

DR. REDDY'S LABORATORIES LIMITED
AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2008

All amounts in Indian Rupees lakhs, except share data

Sl. No	PARTICULARS	Nine months ended	Quarter ended		Year ended	
		31.12.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1	Sales / Income from operations (including Excise Duty)	238,628	100,021	107,439	338,649	382,614
	Less: Excise duty recovered on sales	4,449	1,134	1,506	5,583	7,794
	Net sales / income from operations	234,179	98,887	105,933	333,066	374,820
2	License fees and service income	5,755	567	5,058	6,322	21,918
3	Other income	14,720	4,393	4,115	19,113	11,693
4	Total income (1 + 2 + 3)	254,654	103,847	115,106	358,501	408,431
5	Total expenditure	204,295	78,578	74,500	282,873	253,699
a	(Increase)/ decrease in stock	(9,805)	418	4,634	(9,387)	(2,323)
b	Material consumed	100,997	33,736	30,426	134,733	114,482
c	Excise duty	1,837	1,031	516	2,868	1,172
d	Research and development expenses	23,700	8,492	7,683	32,192	24,571
e	Personnel costs	26,347	10,515	7,582	36,862	27,977
f	Selling expenses	27,690	10,152	8,707	37,842	32,415
g	Provision for decline in the value of long-term investments	-	1,332	2,771	1,332	4,721
h	Other expenditure	33,529	12,902	12,181	46,431	50,684
6	Profit from ordinary activities before interest, depreciation, amortisation and tax (4 - 5)	50,359	25,269	40,606	75,628	154,732
7	Interest	970	49	456	1,019	4,797
8	Profit from ordinary activities after interest, but before depreciation, amortisation and tax (6 - 7)	49,389	25,220	40,150	74,609	149,935
9	Depreciation and amortisation	11,435	4,764	3,505	16,199	13,350
10	Profit from ordinary activities before tax (8 - 9)	37,954	20,456	36,645	58,410	136,585
11	Provision for taxation					
	- Current tax	2,242	3,963	10,149	6,205	17,300
	- Fringe benefit tax	1,469	302	197	1,771	699
12	Deferred tax expense / (benefit)	2,947	(35)	(591)	2,912	900
13	Profit from ordinary activities after tax (10 - 11 -12)	31,296	16,226	26,890	47,522	117,686
14	Extra-ordinary Items (Net of tax expense)	-	-	-	-	-
15	Net profit (13 - 14)	31,296	16,226	26,890	47,522	117,686
16	Paid - up equity share capital (face value Rs.5/- each)	8,407	8,409	8,396	8,409	8,396
17	Reserves (Excluding revaluation reserve)	-	-	-	472,772	428,940
18	Earnings per share for the period (in Rupees) per Rs.5/- share					
	a) Before Extra-ordinary items					
	- Basic	18.62	9.65	16.02	28.27	74.23
	- Diluted	18.50	9.59	15.92	28.09	73.74
	b) After Extra-ordinary items					
	- Basic	18.62	9.65	16.02	28.27	74.23
	- Diluted	18.50	9.59	15.92	28.09	73.74
	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)		
19	Public share holding*					
	-Number of shares (Face value Rs.5/- each)	97,795,380	97,722,655	97,752,080	97,722,655	97,752,080
	-Percentage of share holding	58.17	58.11	58.22	58.11	58.22

*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
AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2008

All amounts in Indian Rupees lakhs, except share data

Sl. N	PARTICULARS	Nine months ended	Quarter ended		Year ended	
		31.12.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1	Segment wise revenue, results and capital employed:					
	Segment revenue :					
	a) Active Pharmaceutical Ingredients and Intermediates	107,758	41,651	45,177	149,409	133,004
	b) Formulations	101,228	36,582	30,580	137,810	127,685
	c) Generics	26,874	22,567	24,546	49,441	117,633
	d) Custom Pharmaceutical Services	22,441	13,963	14,742	36,404	41,485
	e) Drug Discovery	394	62	459	456	1,382
	Total	258,695	114,825	115,504	373,520	421,189
	Less: Inter segment revenue	23,235	11,561	6,722	34,796	23,855
	Add : Other unallocable Income	19,194	583	6,324	19,777	11,097
	Total income	254,654	103,847	115,106	358,501	408,431
2	Segment results :					
	Profit / (loss) before tax and interest from each segment					
	a) Active Pharmaceutical Ingredients and Intermediates	19,276	8,562	15,086	27,838	31,383
	b) Formulations	28,742	11,633	8,867	40,375	42,315
	c) Generics	(14,643)	4,587	11,183	(10,056)	77,191
	d) Custom Pharmaceutical Services	3,122	3,693	4,087	6,815	9,764
	e) Drug Discovery	(6,553)	(2,085)	(2,057)	(8,638)	(8,143)
	Total	29,944	26,390	37,166	56,334	152,510
	Less: (i) Interest	970	49	456	1,019	4,797
	(ii) Other un-allocable expenditure	(8,980)	5,885	65	(3,095)	11,128
	Total profit before tax	37,954	20,456	36,645	58,410	136,585
3	Capital Employed:					
	a) Active Pharmaceutical Ingredients and Intermediates	83,380	89,225	74,931	89,225	74,931
	b) Formulations	79,371	77,548	68,795	77,548	68,795
	c) Generics	50,928	52,096	62,220	52,096	62,220
	d) Custom Pharmaceutical Services	23,435	29,918	15,572	29,918	15,572
	e) Drug Discovery	4,165	3,911	1,131	3,911	1,131
	f) Others	227,588	228,482	214,687	228,482	214,687
	Total	468,867	481,180	437,336	481,180	437,336

Notes:

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

Nature of Complaints	Opening balance	Additions	Disposal	Closing balance
Non receipt of Shares, annual reports & dividend	0	6	6	0

- 2 Pursuant to ICAI Announcement "Accounting for Derivatives" on the early adoption of Accounting Standard AS 30-" Financial Instruments: Recognition and Measurement", the Company has early adopted the Standard for the year under review, to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements. Pursuant to the adoption, the transitional loss representing the loss on foreign currency options not classified as cash flow hedges outstanding at the beginning of the year amounting to Rs. 14,921, net of tax of Rs.7,683 has been adjusted against the opening balance of profit and loss account.
- 3 On 01 April 2008, the Company entered into a definitive agreement with The Dow Chemical Company (NYSE:DOW) to acquire a portion of Dowpharma Small Molecules business associated with its United Kingdom sites in Mirfield and Cambridge. The acquisition includes relevant customer contracts, associated products, process technology, intellectual property, trademarks and the Dowpharma Small Molecules facilities located in Mirfield and Cambridge, United Kingdom. The two sites and the business employ approximately 80 people. We will also acquire a non-exclusive license to Dow's Pfénex Expression Technology™ for biocatalysis development.
- 4 On 03 April 2008, the Company acquired Jet Generici Srl, a company engaged in the sale of generic finished dosages in Italy, through our Italian subsidiary, Reddy Pharma Italia SpA. Reddy Pharma Italia SpA has been engaged in building a pipeline of registrations since its incorporation on 13 October 2006. The acquisition of Jet Generici Srl provides us with access to an essential product portfolio, a pipeline of registration applications and a sales and marketing organization.
- 5 On 30 April 2008, the Company entered into a definitive agreement for acquiring BASF's pharmaceutical contract manufacturing business and its manufacturing facility in Shreveport, Louisiana, USA. The business involves contract manufacturing of generic prescription and OTC products for branded and generic companies in the USA. BASF's Pharma contract manufacturing business includes customer contracts, related ANDAs and NDAs and trademarks as well as the Shreveport facility which is designed to manufacture solid, semi-solid and liquid dosage forms and employs about 150 people.
- 6 The Board of Directors at its board meeting held on 20 May 2008 have recommended a final dividend of Rs.3.75/- per share subject to approval of shareholders.
- 7 The audited results have been taken on record by the Board of Directors of the Company at its meeting held on 20 May 2008.
- 8 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: 20 May 2008

Satish Reddy
Managing Director & Chief Operating Officer

DR. REDDY'S LABORATORIES LIMITED
AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2008

Notes:

- 1 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
- 2 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).
- 3 Pursuant to ICAI Announcement "Accounting for Derivatives" on the early adoption of Accounting Standard AS 30 - "Financial Instruments: Recognition and Measurement", the Company has early adopted the Standard for the year under review, to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements. Pursuant to the adoption, the transitional loss representing the loss on foreign currency options not classified as cash flow hedges outstanding at the beginning of the year amounting to Rs. 14,921, net of tax of Rs.7,683 has been adjusted against the opening balance of profit and loss account.
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DR. REDDY'S LABORATORIES LIMITED
CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2008

Sl. No.	PARTICULARS	All amounts in Indian Rupees lakhs, except share data	
		Year ended	Year ended
		31.03.2008	31.03.2007
		(Audited)	(Audited)
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	497,000 5,583 491,417	651,257 7,794 643,463
2	License fees and service income	7,751	9,097
3	Other income	20,377	11,616
4	Total Income (1+2+3)	519,545	664,176
5	Total Expenditure	415,279	487,013
a	(Increase) / decrease in stock	(23,088)	(5,189)
b	Material consumed	201,554	279,507
c	Excise duty and other similar duties and taxes	2,868	1,172
d	Research and development expenses, net	34,471	24,461
e	Personnel costs	73,106	64,329
f	Selling expenses	52,957	47,923
g	Other expenditure	73,411	74,810
6	Profit from ordinary activities before interest, depreciation, amortisation and tax (4 - 5)	104,266	177,163
7	Interest	9,583	15,262
8	Profit from ordinary activities after interest but before depreciation, amortisation and tax (6 - 7)	94,683	161,901
9	Depreciation and amortisation	40,186	37,911
10	Profit from ordinary activities before tax and minority interest (8-9)	54,497	123,990
11	Provision for taxation - Current tax - Fringe benefit tax	10,577 1,778	24,353 705
12	Deferred tax expense/(benefit)	(1,585)	2,378
13	Net profit from ordinary activities before minority interest (10 - 11 - 12)	43,727	96,554
14	Extra-ordinary items (Net of tax expense)	-	-
15	Net profit before minority interest (13 - 14)	43,727	96,554
16	Minority interest	86	35
17	Net Profit attributable to the shareholders of the parent	43,813	96,589
18	Paid - up equity share capital (Face value Rs.5/- each)	8,409	8,396
19	Reserves (excluding Revaluation Reserve)	441,280	391,330
20	Earnings per share for the period (in Rupees) per Rs.5/- share		
a)	Before Extra-ordinary items		
-	Basic	26.07	60.92
-	Diluted	25.90	60.52
b)	After Extra-ordinary items		
-	Basic	26.07	60.92
-	Diluted	25.90	60.52

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