

October 25, 2016

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, 2016

Further to our letter dated October 4, 2016, we would like to inform you that the Board of Directors of the Company at their meeting held on October 25, 2016, *inter alia*, have approved the Unaudited Financial Results of the Company for the quarter and half-year ended September 30, 2016.

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

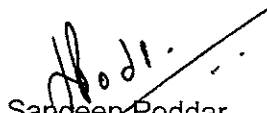
1. Unaudited Standalone Financial Results of the Company for the quarter and half-year ended September 30, 2016 prepared under Indian Accounting Standards (Ind-AS).
2. Unaudited Consolidated Financial Results of the Company and its subsidiaries for the quarter and half-year ended September 30, 2016 prepared under Indian Accounting Standards (Ind-AS).
3. Press Release on Financial Results of the Company for the above period.

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are also enclosing the above along with 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, 2016.

We have also uploaded the financial results on the website of the Company as also on the website of BSE Ltd. and National Stock Exchange of India Ltd. viz. www.bseindia.com and www.nseindia.com respectively.

This is for your information and records.

With regards,


Sandeep Poddar
Company Secretary

Encl: as above

Limited Review Report On Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

We have reviewed the accompanying statement of unaudited standalone financial results of Dr. Reddy's Laboratories Limited for the quarter ended September 30, 2016 and the year to-date results for the period April 01, 2016 to September 30, 2016 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 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 provides 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 standalone financial results prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder or by the Institute of Chartered Accountants of India and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5th July, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

The accompanying standalone financial results and other financial information for the three and six months ended September 30, 2015, the three months ended June 30, 2016, and for the year ended March 31, 2016, have been reviewed by other auditors, who issued an unmodified review report on those statements.

For S.R. BATLIBOI & ASSOCIATES LLP

ICAI Firm Registration Number: 101049W/E300004

Chartered Accountants

Kaustav Ghose
per Kaustav Ghose
Partner

Membership No.: 57828



Place: Vishakhapatnam

Date: October 25, 2016

DR. REDDY'S LABORATORIES LIMITED

PART I : STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2016

All amounts in Indian Rupees millions, except share data and where otherwise stated

Sl. No.	Particulars	Quarter ended			Half Year ended		Year ended
		30.09.2016	30.06.2016	30.09.2015	30.09.2016	30.09.2015	31.03.2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	Income from operations						
	a) Net sales / income from operations (inclusive of excise duty)	26,059	21,507	28,823	47,566	54,112	100,060
	b) License fees and service income	49	41	120	90	166	2,288
	c) Other operating income	167	89	230	256	360	571
	Total income from operations (inclusive of excise duty)	26,275	21,637	29,173	47,912	54,638	102,919
2	Expenses						
	a) Cost of materials consumed	4,904	4,936	5,292	9,840	10,510	20,727
	b) Purchase of traded goods	1,816	1,594	1,480	3,410	3,023	6,104
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(83)	(1,251)	(185)	(1,334)	(566)	(288)
	d) Employee benefits expense	4,802	4,684	4,241	9,486	8,307	16,934
	e) Selling expenses	2,636	2,521	2,519	5,157	5,142	9,275
	f) Depreciation and amortisation	1,893	1,725	1,591	3,618	3,014	6,495
	g) Other expenditure	6,731	6,795	6,422	13,415	12,177	29,514
	Total expenses	22,699	21,004	21,360	43,592	41,607	88,761
3	Profit before other income and finance costs (1 - 2)	3,576	633	7,813	4,320	13,031	14,158
4	Other income	639	3,918	627	4,446	1,732	3,249
5	Profit before finance costs (3 + 4)	4,215	4,551	8,440	8,766	14,763	17,407
6	Finance costs	123	126	146	249	359	641
7	Profit before tax (5 - 6)	4,092	4,425	8,294	8,517	14,404	16,766
8	Tax expense	960	334	1,468	1,294	2,644	3,023
9	Net profit for the period / year (7 - 8)	3,132	4,091	6,826	7,223	11,760	13,743
10	Other Comprehensive income	(24)	(124)	(8)	(148)	(22)	(289)
11	Total Comprehensive income (9 + 10)	3,108	3,967	6,818	7,075	11,738	13,454
12	Paid-up equity share capital (face value Rs. 5/- each)	829	828	853	829	853	853
13	Other Equity						119,931
14	Earnings per equity share (par value Rs. 5/- each)						
	- Basic	18.91	24.13	40.02	43.10	68.98	80.59
	- Diluted	18.86	24.07	39.90	43.00	68.75	80.34
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results

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DR. REDDY'S LABORATORIES LIMITED
Segment Information

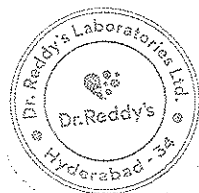
All amounts in Indian Rupees millions, except share data and where otherwise stated

Sl. No.	Particulars	Quarter ended			Half Year ended		Year ended
		30.09.2016	30.06.2016	30.09.2015	30.09.2016	30.09.2015	31.03.2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	Segment wise revenue, results and capital employed:						
	Segment revenue (inclusive of excise duty):						
	a) Pharmaceutical Services and Active Ingredients	5,979	5,248	6,150	11,227	11,972	23,096
	b) Global Generics	21,928	17,920	24,478	39,848	45,307	85,131
	c) Proprietary Products	-	-	1	-	1	1
	Total (inclusive of excise duty)	27,907	23,168	30,629	51,075	57,280	108,228
	Less: Inter segment revenue	1,632	1,531	1,456	3,163	2,642	5,309
	Add: Other unallocable income	-	-	-	-	-	-
	Total income from operations	26,275	21,637	29,173	47,912	54,638	102,919
2	Segment results:						
	Profit / (loss) before tax and interest from each segment						
	a) Pharmaceutical Services and Active Ingredients	(250)	(743)	152	(993)	428	(1,324)
	b) Global Generics	5,178	3,865	9,464	9,043	17,035	23,081
	c) Proprietary Products	(871)	(750)	(718)	(1,621)	(1,441)	(2,975)
	Total	4,057	2,372	8,898	6,429	16,022	18,782
	Less: (i) Interest	123	126	146	249	359	641
	(ii) Other un-allocable expenditure / (income), net	(158)	(2,179)	458	(2,337)	1,259	1,375
	Total profit before tax	4,092	4,425	8,294	8,517	14,404	16,766

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.



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DR. REDDY'S LABORATORIES LIMITED
Statement of Assets and Liabilities

All amounts in Indian Rupees millions

Particulars	As at	As at
	30.09.2016	31.03.2016
	(Unaudited)	(Unaudited)
ASSETS		
Non-current assets		
Property, plant and equipment	37,073	35,938
Capital work-in-progress	6,877	6,150
Goodwill	323	323
Other intangible assets	7,707	8,131
Financial assets		
Investments	17,959	17,781
Loans	1,917	2,201
Other financial assets	412	456
Deferred tax assets, net	891	635
Current tax assets, net	1,445	1,491
Other non-current assets	762	639
Total Non-Current assets	75,366	73,745
Current assets		
Inventories	19,111	16,996
Financial assets		
Investments	16,804	32,979
Trade receivables	43,320	38,895
Cash and cash equivalents	410	2,021
Loans	249	184
Others	11,486	11,032
Total Current assets	91,380	102,107
TOTAL - ASSETS	166,746	175,852
EQUITY AND LIABILITIES		
Equity		
Equity share capital	829	853
Other equity	108,128	119,931
Total Equity	108,957	120,784
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	9,997	9,944
Provisions	749	665
Other Non-current liabilities	-	571
Total Non-current liabilities	10,746	11,180
Current liabilities		
Financial liabilities		
Borrowings	22,551	20,896
Trade payables	7,563	7,192
Other financial liabilities	14,100	13,601
Other current liabilities	726	494
Provisions	2,103	1,705
Total Current liabilities	47,043	43,888
TOTAL EQUITY AND LIABILITIES	166,746	175,852



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DR. REDDY'S LABORATORIES LIMITED
Notes

- 1 The Company adopted Indian Accounting Standards ("Ind AS") from 1 April 2016 and accordingly these results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34, Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting pronouncements generally accepted in India. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of Ind AS 34.

2 **Reconciliation between financial results as previously reported under Previous GAAP and Ind AS for the quarter and half year ended 30 September 2015**

Particulars	Quarter ended 30.09.2015	Half year ended 30.09.2015
Net profit under previous GAAP	6,475	11,234
Impact on account of measuring investments at fair value through profit and loss	332	528
Recognition of intangible assets not eligible for recognition under Previous GAAP	-	5
Reversal of goodwill amortised under Previous GAAP	5	4
Difference in measurement of employee share based payments	(14)	8
Impact on current and deferred taxes	30	(7)
Others	(2)	(12)
Net profit under Ind AS	6,826	11,760

3 **Reconciliation of equity as on 31 March 2016 as previously reported under Previous GAAP to Ind AS**

Particulars	As on 31 Mar 2016	
Equity reported under Indian GAAP as on 31 March 2016		115,201
<i>Adjustments:</i>		
Derecognition of provision for proposed dividend	4,101	
Impact on account of measuring investments at fair value	1,218	
Recognition of intangible assets not eligible for recognition under Previous GAAP	102	
Impact on current and deferred taxes	(646)	
Impact on account of expected credit loss on trade receivables	(40)	
Others	(5)	
		4,730
Equity reported under Ind AS as on 31 March 2016		119,931

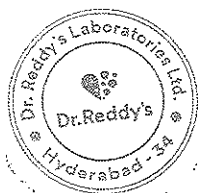
- 4 Other expenditure for the year ended 31 March 2016 includes provision for doubtful debts of Rs. 3,559 million pertaining to outstanding receivable from Venezuelan subsidiary.
- 5 The Company received a warning letter, dated 5 November 2015 from the U.S. FDA, regarding deviations with current Good Manufacturing Practices at its API manufacturing facilities in Srikakulam, Andhra Pradesh and Miryalaguda, Telangana, as well as regarding violations at its oncology formulation manufacturing facility at Duvvada, Visakhapatnam, Andhra Pradesh. The Company submitted its response to the warning letter on 7 December 2015. The Company believes that it can resolve the issues raised by the U.S. FDA satisfactorily in a timely manner. The Company takes the matters identified by U.S. FDA in the warning letter seriously and will continue to work diligently to address the observations identified in the warning letter and is concurrently continuing to develop and implement its corrective action plans relating to the warning letter. Further, the Company has provided an update to the U.S. FDA on the progress of remediation in January 2016, March 2016, May 2016 and August 2016.
- 6 On 26 September 2016, the Bombay High court dismissed the writ petition filed by the Indian Pharmaceutical Alliance in July 2014 contending the validity of certain notifications issued in July 2014 by the National Pharmaceutical Pricing Authority. Consequently, an amount of Rs. 344 million was recorded as a potential liability including the interest thereon. The aforesaid amount was included under "selling expenses".
- 7 The unaudited results have been reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 25 October 2016.
- 8 The results for the quarter and half year ended 30 September 2015, quarter ended 30 June 2016, and the year ended 31 March 2016 have been reviewed by other auditors. An unmodified report has been issued by them thereon.
- 9 The results for the quarter and half year ended 30 September 2016 periods presented have been subjected to a "Limited review" by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.

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



G V Prasad
Co-Chairman & Chief Executive Officer

Place: Visakhapatnam
Date: 25 Oct 2016




Limited Review Report On Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

We have reviewed the accompanying statement of unaudited consolidated financial results of Dr. Reddy's Laboratories Limited for the quarter ended September 30, 2016 and the year to-date results for the period April 01, 2016 to September 30, 2016 attached herewith, being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 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 provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

We did not review assets of Rs. 41,724 million as at September 30, 2016, and revenues of Rs. 3,986 million and Rs. 7,495 million for the quarter and the year to date period ended September 30, 2016 respectively, included in the accompanying unaudited consolidated financial results relating to subsidiaries, whose financial information have been reviewed by other auditors and whose reports have been furnished to us. Our conclusion on the unaudited quarterly financial results, in so far as it relates to such subsidiaries is based solely on the reports of other auditors.

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 prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder or by the Institute of Chartered Accountants of India and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5th July, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

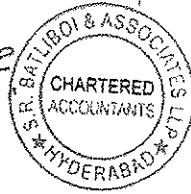


S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

The accompanying consolidated financial results and other financial information for the three and six months ended September 30, 2015, the three months ended June 30, 2016, and for the year ended March 31, 2016, have been reviewed by other auditors, who issued unmodified review report on those statements.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

Kaustav Ghose
per Kaustav Ghose
Partner
Membership No.: 57828



Place: Vishakhapatnam
Date: October 25, 2016

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER & HALF YEAR ENDED 30 SEPTEMBER 2016

All amounts in Indian Rupees millions, except share data and where otherwise stated

Sl. No.	Particulars	Quarter ended			Half Year Ended		Year Ended
		30.09.2016	30.06.2016	30.09.2015	30.09.2016	30.09.2015	31.03.2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	Income from operations						
	a) Net sales / income from operations (inclusive of excise duty)	35,287	31,857	39,209	67,144	76,424	152,475
	b) License fees and service income	570	488	680	1,058	1,043	2,233
	c) Other operating income	306	102	318	408	468	975
	Total income from operations (inclusive of excise duty)	36,163	32,447	40,207	68,610	77,935	155,683
2	Expenses						
	a) Cost of materials consumed	5,837	6,075	7,342	11,912	14,045	26,799
	b) Purchase of traded goods	3,223	3,282	2,887	6,505	6,086	11,743
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(386)	(1,793)	(948)	(2,179)	(1,998)	(957)
	d) Employee benefits expense	8,161	8,050	7,870	16,211	15,372	31,174
	e) Selling expenses	3,549	3,268	2,994	6,817	6,124	11,811
	f) Depreciation and amortisation	2,622	2,436	2,235	5,058	4,268	9,389
	g) Other expenditure	9,509	9,663	8,737	19,172	17,111	39,260
	Total expenses	32,515	30,981	31,117	63,496	61,008	129,219
3	Profit before other income and finance costs (1 - 2)	3,648	1,466	9,090	5,114	16,927	26,464
4	Other income	438	670	724	1,108	1,482	2,950
5	Profit before finance costs (3 + 4)	4,086	2,136	9,814	6,222	18,409	29,414
6	Finance costs	126	148	215	274	496	826
7	Profit before tax (5 - 6)	3,960	1,988	9,599	5,948	17,913	28,588
8	Tax expense	956	526	1,909	1,482	3,797	7,511
9	Net profit for the period / year (7 - 8)	3,004	1,462	7,690	4,466	14,116	21,077
10	Share of profit of equity accounted investees, net of tax	85	73	57	158	106	229
11	Net Profit after taxes and share of profit of associates (9 + 10)	3,089	1,535	7,747	4,624	14,222	21,306
12	Other comprehensive income	1,646	147	(956)	1,793	(177)	(370)
13	Total comprehensive income	4,735	1,682	6,791	6,417	14,045	20,936
14	Paid-up equity share capital (face value Rs. 5/- each)	829	828	853	829	853	853
15	Reserves						124,845
16	Earnings per equity share (par value Rs.5/- each)						
	- Basic	18.64	9.06	45.42	27.59	83.41	124.93
	- Diluted	18.59	9.03	45.29	27.52	83.14	124.54
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results



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DR. REDDY'S LABORATORIES LIMITED

Segment Information

All amounts in Indian Rupees millions, except share data and where otherwise stated

Sl. No.	Particulars	Quarter ended			Half Year Ended		Year ended
		30.09.2016	30.06.2016	30.09.2015	30.09.2016	30.09.2015	31.03.2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Segment wise revenue and results:						
1	Segment revenue (inclusive of excise duty):						
	a) Pharmaceutical Services and Active Ingredients	7,538	6,327	6,060	13,865	11,796	28,437
	b) Global Generics	29,193	26,660	34,363	55,853	66,580	1,28,530
	c) Proprietary Products	588	623	665	1,211	1,301	2,659
	d) Others	498	399	617	897	930	1,704
	Total	37,817	34,009	41,705	71,826	80,637	1,61,130
	Less: Inter segment revenue	1,654	1,562	1,498	3,216	2,702	5,447
	Add: Other unallocable income	-	-	-	-	-	-
	Total income from operations	36,163	32,447	40,207	68,610	77,935	1,55,683
2	Segment results:						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	1,278	1,139	1,533	2,417	2,874	4,954
	b) Global Generics	18,067	16,359	22,059	34,406	42,975	84,427
	c) Proprietary Products	507	525	562	1,032	1,139	2,217
	d) Others	252	183	323	435	444	706
	Total	20,104	18,186	24,477	38,290	47,432	92,304
	Less: Other un-allocable expenditure / (income), net	16,144	16,198	14,878	32,342	29,519	63,716
	Total profit before tax	3,960	1,988	9,599	5,948	17,913	28,588

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:

- The Company adopted Indian Accounting Standards ("Ind AS") from 1 April 2016 and accordingly these results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34, Interim Financial Reporting prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting pronouncements generally accepted in India. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of Ind AS 34.
- Reconciliation between financial results as previously reported under Previous GAAP and Ind AS for the quarter and half year ended 30 September 2015

Particulars	Quarter ended 30.09.2015	Half year ended 30.09.2015
Net profit under previous GAAP	6,333	12,458
Impact on account of measuring investments at fair value through profit and loss	338	538
Recognition of intangible assets not eligible for recognition under Previous GAAP	613	609
Reversal of goodwill amortised under Previous GAAP	99	198
Difference in measurement of employee share based payments	(14)	8
Impact on current and deferred taxes	386	438
Others	(8)	(24)
Net profit under Ind AS	7,747	14,222

- Reconciliation of equity as on 31 March 2016 as previously reported under Previous GAAP to Ind AS

Particulars	As on 31 Mar 2016	
Equity reported under previous GAAP as on 31 March 2016		1,16,156
Adjustments:		
Derecognition of provision for proposed dividend	4,101	
Impact on account of measuring investments at fair value	1,510	
Recognition of intangible assets not eligible for recognition under Previous GAAP	1,035	
Impact on current and deferred taxes	1,527	
Reversal of goodwill amortised under Previous GAAP	395	
Impact on account of consolidation of entities previously do not qualify for consolidation under previous GAAP	226	
Impact on account of expected credit loss on trade receivables	(57)	
Others	(48)	
Equity reported under Ind AS as on 31 March 2016		8,689
		1,24,845



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DR. REDDY'S LABORATORIES LIMITED

Statement of Assets and Liabilities

All amounts in Indian Rupees millions

Particulars	As at	As at
	30.09.2016	31.03.2016
ASSETS		
Non-current assets		
Property, plant and equipment	46,740	46,130
Capital work-in-progress	7,935	6,626
Goodwill	4,648	4,650
Other intangible assets	42,595	15,946
Financial assets		
Investments	6,406	3,297
Loans	2	8
Deferred tax assets, net	7,407	5,905
Current tax assets, net	1,759	1,348
Other non-current assets	2,204	1,091
Total non-current assets	1,19,696	85,901
Current assets		
Inventories	28,516	25,578
Financial assets		
Investments	18,936	35,034
Trade receivables	36,884	41,250
Cash and cash equivalents	2,443	4,920
Loans	269	206
Others	11,249	10,950
Total current assets	98,297	1,17,938
TOTAL ASSETS	2,17,993	2,03,839
EQUITY AND LIABILITIES		
Equity		
Equity share capital	859	853
Other equity	1,12,319	1,24,845
Total equity	1,13,148	1,25,698
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	10,682	10,693
Other financial liabilities	3,103	2,498
Provisions	1,026	947
Deferred tax liabilities, net	1,622	537
Total non-current liabilities	16,433	14,672
Current liabilities		
Financial liabilities		
Borrowings	49,688	22,718
Trade payables	9,413	9,068
Other financial liabilities	21,007	23,230
Other current liabilities	1,137	862
Provisions	7,167	7,591
Total current liabilities	88,412	63,469
TOTAL EQUITY AND LIABILITIES	2,17,993	2,03,839



(MSK)

DR. REDDY'S LABORATORIES LIMITED

- 5 On 10 June 2016, the Company entered into a definitive purchase agreement with Teva Pharmaceutical Industries Limited ("Teva") and an affiliate of Allergan plc ("Allergan") to acquire a portfolio of eight Abbreviated New Drug Applications ("ANDAs") in the United States for USD 350 million in cash at closing. The acquisition of these ANDAs was contingent on the closing of the Teva/Allergan generics purchase transaction and approval by the U.S. Federal Trade Commission of the Company as a buyer. The acquisition was consummated on 3 August 2016 upon the completion of all closing conditions, and the Company paid Rs. 23,366 million (USD 350 million) as the consideration for the acquired portfolio of ANDAs. As the acquired ANDAs are being developed, they are recorded as intangible assets under development.
- 6 Consequent to an amendment to the collaboration, license and option agreement with Curis Inc. ("Curis"), the Company was allotted 10,208,333 equity shares in Curis in lieu of certain future milestone payments that would be due to the Company under the collaboration agreement. These equity shares are recorded at USD 1.84 per share representing the market price of such equity shares on the date of allotment. The aggregate market value of such equity shares on the date of allotment was Rs. 1,247 million (USD 18.8 million).
- 7 Other expenditure for the quarter and year ended 31 March 2016 includes foreign exchange loss of Rs. 3,845 million and Rs. 4,621 million, respectively, on account of currency devaluation and translation of monetary assets and liabilities using SIMADI / DICOM rate pertaining to the Company's Venezuelan subsidiary.
- 8 The Company received a warning letter, dated 5 November 2015 from the U.S. FDA, regarding deviations with current Good Manufacturing Practices at its API manufacturing facilities in Srikakulam, Andhra Pradesh and Miryalaguda, Telangana, as well as regarding violations at its oncology formulation manufacturing facility at Duvvada, Visakhapatnam, Andhra Pradesh. The Company submitted its response to the warning letter on 7 December 2015. The Company believes that it can resolve the issues raised by the U.S. FDA satisfactorily in a timely manner. The Company takes the matters identified by U.S. FDA in the warning letter seriously and will continue to work diligently to address the observations identified in the warning letter and is concurrently continuing to develop and implement its corrective action plans relating to the warning letter. Further, the Company has provided an update to the U.S. FDA on the progress of remediation in January 2016, March 2016, May 2016 and August 2016.
- 9 On 26 September 2016, the Bombay High court dismissed the writ petition filed by the Indian Pharmaceutical Alliance in July 2014 contending the validity of certain notifications issued in July 2014 by the National Pharmaceutical Pricing Authority. Consequently, an amount of Rs. 344 million was recorded as a potential liability including the interest thereon. The aforesaid amount was included under "selling expenses".
- 10 The unaudited results have been reviewed by the Audit Committee of the Board and approved by the Board of Directors of the Company at their meeting held on 25 October 2016.
- 11 The results for the quarter and half year ended 30 September 2015, quarter ended 30 June 2016, and the year ended 31 March 2016 have been reviewed by other auditors. An unmodified report has been issued by them thereon.
- 12 The results for the quarter and half year ended 30 September 2016 periods presented have been subjected to a "Limited review" by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.

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



G V Prasad
Co-Chairman & Chief Executive Officer

Place: Visakhapatnam
Date: 25 October 2016



(MSK)

DR. REDDY'S LABORATORIES LTD.

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Dr. Reddy's Q2 and H1 FY17 Financial Results

Q2 Revenues at ₹35.9 Bn [QoQ growth: 11%]	H1 Revenues at ₹68.2 Bn [YoY decline: 12%]
Q2 EBITDA at ₹6.4 Bn [17.9% of Revenues]	H1 EBITDA at ₹10.4 Bn [15.2% of Revenues]

Hyderabad, India, October 25, 2016: Dr. Reddy's Laboratories Ltd. (BSE: 500124 | NSE: DRREDDY | NYSE: RDY) today announced its consolidated financial results for the second quarter and half year ended September 30, 2016 under International Financial Reporting Standards (IFRS).

Q2 FY17: Key Highlights

- Revenues at ₹35.9 billion: QoQ growth: 11%
 - YoY decline: 10%
- Gross Profit Margin at 56.0%. Lower by ~530 bps versus the same quarter last year
- Research & Development (R&D) spend at ₹5.2 billion. [14.5% of Revenues]
- Selling, general & administrative (SG&A) expenses at ₹11.8 billion [YoY increase: 6%]
 - Includes NPPA provision of ₹344 million, explained in details in the note
- EBITDA at ₹6.4 billion [17.9% of Revenues]
- Profit after tax at ₹2.9 billion [8.2% of Revenues]

H1 FY17: Key Highlights

- Revenues at ₹68.2 billion
 - YoY decline: 12%
- Gross Profit Margin at 56.1%. Lower by ~510 bps versus H1FY 16
- Research & Development (R&D) spend at ₹10.0 billion. [14.7% of Revenues]
- Selling, general & administrative (SG&A) expenses at ₹24.1 billion [YoY increase: 9%]
- EBITDA at ₹10.4 billion [15.2% of Revenues]
- Profit after tax at ₹4.2 billion [6.2% of Revenues]

Commenting on the results, Co-chairman and CEO, G V Prasad said "All our major businesses have shown sequential improvement over the previous quarter with revenues growing by 11% and EBITDA by 61%. We have made considerable progress in our remediation efforts and continue to work on addressing the concerns of the regulators. Looking ahead we will continue to focus on launching new products in our generics business, improving productivity and strengthening our quality management systems."



Dr. Reddy's Laboratories Limited and Subsidiaries
Consolidated Income Statement

Particulars	Q2 FY 17			Q2 FY 16			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Revenues	539	35,857	100.0	599	39,889	100.0	(10)
Cost of revenues	237	15,760	44.0	232	15,421	38.7	2
Gross profit	302	20,097	56.0	368	24,468	61.3	(18)
Operating Expenses							
Selling, general & administrative expenses	177	11,774	32.8	166	11,058	27.7	6
Research and development expenses	78	5,214	14.5	67	4,473	11.2	17
Other operating expense / (income)	(4)	(277)	(0.8)	(5)	(320)	(0.8)	(13)
Results from operating activities	51	3,386	9.4	139	9,257	23.2	(63)
Finance expense / (income), net	(5)	(365)	(1.0)	3	216	0.5	(269)
Share of (profit) of equity accounted investees, net of income tax	(1)	(84)	(0.2)	(1)	(57)	(0.1)	49
Profit before income tax	58	3,835	10.7	137	9,098	22.8	(58)
Income tax expense	13	885	2.5	28	1,880	4.7	(53)
Profit for the period	44	2,950	8.2	108	7,218	18.1	(59)
Diluted EPS	0.27	17.76		0.63	42.20		(58)

EBITDA Computation

Particulars	Q2 FY 17		Q2 FY 16	
	(\$)	(Rs.)	(\$)	(Rs.)
Profit before income tax	58	3,835	137	9,098
Interest (income) / expense net*	(5)	(329)	(3)	(172)
Depreciation	28	1,897	24	1,606
Amortization	14	950	13	860
Impairment	1	67	-	-
EBITDA	96	6,420	171	11,392
EBITDA (% to sales)		17.9		28.6

* - Includes income from Investments

Key Balance Sheet Items

Particulars	As on 30 th Sep 16		As on 30 th June 16	
	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents and Other current Investments	321	21,379	384	25,578
Trade receivables	555	36,939	533	35,499
Inventories	428	28,516	419	27,922
Property, plant and equipment	842	56,052	825	54,951
Goodwill and Other Intangible assets	762	50,766	425	28,284
Loans and borrowings (current & non-current)	908	60,480	565	37,632
Trade payables	184	12,281	191	12,723
Equity	1,731	1,15,264	1,714	1,14,112



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Revenue Mix by Segment [Year on year]

Particulars	Q2 FY 17			Q2 FY 16			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Global Generics	435	28,995	81	492	32,768	82	-12
North America		16,134			18,563		-13
Europe*		1,776			2,124		-16
India		6,251			5,464		14
Emerging Markets#		4,834			6,617		-27
PSAI	87	5,784	16	89	5,918	15	-2
North America		1,135			692		64
Europe		2,095			2,426		-14
India		575			724		-21
Rest of World		1,979			2,076		-5
Proprietary Products & Others	16	1,078	3	18	1,203	3	-10
Total	539	35,857	100	599	39,889	100	-10

Revenue Mix by Segment [Sequential]

Particulars	Q2 FY 17			Q1 FY 17			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Global Generics	435	28,995	81	400	26,638	82	9%
North America		16,134			15,523		4%
Europe*		1,776			1,615		10%
India		6,251			5,223		20%
Emerging Markets#		4,834			4,277		13%
PSAI	87	5,784	16	70	4,692	15	23%
North America		1,135			643		77%
Europe		2,095			1,947		8%
India		575			372		55%
Rest of World		1,979			1,730		14%
Proprietary Products & Others	16	1,078	3	15	1,015	3	6%
Total	539	35,857	100	486	32,345	100	11%

* Europe primarily includes Germany, UK and out licensing sales business

Emerging Markets refers to Russia, other CIS countries, Romania and Rest of the World markets including Venezuela



Segmental Analysis

Global Generics (GG)

Revenues from **GG** segment at ₹29.0 billion, year-on-year decline of 12%; decline primarily on account of lower contribution from North America and loss of sales from Venezuela. However, all the businesses have grown sequentially.

- Revenues from **North America** at ₹16.1 billion. Year-on-year decline of 13% is primarily on account of increased competition in valgancyclovir and injectable franchise, coupled with pricing pressure and moderation in volumes off-take.

During the quarter we launched 4 new products i.e. omeprazole sodium bi-carbonate, nitroglycerin SLT, paricalcitol injection and bupropion SR.

As of 30th September 2016, cumulatively 85 generic filings are pending for approval with the USFDA (83 ANDAs and 2 NDAs under 505(b)(2) route). Of these 83 ANDAs, 56 are Para IVs out of which we believe 19 have 'First to File' status. Further, these 83 ANDAs include 7 ANDAs, acquired from Teva, of which 6 are Para IVs.

- Revenues from **Emerging Markets** at ₹4.8 billion, year-on-year decline of 27%. [Ex-Venezuela: decline of 9%]
 - Revenues from **Russia** at ₹2.7 billion, year-on-year decline of 8%. In constant currency it declined 5%. Normalizing for the base effect, the year-on-year H1 growth is 7%.
 - Revenues from **other CIS countries and Romania** market at ₹0.9 billion, year-on-year decline of 11%.
 - Revenues from **Rest of World (RoW)** territories at ₹1.3 billion, year-on-year decline of 53% primarily on account of no sales in Venezuela.
- Revenues from **India** at ₹6.3 billion, year-on-year growth: 14%.
- Revenues from **Europe** at ₹1.8 billion, year-on-year decline: 16%.

Pharmaceutical Services and Active Ingredients (PSAI)

- Revenues from **PSAI** at ₹5.8 billion, year-on-year decline of 2%. On a sequential basis revenues registered a growth of 23% aided by improved order flow and supply situations
- During the quarter, 15 DMFs were filed globally of which 3 were in the US. The cumulative number of DMF filings as of 30th September, 2016 was 797.

Proprietary Products (PP)

Zembrace™ Sym Touch™ (Suma 3 mg) injection and Sernivo™ (betamethasone dipropionate) Spray, 0.05% are gradually gaining traction.



Income Statement Highlights:

- Gross profit margin at 56.0% and declined by ~530 bps over that of previous year, primarily on account of lower sales due to increased competitive intensity in some of our key molecules in the US. Gross profit margin for GG and PSAL business segments are at 62.3% and 22.0% respectively.

- SG&A expenses at ₹11.8 billion, year-on-year increase of 6%.

Given the Bombay High Court's dismissal of the writ petition filed by the IPA (Indian Pharmaceutical Alliance) regarding price controls by the NPPA (National Pharmaceutical Pricing Authority), the Company has accrued a potential liability of ₹344 million during the quarter.

The net increase, adjusted for the above NPPA provision, 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.

The sequential decline, adjusted for the above NPPA provision, is primarily on account of the reduced (a) remediation related costs and (b) launch spends by PP in the first quarter.

- Research & development expenses at ₹5.2 billion. As a % to Revenues- Q2 FY 17:14.5% | Q1 FY 17: 14.8% | Q2 FY 16: 11.2%]. Current quarter also includes some spend towards the IPR&D assets in-licensed from Xenoport and Eisai. Continued focus on building complex generics, biosimilars and differentiated products pipeline.
- Net Finance income at ₹365 million compared to the net finance expense of ₹216 million in Q2FY16. The incremental benefit of ₹581 million is on account of:
 - Net foreign exchange gain of ₹37 million in the current quarter vs net foreign exchange loss of ₹388 million in the previous year
 - Increase in profit on sales of investments by ₹276 million.
 - Net increase in interest expense of ₹118 million.
- Profit after Tax at ₹2.9 billion
- Diluted earnings per share is at ₹17.8
- Capital expenditure is at ₹3.1 billion.

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Earnings Call Details (06:30 pm IST, 09:00 am EDT, October 25, 2016)

The Company will host an earnings call to discuss the performance and answer any questions from participants. This call will be accessible through an audio dial-in and a web-cast.

Audio conference Participants can dial-in on the numbers below

Primary number: 91 22 3960 0616

Secondary number: 91 22 6746 5826

International Toll Free Number USA 18667462133

UK 08081011573

Singapore 8001012045

Hong Kong 800964448

Playback of call: 91 22 3065 2322, 91 22 6181 3322

Conference ID: 375#

Web-cast More details will be provided through our website, www.drreddys.com

Transcript of the event will be available at www.drreddys.com. Playback will be available for a few days.

About Dr. Reddy's: Dr. Reddy's Laboratories Ltd. (BSE: 500124, NSE: DRREDDY, NYSE: RDY) is an integrated pharmaceutical company, committed to providing affordable and innovative medicines for healthier lives. Through its three businesses - Pharmaceutical Services & 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. Our major therapeutic areas of focus are gastro-intestinal, cardiovascular, diabetology, oncology, pain management and dermatology. Dr. Reddy's operates in markets across the globe. Our major markets include – USA, India, Russia and other CIS countries. For more information, log on to: www.drreddys.com

Disclaimer: This press release may include statements of future expectations and other forward-looking statements that are based on the management's current views and assumptions and involve known or unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to without limitation, (i) general economic conditions such as performance of financial markets, credit defaults, currency exchange rates, interest rates, persistency levels and frequency / severity of insured loss events (ii) mortality and morbidity levels and trends, (iii) changing levels of competition and general competitive factors, (iv) changes in laws and regulations and in the policies of central banks and/or governments, (v) the impact of acquisitions or reorganisation, including related integration issues.

The company assumes no obligation to update any information contained herein.

