

DR. REDDY'S LABORATORIES LIMITED
AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2009

All amounts in Indian Rupees lakhs, except share data

Sl. No.	PARTICULARS	Quarter ended		Year ended	
		31.03.2009	31.03.2008	31.03.2009	31.03.2008
		(Unaudited)	(Unaudited)	Audited	Audited
1	Sales / Income from operations (including Excise Duty)	105,327	100,021	404,187	338,649
	Less: Excise duty recovered on sales	744	1,134	4,224	5,583
	Net sales / income from operations	104,583	98,887	399,963	333,066
2	License fees and service income	9,897	567	19,790	6,322
3	Total income (1 + 2)	114,480	99,454	419,753	339,388
4	Total expenditure	91,894	83,309	354,970	299,039
a	(Increase)/ decrease in stock	14	418	(6,407)	(9,387)
b	Material consumed	39,045	34,767	157,265	137,601
c	Research and development expenses, net	10,577	8,492	38,469	32,192
d	Personnel costs	9,887	10,515	41,334	36,862
e	Selling expenses	13,499	10,151	46,276	37,842
f	Other expenditure	13,625	12,870	57,551	46,398
g	Depreciation and amortisation	5,247	4,764	19,363	16,199
h	Provision for decline in the value of long-term investments	-	1,332	1,119	1,332
5	Profit from operations before interest (3 - 4)	22,586	16,145	64,783	40,349
6	Other Income	2,171	4,360	10,021	19,080
7	Profit before interest (5 + 6)	24,757	20,505	74,804	59,429
8	Interest	650	49	1,850	1,019
9	Profit before tax (7 - 8)	24,107	20,456	72,954	58,410
10	Provision for Income tax	8,490	4,230	16,865	10,888
11	Net Profit after tax (9 - 10)	15,617	16,226	56,089	47,522
12	Extra-ordinary Items (Net of tax expense)	-	-	-	-
13	Net profit for the year (11 - 12)	15,617	16,226	56,089	47,522
14	Paid - up equity share capital (face value Rs.5/- each)	8,423	8,409	8,423	8,409
15	Reserves (Excluding revaluation reserve)	-	-	517,494	472,772
16	Earnings per share for the period (in Rupees) per Rs.5/- share				
	a) Before Extra-ordinary items				
	- Basic	9.27	9.65	33.32	28.27
	- Diluted	9.22	9.59	33.11	28.09
	b) After Extra-ordinary items				
	- Basic	9.27	9.65	33.32	28.27
	- Diluted	9.22	9.59	33.11	28.09
		(Not annualised)	(Not annualised)		
17	Public share holding*				
	-Number of shares (Face value Rs.5/- each)	97,492,609	97,722,655	97,492,609	97,722,655
	-Percentage of share holding	57.87	58.11	57.87	58.11
18	Promoters and promoter group Shareholding				
a	Pledged/Encumbered				
	- Number of shares	11,859,009		11,859,009	
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	26.67%		26.67%	
	- Percentage of shares (as a % of the total share capital of the company)	7.04%		7.04%	
b	Non-encumbered				
	- Number of Shares	32,608,803		32,608,803	
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	73.33%		73.33%	
	- Percentage of shares (as a % of the total share capital of the company)	19.36%		19.36%	

*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
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All amounts in Indian Rupees lakhs, except share data

Sl. No.	PARTICULARS	Quarter ended		Year ended	
		31.03.2009	31.03.2008	31.03.2009	31.03.2008
		(Unaudited)	(Unaudited)	Audited	Audited
1	Segment wise revenue, results and capital employed:				
	Segment revenue :				
	a) Pharmaceutical Services and Active Ingredients	41,436	51,363	177,224	180,271
	b) Global Generics	79,011	59,491	269,836	187,593
	c) Proprietary Products	1	62	10	456
	Total	120,448	110,916	447,070	368,320
	Less: Inter segment revenue	5,292	7,693	23,749	29,637
	Add : Other unallocable Income	1,495	591	6,453	19,785
	Total income	116,651	103,814	429,774	358,468
2	Segment results :				
	Profit / (loss) before tax and interest from each segment				
	a) Pharmaceutical Services and Active Ingredients	8,375	12,255	35,877	34,653
	b) Global Generics	21,949	16,295	77,231	30,651
	c) Proprietary Products	(3,441)	(2,160)	(11,062)	(8,970)
	Total	26,883	26,390	102,046	56,334
	Less: (i) Interest	650	49	1,850	1,019
	(ii) Other un-allocable expenditure	2,126	5,885	27,242	(3,095)
	Total profit before tax	24,107	20,456	72,954	58,410
3	Capital Employed:				
	a) Pharmaceutical Services and Active Ingredients	135,227	119,065	135,227	119,065
	b) Global Generics	181,045	129,514	181,045	129,514
	c) Proprietary Products	14,947	4,222	14,947	4,222
	d) Others	194,699	228,379	194,699	228,379
	Total	525,918	481,180	525,918	481,180

Notes:

1 Pursuant to clause 41 of the listing agreement, the investor complaints received, disposed off and lying unresolved as on 31 March 2009 are given in the table below:

Nature of Complaints	Opening balance	Additions	Disposal	Closing
Non receipt of Shares, demat credit, Annual Reports & query on Financials	Nil	7	6	1*

* Replied on April 9, 2009

- 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 The Company participates in the German generics business through a step-down subsidiary of Lacock Holdings Limited ('Lacock'), a wholly-owned subsidiary. Pursuant to certain changes in the German generics market, including the outcome of the AOK sales tender (in which betapharm, a step-down subsidiary of Lacock, had participated), the profitability of betapharm is expected to get impacted. In view of the above, management has initiated the process of restructuring its European operations. These efforts inter alia include operational restructuring of the betapharm business through reduction of sales force, etc and deriving synergies from consolidation of other European operations at the Lacock level. Management believes that the advances (of Rs. 33,554) granted to Lacock would be recovered and that there is no diminution other than temporary in the value of the investment in Lacock (of Rs. 129,037) as at March 31, 2009.
- 4 The Board of Directors at its board meeting held on 18 May 2009 have recommended a final dividend of Rs. 6.25/- per share subject to approval of shareholders.
- 5 The results have been taken on record by the Board of Directors of the Company at its meeting held on 18 May 2009.
- 6 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

Place: Hyderabad
Date: 18 May 2009

Satish Reddy
Managing Director & Chief Operating Officer

DR. REDDY'S LABORATORIES LIMITED

CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2009

All amounts in Indian Rupees lakhs, except share data

Sl. No.	PARTICULARS	Year ended	
		31.03.2009	31.03.2008
		(Audited)	(Audited)
1	Sales / Income from operations (including Excise duty and other similar duties and taxes)	683,261	497,000
	Less: Excise duty and other similar duties and taxes	4,224	5,583
	Net sales / income from operations	679,037	491,417
2	License fees and service income	11,026	7,751
3	Total Income (1+2)	690,063	499,168
4	Total Expenditure	609,646	455,465
a	(Increase) / decrease in stock	(13,414)	(23,088)
b	Material consumed	249,513	204,422
c	Research and development expenses, net	40,927	34,471
d	Personnel costs	99,205	73,106
e	Selling expenses	66,544	52,957
f	Other expenditure	117,095	73,411
g	Depreciation and amortisation	49,776	40,186
5	Profit from operations before interest and exceptional items (3 - 4)	80,417	43,703
6	Other income	9,941	20,377
7	Profit before interest and exceptional items (5 - 6)	90,358	64,080
8	Interest	9,715	9,583
9	Profit before exceptional items, taxation and minority interest (7-8)	80,643	54,497
10	Exceptional items		
	- Impairment of Goodwill and Intangibles	146,284	-
11	Profit / (loss) before taxation and minority interest (9 - 10)	(65,641)	54,497
12	Provision for Income tax	26,083	10,770
13	Net profit / (loss) from ordinary activities before minority interest (11-12)	(91,724)	43,727
14	Extra-ordinary items (Net of tax expense)	-	-
15	Net profit / (loss) before minority interest (13-14)	(91,724)	43,727
16	Minority interest	-	86
17	Net profit / (loss) attributable to the shareholders of the parent (15+16)	(91,724)	43,813
18	Paid - up equity share capital (Face value Rs.5/- each)	8,423	8,409
19	Reserves (excluding Revaluation Reserve)	344,190	441,280
20	Earnings per share for the period (in Rupees) per Rs.5/- share		
	a) Before Extra-ordinary items		
	- Basic	(54.48)	26.07
	- Diluted	(54.48)	25.90
	b) After Extra-ordinary items		
	- Basic	(54.48)	26.07
	- Diluted	(54.48)	25.90

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 fur 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 Louisiana LLC, Chiretech Techno
- 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 under Company (Accounting Standards) Rules, 2006.
- During the year, there have been certain significant changes in the German generics market such as reference price cuts, increased presence of discount contracts, announcement of large sales tender from AOK etc. Pursuant to such adverse market developments, the Company tested its carrying value of intangibles (primarily product related) and goodwill at the betapharm cash generating unit (CGU) for impairment. The recoverable value of these intangibles was determined to be the Value-In-Use ("ViU"). The impairment testing indicated that the carrying value of certain product related intangibles was higher than its recoverable value and accordingly, the Company has recorded an impairment loss with respect to such intangible assets amounting to Rs. 8,624 lakhs as at March 31, 2009. Additionally, as regards goodwill, the carrying value of the betapharm CGU was also higher than the recoverable amount resulting in a goodwill impairment of Rs 137,660 lakhs. The aforesaid impairment losses in the consolidated income statement for the year ended March 31, 2009 relate to the Company's Global Generics segment.
- The audited results have been taken on record by the Board of Directors of the Company at its meeting held on 18 May 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: May 18, 2009

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

Satish Reddy
Managing Director & Chief Operating Officer