

Unaudited Consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and half year ended 30 September 2010 prepared in compliance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB)

All amounts in Indian Rupees lakhs, except share data

Sl. No.	PARTICULARS	Quarter ended		Half Year ended		Year ended
		30.09.10 (Unaudited)	30.09.09 (Unaudited)	30.09.10 (Unaudited)	30.09.09 (Unaudited)	31.03.10 (Audited)
1	Net Income from Sales and Services	187,037	183,681	355,350	365,576	702,765
2	Cost of Sales and Services					
	a) (Increase) / decrease in stock	(2,070)	7,952	(7,290)	5,448	4,408
	b) Consumption of raw materials	59,137	62,404	114,709	121,234	232,162
	c) Other expenditure	30,109	26,133	58,932	49,975	102,796
3	Gross Profit (1 - 2)	99,861	87,192	188,999	188,919	363,399
4	Selling, General and Administrative expenses	57,087	53,366	111,905	112,625	225,050
5	Research and Development expenses	12,698	9,634	22,627	19,484	37,930
6	Impairment loss on intangible assets	-	-	-	-	34,561
7	Impairment loss on goodwill	-	-	-	-	51,468
8	Other (income) / expense, net	(2,190)	(1,252)	(4,054)	(1,592)	(5,691)
9	Operating profit (3) - (4 + 5 + 6 + 7 + 8)	32,266	25,444	58,521	58,402	20,081
10	Finance (expense) / income, net	(349)	2,085	(2,123)	737	(27)
11	Share of profit of equity accounted affiliate, net of income taxes	30	149	77	258	475
12	Profit / (loss) before tax (9 + 10 + 11)	31,947	27,678	56,475	59,397	20,529
13	Tax Expense	3,265	5,951	6,838	13,216	9,853
14	Net Profit after tax (12 - 13)	28,682	21,727	49,637	46,181	10,676
15	Non-Controlling Interest	-	-	-	-	-
16	Extra-ordinary items (net of tax expense)	-	-	-	-	-
17	Net Profit for the period / year (14 + 15 + 16)	28,682	21,727	49,637	46,181	10,676
18	Paid-up equity share capital (Face value of Rs. 5/- each)	8,460	8,437	8,460	8,437	8,442
19	Share premium, retained earnings, share based payment reserve and other components of equity	-	-	-	-	420,757
20	Earnings per share for the period (in Rupees) per Rs.5/- share					
	Basic	16.95	12.88	29.36	27.40	6.33
	Diluted	16.88	12.82	29.21	27.26	6.30
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	
21	Public shareholding *					
	Number of shares	98,466,684	100,552,801	98,466,684	100,552,801	100,778,704
	Percentage of shareholding	58.19	59.59	58.19	59.59	59.69
22	Promoters and promoter group shareholding					
	a) Pledged / Encumbered					
	- Number of shares	2,100,000	2,100,000	2,100,000	2,100,000	2,225,000
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	4.83	4.83	4.83	4.83	5.11
	- Percentage of shares (as a % of the total share capital of the Company)	1.24	1.24	1.24	1.24	1.32
	b) Non-encumbered					
	- Number of shares	41,367,812	41,417,812	41,367,812	41,417,812	41,292,812
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	95.17	95.17	95.17	95.17	94.89
	- Percentage of shares (as a % of the total share capital of the Company)	24.45	24.55	24.45	24.55	24.46
23	Details of expenditure					
	Items exceeding 10% of total expenditure					
	Employee cost	35,274	36,377	67,629	68,021	130,629
	Depreciation and amortization	10,479	9,870	20,239	21,207	127,630

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

Segment reporting (Consolidated - Unaudited)

All amounts in Indian Rupees lakhs

Sl. No.	PARTICULARS	Quarter ended		Half year ended		Year ended
		30.09.10 (Unaudited)	30.09.09 (Unaudited)	30.09.10 (Unaudited)	30.09.09 (Unaudited)	31.03.10 (Audited)
1	Segment wise revenue and results:					
	Segment revenue :					
	a) Pharmaceutical Services and Active Ingredients	53,382	60,331	106,141	115,425	231,837
	b) Global Generics	136,670	127,064	255,841	257,263	486,228
	c) Proprietary Products	1,308	1,074	2,535	2,193	5,131
	d) Others	2,889	1,797	5,810	3,674	7,540
	Total	194,249	190,266	370,327	378,555	730,736
	Less: Inter-segment revenue	7,212	6,585	14,977	12,979	27,971
	Net Revenue from operations	187,037	183,681	355,350	365,576	702,765
2	Segment results :					
	Gross Profit from each segment					
	a) Pharmaceutical Services and Active Ingredients	10,355	19,250	20,372	36,301	66,598
	b) Global Generics	87,810	67,001	165,164	150,119	291,460
	c) Proprietary Products	896	816	1,692	1,549	3,956
	d) Others	800	125	1,771	950	1,385
	Total	99,861	87,192	188,999	188,919	363,399
	Less: Other un-allocable expenditure, net of other income	67,914	59,514	132,524	129,522	342,870
	Total profit before tax	31,947	27,678	56,475	59,397	20,529

Segmental Capital employed

As certain assets of the company including manufacturing facilities, development facilities and treasury assets & liabilities are often deployed interchangeably across segments, it is impractical to allocate these assets & liabilities to each segment. Hence, the details for capital employed have not been disclosed in the above table.

Notes:

1 Pursuant to Clause 41 of the Listing Agreement, the investor complaints received, disposed off and lying unresolved for the quarter ended 30 September 2010 are given in the table below:

Nature of Complaints	Opening Balance	Received	Disposal	Closing Balance
Non-receipt of shares and dividend	Nil	5	5	Nil

2 The Company has consolidated the financial statements of the following companies:

OOO JV Reddy Biomed Limited, Reddy Pharmaceuticals Hong Kong Limited, Dr. Reddy's Laboratories Inc., Reddy Cheminor S.A., Reddy Antilles N.V., Dr. Reddy's Farmaceutica Do Brazil Ltda., Dr. Reddy's Laboratories (EU) Limited, Dr. Reddy's Laboratories (UK) Limited, Aurigene Discovery Technologies Limited, Aurigene Discovery Technologies Inc., Cheminor Investments Limited, DRL Investments Limited, Reddy Netherlands B.V., Reddy US Therapeutics Inc., Dr. Reddy's Laboratories (Proprietary) Limited, OOO Dr. Reddy's Laboratories Limited, Promius Pharma LLC, Dr. Reddy's Bio-Sciences Limited, Trigenesis Therapeutics Inc., Industrias Quimicas Falcon de Mexico SA de CV, Lacoek Holdings Limited, Reddy Holding GmbH, betapharm Arzneimittel GmbH, beta Healthcare Solutions GmbH, beta institut fur sozialmedizinische Forschung und Entwicklung GmbH, Dr. Reddy's Laboratories (Australia) Pty Ltd, Reddy Pharma Iberia, S.A., Reddy Pharma Italia S.p.A, Dr. Reddy's Laboratories SA, Eurobridge Consulting B.V, OOO DRS LLC, Dr. Reddy's New Zealand Limited, Aurigene Discovery Technologies (Malaysia) Sdn Bhd, Dr. Reddy's Laboratories Louisiana LLC, Chirotech Technology Limited, Dr. Reddy's Laboratories ILAC TICARET Limited SIRKETI, Dr.

3 Kunshan Rotam Reddy Pharmaceutical Company Limited (a joint venture) has been accounted under the equity method of accounting in accordance with IAS-31 "Interests in Joint Ventures".

4 APR LLC (a Special Purpose entity) has been consolidated in accordance with SIC-12 "Consolidation-Special Purpose Entities".

5 Macred India Private Limited (an associate) has been accounted for under equity method of accounting in accordance with IAS-28 "Investments in Associates".

6 During the quarter ended 30 September 2010, the company had acquired the non-controlling interest of 40% in Dr. Reddy's Laboratories (Proprietary) Limited, South Africa (DRSA) for a total consideration of Rs. 5,243. This was accounted for as an acquisition of non-controlling interest in accordance with IAS-27 "Consolidated and Separate Financial Statements" and disclosed as part of retained earnings. With this acquisition, DRSA has become a wholly owned subsidiary of the Company.

7 The unaudited results have been approved by the Board of Directors of the Company at its meeting held on 23 October 2010. The above interim financial results have been prepared from the condensed consolidated interim financial statements, which are prepared in accordance with International Financial Reporting Standards and its interpretations (IFRS), as issued by the International Accounting Standards Board (IASB).

8 The Securities and Exchange Board of India (SEBI) had on 9 November 2009 issued a press release permitting listed entities having subsidiaries to voluntarily submit the Consolidated Financial Statements as per IFRS. Further, the SEBI issued a circular, dated 5 April 2010, wherein the Listing Agreement has been modified to this effect from 31 March 2010. Consequent to this, the Company has voluntarily prepared and published unaudited Consolidated Financial Statements as per IFRS for the quarter and half year ended 30 September 2010.

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

10 STATEMENT OF ASSETS AND LIABILITIES (IFRS)

PARTICULARS	All amounts in Indian Rupees lakhs	
	As at	As at
	30.09.10	30.09.09
	(Unaudited)	(Unaudited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	61,966	61,490
Trade receivables	133,758	131,550
Inventories	147,283	131,363
Other current assets	79,390	53,113
<b>Total current assets</b>	<b>422,397</b>	<b>377,516</b>
<b>Non-current assets</b>		
Property, plant and equipment	254,118	212,777
Goodwill	21,739	74,949
Other intangible assets	113,369	145,623
Investment in equity accounted investees	3,180	2,882
Other non-current assets	18,893	13,029
<b>Total non-current assets</b>	<b>411,299</b>	<b>449,260</b>
<b>Total assets</b>	<b>833,696</b>	<b>826,776</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Loans and short-term borrowings	121,214	63,207
Other current liabilities	196,792	165,216
Provisions	12,089	11,819
<b>Total current liabilities</b>	<b>330,095</b>	<b>240,242</b>
<b>Non-current liabilities</b>		
Loans	23,719	83,470
Other non-current liabilities	27,016	46,130
Provisions	410	443
<b>Total non-current liabilities</b>	<b>51,145</b>	<b>130,043</b>
<b>Total liabilities</b>	<b>381,240</b>	<b>370,285</b>
<b>Equity</b>		
Share capital	8,460	8,437
Reserves	443,996	448,054
<b>Total equity</b>	<b>452,456</b>	<b>456,491</b>
<b>Total liabilities and equity</b>	<b>833,696</b>	<b>826,776</b>

11 UNAUDITED FINANCIAL RESULTS OF DR. REDDY'S LABORATORIES LIMITED (STANDALONE INFORMATION) PREPARED AS PER IGAAP

PARTICULARS	All amounts in Indian Rupees lakhs				
	Quarter ended		Half Year ended		Year ended
	30.09.10	30.09.09	30.09.10	30.09.09	31.03.10
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues	129,688	112,586	256,814	233,018	455,320
Profit before tax and exceptional items	26,477	25,329	54,363	54,226	108,483
Profit after tax before exceptional items	22,020	19,706	46,468	42,450	84,608
Profit after tax and exceptional items	22,020	19,706	46,468	42,450	84,608

Note:

The unaudited standalone financial results for the quarter and half year ended 30 September 2010 are available on the Stock Exchange's website : www.bseindia.com and www.nseindia.com and also on Company's website: www.drreddys.com.

12 The final dividend of Rs. 11.25/- per share for fiscal 2010 was approved by the shareholders at the Annual General Meeting of the Company held on 23 July 2010 and was paid subsequently.

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