



DR. REDDY'S

Dr. Reddy's Laboratories Ltd.

8-2-337, Road No.3, Banjara Hills
Hyderabad 500 034, A.P., India.

Tel : +91 40 4900 2900

Fax : +91 40 4900 2999

www.drreddys.com

May 13, 2011

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

Dear Sir/Madam,

Sub : Outcome of Board Meeting – Financial Results for the quarter (unaudited) and year (audited) ended March 31, 2011

Further to our letter dated April 20, 2011, we would like to inform you that the Board of Directors of the Company at their meeting held on May 13, 2011, have approved the Financial Results of the Company for the quarter (unaudited) and year (audited) ended March 31, 2011.

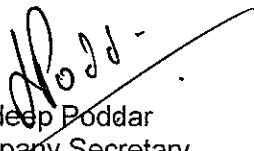
In terms of the above, we are enclosing herewith the following:

1. Standalone and Consolidated Financial Results of the Company for the quarter (unaudited) and year (audited) ended March 31, 2011 as per Indian GAAP.
2. Audited 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 periods.

We would also like to inform you that the Board of Directors of the Company have recommended a final dividend of Rs.11.25 (225%) per equity share of Rs.5/- face value, for the financial year 2010-11. The dividend on equity shares, if declared by the shareholders at the ensuing Annual General Meeting, will be credited / despatched on or after July 28, 2011.

Please take the above information on record.

With regards,


Sandeep Poddar
Company Secretary

Encl : as above



DR. REDDY'S

Dr. Reddy's Laboratories Ltd.

8-2-337, Road No.3, Banjara Hills
Hyderabad 500 034, A.P., India.

Tel : +91 40 4900 2900

Fax : +91 40 4900 2999

www.drreddys.com

DR. REDDY'S LABORATORIES LIMITED
AUDITED STANDALONE FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2011

All amounts in Indian Rupees lakhs, except share data

Sl. No.	PARTICULARS	Quarter ended		Year ended	
		31.03.11	31.03.10	31.03.11	31.03.10
		(Unaudited)	(Unaudited)	(Audited)	(Audited)
1	Sales / Income from operations (including Excise Duty)	132,935	116,083	525,368	443,274
	Less: Excise duty	1,064	846	3,564	3,161
	Net sales / Income from operations	131,871	115,237	521,804	440,113
2	License fees and service income	1,045	401	3,103	11,109
3	Other operating income	1,750	1,590	5,534	4,098
4	Total operating income (1 + 2 + 3)	134,666	117,228	530,441	455,320
5	Total expenditure	117,924	96,017	436,682	362,873
a	(Increase) / decrease in stock	58	(2,645)	(7,899)	(11,729)
b	Material consumed	46,546	40,799	181,116	164,178
c	Research and development expenses, net	16,153	9,269	51,286	36,428
d	Personnel costs	18,897	14,011	70,113	51,001
e	Selling expenses	11,171	12,622	47,713	44,848
f	Other expenditure	12,975	12,654	63,985	52,693
g	Depreciation and amortisation	6,550	6,096	24,794	22,243
h	Provision for decline in the value of long-term investments	5,574	3,211	5,574	3,211
6	Profit from operations before other income, interest and	16,742	21,211	93,759	92,447
7	Other income	2,911	11,215	11,960	17,144
8	Profit before interest and exceptional items (6 + 7)	19,653	32,426	105,719	109,591
9	Interest	425	489	538	1,108
10	Profit before exceptional items (8 - 9)	19,228	31,937	105,181	108,483
11	Exceptional items	-	-	-	-
12	Profit from ordinary activities before tax (10 - 11)	19,228	31,937	105,181	108,483
13	Tax expense	2,641	6,621	15,850	23,875
14	Net Profit from ordinary activities after tax (12 - 13)	16,587	25,316	89,331	84,608
15	Extra-ordinary items	-	-	-	-
16	Net profit for the period / year (14 - 15)	16,587	25,316	89,331	84,608
17	Paid - up equity share capital (face value Rs.5/- each)	8,463	8,442	8,463	8,442
18	Paid up debt capital	-	-	143,880	55,699
19	Reserves (excluding revaluation reserve and debenture redemption reserve)	-	-	593,352	583,007
20	Debenture redemption reserve	-	-	185	-
21	Earnings per share for the period (in Rupees) per Rs.5/- share				
	a) Before Extra-ordinary items				
	- Basic	9.80	14.99	52.82	50.15
	- Diluted	9.75	14.91	52.51	49.81
	b) After Extra-ordinary items				
	- Basic	9.80	14.99	52.82	50.15
	- Diluted	9.75	14.91	52.51	49.81
	(Not annualised)	(Not annualised)			
22	a) Debt equity ratio			0.085	0.001
	b) Debt service coverage ratio			0.929	1.436
	c) Interest service coverage ratio			107.580	98.450
23	Public share holding*				
	-Number of shares (Face value Rs.5/- each)	94,124,752	100,778,704	94,124,752	100,778,704
	-Percentage of share holding	55.61	59.69	55.61	59.69
24	Promoters and promoter group Shareholding				
a	Pledged/Encumbered				
	- Number of shares	2,100,000	2,225,000	2,100,000	2,225,000
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	4.84	5.11	4.84	5.11
	- Percentage of shares (as a % of the total share capital of the company)	1.24	1.32	1.24	1.32
b	Non-encumbered				
	- Number of shares	41,317,812	41,292,812	41,317,812	41,292,812
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	95.16	94.89	95.16	94.89
	- Percentage of shares (as a % of the total share capital of the company)	24.41	24.46	24.41	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)





All amounts in Indian Rupees lakhs, except share data

Sl. No.	PARTICULARS	Quarter ended		Year ended	
		31.03.11 (Unaudited)	31.03.10 (Unaudited)	31.03.11 (Audited)	31.03.10 (Audited)
1	Segment wise revenue, results and capital employed:				
	Segment revenue :				
	a) Pharmaceutical Services and Active Ingredients	56,592	45,660	205,467	185,602
	b) Global Generics	85,739	75,240	356,227	287,661
	c) Proprietary Products	50	127	252	297
	Total	142,381	121,027	561,946	473,560
	Less: Inter segment revenue	7,873	7,806	31,551	27,970
	Add : Other unallocable Income	3,069	15,222	12,006	26,874
	Total income	137,577	128,443	542,401	472,464
2	Segment results :				
	Profit / (loss) before tax and interest from each segment				
	a) Pharmaceutical Services and Active Ingredients	10,561	5,011	30,997	33,957
	b) Global Generics	15,764	21,449	96,210	80,385
	c) Proprietary Products	(3,875)	(1,582)	(11,693)	(9,233)
	Total	22,450	24,878	115,514	105,109
	Less: (i) Interest	425	489	538	1,108
	(ii) Other un-allocable expenditure, net off	2,797	(7,548)	9,795	(4,482)
	Total profit before tax	19,228	31,937	105,181	108,483
3	Capital Employed :				
	a) Pharmaceutical Services and Active Ingredients	177,497	136,672	177,497	136,672
	b) Global Generics	265,407	166,017	265,407	166,017
	c) Proprietary Products	303	2,365	303	2,365
	d) Unallocated	158,793	286,395	158,793	286,395
	Total	602,000	591,449	602,000	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 March 2011 are given in the table below:

Nature of Complaints	Opening balance	Received	Disposal	Closing Balance
Non receipt of Shares, Dividend and non credit of dividend through ECS/NECS	Nil	4	3	1*

* Since resolved

- 2 The audited results have been reviewed by the Audit Committee of the Board on 12 May 2011 and approved by the Board of Directors of the Company at their meeting held on 13 May 2011.

3 Statement of assets and liabilities

All amounts in Indian Rupees lakhs, except share data

Sl. No.	PARTICULARS	As at 31.03.11 (Audited)	As at 31.03.10 (Audited)
	SHARE HOLDERS' FUNDS		
a	Share capital	8,463	8,442
b	Reserves and surplus	593,537	583,007
	LOAN FUNDS	144,473	56,317
	DEFERRED TAX LIABILITY	10,076	7,501
		756,549	655,267
	FIXED ASSETS	226,129	206,086
	(including capital work in progress/advances)		
	INVESTMENTS	246,181	255,512
	CURRENT ASSETS, LOANS AND ADVANCES		
a	Inventories	106,317	89,737
b	Sundry debtors	177,051	106,050
c	Cash and bank balances	6,624	36,798
d	Loans and advances	164,009	130,008
	Less: Current liabilities and provisions		
a	Liabilities	144,072	144,747
b	Provisions	25,690	24,177
	Net current assets	284,239	193,669
	MISCELLANEOUS EXPENDITURE (not written off or adjusted)	756,549	655,267

4 Ratios have been computed as follows:

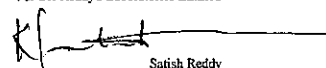
- a) Debt Equity Ratio = Debt / Net Worth
[Debt: Long Term Secured Loans + Long Term Unsecured Loans]
[Net Worth: Equity Share Capital + Reserves & Surplus - Miscellaneous expenditure to the extent not written off]
b) Debt Service Coverage Ratio = Earnings before interest and tax / (Interest expense during the period + Principal repayment for all the loan funds during the period)
c) Interest Service Coverage Ratio = Earnings before interest and tax / Interest expense during the period
[Earnings before interest and tax: Profit from ordinary activities before tax + Interest expense]

- 5 On 31 March 2010, the Board of Directors of the Company approved a Scheme of Arrangement for issuance of Unsecured, Redeemable, Non-Convertible Bonus Debentures from general reserves, subject to receipt of approval from shareholders, High Court of Judicature, Andhra Pradesh and other applicable regulatory authorities, as mentioned in the Scheme. During the year, on receipt of necessary approvals and upon effectiveness of the Scheme, the Company on 24 March 2011 has issued 1,015,516,392 Bonus Debentures of Rs. 5 each fully paid-up and carrying an interest @ 9.25% per annum, to the shareholders in the ratio of 6 bonus debentures for every equity share held by them. These debentures have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited since 7 April 2011.

- 6 The Board of Directors at their meeting held on 13 May 2011 have recommended a final dividend of Rs. 11.25/- per share subject to approval of shareholders.

- 7 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


Satish Reddy
Managing Director & Chief Operating Officer

Place: Hyderabad
Date: 13 May 2011

MB



DR. REDDY'S

Dr. Reddy's Laboratories Ltd.

8-2-337, Road No.3, Banjara Hills
Hyderabad 500 034, A.P., India.

Tel : +91 40 4900 2900

Fax : +91 40 4900 2999

www.drreddys.com

Audited Consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the year ended 31 March 2011 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	Year ended	
		31.03.11 (Audited)	31.03.10 (Audited)
1	Net Income from Sales and Services	746,928	702,765
2	Cost of Sales and Services		
	a) (Increase) / decrease in stock	(17,763)	4,408
	b) Consumption of raw materials	241,871	232,162
	c) Other expenditure	120,192	102,796
3	Gross Profit (1 - 2)	402,628	363,399
4	Selling, General and Administrative expenses	236,907	225,050
5	Research and Development expenses	50,596	37,930
6	Impairment loss on intangible assets	-	34,561
7	Impairment loss on goodwill	-	51,468
8	Other (income) / expense, net	(11,151)	(5,691)
9	Operating profit (3) - (4 + 5 + 6 + 7 + 8)	126,276	20,081
10	Finance (expense) / income, net	(1,877)	(27)
11	Share of profit / (loss) of equity accounted affiliate, net of income taxes	32	475
12	Profit / (loss) before tax (9 + 10 + 11)	124,431	20,529
13	Tax Expense / (benefit)	14,031	9,853
14	Net Profit after tax (12 - 13)	110,400	10,676
15	Non-Controlling Interest	-	-
16	Extra-ordinary items (net of tax expense)	-	-
17	Net Profit for the period / year (14 + 15 + 16)	110,400	10,676
18	Paid-up equity share capital (Face value of Rs. 5/- each)	8,463	8,442
19	Share premium, retained earnings, share based payment reserve, debenture redemption reserve and other components of equity	451,485	420,757
20	Earnings per share for the year (in Rupees) per Rs. 5/- share		
	Basic	65.28	6.33
	Diluted	64.95	6.30
21	Public shareholding *		
	Number of shares	94,124,752	100,778,704
	Percentage of shareholding	55.61	59.69
22	Promoters and promoter group shareholding		
	a) Pledged / Encumbered		
	- Number of shares	2,100,000	2,225,000
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	4.84	5.11
	- Percentage of shares (as a % of the total share capital of the Company)	1.24	1.32
	b) Non-encumbered		
	- Number of shares	41,317,812	41,292,812
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	95.16	94.89
	- Percentage of shares (as a % of the total share capital of the Company)	24.41	24.46
23	Details of expenditure		
	Items exceeding 10% of total expenditure		
	Employee cost	141,091	128,430
	Depreciation and amortization	41,477	41,600

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



[Handwritten signature]

[Handwritten initials]



DR. REDDY'S

Segment reporting (Consolidated - Audited)

Sl. No.	PARTICULARS	All amounts in Indian Rupees lakhs	
		Year ended	
		31.03.11 (Audited)	31.03.10 (Audited)
	Segment wise revenue and results:		
1	Segment revenue :		
	a) Pharmaceutical Services and Active Ingredients	227,935	231,837
	b) Global Generics	533,494	486,228
	c) Proprietary Products	5,323	5,131
	d) Others	11,727	7,540
	Total	778,479	730,736
	Less: Inter-segment revenue	31,551	27,971
	Net Revenue from operations	746,928	702,765
2	Segment results :		
	Gross Profit from each segment		
	a) Pharmaceutical Services and Active Ingredients	51,045	66,598
	b) Global Generics	344,992	291,460
	c) Proprietary Products	3,827	3,956
	d) Others	2,764	1,385
	Total	402,628	363,399
	Less: Other un-allocable expenditure, net of other income	278,197	342,870
	Total profit before tax	124,431	20,529

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

Segmental Capital employed

As certain assets of the company including manufacturing facilities, development facilities and treasury assets and liabilities are often deployed interchangeably across segments, it is impractical to allocate these assets and 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 March 2011 are given in the table below:

Nature of Complaints	Opening Balance	Received	Disposal	Closing Balance
Non receipt of Shares, Dividends and non credit of dividend through ECS/NECS	Nil	4	3	1*

*Since resolved

- 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, Trigenesis Therapeutics Inc., Industrias Quimicas Falcon de Mexico SA de CV, Lacoek 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 The audited results have been reviewed by the Audit Committee of the board on 12 May 2011 and approved by the Board of Directors of the Company at their meeting held on 13 May 2011. The above financial results have been prepared from the Consolidated 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).
- 7 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 audited Consolidated Financial Statements as per IFRS for the year ended 31 March 2011.
- 8 On 31 March 2010, the Board of Directors of the Company approved a Scheme of Arrangement for issuance of Unsecured, Redeemable, Non-Convertible Bonus Debentures from general reserves, subject to receipt of approval from shareholders, High Court of Judicature, Andhra Pradesh and other applicable regulatory authorities, as mentioned in the Scheme. During the year, on receipt of necessary approvals and upon effectiveness of the Scheme, the Company on 24 March 2011 has issued 1,015,516,392 Bonus Debentures of Rs. 5 each fully paid-up and carrying an interest @ 9.25% per annum, to the shareholders in the ratio of 6 bonus debentures for every equity share held by them. These debentures have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited since 7 April 2011.
- 9 During the year ended 31 March 2011 the Company and GlaxoSmithkline Plc ("GSK"), entered into an agreement for the Company to acquire GSK's oral penicillin facility located in the United States and the rights over certain GSK product portfolios. The acquisition was completed on 30 March 2011. This was accounted as a business combination as per IFRS-3 "Business Combinations" as issued by IASB.
- 10 On 31 March 2011 the Company entered into an agreement with Coria Laboratories Limited for acquisition of NDA, intellectual property rights and license to use trademarks with respect to product Cloderm. The Company has recorded this as an intangible asset as at 31 March 2011.
- 11 The Board of Directors at their meeting held on 13 May 2011 have recommended a final dividend of Rs. 11.25/- per share subject to approval of shareholders.
- 12 The figures for the previous period have been re-grouped/ re-classified, wherever necessary, to conform with the current period classification.



[Handwritten signature]

[Handwritten mark]



DR. REDDY'S

13 STATEMENT OF ASSETS AND LIABILITIES (IFRS)

All amounts in Indian Rupees lakhs

PARTICULARS	As at	As at
	31.03.11	31.03.10
	(Audited)	(Audited)
ASSETS		
Current assets		
Cash and cash equivalents	57,287	65,839
Trade receivables	176,154	119,596
Inventories	160,589	133,712
Other current assets	81,898	101,478
Total current assets	475,928	420,625
Non-current assets		
Property, plant and equipment	296,416	224,589
Goodwill	21,795	21,742
Other intangible assets	130,661	117,989
Investment in equity accounted investees	3,134	3,102
Other non-current assets	22,114	15,249
Total non-current assets	474,120	382,671
Total assets	950,048	803,296
LIABILITIES AND EQUITY		
Current liabilities		
Loans and short-term borrowings	183,015	93,103
Other current liabilities	213,996	186,160
Provisions	13,136	10,938
Total current liabilities	410,147	290,201
Non-current liabilities		
Loans	52,704	53,853
Other non-current liabilities	26,884	29,694
Provisions	414	392
Total non-current liabilities	80,002	83,939
Total liabilities	490,149	374,140
Equity		
Equity capital	8,463	8,442
Reserves and surplus	451,436	420,714
Total equity	459,899	429,156
Total liabilities and equity	950,048	803,296

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

All amounts in Indian Rupees lakhs

PARTICULARS	Quarter ended		Year ended	
	31.03.11	31.03.10	31.03.11	31.03.10
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Total operating income	134,666	117,228	530,441	455,320
Profit before tax and exceptional items	19,228	31,937	105,181	108,483
Profit after tax before exceptional items	16,587	25,316	89,331	84,608
Profit after tax and exceptional items	16,587	25,316	89,331	84,608

Note:

The audited standalone financial results for the quarter and year ended 31 March 2011 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

Place: Hyderabad
Date: 13 May 2011

18

Press Release



Dr. Reddy's Q4 FY11 & FY11 Financial Results

Q4 FY11 Revenues at Rs. 20.2 billion (\$453 million), YoY growth of 23%

Q4 FY11 Adjusted* Profit after Tax at Rs. 3.1 billion (\$69 million), YoY growth of 57%

FY11 Revenues at Rs. 74.7 billion (\$1.7 billion), YoY growth of 6%

FY11 Adjusted* Profit after Tax at Rs. 10.8 billion (\$242 million), YoY growth of 17%

Hyderabad, India, May 13, 2011: Dr. Reddy's Laboratories Ltd. (NYSE: RDY) today announced its unaudited consolidated financial results for the quarter and full year ended March 31, 2011 under International Financial Reporting Standards (IFRS).

Key Highlights

- Consolidated revenues are at Rs. 74.7 billion (\$1.7 billion) in FY11 versus Rs. 70.3 billion (\$1.6 billion) in FY10, year-on-year growth of 6%. Good and sustained growth across all key formulation markets in FY11.
 - North America revenue growth of 18% in dollar terms and 11 new product launches. Sequential growth of 23% in Q4 FY11 over Q3 FY11 demonstrates the fifth consecutive quarter of sequential growth.
 - Russia revenue growth of 29% in dollar terms, on the back of volume growth and OTC initiatives.
 - India revenue growth of 15%, with sustained growth of key brands and new products introduction.
 - Germany revenue declines 17% in Euro terms, however significant improvement in profitability.
- Adjusted* EBITDA of Rs. 16.4 billion (\$369 million) in FY11, is at 22% of revenues with year-on-year growth of 4%. Adjusted* EBITDA for Q4 FY11 at Rs. 4.7 billion (\$106 million), year-on-year growth of 34%.
- Adjusted* Profit after Tax for FY11 is at Rs. 10.8 billion (\$242 million), is at 14% of revenues with year-on-year growth of 17%. Adjusted* PAT for Q4 FY11 at Rs. 3.1 billion (\$69 million) year-on-year growth of 57%.
- During the year, the company launched 135 new generic products, filed 107 new product registrations and filed 56 DMFs globally.
- During the year, the company forayed into many strategic initiatives. Some of the key ones being:
 - Acquisition of a penicillin facility to fill our portfolio gap in the anti-bacterial segment in the US.
 - Collaboration with Valeant Pharma to market Cloderm® Cream in the dermatology space in the US.
 - Settlement of the ongoing litigation on esomeprazole with Astra Zeneca.
- The Board of Directors of the Company have recommended a final dividend of Rs. 11.25 (225%) per equity share of Rs. 5/- face value, subject to the approval of shareholders at the ensuing Annual General Meeting.

**Note: Adjustments to FY10 include non-cash impairment charge of Rs. 8,603 million and betapharm restructuring costs of Rs. 905 million. Adjustments to FY11 include profit from sale of land of Rs. 292 million and benefit of negative goodwill of Rs. 73 million as per IFRS Purchase Price Allocation accounting on account of acquisition.*



Press Release



All figures in millions, except EPS

All dollar figures based on convenience translation rate of 1USD = Rs 44.54

Dr. Reddy's Laboratories Limited and Subsidiaries

Unaudited Consolidated Income Statement

Particulars	FY11			FY10			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Revenue	1,677	74,693	100	1,578	70,277	100	6
Cost of revenues	773	34,430	46	762	33,937	48	1
Gross profit	904	40,263	54	816	36,340	52	11
Operating Expenses							
Selling, general & administrative expenses	532	23,690	32	505	22,505	32	5
Research and development expenses	114	5,060	7	85	3,793	5	33
Write down of intangible assets	-	-	0	78	3,456	5	-
Write down of goodwill	-	-	0	116	5,147	7	-
Other operating expenses / (income)	(25)	(1,115)	(1)	(13)	(569)	(1)	96
Total Operating Expenses	620	27,635	37	771	34,332	49	(20)
Results from operating activities	284	12,628	17	45	2,008	3	529
Finance expenses / (income)	4	189	0	0	3	0	-
Share of profit/(loss) of equity accounted investees	0	3	0	1	48	0	(94)
Profit before tax	279	12,443	17	46	2,053	3	506
Income tax (expense) / income	(31)	(1,403)	(2)	(22)	(985)	(1)	42
Profit after tax	248	11,040	15	24	1,068	2	934
Diluted EPS	1.5	65.0		0.1	6.3		

Note: (a) Forex loss of Rs. 57 million (\$1 million) in FY11 as against forex gain of Rs. 72 million (\$2 million) in FY10.

(b) Depreciation of Rs. 2,961 million (\$66 million) in FY11 as against Rs. 2,681 million (\$60 million) in FY10.

(c) Amortization of Rs. 1,186 million (\$27 million) in FY11 as against Rs. 1,479 million (\$33 million) in FY10.

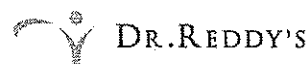
FY11 Adjusted PAT Reconciliation

(in millions)

Particulars	FY11		FY10	
	(\$)	(Rs.)	(\$)	(Rs.)
PAT	248	11,040	24	1,068
Adjustments:				
Write down of Intangible assets	-	-	78	3,456
Write down of Goodwill	-	-	116	5,147
betapharm restructuring costs	-	-	20	905
Profit on sale of land (included in Other Income)	(7)	(292)	-	-
Negative goodwill (benefit included in Other Income)	(2)	(73)	-	-
Tax effect on above	2	88	(31)	(1,362)
Adjusted PAT	242	10,762	207	9,214



Press Release



Segmental Analysis

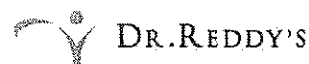
Global Generics

Revenues from Global Generics segment are at Rs. 53.3 billion (\$1.2 billion) in FY11 registering growth of 10% over previous year, led by performance in North America and Emerging Markets. Revenues for Q4 FY11 are at Rs. 14.2 billion (\$318 million) registering growth of 27% over previous year.

- o Revenues from North America at Rs. 19.0 billion (\$426 million) in FY11 versus Rs. 16.8 billion (\$378 million) in FY10. Dollar growth of 18% led by new product launches in the last twelve months.
 - 11 new products launched during the year. Some of the key launches being tacrolimus, lansoprazole and fexofenadine pseudoephedrine 180/240 mg.
 - 25 products of our prescription portfolio feature among the Top 3 ranks in market shares.
(Source: IMS Sales Volumes March 2011)
 - During the year 20 ANDAs were filed. The cumulative ANDA filings as of 31st March, 2011 are 170. A total of 75 ANDAs are pending for approval with the USFDA of which 37 are Para IVs and 10 are FTFs.
 - Revenues for Q4 FY11 at Rs. 5.9 billion (\$133 million), growth of 68% largely driven by the new product launch of fexofenadine pseudoephedrine 180/240 mg.
- o Revenues in Russia & Other CIS markets at Rs. 10.9 billion (\$244 million) in FY11 versus Rs. 9.1 billion (\$205 million) in FY10, year-on-year growth of 19%.
 - Revenues in Russia at Rs. 8.9 billion (\$201 million) in FY11 versus Rs. 7.2 billion (\$162 million) in FY10, year-on-year growth of 24%, largely driven by volume growth across existing business and new products contribution.
 - Significant growth in OTC portfolio representing 25% of overall portfolio.
 - Dr. Reddy's year-on-year secondary prescription sales growth stands at 19% versus industry's growth of 7.5%. *(Source: Pharmexpert MAT March 2011)*
 - Revenues in Other CIS markets increase by 2% to Rs. 1.9 billion (\$43 million) in FY11 versus Rs. 1.9 billion (\$42 million) in FY10.
 - Revenues in Russia & Other CIS markets for Q4 FY11 at Rs. 2.7 billion (\$60 million) and recorded year-on-year growth of 26%.
- o Revenues in India at Rs. 11.7 billion (\$262 million) in FY11 versus Rs. 10.2 billion (\$228 million) in FY10, increase of 15% led by volume growth of 11% and contribution from new product launches of 4%.
 - 48 new products launched during the year including one biosimilar, darbepoetin alfa under the brand Cresp.
 - Strong growth in biosimilars portfolio representing 5% of overall sales.
 - Revenues for Q4 FY11 at Rs. 2.8 billion (\$62 million) recorded a growth of 5%.



Press Release



- o Revenues from Europe at Rs. 8.4 billion (\$189 million) in FY11 versus Rs. 9.6 billion (\$216 million) in FY10, decline of 13%.
 - Revenues from Germany decrease by 25% to Rs. 5.5 billion (\$123 million) in FY11.
 - Decline of 17% in Euro currency terms largely due to the tender based pricing pressures.
 - Restructuring of betapharm helped significantly in rationalizing the cost structures.
 - Revenues from Rest of Europe grew by 27% to Rs. 3.0 billion (\$67 million) in FY11 largely led by growth in out-licensing business.
 - Revenues from Europe for Q4 FY11 at Rs. 2.0 billion (\$45 million) recorded decline of 5%.

Pharmaceutical Services and Active Ingredients (PSAI)

Revenues from PSAI are at Rs. 19.6 billion (\$441 million) in FY 11 versus Rs. 20.4 billion (\$458 million) in FY10 decline of 4% in rupees terms.

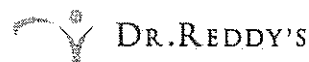
- o Modest growth in Active Ingredients business led by new product launches offset by decline in Pharmaceutical Services due to lower customer orders.
- o During the year, 56 DMFs were filed globally, with 19 in US, 7 in Europe and 30 in rest of the markets. The cumulative DMF filings as of Mar 11 are 486.
- o Revenues from PSAI for Q4 FY11 are at Rs. 5.6 billion (\$125 million), growth of 13% over previous year largely led by Active Ingredients business.

Income Statement Highlights:

- o Gross profit at Rs. 40.3 billion (\$904 million) in FY11, margin of 54% to revenue versus gross profit of Rs. 36.3 billion (\$816 million) in FY10, margin of 52% to revenues. This improved margin is largely due to a favorable mix of high margin new products in North America Generics in FY11.
- o Selling, General & Administration (SG&A) expenses including amortization at Rs. 23.7 billion (\$532 million) increased by 5% over FY10. This increase was largely due to higher legal expenses in the US, OTC related marketing spend in Russia & CIS and new field force related expenditure in India. This increase is partly offset by the benefit of lower employee related costs in Germany on account of restructuring of betapharm done in FY10.
- o Other Operating Income of Rs. 1,115 million (\$25 million) in FY11 versus Rs. 569 million (\$13 million) in FY10. The increase in net other income was primarily on account of profit from sale of land of Rs. 292



Press Release



million. A benefit of Rs. 73 million (\$1.6 million) was recorded towards negative goodwill as per IFRS Purchase Price Allocation accounting on account of acquisition.

- o R&D expenses at Rs. 5.1 billion (\$114 million) in FY11, increase of 33% over FY10. The increase in R&D expenses is in line with the planned scale up in our R&D activities across all business segments.
- o Finance costs are at Rs. 189 million (\$4 million) versus Rs. 3 million in FY10. The change is on account of :
 - Net forex loss of Rs. 57 million (\$1 million) versus net forex gain of Rs. 72 million (\$2 million) in FY10.
 - Net interest expense of Rs. 199 million (\$4 million) in FY11 versus Rs. 123 million (\$3 million) in FY10.
 - Profit on sale of investments of Rs. 68 million (\$2 million) in FY11 versus Rs. 48 million (\$1 million) in FY10.
- o Adjusted* EBITDA of Rs. 16.4 billion (\$369 million) in FY11, is at 22% of revenues with year-on-year growth of 4%.
 - Adjusted* EBITDA for Q4 FY11 at Rs. 4.7 billion (\$106 million), year-on-year growth of 34%.
- o Adjusted* Profit after Tax for FY11 is at Rs. 10.8 billion (\$242 million), is at 14% of revenues with year-on-year growth of 17%.
 - Adjusted* Profit after Tax for Q4 FY11 at Rs.3.1 billion (\$69 million), year-on-year growth of 57%.
- o The effective tax rate is at 11% in FY11 versus 20% in FY10. This decline in tax rate reflects the benefit of higher weighted deduction on R&D expenditure granted in 2010 Union Budget of India.
- o Capital expenditure for FY11 is at Rs. 8.8 billion (\$198 million).

****Note: Adjustments to FY10 include non-cash impairment charge of Rs. 8,603 million and betapharm restructuring costs of Rs. 905 million. Adjustments to FY11 include profit from sale of land of Rs. 292 million and benefit of negative goodwill of Rs. 73 million as per IFRS Purchase Price Allocation accounting on account of acquisition.***



Press Release



Appendix 1: Key Balance Sheet Items

(in millions)

Particulars	As on 31st Mar 11		As on 31st Mar 10	
	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents	129	5,729	148	6,584
Trade receivables	395	17,615	269	11,960
Inventories	361	16,059	300	13,371
Property, plant and equipment	666	29,642	504	22,459
Goodwill and Other Intangible assets	342	15,246	314	13,973
Loans and borrowings (current & non current) ^(a)	529	23,572	330	14,695
Trade payables	190	8,480	209	9,322
Equity	1,033	45,990	964	42,915

Note: (a) Includes issue of bonus debentures of Rs. 5,078 million in FY11

Appendix 2: FY11 Revenue Mix by Segment

(in millions)

	FY11			FY10			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Global Generics	1,198	53,340	71	1,091	48,606	69	10
North America	426	18,996		378	16,817		13
Europe	189	8,431		216	9,638		(13)
India	262	11,690		228	10,158		15
Russia & Other CIS	244	10,858		205	9,119		19
RoW	76	3,365		65	2,873		17
PSAI	441	19,648	26	458	20,404	29	(4)
North America	71	3,170		82	3,673		(14)
Europe	158	7,020		149	6,652		6
India	59	2,619		59	2,646		(1)
RoW	154	6,838		167	7,433		(8)
Proprietary Products & Others	38	1,705	3	28	1,267	2	35
Total	1,677	74,693	100	1,578	70,277	100	6

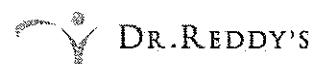
Appendix 3: FY11 Revenue Mix by Geography

(in millions)

	FY11			FY10			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
North America	522	23,260	31	478	21,269	30	9
Europe	361	16,058	21	377	16,774	24	(4)
India	321	14,314	19	288	12,808	18	12
Russia & Other CIS	244	10,858	15	205	9,119	13	19
Others	229	10,203	14	231	10,306	15	(1)
Total	1,677	74,693	100	1,578	70,277	100	6



Press Release



All figures in millions, except EPS

All dollar figures based on convenience translation rate of 1USD = Rs 44.54

Appendix 4: Q4 FY11 Consolidated Income Statement

Particulars	Q4 FY11			Q4 FY10			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Revenue	453	20,173	100	369	16,424	100	23
Cost of revenues	207	9,224	46	175	7,784	47	19
Gross profit	246	10,949	54	194	8,640	53	27
Operating Expenses							
Selling, general & administrative expenses	138	6,125	30	130	5,811	35	5
Research and development expenses	33	1,491	7	21	953	6	56
Other operating expenses / (income)	(11)	(512)	(3)	(5)	(238)	(1)	115
Total Operating Expenses	160	7,105	35	147	6,526	40	9
Results from operating activities	86	3,844	19	47	2,114	13	82
Finance expenses / (income) ^(a)	(2)	(72)	(0)	1	26	0	-
Share of profit/(loss) of equity accounted investees	(0)	(4)	(0)	0	20	0	-
Profit before tax	88	3,912	19	47	2,108	13	86
Income tax (expense) / income	(13)	(567)	(3)	(10)	(441)	(3)	29
Profit after tax	75	3,345	17	37	1,667	10	101

Diluted EPS	0.4	19.7		0.2	9.8	
-------------	-----	------	--	-----	-----	--

Note: (a) Forex gain of Rs. 171 million (\$4 million) in Q4 FY11 as against forex loss of Rs. 45 million (\$1 million) in Q4 FY10.

(b) Depreciation of Rs. 787 million (\$18 million) in Q4 FY11 as against Rs. 732 million (\$16 million) in Q4 FY10.

(c) Amortization of Rs. 274 million (\$6 million) in Q4 FY11 as against Rs. 269 million (\$6 million) in Q4 FY10.

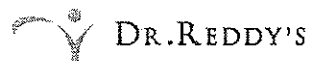
Q4 FY11 Adjusted PAT Reconciliation

(in millions)

Particulars	Q4 FY11		Q4 FY10	
	(\$)	(Rs.)	(\$)	(Rs.)
PAT	248	11,040	24	1,068
Adjustments:				
Write down of Intangible assets	-	-	78	3,456
Write down of Goodwill	-	-	116	5,147
betapharm restructuring costs	-	-	20	905
Profit on sale of land (included in Other Income)	(7)	(292)	-	-
Negative goodwill (benefit included in Other Income)	(2)	(73)	-	-
Tax effect on above	2	88	(31)	(1,362)
Adjusted PAT	242	10,762	207	9,214



Press Release



About Dr. Reddy's

Established in 1984, Dr. Reddy's Laboratories (NYSE: RDY) is an emerging global pharmaceutical company. We fulfill our purpose of providing affordable and innovative medicines through three core businesses: Pharmaceutical Services and Active Ingredients, Global Generics and Proprietary Products. Our products are marketed globally, with focus on India, US, UK, Germany and Russia.

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 +91-40-49002135

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

Media:

Rajan S at rajans@drreddys.com or on +91-40-49002445

Note: All discussions in this release are based on unaudited consolidated IFRS financials.

