

DR. REDDY'S LABORATORIES LIMITED

Regd. Office: 7-1-27, Ameerpet, Hyderabad – 500 016, Andhra Pradesh, India

To the members of the Company:**ABSTRACT OF THE TERMS OF RE-APPOINTMENT OF DR. K. ANJI REDDY, CHAIRMAN AND MR. G. V. PRASAD, VICE-CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF THE COMPANY AND MEMORANDUM OF CONCERN OR INTEREST AS REQUIRED UNDER SECTION 302 OF THE COMPANIES ACT, 1956**

The Board of Directors of the Company at their Meeting held on January 25, 2011, have approved the re-appointment of Dr. K. Anji Reddy, Whole Time Director designated as Chairman of the Company for a further period of 5 (five) years effective from July 13, 2011 to July 12, 2016 and of Mr. G. V. Prasad, Whole Time Director designated as Vice-Chairman and Chief Executive Officer (CEO) of the Company for a further period of 5 (five) years effective from January 30, 2011 to January 29, 2016. The said re-appointments are subject to the approval of the shareholders of the Company.

In compliance with the requirements of Section 302 of the Companies Act, 1956, an abstract of the terms of re-appointment of Dr. K. Anji Reddy and Mr. G. V. Prasad as determined and recommended by the Nomination, Governance and Compensation Committee in its meeting held on January 24, 2011 and approved by the Board of Directors at their meeting held on January 25, 2011 and relevant Memorandum of Interest are set out below:

Dr. K. Anji Reddy

Dr. K. Anji Reddy (aged 72 years) is a Bachelor of Science in Pharmaceuticals & Fine Chemicals from Bombay University and a Ph.D. in Chemical Engineering from the National Chemical Laboratory, Pune. He is the Founder-Chairman of Dr. Reddy's Laboratories Limited (Dr. Reddy's or the Company). He served in the state-owned Indian Drugs and Pharmaceuticals Limited from 1969 to 1975, was Founder-Managing Director of Uniloids Limited from 1976 to 1980 and Standard Organics Limited from 1980 to 1984, before founding Dr. Reddy's in 1984.

Under Dr. K. Anji Reddy's leadership, Dr. Reddy's has become a pioneer and a trendsetter in the Indian Pharmaceutical industry. It turned the Indian bulk drug industry from import-dependent in the mid-80s to self-reliant in the mid-90s and, finally, into the export-oriented industry that it is today. Dr. Reddy's was the first company to begin drug discovery research in India in 1993 and has led the industry in turning from 'copycats' into innovators.

The terms and conditions of re-appointment of Dr. K. Anji Reddy, Whole Time Director designated as Chairman are as under:

1. Period : July 13, 2011 to July 12, 2016

2. Designation : Chairman

3. (A) SALARY: Rs.500,000 per month

(B) PERQUISITES:**Category A:**

1. Housing: Rent Free Accommodation or House Rent Allowance of Rs.250,000 per month.

2. Medical Reimbursement for self and family as per the rules of the Company.

3. Leave Travel Assistance, as per the rules of the Company, value not exceeding one month's salary.

Category B:

Contribution to Provident Fund as per the rules of the Company. These will not be included in the computation of the ceiling on perquisites or remuneration to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity shall be payable as per the rules of the Company.

Encashment of leave, if any, at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category C:

Car, telephone at residence and mobile phone for use on Company's business.

(C) COMMISSION:

In addition to the above salary and perquisites, commission will also be payable upto 1% of the net profits of the Company calculated in the manner referred to in Section 198 of the Companies Act, 1956, as may be decided by the Board of Directors of the Company.

4. Minimum Remuneration

In the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall remunerate him by way of salary, perquisites or any other allowance as specified above, as minimum remuneration.

5. Other Terms and Conditions

- (i) The terms and conditions of the said appointment may be altered and varied from time to time by the Board of Directors of the Company at their discretion, as they may deem fit, not exceeding the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) or any amendments made thereto.
- (ii) He shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.
- (iii) He shall not be liable to retire by rotation so long as he holds the office of Chairman.
- (iv) He shall not so long as he function as Chairman, become interested or otherwise concerned directly or through his wife and/or children in any selling agency of the Company in future without prior approval of the Central Government.

Mr. G. V. Prasad

Mr. G. V. Prasad (aged 50 years) has been Vice-Chairman and Chief Executive Officer of Dr. Reddy's Laboratories Limited (Dr. Reddy's or the Company) since 2001, when Cheminor Drugs Limited, the company of which he was then Managing Director, merged with Dr. Reddy's. Mr. Prasad earned his degree in Chemical Engineering from the Illinois Institute of Technology in Chicago in 1982 and his Masters in Industrial Administration from Purdue University in 1983.

Mr. Prasad leads the core team that drives the growth and performance of Dr. Reddy's. Mr. Prasad has played a key role in the evolution of Dr. Reddy's from a mid-sized pharmaceutical company into a globally respected pharmaceutical major. Mr. Prasad is widely credited as the architect of Dr. Reddy's successful global generics strategy. He envisioned new business platforms like the Custom Pharmaceutical Services business and Specialty Pharmaceuticals and is dedicated to building the innovation side of the business. He is also a champion of sustainability thinking and has spearheaded efforts to reduce the Company's ecological footprint by embracing green technologies and processes.

The terms & conditions of re-appointment of Mr. G. V. Prasad, Whole Time Director designated as Vice-Chairman and Chief Executive Officer are as under:

1. **Period** : January 30, 2011 to January 29, 2016
2. **Designation** : Vice-Chairman and Chief Executive Officer

3. (A) SALARY: Rs.350,000 per month

(B) PERQUISITES:

Category A:

1. Housing: Rent Free Accommodation or House Rent Allowance of Rs.175,000 per month.
2. Medical Reimbursement for self and family as per the rules of the Company.
3. Leave Travel Assistance, as per the rules of the Company; value not exceeding one month's salary.

Category B:

Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company. These will not be included in the computation of the ceiling on perquisites or remuneration to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity shall be payable as per the rules of the Company.

Encashment of leave, if any, at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category C:

Car, telephone at residence and mobile phone for use on Company's business.

(C) COMMISSION:

In addition to the above salary and perquisites, commission will also be payable upto 0.75% of the net profits of the Company calculated in the manner referred to in Section 198 of the Companies Act, 1956, as may be decided by the Board of Directors of the Company.

4. Minimum Remuneration

In the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall remunerate him by way of salary, perquisites or any other allowance as specified above, as minimum remuneration.

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- (ii) He shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.
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- (iv) He shall not so long as he function as Vice-Chairman and Chief Executive Officer, become interested or otherwise concerned directly or through his wife and/or children in any selling agency of the Company in future without prior approval of the Central Government.

MEMORANDUM OF CONCERN OR INTEREST

None of the Directors of the Company other than Dr. K. Anji Reddy, Mr. G. V. Prasad and Mr. Satish Reddy are concerned or interested in the aforesaid re-appointments.

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

Sandeep Poddar
Company Secretary

Hyderabad, January 25, 2011

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Dr. REDDY'S

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(B) PERQUISITES:

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MEMORANDUM OF CONCERN OR INTEREST

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By Order of the Board
For Dr.

If undelivered, please return to:

Dr. REDDY'S LABORATORIES LIMITED

7-1-27, Ameerpet,
Hyderabad - 500 016,
Andhra Pradesh, India

Hyderabad, January 25, 2011

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