

Unaudited Consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and nine months ended 31 December 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 | | Nine months ended | | Year ended |
|---------|--|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| | | 31.12.10 (Unaudited) | 31.12.09 (Unaudited) | 31.12.10 (Unaudited) | 31.12.09 (Unaudited) | 31.03.10 (Audited) |
| 1 | Net Income from Sales and Services | 189,851 | 172,964 | 545,201 | 538,540 | 702,765 |
| 2 | Cost of Sales and Services | | | | | |
| | a) (Increase) / decrease in stock | (3,525) | 3,056 | (10,815) | 8,504 | 4,408 |
| | b) Consumption of raw materials | 60,149 | 56,439 | 174,858 | 177,673 | 232,162 |
| | c) Other expenditure | 29,082 | 25,378 | 88,014 | 75,346 | 102,796 |
| 3 | Gross Profit (1 - 2) | 104,145 | 88,091 | 293,144 | 277,017 | 363,399 |
| 4 | Selling, General and Administrative expenses | 63,728 | 54,309 | 175,633 | 166,931 | 225,050 |
| 5 | Research and Development expenses | 13,058 | 8,924 | 35,685 | 28,405 | 37,930 |
| 6 | Impairment loss on intangible assets | - | 34,561 | - | 34,561 | 34,561 |
| 7 | Impairment loss on goodwill | - | 51,468 | - | 51,468 | 51,468 |
| 8 | Other (income) / expense, net | (1,979) | (1,714) | (6,033) | (3,319) | (5,691) |
| 9 | Operating profit (3) - (4 + 5 + 6 + 7 + 8) | 29,338 | (59,457) | 87,859 | (1,029) | 20,081 |
| 10 | Finance (expense) / income, net | (498) | (503) | (2,621) | 226 | (27) |
| 11 | Share of profit / (loss) of equity accounted affiliate, net of income taxes | (7) | 21 | 70 | 279 | 475 |
| 12 | Profit / (loss) before tax (9 + 10 + 11) | 28,833 | (59,939) | 85,308 | (524) | 20,529 |
| 13 | Tax Expense / (benefit) | 1,519 | (7,769) | 8,357 | 5,447 | 9,853 |
| 14 | Net Profit after tax (12 - 13) | 27,314 | (52,170) | 76,951 | (5,971) | 10,676 |
| 15 | Non-Controlling Interest | - | - | - | - | - |
| 16 | Extra-ordinary items (net of tax expense) | - | - | - | - | - |
| 17 | Net Profit for the period / year (14 + 15 + 16) | 27,314 | (52,170) | 76,951 | (5,971) | 10,676 |
| 18 | Paid-up equity share capital (Face value of Rs.5/- each) | 8,461 | 8,441 | 8,461 | 8,441 | 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 | 16.14 | (30.90) | 45.51 | (3.54) | 6.33 |
| | Diluted | 16.07 | (30.90) | 45.29 | (3.54) | 6.30 |
| | | (Not annualised) | (Not annualised) | (Not annualised) | (Not annualised) | |
| 21 | Public shareholding * | | | | | |
| | Number of shares | 92,947,595 | 100,364,156 | 92,947,595 | 100,364,156 | 100,778,704 |
| | Percentage of shareholding | 54.92 | 59.45 | 54.92 | 59.45 | 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) | 4.84 | 4.83 | 4.84 | 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 | 41,317,812 | 41,417,812 | 41,317,812 | 41,417,812 | 41,292,812 |
| | - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 95.16 | 95.17 | 95.16 | 95.17 | 94.89 |
| | - Percentage of shares (as a % of the total share capital of the Company) | 24.42 | 24.53 | 24.42 | 24.53 | 24.46 |
| 23 | Details of expenditure | | | | | |
| | Items exceeding 10% of total expenditure | | | | | |
| | Employee cost | 34,347 | 25,798 | 101,976 | 93,819 | 130,629 |
| | Depreciation and amortization | 10,658 | 96,408 | 30,897 | 117,615 | 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 | | Nine months ended | | Year ended |
|---------|---|----------------|-----------------|-------------------|----------------|----------------|
| | | 31.12.10 | 31.12.09 | 31.12.10 | 31.12.09 | 31.03.10 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| | Segment wise revenue and results: | | | | | |
| | Segment revenue : | | | | | |
| a) | Pharmaceutical Services and Active Ingredients | 58,494 | 59,559 | 164,635 | 174,983 | 231,837 |
| b) | Global Generics | 135,881 | 117,234 | 391,722 | 374,498 | 486,228 |
| c) | Proprietary Products | 1,618 | 1,510 | 4,153 | 3,703 | 5,131 |
| d) | Others | 2,559 | 1,846 | 8,369 | 5,520 | 7,540 |
| | Total | 198,552 | 180,149 | 568,879 | 558,704 | 730,736 |
| | Less: Inter-segment revenue | 8,701 | 7,185 | 23,678 | 20,164 | 27,971 |
| | Net Revenue from operations | 189,851 | 172,964 | 545,201 | 538,540 | 702,765 |
| | 2 Segment results : | | | | | |
| | Gross Profit from each segment | | | | | |
| a) | Pharmaceutical Services and Active Ingredients | 14,178 | 16,477 | 34,550 | 52,777 | 66,598 |
| b) | Global Generics | 88,522 | 70,341 | 253,686 | 220,478 | 291,460 |
| c) | Proprietary Products | 1,306 | 1,157 | 2,998 | 2,702 | 3,956 |
| d) | Others | 139 | 116 | 1,910 | 1,060 | 1,385 |
| | Total | 104,145 | 88,091 | 293,144 | 277,017 | 363,399 |
| | Less: Other un-allocable expenditure, net of other income | 75,312 | 148,030 | 207,836 | 277,541 | 342,870 |
| | Total profit before tax | 28,833 | (59,939) | 85,308 | (524) | 20,529 |

Inter-segment revenue represents sale from Pharmaceutical Services and Active Ingredients to Global Generics.

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 31 December 2010 are given in the table below:

| Nature of Complaints | Opening Balance | Received | Disposal | Closing Balance |
|---|-----------------|----------|----------|-----------------|
| Non receipt of Shares, Dividend & Annual Report | Nil | 4 | 4 | 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, Trigensis Therapeutics Inc., Industrias Quimicas Falcon de Mexico SA de CV, Laccok 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. Reddy's s.r.l, Dr. Reddy's Pharma SEZ Limited, Dr. Reddy's Laboratories International SA, Idea2Enterprises (India) Private Limited, Dr. Reddy's Laboratories Romania-SRL, I-Ven Pharma Capital Limited, Dr. Reddy's Venezuela, C.A. and Dr. Reddy's Laboratories Tennessee LLC.
- 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 year ended March 31, 2010, the Company recorded a capital advance of Rs. 26,800 lakhs with a corresponding liability representing its relief from future royalty payable to I-Ven Pharma Capital Limited (I-Ven) as per the agreement entered between the parties in earlier periods. On October 1, 2010, in settlement of this liability the Company and the shareholders of I-Ven entered into an agreement for the sale of controlling interest in I-Ven to DRL Investments Limited, a wholly owned subsidiary of the Company, at an amount of Rs. 26,800 lakhs (of which Rs. 1,500 lakhs to be set aside for certain contingencies in an escrow account).
- 7 The unaudited results have been approved by the Board of Directors of the Company at its meeting held on 25 January 2011. 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. Consequently, the Company has voluntarily prepared and published unaudited Consolidated Financial Statements as per IFRS for the quarter and Nine months ended 31 December 2010.
- 9 The figures for the previous period have been re-grouped/ re-classified, wherever necessary, to conform with the current period classification.

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

All amounts in Indian Rupees lakhs

| PARTICULARS | Quarter ended | | Nine months ended | | Year ended |
|---|---------------|-------------|-------------------|-------------|------------|
| | 31.12.10 | 31.12.09 | 31.12.10 | 31.12.09 | 31.03.10 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| Revenues | 138,976 | 105,074 | 395,775 | 338,092 | 455,320 |
| Profit before tax and exceptional items | 31,591 | 22,319 | 85,954 | 76,546 | 108,483 |
| Profit after tax before exceptional items | 26,277 | 16,842 | 72,745 | 59,292 | 84,608 |
| Profit after tax and exceptional items | 26,277 | 16,842 | 72,745 | 59,292 | 84,608 |

Note:

The unaudited standalone financial results for the quarter and nine months ended 31 December 2010 are available on the Stock Exchange's website : www.bseindia.com and www.nseindia.com and also on Company's website: www.dreddys.com.

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

Place: Hyderabad
 Date: 25 January 2011

Satish Reddy
 Managing Director & Chief Operating Officer