



DR. REDDY'S

Dr. Reddy's Laboratories Ltd.

8-2-337, Road No. : 3, Banjara Hills
Hyderabad - 500 034, A.P., India.
Tel : + 91 40 4900 2900
Fax : +91 40 4900 2999

www.drreddys.com

February 11, 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 nine months ended December 31, 2013

Further to our letter dated January 6, 2014, we would like to inform you that the Board of Directors of the Company at their meeting held on February 11, 2014, have approved the Unaudited Financial Results of the Company for the quarter and nine months ended December 31, 2013.

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

1. Unaudited Standalone Financial Results of the Company for the quarter and nine months ended December 31, 2013 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 nine months ended December 31, 2013 are also enclosed.

Please take the above information on record.

With regards,


Sandeep Poddar
Company Secretary

Encl : as above

BSR & Co. LLP

Chartered Accountants

Reliance Humsafar, IV Floor
Road No. 11, Banjara Hills
Hyderabad-500 034, India

Telephone : +91 40 3046 5000
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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 nine months ended 31 December 2013 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.

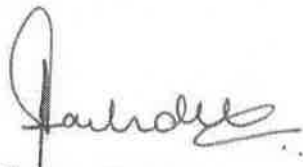
We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Institute of the Chartered Accountants of India. This standard requires that we plan and perform the review 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 nine months ended 31 December 2013 in accordance with the accounting standards issued pursuant to the Companies (Accounting Standards) Rules, 2006 under section 211 (3C) of the Companies Act, 1956 which as per the General Circular No. 15/2013 dated 13 September 2013 issued by Ministry of Corporate Affairs continues 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



Supreet Sachdev

Partner

Membership No.: 205385

Place: Hyderabad

Date: 11 February 2014



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DR. REDDY'S LABORATORIES LIMITED

PART I : STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2013

All amounts in Indian Rupees lakhs, except share data

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income from operations						
	a) Net sales / income from operations (Net of excise duty)	254,711	263,288	212,460	696,345	591,344	807,434
	b) License fees and service income	2,138	5,894	1,265	8,815	9,793	17,033
	c) Other operating income	1,528	1,572	2,119	6,133	6,016	18,934
	Total income from operations (net)	258,377	270,754	215,844	711,293	607,153	843,401
2	Expenses						
	a) Cost of materials consumed	50,948	54,896	62,836	161,963	170,709	234,102
	b) Purchase of traded goods	12,017	12,340	10,892	33,581	29,601	39,308
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(59)	(2,214)	(6,879)	(10,192)	(17,403)	(10,073)
	d) Employee benefits expense	31,238	29,758	28,655	89,063	83,469	113,812
	e) Research and development expenses	20,538	21,667	15,808	60,721	46,587	65,092
	f) Selling expenses	22,486	20,198	20,373	62,138	59,366	76,684
	g) Depreciation and amortisation	9,816	9,430	7,907	28,155	22,822	31,285
	h) Provision for decline in the value of long-term investments	-	-	-	2,449	2,219	2,232
	i) Other expenditure	29,674	34,123	30,239	102,028	95,835	123,677
	Total expenses	176,658	180,198	169,831	529,906	493,205	676,119
3	Profit from ordinary activities before other income, finance costs and exceptional items (1 - 2)	81,719	90,556	46,013	181,387	113,948	167,282
4	Other income	6,319	3,336	2,786	10,271	10,146	14,171
5	Profit from ordinary activities before finance costs and exceptional items (3 + 4)	88,038	93,892	48,799	191,658	124,094	181,453
6	Finance costs	2,125	2,416	1,154	5,933	4,380	6,140
7	Profit from ordinary activities before exceptional items (5 - 6)	85,913	91,476	47,645	185,725	119,714	175,313
8	Exceptional items	-	-	-	-	-	-
9	Profit from ordinary activities before tax (7 + 8)	85,913	91,476	47,645	185,725	119,714	175,313
10	Tax expense	23,596	14,138	12,981	39,584	30,981	48,766
11	Net Profit from ordinary activities after tax (9 - 10)	62,317	77,338	34,664	146,141	88,733	126,547
12	Extra-ordinary items (net of tax)	-	-	-	-	-	-
13	Net profit for the period / year (11 - 12)	62,317	77,338	34,664	146,141	88,733	126,547
14	Paid-up equity share capital (face value Rs. 5/- each)	8,505	8,505	8,492	8,505	8,492	8,492
15	Reserves (excluding revaluation reserve)						769,869
16	Earnings per share before and after extra-ordinary items (in Rupees) per Rs. 5/- share						
	- Basic	36.63	45.47	20.41	85.95	52.27	74.54
	- Diluted	36.47	45.25	20.31	85.53	52.01	74.17
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results



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DR. REDDY'S

DR. REDDY'S LABORATORIES LIMITED

PART II : SELECTED INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2013

A PARTICULARS OF SHAREHOLDING

Sl No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013
1	Public shareholding*						
	- Number of shares (face value Rs.5/- each)	97,590,957	97,979,592	98,126,503	97,590,957	98,126,503	97,799,433
	- Percentage of shareholding	57.37	57.60	57.78	57.37	57.78	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	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)	25.53	25.53	25.56	25.53	25.56	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	6
Disposed off during the quarter	6
Remaining unresolved at the end of the quarter	Nil

Segment Information

All amounts in Indian Rupees lakhs

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment wise revenue, results and capital employed:						
	Segment revenue :						
a)	Pharmaceutical Services and Active Ingredients	57,856	65,461	72,564	180,198	203,636	296,136
b)	Global Generics	215,472	216,525	158,654	567,718	443,088	600,894
c)	Proprietary Products	-	3,250	1	3,250	2,790	3,037
	Total	273,328	285,236	231,219	751,166	649,514	900,067
	Less: Inter segment revenue	14,796	14,298	15,218	39,245	41,729	55,845
	Add : Other unallocable Income	6,164	3,152	2,629	9,643	9,514	13,350
	Total income	264,696	274,090	218,630	721,564	617,299	857,572
2	Segment results :						
	Profit / (loss) before tax and interest from each segment						
a)	Pharmaceutical Services and Active Ingredients	(2,901)	4,573	7,628	5,709	23,329	36,189
b)	Global Generics	86,334	114,695	63,026	245,620	141,822	187,215
c)	Proprietary Products	(5,585)	(2,242)	(4,185)	(12,856)	(9,407)	(12,732)
	Total	77,848	117,026	66,469	238,473	155,744	210,672
	Less: (i) Interest	2,125	2,416	1,154	5,933	4,380	6,140
	(ii) Other un-allocable (income) / expenditure, net	(10,190)	23,134	17,670	46,815	31,650	29,219
	Total profit before tax	85,913	91,476	47,645	185,725	119,714	175,313
3	Capital Employed :						
a)	Pharmaceutical Services and Active Ingredients	267,292	266,868	238,153	267,292	238,153	255,427
b)	Global Generics	546,320	496,601	364,367	546,320	364,367	388,826
c)	Proprietary Products	1,974	1,424	(1,733)	1,974	(1,733)	(435)
d)	Unallocated	99,240	79,119	163,246	99,240	163,246	134,543
	Total	914,826	844,012	764,033	914,826	764,033	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.

Notes:

- 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 values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006 and guidelines issued by Securities and Exchange Board of India.
- The unaudited results have been reviewed by the Audit Committee of the Board on 10 February 2014 and approved by the Board of Directors of the Company at their meeting held on 11 February 2014.
- The results for the quarter and nine months ended 31 December 2013 have been subjected to a 'Limited Review' by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.
- 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.
- 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.

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

Satish Reddy
Vice Chairman & Managing Director

B S R & Co. LLP

Chartered Accountants

Reliance Humsafar, IV Floor
Road No. 11, Banjara Hills
Hyderabad-500 034, India

Telephone : +91 40 3046 5000
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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 nine months ended 31 December 2013 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').

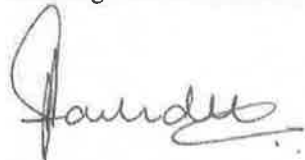
We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review 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 nine months ended 31 December 2013, 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



Supreet Sachdev

Partner

Membership No.: 205385

Place: Hyderabad

Date: 11 February 2014



DR. REDDY'S

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Unaudited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and nine months ended 31 December 2013 prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

All amounts in Indian Rupees lakhs, except share data

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Net Income from Sales and Services	353,376	335,745	286,516	973,613	828,662	1,162,656
2	Cost of Sales and Services						
	a) (Increase) / decrease in stock-in-trade and work-in-progress	(3,360)	(10,080)	(4,544)	(25,315)	(24,391)	(13,608)
	b) Consumption of raw materials	89,074	98,670	94,366	282,135	280,629	383,628
	c) Other expenditure	53,751	52,466	47,812	158,001	135,087	186,850
3	Gross Profit (1 - 2)	213,911	194,689	148,882	558,792	437,337	605,786
4	Selling, general and administrative expenses	104,427	97,368	85,708	289,731	248,620	335,844
5	Research and development expenses	29,791	30,087	20,254	84,175	53,472	76,733
6	Impairment loss on goodwill	-	-	-	-	1,809	1,809
7	Impairment loss/ (reversal of impairment loss) on intangibles	(4,974)	-	-	(4,974)	5,067	5,067
8	Other (income) / expense, net	(1,773)	(6,367)	(2,331)	(11,896)	(8,480)	(24,790)
9	Operating profit (3) - (4 + 5 + 6 + 7 + 8)	86,440	73,601	45,251	201,756	136,849	211,123
10	Finance (expense) / income, net	147	2,913	(968)	2,361	626	4,599
11	Share of profit of equity accounted affiliate, net of income taxes	465	437	313	1,257	787	1,044
12	Profit before tax (9 + 10 + 11)	87,052	76,951	44,596	205,374	138,262	216,766
13	Tax expense	25,210	7,926	8,265	38,414	27,589	49,004
14	Net profit after tax (12 - 13)	61,842	69,025	36,331	166,960	110,673	167,762
15	Extra-ordinary items (net of tax expense)	-	-	-	-	-	-
16	Net profit for the period / year (14 - 15)	61,842	69,025	36,331	166,960	110,673	167,762
17	Net profit attributable to:						
	- Equity holders of the Company	61,853	69,033	36,331	166,985	110,673	167,774
	- Non-controlling interest	(11)	(8)	-	(25)	-	(12)
18	Paid-up equity share capital (Face value of Rs. 5/- each)	8,505	8,505	8,492	8,505	8,492	8,492
19	Securities premium, retained earnings, share based payment reserve, debenture redemption reserve and other components of equity						719,408
20	Earnings per share before and after extra-ordinary items (in Rupees) per Rs. 5/- share						
	- Basic	36.36	40.59	21.39	98.21	65.19	98.82
	- Diluted	36.25	40.47	21.33	97.85	64.95	98.44
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	
21	Public shareholding *						
	- Number of shares	97,590,957	97,979,592	98,126,503	97,590,957	98,126,503	97,799,433
	- Percentage of shareholding	57.37	57.60	57.78	57.37	57.78	57.59
22	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)	25.53	25.53	25.56	25.53	25.56	25.56
23	Details of items exceeding 10% of total expenditure						
	- Employee cost	65,463	60,052	51,647	181,212	150,646	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)



12/11/13

Segment reporting (Consolidated)

All amounts in Indian Rupees lakhs

Sl. No.	Particulars	Quarter ended			Nine months ended		Year ended
		31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment wise revenue and results:						
	Segment revenue :						
	a) Pharmaceutical Services and Active Ingredients	65,418	78,324	86,485	212,575	247,018	362,864
	b) Global Generics	293,958	265,478	208,277	778,461	599,971	825,629
	c) Proprietary Products	4,777	4,254	4,013	12,222	10,824	14,679
	d) Others	4,019	1,987	2,959	9,600	12,578	15,329
	Total	368,172	350,043	301,734	1,012,858	870,391	1,218,501
	Less: Inter-segment revenue	14,796	14,298	15,218	39,245	41,729	55,845
	Net Revenue from operations	353,376	335,745	286,516	973,613	828,662	1,162,656
2	Segment results :						
	Gross Profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	7,951	15,774	19,531	34,858	64,925	99,696
	b) Global Generics	200,514	175,591	124,901	510,929	356,967	487,205
	c) Proprietary Products	4,315	4,057	3,715	11,187	9,822	13,237
	d) Others	1,131	(733)	735	1,818	5,623	5,648
	Total	213,911	194,689	148,882	558,792	437,337	605,786
	Less: Other un-allocable expenditure, net of other income	126,859	117,738	104,286	353,418	299,075	389,020
	Total profit before tax	87,052	76,951	44,596	205,374	138,262	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	6
Disposed off during the quarter	6
Remaining unresolved at the end of the quarter	Nil

- 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.
- 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.
- The unaudited results have been reviewed by the Audit Committee of the Board on 10 February 2014 and approved by the Board of Directors of the Company at their meeting held on 11 February 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 for the quarter and nine months ended 31 December 2013 and 31 December 2012, for the quarter ended 30 September 2013 and audited Consolidated Financial Statements as per IFRS for the year ended 31 March 2013.
- The results for the quarter and nine months ended 31 December 2013 have been subjected to a "Limited Review" by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.
- Unaudited financial results of Dr. Reddy's Laboratories Limited (Standalone Information) prepared as per IGAAP**

All amounts in Indian Rupees lakhs

Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2013	30.09.2013	31.12.2012	31.12.2013	31.12.2012	31.03.2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Total income from operations	258,377	270,754	215,844	711,293	607,153	843,401
Profit from ordinary activities before tax	85,913	91,476	47,645	185,725	119,714	175,313
Profit from ordinary activities after tax	62,317	77,338	34,664	146,141	88,733	126,547

Note:

 The unaudited standalone financial results for the quarter and nine months ended 31 December 2013 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: 11 February 2014



Press Release



Dr. Reddy's Q3 & 9 Months FY14 Financial Results

Q3 FY14 Revenues at ₹35.3 billion

(YoY growth of 23%)

Q3 FY14 EBITDA at ₹10.0 billion

(YoY growth of 67%)

9M FY14 Revenues at ₹97.4 billion

(YoY growth of 17.5%)

9M FY14 EBITDA at ₹25.2 billion

(YoY growth of 36%)

Hyderabad, India, February 11, 2014: Dr. Reddy's Laboratories Ltd. (NYSE: RDY) today announced its unaudited consolidated financial results for the quarter and nine months ended December 31, 2013 under International Financial Reporting Standards (IFRS).

Key Highlights (Q3 FY14)

- o **Consolidated revenues at ₹35.3 billion, YoY growth of 23%.**
 - o Revenues from the Global Generics (GG) segment at ₹29.4 billion, YoY growth of 41%. Growth is driven by North America and other Emerging Markets.
 - o Revenues from the Pharmaceutical Services and Active Ingredients (PSAI) segment at ₹5.1 billion, YoY decline of 29%.
- o **Research & Development (R&D) expenses at ₹3.0 billion, 8.4% to revenues versus 7.1% to revenues as in Q3 FY13.**
- o **Selling, general & administrative (SG&A) expenses at ₹10.4 billion, 29.6% to revenues versus 29.9% to revenues as in Q3 FY13.**
- o **EBITDA at ₹10.0 billion, 28.4% to revenues versus 21.1% to revenues as in Q3 FY13.**
- o **PBT at ₹8.7 billion, 24.6% to revenues versus 16.3% to revenues as in Q3 FY13.**
- o **PAT at ₹6.2 billion, 17.5% to revenues versus 13.2% to revenues as in Q3 FY13.**
- o **During the quarter, the company launched 7 new generic products, filed 4 new product registrations and filed 19 DMFs globally.**

Note: Q3 FY 13 Income Statement considered is as submitted to the US SEC in the form 6K.



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All amounts in millions, except EPS

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

Dr. Reddy's Laboratories Limited and Subsidiaries

Unaudited Consolidated Income Statement

Particulars	Q3 FY14			Q3 FY13			Growth %
	(\$)	(₹)	%	(\$)	(₹)	%	
Revenues	571	35,338	100.0	463	28,651	100.0	23
Cost of revenues	225	13,947	39.5	219	13,560	47.3	3
Gross profit	345	21,391	60.5	244	15,091	52.7	42
Operating Expenses							
Selling, general & administrative expenses	169	10,443	29.6	138	8,571	29.9	22
Research and development expenses	48	2,979	8.4	33	2,025	7.1	47
Impairment loss/(reversal of impairment loss) on intangible assets	(8)	(497)	(1.4)				
Other operating income	(3)	(177)	(0.5)	(4)	(233)	(0.8)	(24)
Results from operating activities	140	8,644	24.5	76	4,728	16.5	83
Net finance income / (expense)	0	15	0.0	(2)	(96)	(0.3)	115
Share of profit of equity accounted investees	1	46	0.1	1	32	0.1	45
Profit before income tax	141	8,705	24.6	75	4,664	16.3	87
Income tax expense	(41)	(2,521)	(7.1)	(14)	(882)	(3.1)	186
Profit for the period	100	6,184	17.5	61	3,782	13.2	64

Diluted Earnings per share	0.59	36.2		0.36	22.2		63
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EBITDA Computation:

Particulars	Q3 FY14	
	(\$)	(₹)
Profit before income tax	141	8,705
Interest (income)/expense	1	48
Depreciation	20	1,208
Amortization	9	585
Impairment / (reversal of impairment)	(8)	(497)
EBITDA	162	10,049

Q3 FY13	
(\$)	(₹)
75	4,664
(0)	(12)
16	971
7	411
97	6,034



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Segmental Analysis

Global Generics

Revenues from Global Generics segment for Q3 FY14 at ₹29.4 billion, YoY growth of 41% primarily driven by North America and other Emerging Market territories.

- o Revenues from **North America** for Q3 FY14 at ₹16.2 billion, YoY growth of 76%. Growth largely driven by:-
 - Full quarter realization coupled with market share stabilization for recent key launches in limited competition space namely azacitidine, decitabine, divalproex ER, donepezil 23 mg, zoledronic acid (5mg/100mL), zoledronic acid (4mg/5ml) etc.
 - Significant traction in market share of key existing products namely metoprolol ER, atorvastatin etc
 - During the quarter, 2 ANDAs were filed. Cumulatively, 62 ANDAs are pending for approval with the USFDA of which 38 are Para IVs and we believe 8 to have 'First To File' status.
- o Revenues from **Emerging Markets** (which include Russia, CIS countries and RoW territories) for Q3 FY14 at ₹7.4 billion, YoY growth of 25%.
 - Revenues from Russia at ₹4.3 billion, YoY growth of 17%. Growth was slightly muted on account of delayed onset of winter in the current quarter.
 - Revenues from CIS markets at ₹1.0 billion, YoY growth of 45%. Growth was largely driven by volume uptake of existing products and introduction of new products in Ukraine and Belarus.
 - Revenues from RoW territories stood at ₹2.1 billion, YoY growth of 35%.
- o Revenues from **India** for Q3 FY14 at ₹3.9 billion, YoY growth of 5%.
 - Growth is muted primarily on account of impact of the revised prices under new pharma pricing policy.
- o Revenues from **Europe** for Q3 FY14 at ₹1.9 billion, remained flat YoY.

Pharmaceutical Services and Active Ingredients (PSAI)

- Revenues from PSAI for Q3 FY14 at ₹ 5.1 billion, YoY decline of 29%. De-growth on the back of lower number of 'launch molecules' to our customers during the quarter.
- During the quarter, 19 DMFs were filed globally, including 6 filings in Europe. The cumulative number of DMF filings as of December 31, 2013 is 612.



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Income Statement Highlights:

- o Gross profit margin at 60.5% in Q3 FY14 registered nearly 800 basis points improvement versus gross profit margin in Q3 FY13. Gross profit margin for Global Generics and PSAl business segments are at 68.3% and 15.7% respectively.

GG gross margin improved primarily on account of higher contribution coupled with higher realization from new product launches in North America, where as PSAl gross margin declined, primarily on the back of lower number of launch molecules to our customers and relatively higher overheads during the quarter.

- o SG&A expenses including amortization in Q3 FY14 at ₹10.4 billion, YoY growth of 22%. The increase is primarily towards select brand building activities in the Emerging Market territories; and increase in manpower cost on account of additions and increments.
- o R&D expenses stood at ₹3.0 billion, YoY growth of 47%; 8.4% to revenues in Q3 FY14 as compared to 7.1% to revenues as in Q3 FY13.
- o An earlier recorded impairment charge relating to product intangibles in the generics portfolio, amounting ₹497 million, was reversed.
- o Net Finance income at ₹15 million in Q3 FY14 compared to the net finance expense of ₹96 million as in Q3 FY13. The change is primarily on account of :
 - Net incremental forex impact of ₹172 million
 - Incremental net interest expense of ₹61 million
- o EBITDA for Q3 FY14 at ₹10.0 billion, YoY growth of 67%; 28.4% to revenues.
- o Profit after Tax in Q3 FY14 at ₹6.2 billion, YoY growth of 64%.
- o Diluted earnings per share in Q3 FY 14 at ₹36.2
- o Capital expenditure for Q3 FY14 is ₹2.4 billion.



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

Appendix 1: Key Balance Sheet Items

(in millions)

Particulars	As on 31st Dec 2013		As on 30th Sep 2013	
	(\$)	(₹)	(\$)	(₹)
Cash and cash equivalents and current investments	504	31,202	439	27,202
Trade receivables	562	34,812	538	33,291
Inventories	390	24,150	386	23,874
Property, plant and equipment	708	43,844	686	42,477
Goodwill and Other Intangible assets	253	15,685	247	15,274
Loans and borrowings (current & non-current)	796	49,284	795	49,200
Trade payables	157	9,744	175	10,828
Total Equity	1,375	85,168	1,261	78,086

Appendix 2: Revenue Mix by Segment

(in millions)

	Q3 FY14			Q3 FY13			Growth
	(\$)	(₹)	%	(\$)	(₹)	%	%
Global Generics	475	29,396	83	336	20,827	73	41
North America		16,223	55		9,243	44	76
Europe		1,862	6		1,930	9	(4)
India		3,913	13		3,718	18	5
Russia & Other CIS		5,296	18		4,380	21	21
RoW		2,102	7		1,556	7	35
PSAI	82	5,062	14	115	7,127	25	(29)
North America		780	15		1,266	18	(38)
Europe		1,949	38		2,472	35	(21)
India		945	19		1,268	18	(25)
RoW		1,388	27		2,121	30	(35)
Proprietary Products & Others	14	880	3	11	697	2	26
Total	571	35,338	100	462	28,651	100	23



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All figures in millions, except EPS

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Appendix 3: Consolidated Income Statement

Particulars	9M FY14			9M FY13			Growth %
	(\$)	(₹)	%	(\$)	(₹)	%	
Revenues	1,572	97,361	100	1,338	82,866	100	17.5
Cost of revenues	670	41,482	43	632	39,133	47	6
Gross profit	902	55,879	57	706	43,733	53	28
Operating Expenses							
Selling, general & administrative expenses	468	28,973	30	402	24,862	30.0	17
Research and development expenses	136	8,417	8.6	86	5,347	6.5	57
Impairment loss/(reversal of impairment loss) on intangible assets	(8)	(497)	(1)	8	507	1	
Impairment loss on goodwill				3	181	0	
Other operating income	(19)	(1,189)	(1)	(14)	(848)	(1)	40
Results from operating activities	326	20,175	21	221	13,684	17	47
Net finance income	4	236	0	1	63	0	278
Share of profit of equity accounted investees	2	126	0	1	79	0	59
Profit before income tax	332	20,537	21	223	13,826	17	49
Income tax expense	(62)	(3,841)	(4)	(45)	(2,759)	(3)	39
Profit for the period	270	16,696	17	179	11,067	13	51
Diluted EPS	1.58	97.9		1.05	65.0		51

Appendix 4: EBITDA Computation:

Particulars	9M FY14	
	(\$)	(₹)
Profit before income tax	332	20,537
Interest (income) / expense	1	58
Depreciation	56	3,496
Amortization	27	1,644
Impairment / (reversal of impairment)	(8)	(497)
EBITDA	408	25,238

9M FY13	
(\$)	(₹)
223	13,826
(1)	(42)
45	2,810
20	1,245
11	688
299	18,527



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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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