

Dr. Reddy's Laboratories Ltd.

8-2-337, Road No. : 3, Banjara Hills,
Hyderabad - 500 034, Telangana,
India.

CIN:L85195TG1984PLC004507

Tel : + 91 40 4900 2900

Fax : +91 40 4900 2999

Email : mail@drreddys.com

www.drreddys.com

October 29, 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 – Unaudited Financial Results for the quarter and half-year ended September 30, 2014

Further to our letter dated October 6, 2014, we would like to inform you that the Board of Directors of the Company at their meeting held on October 29, 2014, have approved the Unaudited Financial Results of the Company for the quarter and half-year ended September 30, 2014.

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

1. Unaudited Standalone Financial Results of the Company for the quarter and half-year ended September 30, 2014 as per Indian GAAP.
2. Unaudited Consolidated Financial Results of the Company 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 Limited Review Reports of the Statutory Auditors on the unaudited standalone and consolidated financial results of the Company for the quarter and half-year ended September 30, 2014 are also enclosed.

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 UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2014

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	Income from operations						
	a) Net sales / income from operations (Net of excise duty)	245,199	265,284	263,288	510,483	441,634	949,572
	b) License fees and service income	782	1,556	5,894	2,338	6,677	15,112
	c) Other operating income	2,103	2,208	1,572	4,311	4,605	8,121
	Total income from operations (net)	248,084	269,048	270,754	517,132	452,916	972,805
2	Expenses						
	a) Cost of materials consumed	63,110	58,425	54,896	121,535	111,015	224,802
	b) Purchase of traded goods	14,067	10,269	12,340	24,336	21,564	46,904
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(9,720)	866	(2,214)	(8,854)	(10,133)	(17,048)
	d) Employee benefits expense	37,327	36,417	35,335	73,744	69,432	141,991
	e) Selling expenses	27,575	30,328	20,198	57,903	39,652	89,898
	f) Depreciation and amortisation	12,059	10,548	9,430	22,607	18,339	38,050
	g) Provision for decline in the value of long-term investments	-	-	-	-	2,449	2,449
	h) Other expenditure	56,020	51,705	50,213	107,030	103,645	207,635
	Total expenses	200,438	198,558	180,198	398,301	355,963	734,681
3	Profit from ordinary activities before other income, finance costs and exceptional items (1 - 2)	47,646	70,490	90,556	118,831	96,953	238,124
4	Other income	5,478	9,188	3,336	13,971	6,667	15,146
5	Profit from ordinary activities before finance costs and exceptional items (3 + 4)	53,124	79,678	93,892	132,802	103,620	253,270
6	Finance costs	1,602	1,510	2,416	3,112	3,808	7,831
7	Profit from ordinary activities before exceptional items (5 - 6)	51,522	78,168	91,476	129,690	99,812	245,439
8	Exceptional items	-	-	-	-	-	-
9	Profit from ordinary activities before tax (7 + 8)	51,522	78,168	91,476	129,690	99,812	245,439
10	Tax expense	8,163	17,893	14,138	26,056	15,988	52,155
11	Net Profit from ordinary activities after tax (9 - 10)	43,359	60,275	77,338	103,634	83,824	193,284
12	Extra-ordinary items (net of tax)	-	-	-	-	-	-
13	Net profit for the period / year (11 - 12)	43,359	60,275	77,338	103,634	83,824	193,284
14	Paid-up equity share capital (face value Rs. 5/- each)	8,518	8,517	8,505	8,518	8,505	8,505
15	Reserves (excluding revaluation reserve)						924,377
16	Earnings per share before and after extra-ordinary items (in Rupees) per Rs. 5/- share						
	- Basic	25.45	35.42	45.47	60.87	49.31	113.67
	- Diluted	25.34	35.26	45.25	60.59	49.06	113.13
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results



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PART II : SELECTED INFORMATION FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2014
A PARTICULARS OF SHAREHOLDING

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
1	Public shareholding*						
	- Number of shares (face value Rs.5/- each)	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
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	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

*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	2
Remaining unresolved at the end of the quarter	2*

* Since resolved

Segment Information

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)
	Segment wise revenue, results and capital employed:						
1	Segment revenue :						
	a) Pharmaceutical Services and Active Ingredients	69,899	70,511	65,459	140,410	122,290	248,914
	b) Global Generics	197,282	216,615	216,461	413,897	351,942	776,769
	c) Proprietary Products	-	-	3,133	-	3,134	3,131
	Total	267,181	287,126	285,053	554,307	477,366	1,028,814
	Less: Inter segment revenue	19,097	18,078	14,299	37,175	24,450	56,011
	Add : Other unallocable income	-	-	-	-	-	2
	Total income from operations	248,084	269,048	270,754	517,132	452,916	972,805
2	Segment results :						
	Profit / (loss) before tax and interest from each segment						
	a) Pharmaceutical Services and Active Ingredients	4,516	2,242	4,573	6,758	8,610	6,258
	b) Global Generics	55,031	88,773	114,628	143,804	159,126	291,062
	c) Proprietary Products	(7,019)	(7,567)	(2,360)	(14,586)	(7,389)	(19,909)
	Total	52,528	83,448	116,841	135,976	160,347	277,411
	Less: (i) Interest	1,602	1,510	2,416	3,112	3,808	7,831
	(ii) Other un-allocable expenditure / (income), net	(596)	3,770	22,949	3,174	56,727	24,141
	Total profit before tax	51,522	78,168	91,476	129,690	99,812	245,439
3	Capital Employed :						
	a) Pharmaceutical Services and Active Ingredients	286,074	271,806	266,605	286,074	266,605	273,267
	b) Global Generics	632,977	615,069	492,904	632,977	492,904	566,508
	c) Proprietary Products	(6,769)	(4,083)	1,423	(6,769)	1,423	590
	d) Unallocated	127,925	111,044	83,080	127,925	83,080	92,517
	Total	1,040,207	993,836	844,012	1,040,207	844,012	932,882

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 LIMITED

Notes:

1 Statement of assets and liabilities

All amounts in Indian Rupees lakhs

Sl. No.	PARTICULARS	As at	As at
		30.09.2014	31.03.2014
		(Unaudited)	(Audited)
A	EQUITY AND LIABILITIES		
1	Shareholders funds		
	a) Share capital	8,518	8,505
	b) Reserves and surplus	1,031,689	924,377
	Sub-total - Shareholders' funds	1,040,207	932,882
2	Non-current liabilities		
	a) Long term borrowings	92,885	90,155
	b) Deferred tax liabilities, net	13,643	12,519
	c) Other long term liabilities	342	476
	d) Long-term provisions	3,645	3,348
	Sub-total - Non current liabilities	110,515	106,498
3	Current liabilities		
	a) Short-term borrowings	104,340	176,298
	b) Trade payables	95,323	84,227
	c) Other current liabilities	119,333	102,937
	d) Short-term provisions	14,811	47,950
	Sub-total - Current liabilities	333,807	411,412
	TOTAL - EQUITY AND LIABILITIES	1,484,529	1,450,792
B	ASSETS		
1	Non-current assets		
	a) Fixed assets	358,345	332,436
	b) Non-current investments	176,007	174,005
	c) Long-term loans and advances	50,505	44,549
	d) Other non-current assets	111	-
	Sub-total - Non-current assets	584,968	550,990
2	Current assets		
	a) Current investments	80,402	106,643
	b) Inventories	182,896	159,213
	c) Trade receivables	500,637	456,148
	d) Cash and cash equivalents	32,176	66,507
	e) Short-term loans and advances	86,892	91,889
	f) Other current assets	16,558	19,402
	Sub-total - Current assets	899,561	899,802
	TOTAL - ASSETS	1,484,529	1,450,792

2 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 which continue to apply under section 133 of the Companies Act 2013; guidelines issued by Securities and Exchange Board of India; and other accounting principles generally accepted in India.

3 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.

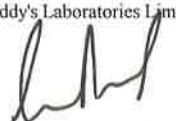
4 The results for the quarter and half year ended 30 September 2014 have been subjected to a "Limited review" by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.

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

6 Research and development expenditure included in Employee benefits expense and Other expenditure is as under:

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
Employee benefits expense	6,196	5,620	5,577	11,816	11,607	23,497
Other expenditure	23,884	17,483	16,090	41,367	28,576	76,320
Total	30,080	23,103	21,667	53,183	40,183	99,817

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



G-V Prasad
Co-Chairman & Chief Executive Officer

Place: Hyderabad
Date: 29 October 2014

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Dr. Reddy's Laboratories Ltd.

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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	Net Income from Sales and Services	358,781	351,754	335,745	710,535	620,237	1,321,703
2	Cost of Sales and Services						
	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	Gross Profit (1 - 2)	209,860	208,439	194,689	418,299	344,881	758,015
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	Operating profit (3) - (4 + 5 + 6)	64,652	64,745	73,601	129,397	115,316	260,321
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	Profit before tax (7+8+9)	69,374	70,088	76,951	139,462	118,322	266,057
11	Tax expense	11,964	15,049	7,926	27,013	13,204	50,937
12	Net Profit after tax (10-11)	57,410	55,039	69,025	112,449	105,118	215,120
13	Extra-ordinary items (net of tax expense)	-	-	-	-	-	-
14	Net Profit for the period / year (12 - 13)	57,410	55,039	69,025	112,449	105,118	215,120
15	Net profit attributable to:						
	- 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	Earnings per share before and after extra-ordinary items (in Rupees) per Rs. 5/- share						
	- 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
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	
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						
	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	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)



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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)
1	Segment wise revenue and results:						
	Segment revenue :						
	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
	Total	377,879	369,832	350,043	747,711	644,686	1,377,714
	Less: Inter-segment revenue	19,098	18,078	14,298	37,176	24,449	56,011
	Net Revenue from operations	358,781	351,754	335,745	710,535	620,237	1,321,703
2	Segment results :						
	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
	Total	209,860	208,439	194,689	418,299	344,881	758,015
	Less: Other un-allocable expenditure, net of other income	140,486	138,351	117,738	278,837	226,559	491,958
	Total profit before tax	69,374	70,088	76,951	139,462	118,322	266,057

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® 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.



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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)
ASSETS		
Current assets		
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
Total current assets	1,073,750	1,037,469
Non-current assets		
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
Total non-current assets	689,429	664,759
Total assets	1,763,179	1,702,228
LIABILITIES AND EQUITY		
Current liabilities		
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
Total current liabilities	547,325	540,631
Non-current liabilities		
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
Total non-current liabilities	225,814	253,596
Total liabilities	773,139	794,227
Equity		
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
Total equity	990,040	908,001
Total liabilities and equity	1,763,179	1,702,228

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 and www.nseindia.com and also on the Company's website: www.drreddys.com.

Place: Hyderabad
Date: 29 October 2014

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



G V Prasad
Co-Chairman & Chief Executive Officer



Dr. Reddy's Q2 and H1 FY15 Financial Results

Q2 FY15 Revenues at ₹35.9 billion <i>(YoY growth of 7%)</i>	H1 FY15 Revenues at ₹71.1 billion <i>(YoY growth of 15%)</i>
Q2 FY15 EBITDA at ₹8.7 billion <i>(24% of the revenues)</i>	H1 FY15 EBITDA at ₹17.6 billion <i>(25% of the revenues)</i>

Hyderabad, India, October 29, 2014: Dr. Reddy's Laboratories Ltd. (NYSE: RDY) today announced its unaudited consolidated financial results for the quarter ended September 30, 2014 under International Financial Reporting Standards (IFRS).

Key Highlights (Q2 FY15)

- o Consolidated revenues at ₹35.9 billion, year-on-year growth of 7%.
 - Revenues from the Global Generics (GG) segment at ₹28.9 billion, YoY growth of 9%
 - Revenues from the Pharmaceutical Services and Active Ingredients (PSAI) segment at ₹6.4 billion.
- o Gross Profit Margin at 58.5% versus 58.0% as in Q2 FY 14.
- o Research & Development (R&D) expenses at ₹4.1 billion, 11.5% to revenues versus 9.0% to revenues as in Q2 FY14.
- o Selling, general & administrative (SG&A) expenses at ₹10.7 billion, 29.7% to revenues.
- o EBITDA of ₹8.7 billion, 24% of revenues.
- o Profit after tax at ₹5.7 billion, 16% of revenues.
- o During the quarter the company launched 9 new generic products, filed 10 new product registrations and 28 DMFs globally.

On 18 October 2014, the Company entered into an asset purchase agreement with Novartis Consumer Health Inc. to acquire the title and rights to Habitol[®] 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.



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All amounts in millions, except EPS

All US dollar amounts based on convenience translation rate of 1 USD = ₹61.92

Dr. Reddy's Laboratories Limited and Subsidiaries

Unaudited Consolidated Income Statement

Particulars	Q2 FY15			Q2 FY14			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Revenues	579	35,879	100	542	33,575	100	7
Cost of revenues	241	14,893	41.5	228	14,106	42.0	6
Gross profit	339	20,986	58.5	314	19,469	58.0	8
Operating Expenses							
Selling, general & administrative expenses	172	10,673	29.7	157	9,736	29.0	10
Research and development expenses	66	4,113	11.5	49	3,009	9.0	37
Other (income)/expense, net	(4)	(265)	(0.7)	(10)	(636)	(1.9)	(58)
Results from operating activities	104	6,465	18.0	119	7,360	21.9	(12)
Finance (expense)/income, net	7	421	1.2	5	291	0.9	44
Share of profit of equity accounted investees, net of tax	1	51	0.1	1	44	0.1	17
Profit before tax	112	6,937	19.3	124	7,695	22.9	(10)
Tax expense	19	1,196	3.3	13	792	2.4	51
Profit for the period	93	5,741	16.0	111	6,903	20.6	(17)
Diluted Earnings Per Share (EPS)	0.54	33.60		0.65	40.47		(17)

EBITDA Computation

Particulars	Q2 FY15		Q2 FY14	
	(\$)	(Rs.)	(\$)	(Rs.)
Profit before tax	112	6,937	124	7,695
Interest (income) / expense net	(3)	(178)	1	71
Depreciation	23	1,409	19	1,171
Amortization	9	548	9	562
EBITDA	141	8,715	153	9,499
EBITDA (% to sales)		24.3		28.3



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Segmental Analysis

Global Generics

Revenues are at ₹28.9 billion, year-on-year growth of 9%, primarily driven by India, Rest of the World market territories (primarily Venezuela) and North America.

- o Revenues from **North America** at ₹14.3 billion, year-on-year growth of 8%.
 - Sustained performance of FY14 'limited competition' launches namely decitabine, azacitidine, and divalproex sodium ER.
 - Progress on market share expansion of key molecules namely divalproex sodium ER, metoprolol succinate and ziprasidone.
 - 1 new product launched during the quarter.
 - 2 ANDA filings during the quarter. Cumulatively, 72 ANDAs are pending for approval with the USFDA of which 45 are Para IVs, and we believe 11 to have 'First To File' status.
- o Revenues from **Emerging Markets** at ₹8.3 billion, year-on-year growth of 14%.
 - Revenues from Russia at ₹4.1 billion, year-on-year decline of 11% primarily on account of the Rouble devaluation. In constant currency the growth is flat.
 - Emerging Markets Ex-Russia at ₹4.2 billion recorded year-on-year growth of 57% primarily driven by strong performance in Venezuela Market.
- o Revenues from **India** for at ₹4.8 billion, year-on-year growth of 14%.
 - Growth is driven by healthy volume expansion in our focus brands, some of which are also listed under the NLEM portfolio.

Pharmaceutical Services and Active Ingredients (PSAI)

- Revenues from PSAI at ₹6.4 billion.
- During the quarter 28 DMFs were filed globally, filed 3 in the US, 19 in the ROW and 6 in Europe. The cumulative number of DMF filings as of September 30, 2014 is 703.



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Income Statement Highlights:

- o Gross profit margin at 58.5% registered a 50 basis points improvement over Q2 FY14. Gross profit margin for GG and PSAI business segments are at 65.6% and 26.8% respectively.
- o SG&A expenses at ₹10.7 billion, year-on-year increase of 10%. The increase is largely due to annual increments, additional manpower deployment in the past 12 months and other sales and marketing spend for events specific to this quarter.
- o R&D expenses at ₹4.1 billion, year-on-year growth of 37%. 11.5% of revenues in Q2 FY15 as compared to 9.0% of revenues in Q2 FY14. The increase is in line with our planned scale-up in development activities.
- o Net Finance income at ₹421 million compared to ₹291 million in Q2 FY14. The increase is on account of :
 - Net reduction in forex benefit of ₹118 million
 - Net Incremental interest benefit of ₹247 million
- o EBITDA at ₹8.7 billion, year-on-year decline of 8%; 24% of revenues.
- o Profit after Tax at ₹5.7 billion, year-on-year decline of 17%; 16% of revenues.
- o Diluted earnings per share in Q2 FY 15 at ₹33.60
- o Capital expenditure for Q2 FY15 is ₹2.3 billion.

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Appendix 1: Key Balance Sheet Items

Particulars	As on 30th Sep 14		As on 30th June 14	
	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents and Other Investment	464	28,737	532	32,950
Trade receivables	609	37,722	583	36,110
Inventories	454	28,123	409	25,319
Property, plant and equipment	752	46,559	732	45,350
Goodwill and Other Intangible assets	220	13,648	231	14,277
Loans and borrowings (current & non-current)	627	38,854	675	41,818
Trade payables	207	12,843	172	10,640
Equity	1,599	99,004	1,562	96,729

Appendix 2: Revenue Mix by Segment

Particulars	Q2 FY15			Q2 FY14			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Global Generics	466	28,868	80	429	26,548	79	9
North America		14,293	49		13,244	50	8
Europe		1,434	5		1,761	6	(19)
India		4,799	17		4,207	16	14
Russia & Other CIS		4,798	17		5,516	21	(13)
Rest of World		3,545	12		1,820	7	95
PSAI	103	6,392	18	103	6,403	19	(0)
North America		1,298	20		944	14	37
Europe		1,493	23		2,358	37	(37)
India		2,020	32		1,071	17	89
Rest of World		1,581	25		2,030	32	(22)
Proprietary Products & Others	10	618	2	10	624	2	(1)
Total	579	35,879	100	542	33,575	100	7

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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 unaudited consolidated IFRS financials.

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Review report to the Board of Directors of Dr. Reddy's Laboratories Limited

We have reviewed the accompanying statement of unaudited financial results of Dr. Reddy's Laboratories Limited ("the Company") for the quarter and six months ended 30 September 2014 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. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, issued under the Companies (Accounting Standards) Rules, 2006 which continue to apply under section 133 of the Companies Act 2013 and other accounting principles generally accepted in India.

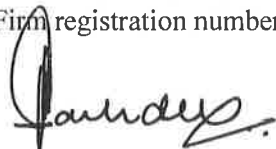
We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Institute of the Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared for the quarter and six months ended 30 September 2014 in accordance with applicable accounting standards issued pursuant to the Companies (Accounting Standards) Rules, 2006 which continue to apply under section 133 of the Companies Act, 2013 and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

for BSR & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022



Supreet Sachdev

Partner

Membership Number: 205385

Place: Hyderabad

Date: 29 October 2014

B S R & Co. LLP

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Review report to the Board of Directors of Dr. Reddy's Laboratories Limited on the consolidated financial results of Dr. Reddy's Laboratories Limited and subsidiaries.

We have reviewed the accompanying statement of unaudited 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 quarter and six months ended 30 September 2014 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 reviewed by us. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these consolidated financial results based on our review, which have been prepared in accordance with the recognition and measurement principles laid down in International Accounting Standard (IAS) 34, Interim Financial Reporting, as issued by the International Accounting Standard Board ('IAS 34').

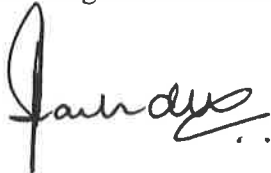
We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results for the quarter and six months ended 30 September 2014, prepared in accordance with applicable International Financial Reporting Standards as issued by International Accounting Standards Board (IFRS), has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

for B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022



Supreet Sachdev

Partner

Membership No.: 205385

Place: Hyderabad

Date: 29 October 2014