



DR. REDDY'S

Dr. Reddy's Laboratories Ltd.

7-1-27, Ameerpet
Hyderabad 500 016, A.P., India.

Tel : +91 40 2373 1946

Fax : +91 40 2373 1955

www.drreddys.com

January 25, 2011

The Secretary / Executive Director
Bombay Stock Exchange Ltd.
National Stock Exchange of India Ltd.
New York Stock Exchange Inc.

Dear Sir,

Sub : Outcome of Board Meeting – Unaudited Financial Results for the quarter and nine months ended December 31, 2010.

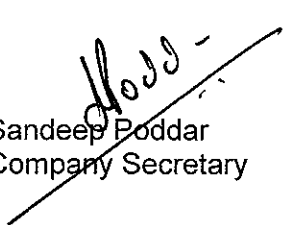
Further to our letter dated January 6, 2011, we would like to inform you that the Board of Directors of the Company at their meeting held on January 25, 2011, have approved the unaudited financial results of the Company for the quarter and nine months ended December 31, 2010.

In terms of the above, we are enclosing herewith the following:

1. Un-audited (Standalone) Financial Results of the Company as per Indian GAAP.
2. Unaudited Consolidated Financial results of the Company prepared in compliance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).
3. Press Release on Financial Results of the Company for the above period.

Please take the above information on record.

With regards,


Sandeep Poddar
Company Secretary

Encl : as above



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DR. REDDY'S LABORATORIES LIMITED
UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2010

Sl. No.	PARTICULARS	All amounts in Indian Rupees lakhs, except share data				
		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	Sales / Income from operations (including Excise Duty)	137,327	103,919	392,433	327,191	443,274
	Less: Excise duty	848	783	2,500	2,315	3,161
	Net sales / income from operations	136,479	103,136	389,933	324,876	440,113
2	License fees and service income	1,013	995	2,058	10,708	11,109
3	Other operating income	1,484	943	3,784	2,508	4,098
4	Total income (1 + 2 + 3)	138,976	105,074	395,775	338,092	455,320
5	Total expenditure	111,052	86,044	318,757	266,856	362,873
a	(Increase) / decrease in stock	(5,052)	(4,841)	(7,957)	(9,084)	(11,729)
b	Material consumed	48,772	40,443	134,570	123,379	164,178
c	Research and development expenses, net	12,982	9,479	35,133	27,159	36,428
d	Personnel costs	16,916	12,297	51,215	36,990	51,001
e	Selling expenses	12,638	9,801	36,542	32,226	44,848
f	Other expenditure	18,407	13,411	51,010	40,039	52,693
g	Depreciation and amortisation	6,389	5,454	18,244	16,147	22,243
h	Provision for decline in the value of long-term investments	-	-	-	-	3,211
6	Profit from operations before other income, interest and exceptional items (4 - 5)	27,924	19,030	77,018	71,236	92,447
7	Other income	3,721	3,564	9,049	5,929	17,144
8	Profit before interest and exceptional items (6 + 7)	31,645	22,594	86,067	77,165	109,591
9	Interest	54	275	113	619	1,108
10	Profit before exceptional items (8 - 9)	31,591	22,319	85,954	76,546	108,483
11	Exceptional items	-	-	-	-	-
12	Profit from ordinary activities before tax (10 - 11)	31,591	22,319	85,954	76,546	108,483
13	Tax expense	5,314	5,477	13,209	17,254	23,875
14	Net Profit from ordinary activities after tax (12 - 13)	26,277	16,842	72,745	59,292	84,608
15	Extra-ordinary items	-	-	-	-	-
16	Net profit for the period / year (14 - 15)	26,277	16,842	72,745	59,292	84,608
17	Paid - up equity share capital (face value Rs.5/- each)	8,461	8,441	8,461	8,441	8,442
18	Reserves (excluding revaluation reserve)	-	-	-	-	583,007
19	Earnings per share for the period (in Rupees) per Rs.5/- share					
a)	Before Extra-ordinary items					
-	Basic	15.53	9.98	43.02	35.15	50.15
-	Diluted	15.45	9.92	42.76	34.90	49.81
b)	After Extra-ordinary items					
-	Basic	15.53	9.98	43.02	35.15	50.15
-	Diluted	15.45	9.92	42.76	34.90	49.81
		(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	
20	Public share holding*					
-	Number of shares (Face value Rs.5/- each)	92,947,595	100,364,156	92,947,595	100,364,156	100,778,704
-	Percentage of share holding	54.92	59.45	54.92	59.45	59.69
21	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

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

Signature



DR. REDDY'S

DR. REDDY'S LABORATORIES LIMITED
UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2010

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)
1	Segment wise revenue, results and capital employed:					
	Segment revenue :					
	a) Pharmaceutical Services and Active Ingredients	55,621	42,428	148,875	139,942	185,602
	b) Global Generics	91,214	63,990	270,488	212,421	287,661
	c) Proprietary Products	88	154	202	170	297
	Total	146,923	106,572	419,565	352,533	473,560
	Less: Inter segment revenue	8,701	7,185	23,678	20,164	27,970
	Add : Other unallocable Income	4,475	9,251	8,937	11,652	26,874
	Total income	142,697	108,638	404,824	344,021	472,464
2	Segment results :					
	Profit / (loss) before tax and interest from each segment					
	a) Pharmaceutical Services and Active Ingredients	9,742	7,531	20,436	28,946	33,957
	b) Global Generics	26,234	16,743	80,446	58,936	80,385
	c) Proprietary Products	(3,262)	(2,340)	(7,818)	(7,651)	(9,233)
	Total	32,714	21,934	93,064	80,231	105,109
	Less: (i) Interest	54	275	113	619	1,108
	(ii) Other un-allocable expenditure, net off	1,069	(660)	6,997	3,066	(4,482)
	Total profit before tax	31,591	22,319	85,954	76,546	108,483
3	Capital Employed :					
	a) Pharmaceutical Services and Active Ingredients	161,404	133,495	161,404	133,495	136,672
	b) Global Generics	252,209	152,694	252,209	152,694	166,017
	c) Proprietary Products	71	3,841	71	3,841	2,365
	d) Unallocated	250,716	298,884	250,716	298,884	286,395
	Total	664,400	588,914	664,400	588,914	591,449

Notes:

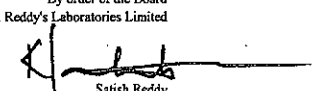
- 1 Pursuant to clause 41 of the Listing Agreement, the investor complaints received, disposed off and lying unresolved for the quarter ended 31 December 2010 are given in the table below:

Nature of Complaints	Opening balance	Received	Disposal	Closing Balance
Non receipt of Shares, Dividend and Annual Report	Nil	4	4	Nil

- 2 During the year ended 31 March 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 1 Oct 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).
- 3 The unaudited results have been taken on record by the Board of Directors of the Company at its meeting held on 25 January 2011.
- 4 The figures for the previous periods have been re-grouped/re-classified, wherever necessary, to conform with the current period classification.

Place: Hyderabad
Date: 25 January 2011

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


Satish Reddy
Managing Director & Chief Operating Officer



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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	
		31.12.10 (Unaudited)	31.12.09 (Unaudited)	31.12.10 (Unaudited)	31.03.10 (Audited)
1	Net Income from Sales and Services	189,851	172,964	545,201	538,540
2	Cost of Sales and Services				
a)	(Increase) / decrease in stock	(3,525)	3,056	(10,815)	8,504
b)	Consumption of raw materials	60,149	56,439	174,858	177,673
c)	Other expenditure	29,082	25,378	88,014	75,346
3	Gross Profit (1 - 2)	104,145	88,091	293,144	277,017
4	Selling, General and Administrative expenses	63,728	54,309	175,633	166,931
5	Research and Development expenses	13,058	8,924	35,685	28,405
6	Impairment loss on intangible assets	-	34,561	-	34,561
7	Impairment loss on goodwill	-	51,468	-	51,468
8	Other (income) / expense, net	(1,979)	(1,714)	(6,033)	(3,319)
9	Operating profit (3) - (4 + 5 + 6 + 7 + 8)	29,338	(59,457)	87,859	(1,029)
10	Finance (expense) / income, net	(498)	(503)	(2,621)	226
11	Share of profit / (loss) of equity accounted affiliate, net of income taxes	(7)	21	70	279
12	Profit / (loss) before tax (9 + 10 + 11)	28,833	(59,939)	85,308	(524)
13	Tax Expense / (benefit)	1,519	(7,769)	8,357	5,447
14	Net Profit after tax (12 - 13)	27,314	(52,170)	76,951	(5,971)
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)
18	Paid-up equity share capital (Face value of Rs. 5/- each)	8,461	8,441	8,461	8,441
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)
	Diluted	16.07	(30.90)	45.29	(3.54)
		(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
	Percentage of shareholding	54.92	59.45	54.92	59.45
22	Promoters and promoter group shareholding				
a)	Pledged / Encumbered				
	- Number of shares	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	5.11
	- Percentage of shares (as a % of the total share capital of the Company)	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
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	95.16	95.17	95.16	95.17
	- Percentage of shares (as a % of the total share capital of the Company)	24.42	24.53	24.42	24.46
23	Details of expenditure				
	Items exceeding 10% of total expenditure				
	Employee cost	34,347	25,798	101,976	93,819
	Depreciation and amortization	10,658	96,408	30,897	117,615

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

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DR. REDDY'S

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)
1	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:

- 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

- 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 Químicas 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, 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.
- 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".
- APR LLC (a Special Purpose entity) has been consolidated in accordance with SIC-12 "Consolidation-Special Purpose Entities".
- Macred India Private Limited (an associate) has been accounted for under equity method of accounting in accordance with IAS-28 "Investments in Associates".
- 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).
- 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).
- 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 Nine months ended 31 December 2010.
- 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

Notes:

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.drreddys.com.

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

Satish Reddy
Managing Director & Chief Operating Officer

Dr. Reddy's Q3 FY11 Financial Results

Revenues at Rs. 19.0 billion (\$424 million), YoY growth of 10%

EBITDA at Rs. 4.0 billion (\$90 million), YoY growth of 10%

Profit after Tax at Rs. 2.7 billion (\$61 million), YoY adjusted growth of 19%*

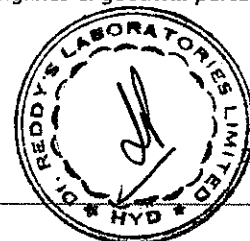
Hyderabad, India, January 25th, 2011: Dr. Reddy's Laboratories Ltd. (NYSE: RDY) today announced its unaudited financial results for the quarter ended December 31st, 2010 under International Financial Reporting Standards (IFRS).

Key Highlights

- o Consolidated revenues are at Rs. 19.0 billion (\$424 million) in Q3 FY11 versus Rs. 17.3 billion (\$386 million) in Q3 FY10, year-on-year growth of 10%.
 - Revenues from Global Generics for Q3 FY11 are at Rs. 13.6 billion (\$303 million), year-on-year growth of 16%.
 - Revenues from PSAI are at Rs. 5.0 billion (\$111 million) in Q3 FY11, year-on-year decline of 5%.
- o EBITDA of Rs. 4.0 billion (\$90 million) in Q3 FY11, is at 21% of revenues with year-on-year growth of 10%.
- o Profit before Tax for Q3 FY11 is at Rs. 2.9 billion (\$64 million), year-on-year adjusted growth of 11%*.
- o Profit after Tax for Q3 FY11 is at Rs. 2.7 billion (\$61 million), is at 14% of revenues with year-on-year adjusted growth of 19%.
- o During the quarter, the company launched 42 new generic products, filed 21 new product registrations and filed 9 DMFs globally.

Litigation settlements in US: Today the Company announces that it has entered into two settlement agreements with AstraZeneca in US relating to the ANDA filed for the generic versions of AstraZeneca's Nexium® (esomeprazole) and Accolate® (zafirlukast). Under the terms of the esomeprazole agreement, AstraZeneca has granted Dr. Reddy's a license, subject to regulatory approval, to launch a generic version of esomeprazole delayed-release capsules on May 27, 2014, or earlier in certain circumstances. The terms of this agreement have not been disclosed. The zafirlukast agreement ends all litigation related to the product and allows Dr. Reddy's to continue selling the product without risk. Dr. Reddy's launched its zafirlukast product on November 18, 2010 following a favorable summary judgment decision.

**Note: Adjustment in the previous year represents one-time impairment charge of intangibles & goodwill pertaining of Rs. 8,603 million, before tax.*



All figures in millions, except EPS

All US \$ figures based on a convenience translation rate of 1USD = Rs 44.80

Dr. Reddy's Laboratories Limited and Subsidiaries

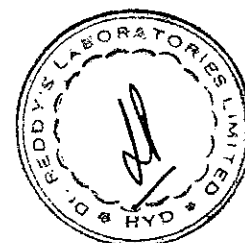
Unaudited Consolidated Income Statement

Particulars	Q3 FY11			Q3 FY10			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Revenue	424	18,985	100	386	17,296	100	10
Cost of revenues	191	8,571	45	189	8,487	49	1
Gross profit	232	10,414	55	197	8,809	51	18
Operating Expenses							
Selling, general & administrative expenses ^(a)	142	6,374	34	121	5,431	31	17
Research and development expenses, net	29	1,306	7	20	892	5	46
Write down of intangible assets	0	0	0	77	3,456	20	
Write down of goodwill	0	0	0	115	5,147	30	
Other operating expenses	(4)	(199)	(1)	(4)	(171)	(1)	17
Total Operating Expenses	167	7,480	39	329	14,755	85	(49)
Results from operating activities	65	2,934	15	(133)	(5,946)	(34)	
Finance expenses, net ^(b)	1	49	0	1	50	0	(2)
Share of profit/(loss) of equity accounted investees	(0)	(1)	(0)	0	2	0	
Profit before income tax	64	2,884	15	(134)	(5,994)	(35)	
Income tax expense	(3)	(152)	(1)	17	777	4	
Profit for the period	61	2,732	14	(116)	(5,217)	(30)	
Diluted EPS	0.4	16.1		(0.7)	(30.9)		

Notes:

(a) Includes amortization charge of Rs. 307 million (\$7 million) in Q3 FY11 and Rs. 374 million (\$8 million) in Q3 FY10.

(b) Includes forex gain of Rs. 45 million (\$1 million) in Q3 FY11 and Rs. 44 million (\$1 million) in Q3 FY10.

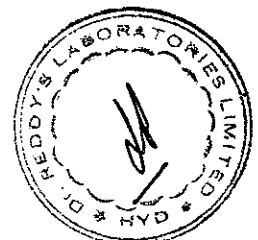


Segmental Analysis

Global Generics

Revenues from Global Generics segment are at Rs. 13.6 billion (\$303 million) in Q3 FY11, year-on-year growth of 16% driven largely by our key market of North America.

- o Revenues from North America at Rs. 4.8 billion (\$106 million) in Q3 FY11 versus Rs. 3.0 billion (\$66 million) in Q3 FY10, represents growth of 60% in rupee terms and 66% in dollar terms.
 - Q3 FY11 is the fourth consecutive quarter demonstrating strong sequential growth in the revenues.
 - Growth driven by new products launched in the last one year and market share expansion in vertically integral products.
 - New launches during the quarter of Lansoprazole, Zafirlukast & Valacyclovir.
 - As of December 31, 2010, total cumulative ANDA filings are 165. Total ANDAs pending approval at the USFDA are 74 of which 32 are Para IVs and 12 are FTFs.
- o Revenues from Europe at Rs. 2.1 billion (\$47 million) in Q3 FY11 versus Rs. 2.6 billion (\$58 million) in Q3 FY10, year-on-year decline of 18%.
 - Revenues from Germany at Rs. 1.4 billion (\$31 million) in Q3 FY11. The decline of 33% in rupee terms or 24% in Euro terms is largely due to price erosions caused by the tenders.
 - Revenues from Rest of Europe grew by 39% to Rs. 744 million (\$17 million) in Q3 FY11.
- o Revenues from Russia & Other CIS markets at Rs. 2.9 billion (\$64 million) in Q3 FY11 versus Rs. 2.8 billion (\$62 million) in Q3 FY10, growth of 4%.
 - Revenues in Russia at Rs. 2.4 billion (\$55 million) in Q3 FY11 versus Rs. 2.3 billion (\$51 million) in Q3 FY10, year-on-year growth of 7% in rupee terms and 11% in dollar terms.
 - Growth on the high base of previous year is driven by volume increase across key brands and new launches in the last twelve months.
 - Dr. Reddy's secondary prescription sales growth stands at 21% (volume growth of 33%) versus industry's growth of 8% (volume growth of 12%). (Source: Pharmexpert April-November 2010)
 - Revenues in Other CIS markets decreased by 11% to Rs. 434 million (\$10 million) in Q3 FY11 versus Rs. 488 million (\$11 million) in Q3 FY10.
- o Revenues in India at Rs. 3.0 billion (\$67 million) in Q3 FY11 versus Rs. 2.6 billion (\$59 million) in Q3 FY10, growth of 14%, consisting of volume growth of existing products of approx 8% and new products contribution (last 12 month launches) of 6%.
 - 16 new products launched during the quarter.



Pharmaceutical Services and Active Ingredients (PSAI)

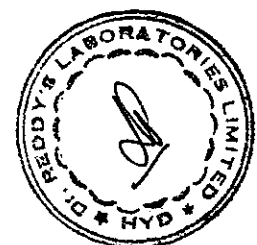
Revenues from PSAI are at Rs. 5.0 billion (\$111 million) in Q3 FY11, year-on-year decline of 5% and sequential growth of 8%.

- o Growth in Active Ingredients business on the back of new launches and an improved order books status was offset by the decline in the Pharmaceutical Services segment.
- o During the quarter 9 DMFs including 2 US DMFs were filed globally. The cumulative DMF filings as of Dec 10 are 436 including 159 US DMFs.

Income Statement Highlights:

- o Gross profit at Rs. 10.4 billion (\$232 million) in Q3 FY11, gross margin of 55% to revenues versus 51% in Q3 FY10. This improvement in gross margin is largely on account of contribution in this quarter from new product launches in the US over the last one year.
 - Gross margins for Global Generics and Pharmaceutical Services and Active Ingredients are at 65% and 28% versus 60% and 31% respectively, in the previous year.
- o Selling, General & Administration (SG&A) expenses including amortization for the quarter, are at Rs. 6.4 billion (\$142 million), increase of 17% over the previous year.
 - A part of the spend in this quarter is on account of one-time litigation costs in US and higher selling and marketing costs linked to the seasonality in the branded markets of India and OTC portfolio related spend in Russia.
- o R&D expenses at Rs. 1,306 million (\$29 million) in Q3 FY11, increase of 46%.
- o Other Income of Rs. 199 million (\$4 million) in Q3 FY11 versus Rs. 171 million (\$4 million) in Q3 FY10.
- o Net Finance costs are at Rs. 49 million (\$1 million) in Q3 FY11 versus Rs. 50 million (\$1 million) in Q3 FY10.
 - Include net forex gain of Rs. 45 million (\$1 million) in Q3 FY11 versus net forex loss of Rs. 44 million (\$1 million) in Q3 FY10.
- o EBITDA at Rs. 4.0 billion (\$90 million) in Q3 FY11 is at 21% of sales with year-on-year growth of 10%.
- o Net Profit after Tax for Q3 FY11 is at Rs. 2.7 billion (\$61 million) is at 14% of sales with year-on-year adjusted growth of 19%.
- o Diluted EPS is at Rs. 16.1 (\$0.4) in Q3 FY11 versus adjusted Rs. 13.7 in Q3 FY10.
- o Capital expenditure for the quarter is at Rs. 2.3 billion (\$52 million).

***Note: Adjustment in the previous year represents one-time impairment charge of intangibles & goodwill pertaining of Rs. 8,603 million before tax.**



Appendix 1: Key Balance Sheet Items
(in Rs. millions)

Particulars	As on 31 st Dec 10		As on 30 th Sep 10	
	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents	92	4,126	138	6,196
Trade receivables	315	14,093	299	13,376
Inventories	340	15,244	329	14,728
Property, plant and equipment	605	27,102	567	25,412
Goodwill and Other Intangible assets	291	13,017	302	13,511
Loans and borrowings (current & non current)	308	13,808	324	14,493
Trade payables	165	7,395	221	9,907
Equity	1,075	48,151	1,010	45,245

Appendix 2: Q3 FY11 Revenue Mix by Segment
(in Rs. millions)

Particulars	Q3 FY11			Q3 FY10			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Global Generics	303	13,589	72	262	11,723	68	16
North America	106	4,765	35	66	2,974	25	60
Europe	47	2,123	16	58	2,579	22	(18)
India	67	3,007	22	59	2,627	22	14
Russia & Other CIS	64	2,875	21	62	2,766	24	4
RoW	18	819	6	17	778	7	5
PSAI	111	4,979	26	117	5,237	30	(5)
North America	17	770	15	16	723	14	7
Europe	41	1,830	37	48	2,161	41	(15)
India	14	622	12	13	602	12	3
RoW	39	1,758	35	39	1,751	33	0
Proprietary Products	9	417	2	7	336	2	24
Total	424	18,985	100	386	17,296	100	10

Appendix 3: Q3 FY11 Revenue Mix by Geography
(in Rs. millions)

Particulars	Q3 FY11			Q3 FY10			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
North America	130	5,823	31	88	3,933	23	48
Europe	91	4,078	21	108	4,836	28	(16)
India	81	3,632	19	72	3,232	19	12
Russia & Other CIS	64	2,875	15	62	2,766	16	4
Others	58	2,577	14	56	2,529	15	2
Total	424	18,985	100	386	17,296	100	10





About Dr. Reddy's

Established in 1984, Dr. Reddy's Laboratories (NYSE: RDY) is a global pharmaceutical company. We fulfill our purpose of providing affordable and innovative medicines through three core businesses: Pharmaceutical Services & Active Ingredients, Global Generics and Proprietary Products.

Disclaimer

This press release includes forward-looking statements, as defined in the U.S. Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements on our current expectations and projections about future events. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. Such factors include, but are not limited to, changes in local and global economic conditions, our ability to successfully implement our strategy, the market acceptance of and demand for our products, our growth and expansion, technological change and our exposure to market risks. By their nature, these expectations and projections are only estimates and could be materially different from actual results in the future.

Contact Information

Investors and Financial Analysts:

Kedar Upadhye at kedaru@drreddys.com or on +91-40-66834297

Raghavender R at raghavenderr@drreddys.com or on +91-40-66511529

Milan Kalawadia (North America) at mkalawadia@drreddys.com or on +1-9082034931

Media:

Rajan S at rajans@drreddys.com or on +91-40-66511725

