsidiaries whose operations are self-contained and integrated within their respective countries/regions, the functional currency has been determined to be the local currency of those countries/regions.

**d) Convenience translation**

These unaudited condensed consolidated interim financial statements have been prepared in Indian rupees. Solely for the convenience of the reader, these unaudited condensed consolidated interim financial statements as of and for the three months ended June 30, 2015 have been translated into U.S. dollars at the certified foreign exchange rate of U.S.\$1.00 = Rs. 63.59, as published by the Federal Reserve Board of Governors on June 30, 2015. No representation is made that the Indian rupee amounts have been, could have been or could be converted into U.S. dollars at such a rate or any other rate. Such convenience translation is not subject to review by the Company's independent auditors.

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**DR. REDDY S LABORATORIES LIMITED**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(in millions, except share and per share data)**

**2. Basis of preparation of financial statements (continued)**

**e) Use of estimates and judgments**

The preparation of unaudited condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing these unaudited condensed consolidated interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements as at and for the year ended March 31, 2015.

**f) Recent accounting pronouncements**

Standards issued but not yet effective and not early adopted by the Company

*IFRS 9- Financial instruments*

In July 2014, the IASB issued the final version of IFRS 9, *Financial instruments*. IFRS 9 significantly differs from IAS 39, *Financial Instruments: Recognition and Measurement*, and includes a logical model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is in the process of evaluating the impact of the new standard on its consolidated financial statements.

*Amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible assets*

In May 2014, the IASB issued limited-scope amendments to IAS 16, *Property, plant and equipment* and IAS 38, *Intangible assets*, to clarify the use of a revenue-based depreciation or amortization method. With respect to property, plant and equipment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. With respect to intangible assets, the amended standard incorporates a rebuttable presumption that an amortization method based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate. The amendments are effective for annual periods beginning on or after January 1, 2016, with early application permitted. The Company believes that these amendments will not have a material impact on its consolidated financial statements.

*IFRS 15, Revenue from Contracts with Customers.*

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers . The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The new revenue recognition standard was issued with an effective date of January 1, 2017. However, in April 2015, the IASB voted to defer the effective date of the new revenue recognition standard to January 1, 2018. Early application of the new standard is permitted. The Company is in the process of evaluating the impact of the new standard on its consolidated financial statements.

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**DR. REDDY S LABORATORIES LIMITED**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**(in millions, except share and per share data)**

**3. Segment reporting**

The Chief Operating Decision Maker ( CODM ) evaluates the Company s performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and gross profit as the performance indicator for all of the operating segments, and does not review the total assets and liabilities of an operating segment.

The Company s reportable operating segments are as follows:

Global Generics;  
Pharmaceutical Services and Active Ingredients ( PSAI ); and  
Proprietary Products.

**Global Generics.** This segment consists of the Company s business of manufacturing and marketing prescription and over-the-counter finished pharmaceutical products ready for consumption by the patient, marketed under a brand name (branded formulations) or as generic finished dosages with therapeutic equivalence to branded formulations (generics). This segment includes the operations of the Company s biologics business.

**Pharmaceutical Services and Active Ingredients.** This segment includes the Company s business of manufacturing and marketing active pharmaceutical ingredients and intermediates, also known as API or bulk drugs, which are the principal ingredients for finished pharmaceutical products. Active pharmaceutical ingredients and intermediates become finished pharmaceutical products when the dosages are fixed in a form ready for human consumption such as a tablet, capsule or liquid using additional inactive ingredients. This segment also includes the Company s contract research services business and the manufacture and sale of active pharmaceutical ingredients and steroids in accordance with the specific customer requirements.

**Proprietary Products.** This segment consists of the Company s differentiated formulations business, New Chemical Entities ( NCEs ) business, and the dermatology focused specialty business operated through Promius Pharma.

**Others.** This includes the operations of the Company s wholly-owned subsidiary, Aurigene Discovery Technologies Limited, a discovery stage biotechnology company developing novel and best-in-class therapies in the fields of oncology and inflammation and which works with established pharmaceutical and biotechnology companies in early-stage collaborations, bringing drug candidates from hit generation through Investigational New Drug ( IND ) filing.

The measurement of each segment s revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the Company s consolidated financial statements.

Information about segments:	For the three months ended June 30, 2015				
	Global Generics	PSAI	Proprietary Products	Others	Total
<b>Segments</b>					
<b>Revenues</b> <sup>(1)(2)</sup>	<b>Rs.30,961</b>	<b>Rs.5,614</b>	<b>Rs.697</b>	<b>Rs.306</b>	<b>Rs.37,578</b>
<b>Gross profit</b>	<b>Rs.20,917</b>	<b>Rs.1,332</b>	<b>Rs.577</b>	<b>Rs.121</b>	<b>Rs.22,947</b>
Selling, general and administrative expenses					10,973
Research and development expenses					4,387
Other (income)/expense, net					(125)
<b>Results from operating activities</b>					<b>Rs.7,712</b>
Finance (expense)/income, net					216
Share of profit of equity accounted investees, net of tax					49
<b>Profit before tax</b>					<b>Rs.7,977</b>
Tax expense					1,720
<b>Profit for the period</b>					<b>Rs.6,257</b>

<sup>(1)</sup>Segment revenue for the three months ended June 30, 2015 does not include inter-segment revenues from PSAI to Global Generics, which is accounted for at a cost of Rs.1,204.

<sup>(2)</sup>During the three months ended June 30, 2015, there was a change in the monitoring of performance of one product from the Global Generics segment to the Proprietary Products segment. Consequently, revenues and gross profit from such product for previous periods have been reclassified to conform to the change.

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(in millions, except share and per share data)

**3. Segment reporting (continued)**

Information about segments:	For the three months ended June 30, 2014				
	Global Generics	PSAI	Proprietary Products	Others	Total
Segments					
Revenues <sup>(1)</sup>	Rs.28,739	Rs.5,538	Rs.570	Rs.328	Rs.35,175
<b>Gross profit</b>	<b>Rs.19,054</b>	<b>Rs.1,234</b>	<b>Rs.471</b>	<b>Rs.85</b>	<b>Rs.20,844</b>
Selling, general and administrative expenses					10,679
Research and development expenses					3,875
Other (income)/expense, net					(185)
<b>Results from operating activities</b>					<b>Rs.6,475</b>
Finance (expense)/income, net					481
Share of profit of equity accounted investees, net of tax					53
<b>Profit before tax</b>					<b>Rs.7,009</b>
Tax expense					1,505
<b>Profit for the period</b>					<b>Rs.5,504</b>

<sup>(1)</sup>Segment revenue for the three months ended June 30, 2014 does not include inter-segment revenues from PSAI to Global Generics, which is accounted for at a cost of Rs.1,808.

**Analysis of revenue by geography:**

The following table shows the distribution of the Company's revenues by geography, based on the location of the customers:

Country	For the three months ended June 30,	
	2015	2014
India	Rs.5,344	Rs.4,774
United States	19,824	17,179
Russia	2,303	4,198
Others	10,107	