

DR. REDDY'S LABORATORIES LIMITED  
UNAUDITED FINANCIAL RESULTS FOR QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2008

All amounts in Indian Rupees lakhs, except share data

Sl. No.	PARTICULARS	Quarter ended		Nine months ended		Year ended
		31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.03.2008
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Sales / Income from operations (including Excise Duty)	96,038	77,556	298,860	238,628	338,649
	Less: Excise duty recovered on sales	826	1,186	3,480	4,449	5,583
	Net sales / income from operations	95,212	76,370	295,380	234,179	333,066
2	License fees and service income	8,315	2,148	9,893	5,755	6,322
3	Other operating income	685	807	2,642	2,024	3,970
4	Total income (1 + 2 + 3)	104,212	79,325	307,915	241,958	343,358
5	Total expenditure	92,898	75,775	263,076	215,730	299,039
a	(Increase)/ decrease in stock	(1,217)	(604)	(6,421)	(9,805)	(9,387)
b	Material consumed	38,973	34,399	118,220	102,834	137,601
c	Research and development expenses, net	10,592	7,854	27,892	23,700	32,192
d	Personnel costs	11,530	9,381	31,447	26,347	36,862
e	Selling expenses	12,111	9,653	32,777	27,691	37,842
f	Other expenditure	16,086	11,021	43,926	33,528	46,398
g	Depreciation and amortisation	4,823	4,071	14,116	11,435	16,199
h	Provision for decline in the value of long-term investments	-	-	1,119	-	1,332
6	Profit from operations before other income and interest (4 - 5)	11,314	3,550	44,839	26,228	44,319
7	Other Income	1,540	2,743	5,208	12,696	15,110
8	Profit before interest (6 + 7)	12,854	6,293	50,047	38,924	59,429
9	Interest	629	207	1,200	970	1,019
10	Profit from ordinary activities before tax (8 - 9)	12,225	6,086	48,847	37,954	58,410
11	Provision for Income tax	1,858	1,857	8,375	6,658	10,888
12	Net Profit from ordinary activities after tax (10 - 11)	10,367	4,229	40,472	31,296	47,522
13	Extra-ordinary Items (Net of tax expense)	-	-	-	-	-
14	Net profit (12 - 13)	10,367	4,229	40,472	31,296	47,522
15	Paid - up equity share capital (face value Rs.5/- each)	8,421	8,407	8,421	8,407	8,409
16	Reserves (Excluding revaluation reserve)	-	-	-	-	472,772
17	Earnings per share for the period (in Rupees) per Rs.5/- share					
	a) Before Extra-ordinary items					
	- Basic	6.16	2.52	24.04	18.62	28.27
	- Diluted	6.12	2.50	23.89	18.50	28.09
	b) After Extra-ordinary items					
	- Basic	6.16	2.52	24.04	18.62	28.27
	- Diluted	6.12	2.50	23.89	18.50	28.09
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	
18	Public share holding*					
	-Number of shares (Face value Rs.5/- each)	97,452,721	97,795,380	97,452,721	97,795,380	97,722,655
	-Percentage of share holding	57.86	58.17	57.86	58.17	58.11

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

**DR. REDDY'S LABORATORIES LIMITED**  
**UNAUDITED FINANCIAL RESULTS FOR QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2008**

All amounts in Indian Rupees lakhs, except share data

Sl. No.	PARTICULARS	Quarter ended		Nine months ended		Year ended
		31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.03.2008
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment wise revenue, results and capital employed:					
	Segment revenue :					
	a) Pharmaceutical Services and Active Ingredients	39,571	45,701	135,788	128,908	180,271
	b) Global Generics	70,660	42,388	190,825	128,102	187,593
	c) Proprietary Products	4	103	9	394	456
	Total	110,235	88,192	326,622	257,404	368,320
	Less: Inter segment revenue	5,909	9,759	18,457	21,944	29,637
	Add : Other unallocable Income	1,426	3,635	4,958	19,194	19,785
	Total income	105,752	82,068	313,123	254,654	358,468
2	Segment results :					
	Profit / (loss) before tax and interest from each segment					
	a) Pharmaceutical Services and Active Ingredients	3,558	6,735	27,502	22,398	34,653
	b) Global Generics	19,160	1,057	55,282	14,356	30,651
	c) Proprietary Products	(2,310)	(1,801)	(7,621)	(6,810)	(8,970)
	Total	20,408	5,991	75,163	29,944	56,334
	Less: (i) Interest	629	207	1,200	970	1,019
	(ii) Other un-allocable expenditure	7,554	(302)	25,116	(8,980)	(3,095)
	Total profit before tax	12,225	6,086	48,847	37,954	58,410
3	Capital Employed:					
	a) Pharmaceutical Services and Active Ingredients	154,213	106,738	154,213	106,738	119,065
	b) Global Generics	180,690	128,489	180,690	128,489	129,514
	c) Proprietary Products	10,298	5,748	10,298	5,748	4,222
	d) Others	175,620	227,892	175,620	227,892	228,379
	Total	520,821	468,867	520,821	468,867	481,180

Notes:

- 1 Pursuant to clause 41 of the listing agreement, the investor complaints received, disposed off and lying unresolved as on 31 December 2008 are given in the table below:

Nature of Complaints	Opening balance	Additions	Disposal	Closing
Non receipt of dividend	Nil	1	1	Nil

- 2 In view of the change in organizational structure and management reporting to the Board of Directors and to the Chief Executive Officer, the Company has revised its structure of segments which were reported earlier. This change in segment disclosure is effective from 1 April 2008, and accordingly comparative figures of previous periods also have been reclassified.
- 3 In November 2008, one of the group companies of Dr.Reddy's in Germany - betapharm participated in a sales tender announced by AOK, a large public health insurance company in Germany. The results of this tender which were announced in December 2008, have been put on hold, as these are being litigated by the drug manufacturers and are subject to process reviews. The ultimate outcome of this matter is not under the direct control of the Company and, therefore, consequent adjustments, if any, that may be necessary to be made to the carrying value of the Company's investment in subsidiary aggregating to Rs. 162,755 Lakhs cannot be reasonably determined at present.
- 4 The unaudited results have been taken on record by the Board of Directors of the Company at its meeting held on 20 January 2009.
- 5 The figures for the previous periods have been re-grouped/re-classified, wherever necessary, to conform with the current period classification.

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

DR. REDDY'S LABORATORIES LIMITED  
CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2008

Sl. No.	PARTICULARS	All amounts in Indian Rupees lakhs, except share data				31.03.2008 (Audited)
		Quarter ended		Nine months ended		
		31.12.2008 (Unaudited)	31.12.2007 (Unaudited)	31.12.2008 (Unaudited)	31.12.2007 (Unaudited)	
1	Sales / Income from operations (including Excise duty and other similar duties and taxes) Less: Excise duty and other similar duties and taxes Net sales / income from operations	181,325 826 180,499	121,101 1,186 119,915	489,699 3,480 486,218	366,670 4,449 362,221	497,000 5,583 491,417
2	License fees and service income	2,942	2,908	7,702	4,996	7,751
3	Other operating income	1,191	1,144	3,786	2,923	5,375
4	Total Income (1+2+3)	184,632	123,967	497,707	370,140	504,543
5	Total Expenditure	162,329	114,389	450,059	333,352	455,465
a	(Increase) / decrease in stock	(3,144)	(5,698)	(24,570)	(13,871)	(23,088)
b	Material consumed	61,563	55,491	195,261	146,631	204,422
c	Research and development expenses, net	10,099	8,578	30,210	24,555	34,471
d	Personnel costs	25,294	17,672	73,663	53,554	73,106
e	Selling expenses	17,230	10,943	46,657	36,699	52,957
f	Other expenditure	38,942	18,093	92,419	56,786	73,411
g	Depreciation and amortisation	12,344	9,310	36,419	28,998	40,186
6	Profit from operations before other income and interest (4 - 5)	22,303	9,578	47,648	36,788	49,078
7	Other income	896	2,631	3,264	11,823	15,002
8	Profit before interest (6 - 7)	23,199	12,209	50,912	48,611	64,080
9	Interest	2,763	2,095	7,651	6,855	9,583
10	Profit from ordinary activities before tax and minority interest (8-9)	20,435	10,114	43,260	41,756	54,497
11	Provision for Income tax	4,520	3,888	9,485	5,789	10,770
12	Net profit from ordinary activities before minority interest (10 - 11)	15,916	6,226	33,775	35,967	43,727
13	Extra-ordinary items (Net of tax expense)	-	-	-	-	-
14	Net profit before minority interest (12 - 13)	15,916	6,226	33,775	35,967	43,727
15	Minority interest	-	29	-	70	86
16	Net Profit attributable to the shareholders of the parent (14+15)	15,916	6,255	33,775	36,037	43,813
17	Paid - up equity share capital (Face value Rs.5/- each)	8,421	8,407	8,421	8,407	8,409
18	Reserves (excluding Revaluation Reserve)	-	-	-	-	441,280
19	Earnings per share for the period (in Rupees) per Rs.5/- share					
a)	Before Extra-ordinary items					
- Basic	9.45	3.72	20.07	21.44	26.07	
- Diluted	9.39	3.70	19.93	21.30	25.90	
b)	After Extra-ordinary items					
- Basic	9.45	3.72	20.07	21.44	26.07	
- Diluted	9.39	3.70	19.93	21.30	25.90	
		(Not Annualised)	(Not Annualised)	(Not Annualised)	(Not Annualised)	

Notes:

- The Company has consolidated the financial statements of the following companies and a partnership firm:  
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 (formerly Reddy Pharmaceutical Inc.), Dr Reddy's Bio-Sciences Limited, Trigenesis Therapeutics Inc., Industrias Quimicas Falcon De Mexico SA de CV, Lacock Holdings Limited, Reddy Holding GmbH, Betapharm Arzneimittel GmbH, Beta Healthcare Solutions GmbH, beta institut für sozialmedizinische Forschung und Entwicklung GmbH, Dr. Reddy's Laboratories (Australia) Pty Ltd, Reddy Pharma Iberia SA, Reddy Pharma Italia SpA, Dr.Reddy's Laboratories SA, Eurobridge Consulting B.V, OOO DRS LLC, Affordable Healthcare Limited, Aurigene Discovery Technologies (Malaysia) Sdn Bhd, Dr. Reddy's Laboratories Lou
- Kunshan Rotam Reddy Pharmaceutical Company Limited (a joint venture) has been accounted for under the proportionate consolidation method in accordance with AS 27 - "Financial Reporting of Interests in Joint Ventures" issued by The Institute of Chartered Accountants of India (ICAI)/Company (Accounting Standards) Rules, 2006.
- In November 2008, the Company through its German subsidiary betapharm, participated in a sales tender announced by AOK, a large public health insurance company in Germany. The results of this tender which were announced in December 2008, have been put on hold, as these are being litigated by the drug manufacturers and are subject to process reviews. The ultimate outcome of this matter is not under the direct control of the Company and, therefore, consequent adjustments, if any, that may be necessary to be made to the carrying value of the Company's certain intangible assets and goodwill aggregating to Rs. 261,878 Lakhs cannot be reasonably determined at present.
- The unaudited results have been taken on record by the Board of Directors of the Company at its meeting held on 20 January 2009.
- The figures for the previous period have been re-grouped/re-classified, wherever necessary, to conform with the current period classification.

Place: Hyderabad  
Date: January 20, 2009

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

Satish Reddy  
Managing Director & Chief Operating Officer