

October 31, 2017

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, 2017.

Further to our letter dated October 5, 2017, we would like to inform you that the Board of Directors of the Company at their meeting held on October 31, 2017 have *inter alia* approved the Unaudited Financial Results of the Company for the quarter and half-year ended September 30, 2017.

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

1. Unaudited Standalone Financial Statements of the Company for the quarter and half-year ended September 30, 2017 as per Indian Accounting Standards.
2. Unaudited Consolidated Financial Statements of the Company and its subsidiaries for the quarter and half-year ended September 30, 2017 as per Indian Accounting Standards.
3. Unaudited Consolidated Financial Statements of the Company for the quarter and half-year ended September 30, 2017 prepared in compliance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).
4. 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 enclosing the above along with Limited Review Reports of the Statutory Auditors on the Unaudited Standalone and Consolidated Financial Statements of the Company for the quarter and half-year ended September 30, 2017.

The Board Meeting commenced at 09.00 AM and concluded at 11.00 AM.

This is for your information and records.

With regards,


Sandeep Poddar
Company Secretary

Encl : as above

Limited Review Report – Standalone Financial Results**Review Report to
The Board of Directors
Dr. Reddy's Laboratories Limited**

We have reviewed the accompanying statement of unaudited standalone financial results of Dr. Reddy's Laboratories Limited (the 'Company') for the quarter ended September 30, 2017 and year to date from April 01, 2017 to September 30, 2017 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagements (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 Statement is 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, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised 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, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

*Kaustav Ghose***per Kaustav Ghose**
Partner

Membership No.: 57828



Place: Hyderabad

Date: October 31, 2017

DR. REDDY'S LABORATORIES LIMITED
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2017

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2017 (Unaudited)	30.06.2017 (Unaudited)	30.09.2016 (Unaudited)	30.09.2017 (Unaudited)	30.09.2016 (Unaudited)	31.03.2017 (Audited)
1	Revenue from operations						
	a) Net sales / income from operations	22,380	20,721	26,059	43,101	47,566	95,868
	b) License fees and service income	82	64	49	146	90	413
	c) Other operating income	81	112	167	193	256	917
	Total revenue from operations	22,543	20,897	26,275	43,440	47,912	97,198
2	Other income	404	488	639	892	4,446	5,912
	Total income (1 + 2)	22,947	21,385	26,914	44,332	52,358	103,110
3	Expenses						
	a) Cost of materials consumed	4,471	4,931	4,904	9,402	9,840	18,176
	b) Purchase of traded goods	1,696	1,188	1,816	2,884	3,410	6,715
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	450	(392)	(83)	58	(1,334)	19
	d) Employee benefits expense	4,525	4,505	4,802	9,030	9,486	18,033
	e) Selling expenses	2,475	2,783	2,636	5,258	5,157	9,985
	f) Depreciation and amortisation expense	1,948	1,910	1,893	3,858	3,618	7,351
	g) Finance costs	190	164	123	354	249	572
	h) Other expenditure	5,790	6,398	6,731	12,188	13,415	26,814
	Total expenses	21,545	21,487	22,822	43,032	43,841	87,665
4	Profit / (loss) before tax (1 + 2 - 3)	1,402	(102)	4,092	1,300	8,517	15,445
5	Tax expense						
	a) Current tax	326	-	673	326	1,567	1,826
	b) Deferred tax	69	(29)	287	40	(273)	(222)
6	Net profit / (loss) for the period / year (4 - 5)	1,007	(73)	3,132	934	7,223	13,841
7	Other comprehensive income						
	a) (i) Items that will not be reclassified to profit or loss	(3)	(2)	9	(5)	7	(31)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	15
	b) (i) Items that will be reclassified to profit or loss	(142)	110	3	(32)	(138)	475
	(ii) Income tax relating to items that will be reclassified to profit or loss	49	(38)	(36)	11	(17)	(51)
	Total other comprehensive income	(96)	70	(24)	(26)	(148)	408
8	Total comprehensive income (6 + 7)	911	(3)	3,108	908	7,075	14,249
9	Paid-up equity share capital (face value Rs. 5/- each)	829	829	829	829	829	829
10	Other equity						115,177
11	Earnings per equity share (face value Rs. 5/- each)						
	Basic	6.07	(0.44)	18.91	5.63	43.10	83.05
	Diluted	6.06	(0.44)	18.86	5.62	43.00	82.88
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

See accompanying notes to the financial results.

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Segment information

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2017 (Unaudited)	30.06.2017 (Unaudited)	30.09.2016 (Unaudited)	30.09.2017 (Unaudited)	30.09.2016 (Unaudited)	31.03.2017 (Audited)
	Segment wise revenue and results:						
1	Segment revenue:						
	a) Pharmaceutical Services and Active Ingredients	6,189	4,679	5,979	10,868	11,227	22,564
	b) Global Generics	17,774	17,379	21,928	35,153	39,848	80,277
	c) Proprietary Products	29	27	-	56	-	417
	Total	23,992	22,085	27,907	46,077	51,075	103,258
	Less: Inter-segment revenue	1,449	1,188	1,632	2,637	3,163	6,066
	Add: Other un-allocable income	-	-	-	-	-	6
	Total revenue from operations	22,543	20,897	26,275	43,440	47,912	97,198
2	Segment results:						
	Profit / (loss) before tax and interest from each segment						
	a) Pharmaceutical Services and Active Ingredients	209	(651)	(250)	(442)	(993)	(1,446)
	b) Global Generics	3,046	1,600	5,178	4,646	9,043	17,817
	c) Proprietary Products	(876)	(1,046)	(871)	(1,922)	(1,621)	(3,124)
	Total	2,379	(97)	4,057	2,282	6,429	13,247
	Less: (i) Finance costs	190	164	123	354	249	572
	(ii) Other un-allocable expenditure / (income), net	787	(159)	(158)	628	(2,337)	(2,770)
	Total profit before tax	1,402	(102)	4,092	1,300	8,517	15,445

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.
- Post implementation of Goods and Services Tax ("GST") with effect from 1 July 2017, revenue from operations is disclosed net of GST. Revenue from operations for the earlier periods included excise duty which is now subsumed in the GST. Revenue from operations for the half year ended 30 September 2017 includes excise duty upto 30 June 2017. Accordingly, revenue from operations for the quarter and half year ended 30 September 2017 are not comparable with those of the previous periods presented.
- 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 has provided an update to the U.S. FDA on the progress of remediation in January 2016, March 2016, May 2016 and August 2016. The U.S. FDA completed the reinspection of the aforementioned facilities in March and April 2017. The Company has responded to the observations identified by the U.S. FDA. We have received Establishment Inspection report from the U.S. FDA for API manufacturing facility at Miryalaguda in June 2017 which indicates that the audit is closed.
- 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, during the quarter ended 30 September 2016, an amount of Rs. 344 million was recorded as a potential liability including the interest thereon. The aforesaid amount was included under "selling expenses".





5 Balance sheet

All amounts in Indian Rupees millions

Particulars	As at	As at
	30.09.2017	31.03.2017
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	40,702	40,433
Capital work-in-progress	5,293	5,400
Goodwill	323	323
Other intangible assets	7,480	7,665
Financial assets		
Investments	18,023	18,028
Trade receivables	217	206
Loans	2,010	1,932
Other financial assets	474	462
Deferred tax assets, net	792	821
Tax assets, net	3,240	2,892
Other non-current assets	841	372
Total non-current assets	79,395	78,534
Current assets		
Inventories	17,977	18,097
Financial assets		
Investments	13,073	12,991
Trade receivables	44,006	44,054
Cash and cash equivalents	962	668
Other financial assets	506	1,057
Other current assets	10,448	9,071
Total current assets	86,972	85,938
TOTAL ASSETS	166,367	164,472
EQUITY AND LIABILITIES		
Equity		
Equity share capital	829	829
Other equity	112,307	115,177
Total Equity	113,136	116,006
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	4,887	4,852
Provisions	497	623
Other non-current liabilities	358	411
Total non-current liabilities	5,742	5,886
Current liabilities		
Financial liabilities		
Borrowings	22,857	18,699
Trade payables	8,960	7,787
Other financial liabilities	11,872	11,556
Provisions	1,946	2,084
Other current liabilities	1,854	2,454
Total current liabilities	47,489	42,580
TOTAL EQUITY AND LIABILITIES	166,367	164,472

6 The unaudited results have been reviewed by the Audit Committee of the Board on 30 October 2017 and approved by the Board of Directors of the Company at their meeting held on 31 October 2017.

7 The results for the quarter and half year ended 30 September 2017 presented were subjected to a "Limited review" by the Statutory Auditors of the Company. An unqualified report was issued by them thereon.

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




G V Prasad
Co-Chairman & Chief Executive Officer

Place Hyderabad
Date: 31 October 2017



Limited Review Report – Consolidated Financial Results

**Review Report to
The Board of Directors
Dr. Reddy's Laboratories Limited**

We have reviewed the accompanying statement of unaudited consolidated financial results of Dr. Reddy's Laboratories Limited Group comprising Dr. Reddy's Laboratories Limited (the 'Company') comprising its subsidiaries (together referred to as 'the Group'), and its joint ventures, for the quarter ended September 30, 2017 and year to date from April 01, 2017 to September 30, 2017 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting (Ind AS 34) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 is the responsibility of the Company's management and has been approved by the Board of Directors of the Company. Our responsibility is to issue express a conclusion on the Statement based on our review.

We conducted our review in accordance with the Standard on Review Engagements (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 Statement is 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 consolidated financial results prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised 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, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

Kaustav Ghose
per Kaustav Ghose

Partner

Membership No.: 57828



Place: Hyderabad

Date: October 31, 2017

DR. REDDY'S LABORATORIES LIMITED

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2017

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations						
	a) Net sales / income from operations	34,905	32,489	35,287	67,394	67,144	138,663
	b) License fees and service income	555	670	570	1,225	1,058	2,146
	c) Other operating income	138	173	306	311	408	1,152
	Total revenue from operations	35,598	33,332	36,163	68,930	68,610	141,961
2	Other income	316	380	438	696	1,108	1,715
3	Total income (1 + 2)	35,914	33,712	36,601	69,626	69,718	143,676
4	Expenses						
	a) Cost of materials consumed	6,078	6,548	5,837	12,626	11,912	21,930
	b) Purchase of traded goods	3,308	2,799	3,223	6,107	6,505	13,752
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	983	245	(386)	1,228	(2,179)	(1,233)
	d) Employee benefits expense	7,890	8,073	8,161	15,963	16,211	31,068
	e) Selling expenses	3,028	3,264	3,549	6,292	6,817	12,934
	f) Depreciation and amortisation expense	2,702	2,592	2,622	5,294	5,058	10,266
	g) Finance costs	223	215	126	438	274	634
	h) Other expenditure	7,617	9,171	9,509	16,788	19,172	38,788
	Total expenses	31,829	32,907	32,641	64,736	63,770	128,139
5	Profit before tax (3 - 4)	4,085	805	3,960	4,890	5,948	15,537
6	Tax expense:						
	a) Current tax	615	301	1,028	916	2,296	3,096
	b) Deferred tax	508	(64)	(72)	444	(814)	(131)
7	Net profit for the period / year (5 - 6)	2,962	568	3,004	3,530	4,466	12,572
8	Share of profit of equity accounted investees, net of tax	92	98	85	190	158	349
9	Net profit after taxes and share of profit of associates (7 + 8)	3,054	666	3,089	3,720	4,624	12,921
10	Other comprehensive income						
	a) (i) Items that will not be reclassified subsequently to profit or loss	(680)	(1,594)	1,722	(2,274)	1,719	1,930
	(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss	165	379	(334)	544	(334)	(404)
	b) (i) Items that will be reclassified subsequently to profit or loss	(126)	20	317	(106)	448	1,279
	(ii) Income tax relating to items that will be reclassified subsequently to profit or loss	46	(58)	(59)	(12)	(40)	136
	Total other comprehensive income	(595)	(1,253)	1,646	(1,848)	1,793	2,941
11	Total comprehensive income (9 + 10)	2,459	(587)	4,735	1,872	6,417	15,862
12	Paid-up equity share capital (face value Rs. 5/- each)	829	829	829	829	829	829
13	Reserves						121,792
14	Earnings per equity share (face value Rs.5/- each)						
	Basic	18.42	4.02	18.64	22.44	27.59	77.53
	Diluted	18.39	4.01	18.59	22.39	27.52	77.37
		(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

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Segment wise revenue and results:						
1	Segment revenue :						
	a) Pharmaceutical Services and Active Ingredients	7,210	5,972	7,538	13,182	13,865	27,832
	b) Global Generics	28,672	27,482	29,193	56,154	55,853	115,736
	c) Proprietary Products	728	539	588	1,267	1,211	2,783
	d) Others	444	578	498	1,022	897	1,791
	Total	37,054	34,571	37,817	71,625	71,826	148,142
	Less: Inter-segment revenue	1,456	1,239	1,654	2,695	3,216	6,181
	Add: Other un-allocable income	-	-	-	-	-	-
	Total revenue from operations	35,598	33,332	36,163	68,930	68,610	141,961
2	Segment results:						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	1,125	533	1,278	1,658	2,417	4,497
	b) Global Generics	16,936	15,836	18,067	32,772	34,406	71,079
	c) Proprietary Products	633	418	507	1,051	1,032	1,951
	d) Others	225	310	252	535	435	853
	Total	18,919	17,097	20,104	36,016	38,290	78,380
	Less: Other un-allocable expenditure / (income), net	14,834	16,292	16,144	31,126	32,342	62,843
	Total profit before tax	4,085	805	3,960	4,890	5,948	15,537

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.
- Post implementation of Goods and Services Tax ("GST") with effect from 1 July 2017, revenue from operations is disclosed net of GST. Revenue from operations for the earlier periods included excise duty which is now subsumed in the GST. Revenue from operations for the half year ended 30 September 2017 includes excise duty upto 30 June 2017. Accordingly, revenue from operations for the quarter and half year ended 30 September 2017 are not comparable with those of the previous periods presented.
- 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 has provided an update to the U.S. FDA on the progress of remediation in January 2016, March 2016, May 2016 and August 2016. The U.S. FDA completed the reinspection of the aforementioned facilities in March and April 2017. The Company has responded to the observations identified by the U.S. FDA. We have received Establishment Inspection report from the U.S. FDA for API manufacturing facility at Miryalaguda in June 2017 which indicates that the audit is closed.
- 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, during the quarter ended 30 September 2016, an amount of Rs. 344 million was recorded as a potential liability including the interest thereon. The aforesaid amount was included under "selling expenses".
- The unaudited results were reviewed by the Audit Committee of the Board on 30 October 2017 and approved by the Board of Directors of the Company at their meeting held on 31 October 2017.
- The results for the quarter and half year ended 30 September 2017 were subjected to a "Limited review" by the Statutory Auditors of the Company. An unqualified report was issued by them thereon.

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DR. REDDY'S LABORATORIES LIMITED
7 Consolidated Balance Sheet

All amounts in Indian Rupees millions

Particulars	As at	As at
	30.09.2017	31.03.2017
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	50,839	50,281
Capital work-in-progress	5,881	6,095
Goodwill	5,150	4,763
Other intangible assets	14,694	14,263
Intangible assets under development	27,670	27,150
Investment in joint ventures	1,857	1,603
Financial assets		
Investments	2,960	5,223
Trade receivables	217	210
Other financial assets	826	829
Deferred tax assets (net)	6,598	6,784
Tax assets (net)	3,697	3,388
Other non-current assets	1,210	739
Total non-current assets	121,599	121,328
Current assets		
Inventories	26,998	28,528
Financial assets		
Investments	14,333	14,271
Trade receivables	42,092	37,986
Derivative instruments	173	264
Cash and cash equivalents	2,460	3,865
Other financial assets	855	1,432
Other current assets	12,226	10,491
Total current assets	99,137	96,837
TOTAL ASSETS	220,736	218,165
EQUITY AND LIABILITIES		
Equity		
Equity share capital	829	829
Other equity	119,870	121,792
Total equity	120,699	122,621
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	24,952	5,449
Other financial liabilities	187	183
Long term provisions	740	842
Deferred tax liabilities (net)	1,311	1,620
Other non-current liabilities	3,184	3,251
Total non-current liabilities	30,374	11,345
Current liabilities		
Financial liabilities		
Borrowings	28,639	43,626
Trade payables	11,063	10,569
Other financial liabilities	19,623	18,750
Liabilities for current tax (net)	1,702	1,482
Provisions	4,692	5,125
Other current liabilities	3,944	4,647
Total current liabilities	69,663	84,199
TOTAL EQUITY AND LIABILITIES	220,736	218,165

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



 G V Prasad
 Co-Chairman & Chief Executive Officer





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Independent Auditors' Report on Review of Interim Financial Information

The Board of Directors
Dr. Reddy's Laboratories Limited

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Dr. Reddy's Laboratories Limited and its subsidiaries ('the company') as at September 30, 2017 and the related condensed consolidated interim income statement, the statements of comprehensive income for the three and six months period then ended, changes in equity and cash flows for six months period ended September 30, 2017 and the summary of significant accounting policies and notes to the interim financial statements ('the condensed consolidated interim financial statements'). Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Hyderabad, India
October 31, 2017

Unaudited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and half year ended 30 September 2017 prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenues	35,460	33,159	35,857	68,619	68,202	140,809
2	Cost of revenues	16,559	16,062	15,760	32,621	29,927	62,453
3	Gross profit (1 - 2)	18,901	17,097	20,097	35,998	38,275	78,356
4	Selling, general and administrative expenses	11,032	11,763	11,774	22,795	24,058	46,372
5	Research and development expenses	4,175	5,075	5,214	9,250	10,016	19,551
6	Other (income) / expense, net	(114)	(194)	(277)	(308)	(373)	(1,065)
	Total operating expenses	15,093	16,644	16,711	31,737	33,701	64,858
7	Operating profit [(3) - (4 + 5 + 6)]	3,808	453	3,386	4,261	4,574	13,498
	Finance income	199	436	491	635	1,084	1,587
	Finance expense	(223)	(215)	(126)	(138)	(274)	(781)
8	Finance (expense)/income, net	(24)	221	365	197	810	806
9	Share of profit of equity accounted investees, net of tax	92	98	84	190	158	349
10	Profit before tax (7 + 8 + 9)	3,876	772	3,835	4,648	5,542	14,653
11	Tax expense	1,027	181	885	1,208	1,329	2,614
12	Profit for the period / year	2,849	591	2,950	3,440	4,213	12,039
	Attributable to :						
	- Equity holders of the Company	2,849	591	2,950	3,440	4,213	12,039
	- Non-controlling interest	-	-	-	-	-	-
13	Earnings per share:						
	Basic earnings per share of Rs.5/- each	17.18	3.57	17.80	20.75	25.14	72.24
	Diluted earnings per share of Rs.5/- each	17.15	3.56	17.76	20.71	25.08	72.09
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	

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Segment reporting (consolidated)

All amounts in Indian Rupees millions

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.2017	30.06.2017	30.09.2016	30.09.2017	30.09.2016	31.03.2017
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment wise revenue and results:						
	Segment revenue: ⁽¹⁾						
	a) Pharmaceutical Services and Active Ingredients	5,654	4,651	5,784	10,305	10,476	21,277
	b) Global Generics	28,618	27,455	28,995	56,073	55,633	115,409
	c) Proprietary Products	748	512	588	1,260	1,208	2,363
	d) Others	440	541	490	981	885	1,760
	Net revenue from operations	35,460	33,159	35,857	68,619	68,202	140,809
2	Segment results:						
	Gross profit from each segment						
	a) Pharmaceutical Services and Active Ingredients	1,107	533	1,271	1,640	2,402	4,473
	b) Global Generics	16,936	15,836	18,067	32,772	34,406	71,079
	c) Proprietary Products	633	418	507	1,051	1,032	1,951
	d) Others	225	310	252	535	435	853
	Total	18,901	17,097	20,097	35,998	38,275	78,356
	Less: Other un-allocable expenditure, net of other income	15,025	16,325	16,262	31,350	32,733	63,703
	Total profit before tax	3,876	772	3,835	4,648	5,542	14,653

Global Generics segment includes operations of Biologics business.

⁽¹⁾ Segment revenues for the quarter ended 30 September 2017, 30 June 2017, and 30 September 2016 does not include inter-segment revenues from Pharmaceutical Services and Active Ingredients to Global Generics, which is accounted for at a cost of Rs.1,456 million, Rs.1,239 million and Rs.1,654 million, respectively. Segment revenues for the half year ended 30 September 2017 and 30 September 2016 does not include inter-segment revenues from Pharmaceutical Services and Active Ingredients to Global Generics, which is accounted for at a cost of Rs.2,695 million and Rs.3,216 million, respectively. Segment revenues for the year ended 31 March 2017 does not include inter-segment revenues from Pharmaceutical Services and Active Ingredients to Global Generics, which is accounted for at a cost of Rs.6,181 million.

Notes:

- The unaudited results have been reviewed by the Audit Committee of the Board on 30 October 2017 and approved by the Board of Directors of the Company at their meeting held on 31 October 2017. 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).
- Post implementation of Goods and Services Tax ("GST") in India with effect from 1 July 2017, revenues are disclosed net of GST. Revenues for the earlier periods included excise duty which is now subsumed in the GST. Revenues for the half year ended 30 September 2017 include excise duty upto 30 June 2017. Accordingly, revenues for the quarter and half year ended 30 September 2017 are not comparable with those of the previous periods presented.
- 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 has provided an update to the U.S. FDA on the progress of remediation in January 2016, March 2016, May 2016 and August 2016. The U.S. FDA completed the reinspection of the aforementioned facilities in March and April 2017. The Company has responded to the observations identified by the U.S. FDA. We have received Establishment Inspection report from the U.S. FDA for API manufacturing facility at Miryalaguda in June 2017 which indicates that the audit is closed.
- 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, during the quarter ended 30 September 2016, an amount of Rs.344 million was recorded as a potential liability including the interest thereon. The aforesaid amount was included under "selling, general and administrative expenses".
- The results for the quarter ended and half year ended 30 September 2017 were subjected to a "Limited review" by the Independent Auditors of the Company. An unqualified report was issued by them thereon.

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Particulars	As at	As at
	30.09.2017	31.03.2017
	(Unaudited)	(Audited)
ASSETS		
Current assets		
Cash and cash equivalents	2,460	3,866
Other investments	14,333	14,270
Trade and other receivables	42,203	38,065
Inventories	26,998	28,529
Derivative financial instruments	171	262
Current tax assets	3,728	3,413
Other current assets	13,115	11,970
Total current assets	103,008	100,375
Non-current assets		
Property, plant and equipment	57,905	57,160
Goodwill	3,883	3,752
Other intangible assets	45,751	44,925
Trade and other receivables	217	206
Investment in equity accounted investees	1,857	1,603
Other investments	2,974	5,237
Deferred tax assets	5,371	5,580
Other non-current assets	1,052	983
Total non-current assets	119,010	119,446
Total assets	222,018	219,821
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	14,193	13,417
Short-term borrowings	28,579	43,539
Long-term borrowings, current portion	76	110
Provisions	3,821	4,509
Current tax liabilities	1,708	1,483
Derivative financial instruments	157	10
Bank overdraft	60	87
Other current liabilities	21,745	21,845
Total current liabilities	70,339	85,000
Non-current liabilities		
Long-term borrowings, excluding current portion	24,952	5,449
Deferred tax liabilities	817	1,204
Provisions	50	47
Other non-current liabilities	4,020	4,077
Total non-current liabilities	29,839	10,777
Total liabilities	100,178	95,777
Equity		
Share capital	829	829
Share premium	7,708	7,359
Share based payment reserve	863	998
Capital redemption reserve	173	173
Retained earnings	107,499	108,051
Other components of equity	4,768	6,634
Total equity	121,840	124,044
Total liabilities and equity	222,018	219,821

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



G V Prasad
Co-Chairman & Chief Executive Officer



Place: Hyderabad
Date: 31 October 2017



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Dr. Reddy's Q2 and H1 FY18 Financial Results

Q2 Revenues at ₹35.5 Bn [QoQ growth: 7%; YoY decline: 1%] Q2 EBITDA at ₹6.9 Bn [19.4% of Revenues]	H1 Revenues at ₹68.6 Bn [YoY growth: 1%] H1 EBITDA at ₹10.2 Bn [14.9% of Revenues]
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Hyderabad, India, October 31, 2017: 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, 2017 under International Financial Reporting Standards (IFRS).

Q2 FY18: Key Highlights

- Revenues at ₹35.5 billion [QoQ growth: 7%; YoY decline: 1%]
- Gross Profit Margin at 53.3% [Q1 FY18: 51.6%; Q2FY 17: 56.0%]
- Research & Development (R&D) spend at ₹4.2 billion. [11.8% of Revenues]
- Selling, general & administrative (SG&A) expenses at ₹11.0 billion [YoY decrease: 6%]
- EBITDA at ₹6.9 billion [19.4% of Revenues]
- Profit after tax at ₹2.8 billion [8.0% of Revenues]

H1 FY18: Key Highlights

- Revenues at ₹68.6 billion [YoY growth: 1%]
- Gross Profit Margin at 52.5% [H1 FY17: 56.1%]
- Research & Development (R&D) spend at ₹9.3 billion. [13.5% of Revenues]
- Selling, general & administrative (SG&A) expenses at ₹22.8 billion [YoY decrease: 5%]
- EBITDA at ₹10.2 billion [14.9% of Revenues]
- Profit after tax at ₹3.4 billion [5.0% of Revenues]

Commenting on the results, CEO and Co-chairman, G.V. Prasad said, "Healthy performances in India, Emerging Markets, Europe and PSAI businesses, as well as continued focus on cost control, have contributed to sequential growth in our topline as well as bottom line, with an EBITDA increase of 105% over the previous quarter.

Looking ahead, we expect to see results from products launched in the U.S. during the first half of this fiscal. We will continue to focus on the launching of new products, as well as on improving operational efficiencies and quality management systems across the company."




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

Particulars	Q2 FY 18			Q2 FY 17			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Revenues	543	35,460	100.0	549	35,857	100.0	(1)
Cost of revenues	254	16,559	46.7	241	15,760	44.0	5
Gross profit	289	18,901	53.3	308	20,097	56.0	(6)
Operating Expenses							
Selling, general & administrative expenses	169	11,032	31.1	180	11,774	32.8	(6)
Research and development expenses	64	4,175	11.8	80	5,214	14.5	(20)
Other operating expense / (income)	(2)	(114)	(0.3)	(4)	(277)	(0.8)	(59)
Results from operating activities	58	3,808	10.7	52	3,386	9.4	12
Finance expense / (income), net	0	24	0.1	(6)	(365)	(1.0)	
Share of (profit) of equity accounted investees, net of income tax	(1)	(92)	(0.3)	(1)	(84)	(0.2)	10
Profit before income tax	59	3,876	10.9	59	3,835	10.7	1
Income tax expense	16	1,027	2.9	14	885	2.5	16
Profit for the period	44	2,849	8.0	45	2,950	8.2	(3)
Diluted EPS	0.26	17.15		0.27	17.76		(3)

EBITDA Computation

Particulars	Q2 FY 18		Q2 FY 17	
	(\$)	(Rs.)	(\$)	(Rs.)
Profit before income tax	59	3,876	59	3,835
Interest (income) / expense net*	1	72	(5)	(329)
Depreciation	32	2,078	29	1,897
Amortization	13	862	15	950
Impairment	-	-	1	67
EBITDA	105	6,888	98	6,420
EBITDA (% to sales)		19.4		17.9

* - Includes income from Investments

Key Balance Sheet Items

Particulars	As on 30 th Sep 17		As on 30 th June 17	
	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents and Other current Investments	257	16,793	223	14,572
Trade receivables	646	42,203	630	41,140
Inventories	413	26,998	430	28,095
Property, plant and equipment	887	57,905	882	57,611
Goodwill and Other Intangible assets	760	49,634	744	48,564
Loans and borrowings (current & non-current)	822	53,668	773	50,462
Trade payables	217	14,193	203	13,225
Equity	1,866	1,21,840	1,890	1,23,423



Revenue Mix by Segment [Year on year]

Particulars	Q2 FY 18			Q2 FY 17			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Global Generics	438	28,618	81%	444	28,995	81%	-1
North America		14,318			16,134		-11
Europe*		2,424			1,776		36
India		6,370			6,251		2
Emerging Markets#		5,506			4,834		14
PSAI	87	5,654	16%	89	5,784	16%	-2
North America		962			1,135		-15
Europe		1,938			2,095		-7
India		436			575		-24
Rest of World		2,318			1,979		17
Proprietary Products & Others	18	1,188	3%	17	1,078	3%	10
Total	543	35,460	100%	549	35,857	100%	-1

Revenue Mix by Segment [Sequential]

Particulars	Q2 FY 18			Q1 FY 18			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Global Generics	438	28,618	81	420	27,455	83%	4
North America		14,318			14,946		-4
Europe*		2,424			2,075		17
India		6,370			4,687		36
Emerging Markets#		5,506			5,747		-4
PSAI	87	5,654	16	71	4,651	14%	22
North America		962			779		23
Europe		1,938			1,863		4
India		436			288		51
Rest of World		2,318			1,721		35
Proprietary Products & Others	18	1,188	3	16	1,053	3%	13
Total	543	35,460	100%	508	33,159	100%	7

* 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



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Segmental Analysis

Global Generics (GG)

Revenues from **GG** segment at ₹28.6 billion, year-on-year marginal decline of 1%; decline primarily on account of lower contribution from North America offset by increased contribution from Europe, India and Emerging Markets.

- Revenues from **North America** at ₹14.3 billion. Year-on-year decline of 11%, primarily on account of higher price erosions due to channel consolidation and increased competition in some of our key products namely Valgancyclovir, Azacitidine, Esomeprazole, etc.

During the quarter we launched 4 new products i.e. Sevelamer Carbonate, Cefixime OS, Bupropion XL and Metaxalone tabs. Since Sevelamer carbonate was launched post the cut-off date for revenue recognition, no sales have been recorded during the quarter.

As of 30th September 2017, cumulatively 103 generic filings are pending for approval with the USFDA (100 ANDAs and 3 NDAs under 505(b)(2) route). Of these 100 ANDAs, 60 are Para IVs out of which we believe 28 have 'First to File' status.

- Revenues from **Emerging Markets** at ₹5.5 billion, year-on-year growth of 14%.
 - Revenues from **Russia** at ₹3.2 billion, year-on-year growth of 20%. In constant currency i.e. in Ruble terms year-on-year growth of 13%. Growth driven by higher volume uptake in base business and new products.
 - Revenues from **other CIS countries and Romania** market at ₹0.9 billion, year-on-year growth of 3%.
 - Revenues from **Rest of World (RoW)** territories at ₹1.4 billion, year-on-year growth of 9%.
- Revenues from **India** at ₹6.4 billion, year-on-year growth of 2%. Partial recovery was witnessed in the inventory holding by the channel post the transition to the GST regime. Pre-GST transition, the reported numbers included the excise duty component with a corresponding charge in the income statement. Post the transition, revenues reported are lower to the extent of the ED component, though it's a profit neutral adjustment. Normalizing for this and some other transition related adjustments, the comparable year-on-year growth would be around 10%.
- Revenues from **Europe** at ₹2.4 billion, year-on-year growth of 37%. Growth primarily driven by new launches and volume uptake in some of the key products.

Pharmaceutical Services and Active Ingredients (PSAI)

- Revenues from **PSAI** at ₹5.7 billion, year-on-year decline of 2%. On a sequential basis revenues registered a growth of 22% aided by improved order flow and supply situations
- During the quarter, 16 DMFs were filed globally of which 2 were in the US. The cumulative number of DMF filings as of 30th September, 2017 was 780.



Income Statement Highlights:

- Gross profit margin at 53.3% and declined by ~270 bps over that of previous year, decline primarily on account of higher price erosions due to channel consolidation and increased competitive intensity in some of our key molecules in the US. Gross profit margin for GG and PSAI business segments are at 59.2% and 19.6% respectively.

Gross profit margins improved 170 bps sequentially, aided by favorable manufacturing overheads leverage (higher revenues and lower overheads).

- SG&A expenses at ₹11.0 billion, a decrease of 6% both year-on-year and sequentially. In Q2 FY17 the company had accrued a potential liability of Rs. 344 million towards NPPA provision. After adjusting the base, the marginal decline is primarily on account of prudent control on spend.
- Research & development expenses at ₹4.2 billion. As % to Revenues- Q2 FY18: 11.8% | Q1 FY 18: 15.3% | Q2 FY17: 14.5%]. Compared to the trend, spend is lower partially on account of deferment in some of the milestone related payments to subsequent quarters. Focus continues on building complex generics, biosimilars and differentiated products pipeline.
- Net Finance expense at ₹24 million compared to the net finance income of ₹365 million in Q2FY17. The incremental expense of ₹389 million is on account of:
 - Net foreign exchange gain of ₹47 million in the current quarter vs net foreign exchange gain of ₹37 million in the previous year
 - Decrease in profit on sales of investments by ₹289 million.
 - Net increase in interest expense of ₹110 million.
- Profit after Tax at ₹2.8 billion
- Diluted earnings per share is at ₹17.15
- Capital expenditure is at ₹2.8 billion.



Earnings Call Details (06:30 pm IST, 09:00 am EDT, October 31, 2017)

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.