DR. REDDY'S

Dr. Reddy's Laboratories Ltd.

8-2-337, Road No. : 3, Banjara Hills,
Hyderabad - 500 034, A.P., India.
CIN : L85195AP1984PLC004507

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May 13, 2014

The Secretary / Executive Director
BSE Limited
National Stock Exchange of India Ltd.
New York Stock Exchange Inc.

Dear Sir/Madam,

Sub: Outcome of Board Meeting – Audited Financial Results for the quarter and year ended March 31, 2014

Further to our letter dated April 11, 2014, we would like to inform you that the Board of Directors of the Company at their meeting held on May 13, 2014, have approved the Audited Financial Results of the Company for the quarter and year ended March 31, 2014.

In terms of the above, we are enclosing herewith the following:

1. Audited Standalone Financial Results of the Company for the quarter and year ended March 31, 2014 as per Indian GAAP.

2. Audited Consolidated Financial Results of the Company for the quarter and year ended March 31, 2014 prepared in compliance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).

3. Press Release on Financial Results of the Company for the above period.

Pursuant to the Clause 41 of the Listing Agreement, as amended, the Audit Report of the Statutory Auditors on the financial results as mentioned at serial Nos.1 & 2 is also enclosed.

We would also like to inform you that the Board of Directors of the Company have recommended a final dividend of Rs.18/- (360%) per equity share of Rs.5/- face value, for the financial year 2013-14. The dividend on equity shares, if declared by the shareholders at the ensuing Annual General Meeting, will be credited / despatched on or after August 7, 2014.

Please take the above information on record.

With regards,

Sandeep Poddar
Company Secretary

Encl : as above

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DR. REDDY'S LABORATORIES LIMITED

PART I : STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2014

All amounts in Indian Rupees lakhs, except share data

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2014 (Audited)	31.12.2013 (Unaudited)	31.03.2013 (Audited)	31.03.2014 (Audited)	31.03.2013 (Audited)
1	**Income from operations**					
	a) Net sales / income from operations (Net of excise duty)	253,227	254,711	216,090	949,572	807,434
	b) License fees and service income	6,297	2,138	7,240	15,112	17,033
	c) Other operating income	1,988	1,528	12,918	8,121	18,934
	Total income from operations (net)	**261,512**	**258,377**	**236,248**	**972,805**	**843,401**
2	**Expenses**					
	a) Cost of materials consumed	62,839	50,948	63,393	224,802	234,102
	b) Purchase of traded goods	13,323	12,017	9,707	46,904	39,308
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(6,856)	(59)	7,330	(17,048)	(10,073)
	d) Employee benefits expense	29,431	31,238	30,343	118,494	113,812
	e) Research and development expenses	39,096	20,538	18,505	99,817	65,092
	f) Selling expenses	27,760	22,486	17,318	89,898	76,684
	g) Depreciation and amortisation	9,895	9,816	8,463	38,050	31,285
	h) Provision for decline in the value of long-term investments	-	-	13	2,449	2,232
	i) Other expenditure	32,797	29,674	32,695	131,315	123,677
	Total expenses	**208,285**	**176,658**	**187,767**	**734,681**	**676,119**
3	**Profit from ordinary activities before other income, finance costs and exceptional items (1 - 2)**	**53,227**	**81,719**	**48,481**	**238,124**	**167,282**
4	Other income	8,385	6,319	8,879	15,146	14,171
5	**Profit from ordinary activities before finance costs and exceptional items (3 + 4)**	**61,612**	**88,038**	**57,360**	**253,270**	**181,453**
6	Finance costs	1,898	2,125	1,760	7,831	6,140
7	**Profit from ordinary activities before exceptional items (5 - 6)**	**59,714**	**85,913**	**55,600**	**245,439**	**175,313**
8	Exceptional items	-	-	-	-	-
9	**Profit from ordinary activities before tax (7 + 8)**	**59,714**	**85,913**	**55,600**	**245,439**	**175,313**
10	Tax expense	12,571	23,596	17,785	52,155	48,766
11	**Net Profit from ordinary activities after tax (9 - 10)**	**47,143**	**62,317**	**37,815**	**193,284**	**126,547**
12	Extra-ordinary items (net of tax)	-	-	-	-	-
13	**Net profit for the period / year (11 - 12)**	**47,143**	**62,317**	**37,815**	**193,284**	**126,547**
14	Paid-up equity share capital (face value Rs. 5/- each)	8,505	8,505	8,492	8,505	8,492
15	Paid-up debt capital					209,049
16	Reserves (excluding revaluation reserve & debenture redemption reserve)				924,377	752,751
17	Debenture redemption reserve				-	17,118
18	**Earnings per share before and after extra-ordinary items (in Rupees) per Rs. 5/- share**					
	- Basic	27.71	36.63	22.27	113.67	74.54
	- Diluted	27.59	36.47	22.16	113.13	74.17
		(Not annualised)	*(Not annualised)*	*(Not annualised)*		
19	a) Debt equity ratio					0.064
	b) Debt service coverage ratio					0.697
	c) Interest service coverage ratio					21.318

See accompanying notes to the financial results

DR. REDDY'S LABORATORIES LIMITED

PART II : SELECTED INFORMATION FOR THE QUARTER AND YEAR ENDED 31 MARCH 2014

A PARTICULARS OF SHAREHOLDING

Sl No.	Particulars	Quarter ended			Year ended	
		31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013
1	Public shareholding*					
	- Number of shares (face value Rs.5/- each)	96,048,821	97,590,957	97,799,433	96,048,821	97,799,433
	- Percentage of shareholding	56.47	57.37	57.59	56.47	57.59
2	Promoters and promoter group shareholding					
	a) Pledged / Encumbered					
	- 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) Non-encumbered					
	- Number of shares	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
	- Percentage of shares (as a % of the total share capital of the company)	25.52	25.53	25.56	25.52	25.56

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

B INVESTOR COMPLAINTS

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

Segment Information

All amounts in Indian Rupees lakhs

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	Segment wise revenue, results and capital employed:					
1	**Segment revenue :**					
	a) Pharmaceutical Services and Active Ingredients	68,761	57,863	92,482	248,914	295,814
	b) Global Generics	209,517	215,308	157,646	776,769	600,427
	c) Proprietary Products	-	-	236	3,131	3,005
	Total	**278,278**	**273,171**	**250,364**	**1,028,814**	**899,246**
	Less: Inter segment revenue	16,766	14,796	14,116	56,011	55,845
	Add : Other unallocable income	-	2	-	2	-
	Total income from operations	**261,512**	**258,377**	**236,248**	**972,805**	**843,401**
2	**Segment results :**					
	Profit / (loss) before tax and interest from each segment					
	a) Pharmaceutical Services and Active Ingredients	549	(2,901)	12,860	6,258	36,189
	b) Global Generics	45,442	86,334	45,394	291,062	187,215
	c) Proprietary Products	(6,935)	(5,585)	(3,325)	(19,909)	(12,732)
	Total	**39,056**	**77,848**	**54,929**	**277,411**	**210,672**
	Less: (i) Interest	1,898	2,125	1,760	7,831	6,140
	(ii) Other un-allocable (income) / expenditure, net	(22,556)	(10,190)	(2,431)	24,141	29,219
	Total profit before tax	**59,714**	**85,913**	**55,600**	**245,439**	**175,313**
3	**Capital Employed :**					
	a) Pharmaceutical Services and Active Ingredients	273,267	269,242	255,379	273,267	255,379
	b) Global Generics	566,508	538,387	386,904	566,508	386,904
	c) Proprietary Products	590	2,069	(438)	590	(438)
	d) Unallocated*	92,517	105,128	136,515	92,517	136,515
	Total	**932,882**	**914,826**	**778,361**	**932,882**	**778,361**

Global Generics includes operations of Biologics business. Inter-segment revenue represents sale from Pharmaceutical Services and Active Ingredients to Global Generics at cost.

* Centrally managed assets and liabilities such as Cash and bank balances, loans and advances to subsidiaries, income tax assets and liabilities, investments and borrowings are included in unallocated capital employed.

DR. REDDY'S LABORATORIES LTD. * HYDERABAD-INDIA *

DR. REDDY'S

DR. REDDY'S LABORATORIES LIMITED

Notes:

1 The above financial results are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair value. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006 and guidelines issued by Securities and Exchange Board of India.

2 Ratios have been computed as follows:
a) Debt Equity Ratio = Debt / Net Worth
[Debt: Long Term Borrowings (Current and Non current portion)]
[Net Worth: Share Capital + Reserves & Surplus]
b) Debt Service Coverage Ratio = Earnings before interest and tax / (Interest expense during the period + Principal repayment for all the loan funds during the period)
c) Interest Service Coverage Ratio = Earnings before interest and tax / Interest expense during the period
[Earnings before interest and tax: Profit from ordinary activities before tax + Interest expense]

3 **Statement of assets and liabilities**

All amounts in Indian Rupees lakhs

Sl. No.	PARTICULARS	As at 31.03.2014 (Audited)	As at 31.03.2013 (Audited)
A	**EQUITY AND LIABILITIES**		
1	**Shareholders funds**		
	a) Share capital	8,505	8,492
	b) Reserves and surplus	924,377	769,869
	Sub-total - Shareholders' funds	**932,882**	**778,361**
2	**Non-current liabilities**		
	a) Long term borrowings	90,155	637
	b) Deferred tax liabilities (net)	12,519	9,372
	c) Other long term liabilities	476	277
	d) Long-term provisions	3,348	2,988
	Sub-total - Non current liabilities	**106,498**	**13,274**
3	**Current liabilities**		
	a) Short-term borrowings	176,298	158,274
	b) Trade payables	84,227	76,782
	c) Other current liabilities	102,937	130,097
	d) Short-term provisions	47,950	42,127
	Sub-total - Current liabilities	**411,412**	**407,280**
	TOTAL - EQUITY AND LIABILITIES	**1,450,792**	**1,198,915**
B	**ASSETS**		
1	**Non-current assets**		
	a) Fixed assets	332,436	281,031
	b) Non-current investments	174,005	218,256
	c) Long-term loans and advances	44,549	35,020
	d) Other non-current assets	-	2,090
	Sub-total - Non-current assets	**550,990**	**536,397**
2	**Current assets**		
	a) Current investments	106,643	19,656
	b) Inventories	159,213	152,657
	c) Trade receivables	456,148	296,394
	d) Cash and cash equivalents	66,507	91,905
	e) Short-term loans and advances	91,889	88,837
	f) Other current assets	19,402	13,069
	Sub-total - Current assets	**899,802**	**662,518**
	TOTAL - ASSETS	**1,450,792**	**1,198,915**

4 The audited results have been reviewed by the Audit Committee of the Board on 12 May 2014 and approved by the Board of Directors of the Company at their meeting held on 13 May 2014.

5 During the quarter ended 30 September 2013, the Company entered into an asset purchase agreement with Ecologic Chemicals Limited ("Ecologic"), where in two directors of the company have equity interests. The Company has paid Rs. 12,642 lakhs excluding taxes and duties for purchase of fixed and current assets. The consideration was arrived at based on valuation from independent valuers. The acquisition of these assets will help to augment the Company's manufacturing capacity in meeting the future business requirements of its PSAI segment.

DR. REDDY'S LABORATORIES LIMITED

6 Pursuant to a favourable order from Income Tax Appellate Tribunal, Hyderabad over a previously litigated matter, the company has reversed a tax provision of Rs. 6,837 lakhs during the quarter ended 30 September 2013.

7 During the quarter ended 31 December 2013, the Company disposed its investment in Lacock Holdings Limited, Dr. Reddy's Laboratories Inc., Dr. Reddy's Laboratories (Australia) Pty. Limited, Dr. Reddy's Laboratories (Proprietary) Limited and OOO Dr. Reddy's Laboratories Limited to its wholly owned subsidiary Dr. Reddy's Laboratories SA, Switzerland. The aggregate loss on such disposal of investment recorded under "Other expenditure" is Rs. 1,655 lakhs.

8 Consequent to the increase in expected cash flows of some of the products forming part of product related intangibles pertaining to Company's Global Generics segment, the Company assessed the recoverability of money advanced to one of its subsidiaries which had funded the acquisition of such product related intangibles and reversed Rs. 2,804 lakhs of provision for doubtful advances during the quarter ended 31 December 2013.

9 During the quarter ended 31 March 2014, the Company redeemed 9.25% unsecured, non-convertible, redeemable debentures at par value of Rs.50,776 lakhs.

10 The Board of Directors, at their meeting held on 13 May 2014, have recommended a final dividend of Rs. 18 per share subject to the approval of shareholders.

11 The figures for the previous periods have been re-grouped/ re-classified, wherever necessary, to conform to the current period classification.

12 The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year and published year to date figures up to the third quarter of the relevant financial year. Also the figures upto the end of third quarter were only reviewed and not subject to audit.

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

Satish Reddy
Vice Chairman & Managing Director

Place: Hyderabad
Date: 13 May 2014

VH

DR. REDDY'S

Dr. Reddy's Laboratories Ltd.

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Audited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and year ended 31 March 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			Year ended	
		31.03.2014 (Audited)	31.12.2013 (Unaudited)	31.03.2013 (Audited)	31.03.2014 (Audited)	31.03.2013 (Audited)
1	**Net Income from Sales and Services**	**348,090**	**353,376**	**333,994**	**1,321,703**	**1,162,656**
2	**Cost of Sales and Services**					
	a) (Increase) / decrease in stock-in-trade and work-in-progress	(7,779)	(3,360)	10,783	(33,094)	(13,608)
	b) Consumption of raw materials	100,551	89,074	102,999	382,686	383,628
	c) Other expenditure	56,095	53,751	51,763	214,096	186,850
3	**Gross Profit (1 - 2)**	**199,223**	**213,911**	**168,449**	**758,015**	**605,786**
4	Selling, general and administrative expenses	103,073	99,453	87,224	387,830	342,720
5	Research and development expenses	39,848	29,791	23,261	124,023	76,733
6	Other (income) / expense, net	(2,263)	(1,773)	(16,310)	(14,159)	(24,790)
7	**Operating profit (3) - (4 + 5 + 6)**	**58,565**	**86,440**	**74,274**	**260,321**	**211,123**
8	Finance (expense) / income, net	1,634	147	3,973	3,995	4,599
9	Share of profit of equity accounted affiliate, net of income taxes	484	465	257	1,741	1,044
10	**Profit before tax (7 + 8 + 9)**	**60,683**	**87,052**	**78,504**	**266,057**	**216,766**
11	Tax expense	12,523	25,210	21,415	50,937	49,004
12	**Net profit after tax (10 - 11)**	**48,160**	**61,842**	**57,089**	**215,120**	**167,762**
13	Extra-ordinary items (net of tax expense)	-	-	-	-	-
14	**Net profit for the period / year (12 - 13)**	**48,160**	**61,842**	**57,089**	**215,120**	**167,762**
15	**Net profit attributable to:**					
	- Equity holders of the Company	48,160	61,853	57,101	215,145	167,774
	- Non-controlling interest	-	(11)	(12)	(25)	(12)
16	Paid-up equity share capital (Face value of Rs. 5/- each)	8,505	8,505	8,492	8,505	8,492
17	Securities premium, retained earnings, share based payment reserve, debenture redemption reserve and other components of equity				899,541	719,408
18	**Earnings per share before and after extra-ordinary items (in Rupees) per Rs. 5/- share**					
	- Basic	28.31	36.36	33.62	126.52	98.82
	- Diluted	28.22	36.25	33.51	126.04	98.44
		(Not annualised)	*(Not annualised)*	*(Not annualised)*		
19	Public shareholding *					
	- Number of shares	96,048,821	97,590,957	97,799,433	96,048,821	97,799,433
	- Percentage of shareholding	56.47	57.37	57.59	56.47	57.59
20	Promoters and promoter group shareholding					
	a) Pledged / Encumbered					
	- 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) Non-encumbered					
	- Number of shares	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
	- Percentage of shares (as a % of the total share capital of the Company)	25.52	25.53	25.56	25.52	25.56
21	Details of items exceeding 10% of total expenditure					
	- Employee cost	68,152	65,463	53,488	249,364	204,133

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

DR. REDDY'S

Segment reporting (Consolidated)

All amounts in Indian Rupees lakhs

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2014 (Audited)	31.12.2013 (Unaudited)	31.03.2013 (Audited)	31.03.2014 (Audited)	31.03.2013 (Audited)
	Segment wise revenue and results:					
1	**Segment revenue :**					
	a) Pharmaceutical Services and Active Ingredients	83,175	65,418	115,846	295,750	362,864
	b) Global Generics	273,175	293,958	225,658	1,051,636	825,629
	c) Proprietary Products	5,561	4,777	3,855	17,783	14,679
	d) Others	2,945	4,019	2,751	12,545	15,329
	Total	**364,856**	**368,172**	**348,110**	**1,377,714**	**1,218,501**
	Less: Inter-segment revenue	16,766	14,796	14,116	56,011	55,845
	Net Revenue from operations	**348,090**	**353,376**	**333,994**	**1,321,703**	**1,162,656**
2	**Segment results :**					
	Gross Profit from each segment					
	a) Pharmaceutical Services and Active Ingredients	13,616	7,951	34,771	48,476	99,696
	b) Global Generics	180,552	200,514	130,238	691,490	487,205
	c) Proprietary Products	4,875	4,315	3,415	16,062	13,237
	d) Others	180	1,131	25	1,987	5,648
	Total	**199,223**	**213,911**	**168,449**	**758,015**	**605,786**
	Less: Other un-allocable expenditure, net of other income	138,540	126,859	89,945	491,958	389,020
	Total profit before tax	**60,683**	**87,052**	**78,504**	**266,057**	**216,766**

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	4
Remaining unresolved at the end of the quarter	Nil

2 Reserves and surplus and other liabilities as on 31 March 2013 have both been restated by Rs. 3,000 Lakhs to reflect the adoption of amendments to IAS 19 'Employee benefits', which is applicable to the Company from 1 April 2013.

3 During the quarter ended 30 September 2013, the Company entered into an asset purchase agreement with Ecologic Chemicals Limited ("Ecologic"), where in two directors of the company have equity interests. The Company has paid Rs. 12,642 lakhs excluding taxes and duties for purchase of fixed and current assets. The consideration was arrived at based on valuation from independent valuers. The acquisition of these assets will help to augment the Company's manufacturing capacity in meeting the future business requirements of its PSAI segment.

4 Pursuant to a favourable order from Income Tax Appellate Tribunal, Hyderabad over a previously litigated matter, the Company has reversed a tax provision of Rs. 6,837 lakhs during the quarter ended 30 September 2013.

5 Consequent to the increase in expected cash flows of some of the products forming part of product related intangibles pertaining to Company's Global Generics segment, the Company, following the guidance under *IAS 36 'Impairment of assets'*, estimated the recoverable amount of such intangible asset and assessed that the impairment loss recorded in an earlier period should be reversed. Accordingly, an amount of Rs. 4,974 lakhs was reversed during the quarter ended 31 December 2013 and has been recorded under 'Selling, general and administrative expenses'.

6 During the quarter ended 31 March 2014, the Company redeemed 9.25% unsecured, non-convertible, redeemable debentures at par value of Rs.50,776 lakhs.

7 The audited results have been reviewed by the Audit Committee of the Board on 12 May 2014 and approved by the Board of Directors of the Company at their meeting held on 13 May 2014. These 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).

8 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 audited Consolidated Financial Statements as per IFRS.

9 The Board of Directors, at their meeting held on 13 May 2014, have recommended a final dividend of Rs. 18 per share subject to approval of shareholders.

10 The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year and published year to date figures up to the third quarter of the relevant financial year. The figures up to the end of third quarter were only reviewed and not subject to audit.

DR. REDDY'S LABORATORIES LTD. HYDERABAD-INDIA

DR. REDDY'S

11 **Statement of Assets and Liabilities (Consolidated)**

All amounts in Indian Rupees lakhs

Particulars	As at 31.03.2014 (Audited)	As at 31.03.2013 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	84,510	51,363
Other current investments	250,828	169,630
Trade receivables	330,365	319,717
Inventories	239,923	215,995
Other current assets	131,843	100,425
Total current assets	**1,037,469**	**857,130**
Non-current assets		
Property, plant and equipment	444,235	378,144
Goodwill	34,284	31,932
Other intangible assets	112,687	108,281
Investment in equity accounted investees	8,062	4,721
Other non-current investments	1	2,092
Other non-current assets	65,490	41,390
Total non-current assets	**664,759**	**566,560**
Total assets	**1,702,228**	**1,423,690**
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	240,019	241,350
Trade accounts payable	105,028	118,618
Provisions	28,192	22,881
Other current liabilities	167,392	158,063
Total current liabilities	**540,631**	**540,912**
Non-current liabilities		
Long-term borrowings	207,396	126,247
Provisions	921	474
Other non-current liabilities	45,279	28,012
Total non-current liabilities	**253,596**	**154,733**
Total liabilities	**794,227**	**695,645**
Equity		
Equity share capital	8,505	8,492
Reserves and surplus	899,496	719,361
Non-controlling interest	-	192
Total equity	**908,001**	**728,045**
Total liabilities and equity	**1,702,228**	**1,423,690**

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

All amounts in Indian Rupees lakhs

Particulars	Quarter ended			Year ended	
	31.03.2014 (Audited)	31.12.2013 (Unaudited)	31.03.2013 (Audited)	31.03.2014 (Audited)	31.03.2013 (Audited)
Total income from operations	261,512	258,377	236,248	972,805	843,401
Profit from ordinary activities before tax	59,714	85,913	55,600	245,439	175,313
Profit from ordinary activities after tax	47,143	62,317	37,815	193,284	126,547

Note:

The audited standalone financial results for the quarter and year ended 31 March 2014 are available on the Stock Exchange's website : www.bseindia.com and www.nseindia.com and also on the Company's website: www.drreddys.com.

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

Satish Reddy
Vice Chairman & Managing Director

Place: Hyderabad
Date: 13 May 2014

Press Release

DR. REDDY'S

Dr. Reddy's Q4 & FY14 Financial Results

Q4 FY14 Revenues at ₹34.8 billion	**FY14 Revenues at ₹132.2 billion**
Q4 FY14 EBITDA at ₹7.9 billion	**FY14 EBITDA at ₹33.2 billion**
Q4 FY14 PAT at ₹4.8 billion	**FY14 PAT at ₹21.5 billion**

Hyderabad, India, May 13, 2014: Dr. Reddy's Laboratories Ltd. (NYSE: RDY) today announced its consolidated financial results for the fourth quarter and full year ended March 31, 2014 under International Financial Reporting Standards (IFRS).

Key Highlights

- **Consolidated revenues for FY 14 at ₹132.2 billion, year-on-year growth of 14%.**
  - *Consolidated revenues for Q4 FY14 at ₹34.8 billion, year-on-year growth of 4%.*
- **Gross Profit Margin for FY 14 at 57.4% versus 52.1% as in FY 13.**
  - *Gross Profit Margins for Q4 FY14 at 57.2% versus 50.4% as in Q4 FY 13.*
- **Research & Development (R&D) expenses for FY 14 at ₹12.4 billion, year-on-year increase of 62%. Expenses at 9.4% to revenues versus 6.6% to revenues as in FY13.**
  - Research & Development (R&D) expenses for Q4 FY14 of ₹4.0 billion.
- **Selling, general & administrative (SG&A) expenses for FY 14 at ₹38.8 billion, year-on-year increase of 13%. Expenses at 29.3% to revenues versus 29.5% to revenues as in FY13.**
  - *Selling, general & administrative (SG&A) expenses for Q4 FY14 at ₹10.3 billion.*
- **EBITDA for FY 14 of ₹33.2 billion, 25% of revenues; year-on-year growth of 19%.**
  - *EBITDA for Q4 FY14 of ₹7.9 billion, 23% of revenues. Q4 FY 13 included one time settlement income of ₹1.2 billion received from Nordian Inc (formerly MDS Inc).*
- **Profit after tax for FY14 at ₹21.5 billion, 16% of revenues; year-on-year growth of 28%**
  - *Profit after tax for Q4 FY14 at ₹4.8 billion, 14% of revenues.*
- **The company launched 54 new generic products, filed 51 new product registrations and 61 DMFs globally in FY 14.**
  - *The company launched 13 new generic products, filed 22 new product registrations and 29 DMFs globally in Q4 FY14.*

DR. REDDY'S LABORATORIES LTD. HYDERABAD INDIA

Press Release

DR. REDDY'S

All amounts in millions, except EPS *All US dollar amounts based on convenience translation rate of I USD = ₹60.00*

Dr. Reddy's Laboratories Limited and Subsidiaries

Consolidated Income Statement

Particulars	FY14			FY13			Growth %
	($)	(Rs.)	%	($)	(Rs.)	%	
Revenues	**2,203**	**132,170**	**100**	**1,938**	**116,266**	**100**	**14**
Cost of revenues	939	56,369	42.6	928	55,687	47.9	1
Gross profit	**1,263**	**75,802**	**57.4**	**1,010**	**60,579**	**52.1**	**25**
Operating Expenses							
Selling, general & administrative expenses	646	38,783	29.3	571	34,271	29.5	13
Research and development expenses	207	12,402	9.4	128	7,673	6.6	62
Other operating expense / (income)	(24)	(1,416)	(1)	(41)	(2,479)	(2)	(43)
Results from operating activities	**434**	**26,032**	**19.7**	**352**	**21,112**	**18.2**	**23**
Net finance income	7	400	0	8	460	0	(13)
Share of profit of equity accounted investees, net of income tax	3	174	0	2	104	0	67
Profit before income tax	**443**	**26,606**	**20.1**	**361**	**21,676**	**18.6**	**23**
Income tax expense	85	5,094	3.9	82	4,900	4.2	4
Profit for the year	**359**	**21,512**	**16.3**	**280**	**16,776**	**14.4**	**28**
Diluted EPS	**2.10**	**126.04**		**1.64**	**98.4**		28

EBITDA Computation

Particulars	FY14		FY13	
	($)	(Rs.)	($)	(Rs.)
Profit before income tax	443	26,606	361	21,676
Interest income	(0)	(24)	(2)	(94)
Depreciation	80	4,804	64	3,859
Amortization & Impairment	30	1,794	40	2,378
EBITDA	**553**	**33,180**	**464**	**27,819**

DR. REDDY'S LABORATORIES LTD * HYDERABAD INDIA *

Note:

Selling, general & administrative expenses, as above, includes an impairment reversal of ₹497 million [FY 14] and impairment charge of ₹688 million [FY 13]

Press Release

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All amounts in millions, except EPS

All US dollar amounts based on convenience translation rate of 1 USD = ₹60.00

Appendix 1: Key Balance Sheet Items

Particulars	As on 31st March 14		As on 31st March 13	
	($)	(Rs.)	($)	(Rs.)
Cash and cash equivalents and Other Investment	559	33,534	368	22,099
Trade receivables	551	33,037	533	31,972
Inventories	400	23,992	360	21,600
Property, plant and equipment	740	44,424	630	37,814
Goodwill and Other Intangible assets	245	14,697	234	14,021
Loans and borrowings (current & non-current)	746	44,742	613	36,760
Trade payables	175	10,503	198	11,862
Equity	1,513	90,801	1,213	72,785

Appendix 2: Revenue Mix by Segment

Particulars	FY14			FY13			Growth %
	($)	(Rs.)	%	($)	(Rs.)	%	
Global Generics	**1,753**	**105,164**	**80**	**1,376**	**82,563**	**71**	**27**
North America		55,303	53		37,846	46	46
Europe		6,970	7		7,716	9	(10)
India		15,713	15		14,560	18	8
Russia & Other CIS		19,819	19		16,908	20	17
Rest of World		7,359	7		5,533	7	33
PSAI	**400**	**23,974**	**18**	**512**	**30,702**	**26**	**(22)**
North America		4,354	18		5,744	19	(24)
Europe		8,770	37		12,007	39	(27)
India		3,787	16		4,638	15	(18)
Rest of World		7,063	29		8,313	27	(15)
Proprietary Products & Others	**51**	**3,032**	**2**	**50**	**3,001**	**3**	**1**
Total	**2,203**	**132,170**	**100**	**1,938**	**116,266**	**100**	**14**

DR. REDDY'S LABORATORIES LTD * HYDERABAD INDIA *

Segmental Analysis

Global Generics

Revenues from Global Generics segment for FY14 are at ₹105.2 billion, year-on-year growth of 27%, primarily driven by North America and Emerging Markets.

- Revenues from **North America** for FY14 at ₹55.3 billion, year-on-year growth of 46%.
  - Growth was largely driven by key launches in limited competition space. 9 new products were launched during the year, major being azacitidine, decitabine, zoledronic acid, donepezil 23mg and divalproex ER.
  - Progress on market share expansion of key molecules namely metoprolol succinate and atorvastatin.
  - 13 product filings in the US during the year. Cumulatively, 62 ANDAs are pending for approval with the USFDA of which 39 are Para IVs out of which 9 to have 'First To File' status.
- Revenues from **Emerging Markets** for FY14 at ₹27.2 billion, year-on-year growth of 21%.
  - Revenues from **Russia** at ₹16.3 billion, year-on-year growth of 16%, largely driven by higher volumes of the top brands and the OTC portfolio.
  - Revenues from **CIS** markets at ₹3.5 billion, year-on-year growth of 22%. Continuing momentum in existing products coupled with select launches from in-licensed portfolio.
  - Revenues from **Rest of World (RoW)** territories at ₹7.4 billion recorded year-on-year growth of 33%. Of this Venezuela has shown strong growth despite currency devaluation in FY14.
- Revenues from **India** for FY14 at ₹15.7 billion, year-on-year growth of 8%.
  - Growth driven by brands in chronic therapy, volume increase across NLEM covered portfolio and new product launches.
  - IMS Mar '14, Dr Reddy's MAT Gr% 12.27% versus IPM MAT Gr% of 9.9%. *(Source: IMS)*.
  - Biosimilars portfolio stable at ₹1.13 billion in FY14

Pharmaceutical Services and Active Ingredients (PSAI)

- Revenues from PSAI for FY14 at ₹24 billion, year-on-year decline of 22%.
- Challenging year on the external market front due to lower demand from key customers coupled with lesser number of launches as compared to the previous year.
- During the year, 61 DMFs were filed globally, including 12 in the US and 13 in Europe. The cumulative number of DMF filings as of March 31, 2014 is 631.

Dr. REDDY'S LABORATORIES LTD * HYDERABAD INDIA *

Income Statement Highlights:

- Gross profit margin at 57.4% in FY14 registered strong 530 basis points improvement over the last year. Gross profit margin for Global Generics (GG) and PSAI business segments are at 65.8% and 20.2% respectively for FY14.

  GG gross margin improvement primarily on account improved mix of high margin new product launches in North America.
- Selling, General and Administration (SG&A) expenses at ₹38.8 billion, year-on-year increase of 13%. The increase is primarily on account of annual increments, additional manpower deployment in select areas, sales & marketing spend for events specific to the year and the effect of rupee depreciation against multiple currencies.
- Research & development expenses at ₹12.4 billion, year-on-year growth of 62%. 9.4% of revenues in FY14 as compared to 6.6% of revenues in FY13. The increase is in line with our planned scale-up in development activities.
- Net Finance income at ₹400 million compared to ₹460 million in FY13. The change is on account of :
  - Net incremental forex benefit of ₹7 million
  - Incremental net interest expense of ₹71 million
- EBITDA for FY14 at ₹33.2 billion, year-on-year growth of 19%; 25% of revenues.
- Profit after Tax in FY14 at ₹21.5 billion, year-on-year growth of 28%; 16% of revenues.
- Diluted earnings per share in FY 14 at ₹ 126.04
- Capital expenditure for FY14 is ₹10.2 billion.

The Board has recommended payment of a dividend of Rs 18 per equity share of face value Rs 5/- each (360% of face value) for the year ended March 31, 2014, subject to approval of members.

DR. REDDY'S LABORATORIES LTD. HYDERABAD INDIA

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All amounts in millions, except EPS *All US dollar amounts based on convenience translation rate as on 31st March, 2014 USD = ₹60.00*

Appendix 3: Q4 FY4 Consolidated Income Statement

Particulars	Q4 FY14			Q4 FY13			Growth
	($)	(Rs.)	%	($)	(Rs.)	%	%
Revenues	**580**	**34,809**	**100.0**	**557**	**33,400**	**100.0**	**4**
Cost of revenues	248	14,887	42.8	276	16,554	49.6	(10)
Gross profit	**332**	**19,922**	**57.2**	**281**	**16,846**	**50.4**	**18**
Operating Expenses							
Selling, general & administrative expenses	172	10,307	29.6	145	8,722	26.1	18
Research and development expenses	66	3,985	11.4	39	2,326	7.0	71
Other operating expense / (income)	(4)	(226)	(0.7)	(27)	(1,631)	(4.9)	(86)
Results from operating activities	**98**	**5,857**	**16.8**	**124**	**7,427**	**22.2**	**(21)**
Net finance income	3	163	0.5	7	397	1.2	(59)
Share of profit of equity accounted investees	1	48	0.1	0	26	0.1	91
Profit before income tax	**101**	**6,068**	**17.4**	**131**	**7,850**	**23.5**	**(23)**
Income tax expense	21	1,252	3.6	36	2,141	6.4	(42)
Profit for the period	**80**	**4,816**	**13.8**	**95**	**5,709**	**17.1**	**(16)**
Diluted EPS	**0.47**	**28.22**		**0.56**	**33.51**		**(16)**

Appendix 4: EBITDA Computation

Particulars	Q4 FY14		Q4 FY13	
	($)	(Rs.)	($)	(Rs.)
Profit before income tax	101	6,068	131	7,851
Interest income	(1)	(82)	(1)	(52)
Depreciation	22	1,308	17	1,049
Amortization	11	648	7	446
EBITDA	**132**	**7,942**	**155**	**9,292**

Appendix 5: Revenue Mix by Segment

	Q4 FY14			Q4 FY13			Growth
	($)	(Rs.)	%	($)	(Rs.)	%	%
Global Generics	**455**	**27,318**	**78**	**376**	**22,566**	**68**	**21**
North America		14,964	55		11,413	51	31
Europe		1,774	6		1,831	8	(3)
India		4,101	15		3,481	15	18
Russia & Other CIS		4,519	17		4,519	20	(0)
Rest of World		1,960	7		1,322	6	48
PSAI	**111**	**6,641**	**19**	**170**	**10,173**	**30**	**(35)**
North America		1,538	23		2,061	20	(25)
Europe		2,370	36		4,396	43	(46)
India		979	15		1,612	16	(39)
Rest of World		1,754	26		2,105	21	(17)
Proprietary Products & Others	**14**	**851**	**2**	**11**	**661**	**2**	**29**
Total	**580**	**34,809**	**100**	**557**	**33,400**	**100**	**4**

DR. REDDY'S LABORATORIES LTD. HYDERABAD INDIA

Press Release

DR. REDDY'S

Disclaimer

This press release includes forward-looking statements, as defined in the U.S. Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements on our current expectations and projections about future events. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. Such factors include, but are not limited to, changes in local and global economic conditions, our ability to successfully implement our strategy, the market acceptance of and demand for our products, our growth and expansion, technological change and our exposure to market risks. By their nature, these expectations and projections are only estimates and could be materially different from actual results in the future.

About Dr. Reddy's

Dr. Reddy's Laboratories Ltd. (NYSE: RDY) is an integrated global pharmaceutical company, committed to providing affordable and innovative medicines for healthier lives. Through its three businesses - Pharmaceutical Services and Active Ingredients, Global Generics and Proprietary Products – Dr. Reddy's offers a portfolio of products and services including APIs, custom pharmaceutical services, generics, biosimilars and differentiated formulations. Major therapeutic focus is on gastro-intestinal, cardiovascular, diabetology, oncology, pain management and anti-infective. Major markets include India, USA, Russia-CIS and Europe apart from other select geographies within Emerging Markets.

For more information, log on to: www.drreddys.com

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***Note:** All discussions in this release are based on consolidated IFRS financials.*

DR. REDDY'S LABORATORIES LTD. HYDERABAD INDIA

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Auditor's Report on Annual Financial Results of Dr. Reddy's Laboratories Limited Pursuant to the Clause 41 of the Listing Agreement

To
The Board of Directors of
Dr. Reddy's Laboratories Limited

We have audited the accompanying annual financial results of Dr. Reddy's Laboratories Limited ("the Company") for the year ended 31 March 2014 attached herewith, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. Attention is drawn to the fact that the figures for the quarter ended 31 March 2014 and the corresponding quarter ended in the previous year as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the relevant financial year. Also the figures up to the end of the third quarter of the respective financial years have only been subjected to a review and have not been subjected to audit.

These financial results have been prepared on the basis of the annual financial statements and reviewed quarterly financial results up to the end of the third quarter, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of the annual financial statements which have been prepared in accordance with the recognition and measurement principles laid down in the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956 and other accounting principles generally accepted in India and in compliance with Clause 41 of the Listing Agreement.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us these financial results:

(i) are presented in accordance with the requirements of Clause 41 of the Listing Agreement in this regard; and

(ii) give a true and fair view of the net profit and other financial information for the financial year ended 31 March 2014.

Further, we also report that we have, on the basis of the books of accounts and other records and information and explanation given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the Company in terms of Clause 35 of the Listing Agreement and found the same to be correct.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number : 101248W

Supreet Sachdev
Partner
Membership No: 205385

Place: Hyderabad
Date: 13 May 2014

B S R & Co. LLP
Chartered Accountants

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Auditor's Report on Annual Consolidated Financial Results of Dr. Reddy's Laboratories Limited Pursuant to the Clause 41 of the Listing Agreement

To
The Board of Directors of
Dr. Reddy's Laboratories Limited

We have audited the annual consolidated financial results of Dr. Reddy's Laboratories Limited ("the Company"), its subsidiaries and a joint venture (collectively referred to as the "Group") for the year ended 31 March 2014, attached herewith, being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreement except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. Attention is drawn to the fact that the figures for the quarter ended 31 March 2014 and the corresponding quarter ended in the previous year as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the relevant financial year. Also the figures up to the end of the third quarter of the respective financial year have only been subjected to review and have not been subject to an audit.

These financial results have been prepared on the basis of the annual financial statements and reviewed quarterly financial results upto the end of the third quarter, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of the annual financial statements which have been prepared in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board (IFRS) and in compliance with Clause 41 of the Listing Agreement.

We did not audit the financial results of a subsidiary which has been audited by other auditor whose report have been furnished to us, and our opinion is based on the report of other auditor. The attached consolidated financial results include total assets of Rs. 82,588 lakhs as at March 31, 2014 as well as the total revenue of Rs 37,314 lakhs and Rs 162,967 lakhs for the quarter and year ended March 31, 2014 respectively in respect of the aforementioned subsidiary.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us these financial results:

(i) are presented in accordance with the requirements of Clause 41 of the Listing Agreement in this regard; and

(ii) give a true and fair view of the net profit and other financial information for the financial year ended 31 March 2014.

Further, we also report that we have, on the basis of the books of accounts and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the Company in terms of Clause 35 of the Listing Agreement and found the same to be correct.

for **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number : 101248W

Supreet Sachdev
Partner
Membership No: 205385

Place: Hyderabad
Date: 13 May 2014