

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

October 23, 2010

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 half-year ended September 30, 2010.

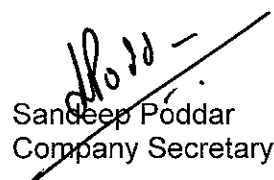
Further to our letter dated October 8, 2010, we would like to inform you that the Board of Directors of the Company at their meeting held on October 23, 2010, have approved the unaudited financial results of the Company for the quarter and half-year ended September 30, 2010.

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

1. Unaudited (Standalone) Financial Results of the Company as per Indian GAAP.
2. Unaudited Consolidated Financial results of the Company prepared in compliance with IFRS.
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



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

DR. REDDY'S LABORATORIES LIMITED
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2010

Sl. No.	PARTICULARS	All amounts in Indian Rupees lakhs, except share data				
		Quarter ended		Half Year ended		Year ended
		30.09.10 (Unaudited)	30.09.09 (Unaudited)	30.09.10 (Unaudited)	30.09.09 (Unaudited)	31.03.10 (Audited)
1	Sales / Income from operations (including Excise Duty)	128,707	108,094	255,106	223,271	443,274
	Less: Excise duty	875	772	1,652	1,532	3,161
	Net sales / Income from operations	127,832	107,322	253,454	221,739	440,113
2	License fees and service income	476	4,349	1,045	9,714	11,109
3	Other operating income	1,380	915	2,315	1,565	4,098
4	Total income (1 + 2 + 3)	129,688	112,586	256,814	233,018	455,320
5	Total expenditure	108,433	88,562	207,720	181,398	362,873
a	(Increase)/ decrease in stock	468	(4,355)	(2,905)	(4,243)	(11,729)
b	Material consumed	41,972	41,046	85,798	82,936	164,178
c	Research and development expenses, net	12,707	8,895	22,151	17,680	36,428
d	Personnel costs	18,910	12,534	34,299	24,693	51,001
e	Selling expenses	10,885	11,676	23,904	22,425	44,848
f	Other expenditure	17,356	13,258	32,618	27,214	52,693
g	Depreciation and amortisation	6,135	5,508	11,855	10,693	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)	21,255	24,024	49,094	51,620	92,447
7	Other income	5,235	1,315	5,328	2,950	17,144
8	Profit before interest and exceptional items (6 + 7)	26,490	25,339	54,422	54,570	109,591
9	Interest	13	10	59	344	1,108
10	Profit before exceptional items (8 - 9)	26,477	25,329	54,363	54,226	108,483
11	Exceptional items	-	-	-	-	-
12	Profit from ordinary activities before tax (10 - 11)	26,477	25,329	54,363	54,226	108,483
13	Tax expense	4,457	5,623	7,895	11,776	23,875
14	Net Profit from ordinary activities after tax (12 - 13)	22,020	19,706	46,468	42,450	84,608
15	Extra-ordinary items	-	-	-	-	-
16	Net profit for the period / year (14 - 15)	22,020	19,706	46,468	42,450	84,608
17	Paid - up equity share capital (face value Rs.5/- each)	8,460	8,437	8,460	8,437	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	13.02	11.68	27.49	25.18	50.15
	- Diluted	12.94	11.60	27.31	24.99	49.81
	b) After Extra-ordinary items					
	- Basic	13.02	11.68	27.49	25.18	50.15
	- Diluted	12.94	11.60	27.31	24.99	49.81
20	Public share holding*	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	
	-Number of shares (Face value Rs.5/- each)	98,466,684	100,552,801	98,466,684	100,552,801	100,778,704
	-Percentage of share holding	58.19	59.59	58.19	59.59	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)	4.83	4.83	4.83	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	41,367,812	41,417,812	41,367,812	41,417,812	41,292,812
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	95.17	95.17	95.17	95.17	94.89
	- Percentage of shares (as a % of the total share capital of the company)	24.45	24.55	24.45	24.55	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)

41



DR. REDDY'S

DR. REDDY'S LABORATORIES LIMITED
UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2010

Sl. No.	PARTICULARS	All amounts in Indian Rupees lakhs				
		Quarter ended		Half Year ended		Year ended
		30.09.10 (Unaudited)	30.09.09 (Unaudited)	30.09.10 (Unaudited)	30.09.09 (Unaudited)	31.03.10 (Audited)
1	Segment wise revenue, results and capital employed: Segment revenue : a) Pharmaceutical Services and Active Ingredients b) Global Generics c) Proprietary Products Total Less: Inter segment revenue Add : Other unallocable Income Total Income	49,242 88,370 72 137,684 7,212 4,451 134,923	48,259 70,826 14 119,099 6,585 1,387 113,901	93,254 179,274 114 272,642 14,977 4,477 262,142	97,513 148,431 16 245,960 12,979 2,987 235,968	183,602 287,661 297 473,560 27,970 26,874 472,464
2	Segment results : Profit / (Loss) before tax and interest from each segment a) Pharmaceutical Services and Active Ingredients b) Global Generics c) Proprietary Products Total Less: (i) Interest (ii) Other un-allocable expenditure Total profit before tax	5,847 20,957 (2,466) 24,338 13 (2,152) 26,477	11,043 20,553 (2,932) 28,664 10 3,325 25,329	10,694 54,212 (4,586) 60,350 59 5,928 54,263	21,415 42,193 (5,312) 58,296 344 3,726 54,226	33,957 80,385 (9,233) 105,109 1,108 (4,482) 108,483
3	Capital Employed: a) Pharmaceutical Services and Active Ingredients b) Global Generics c) Proprietary Products d) Others Total	151,645 221,506 666 264,377 638,194	139,244 156,106 1,646 275,717 572,713	151,645 221,506 666 264,377 638,194	139,244 156,106 1,646 275,717 572,713	136,672 166,017 2,365 286,395 591,449

Notes:

- 1 Pursuant to clause 41 of the Listing Agreement, the investor complaints received, disposed off and lying unresolved for the quarter ended 30 September 2010 are given in the table below:

Nature of Complaints	Opening balance	Received	Disposal	Closing Balance
Non receipt of shares and dividend	Nil	5	5	Nil

- 2 The unaudited results have been taken on record by the Board of Directors of the Company at its meeting held on 23 October 2010.

3 Statement of assets and liabilities

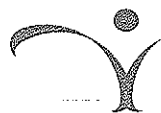
Sl. No.	PARTICULARS	All amounts in Indian Rupees lakhs	
		As at	As at
		30.09.10 (Unaudited)	30.09.09 (Unaudited)
	SHARE HOLDERS' FUNDS		
a	Share capital	8,460	8,437
b	Share application money pending allotment	1	116
c	Reserves and surplus	629,733	564,160
	LOAN FUNDS	61,167	17,693
	DEFERRED TAX LIABILITY	9,262	7,217
		708,623	597,623
	FIXED ASSETS		
	(including capital work in progress/advances)	220,518	166,882
	INVESTMENTS	246,527	193,519
	CURRENT ASSETS, LOANS AND ADVANCES		
a	Inventories	96,985	79,629
b	Sundry debtors	129,827	118,941
c	Cash and bank balances	37,272	35,984
d	Loans and advances	130,119	121,801
	Less: Current liabilities and provisions		
a	Liabilities	150,390	117,953
b	Provisions	2,235	1,180
	Net current assets	241,578	237,222
	MISCELLANEOUS EXPENDITURE (not written off or adjusted)	708,623	597,623

- 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: 23 October 2010

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

Satish Reddy
Managing Director & Chief Operating Officer



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

Unaudited Consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and half year ended 30 September 2010 prepared in compliance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB)

Sl. No.	PARTICULARS	All amounts in Indian Rupees lakhs, except share data				
		Quarter ended		Half Year ended		Year ended
		30.09.10 (Unaudited)	30.09.09 (Unaudited)	30.09.10 (Unaudited)	30.09.09 (Unaudited)	31.03.10 (Audited)
1	Net Income from Sales and Services	187,037	183,681	355,350	365,576	702,765
2	Cost of Sales and Services					
a)	(Increase) / decrease in stock	(2,070)	7,952	(7,290)	5,448	4,408
b)	Consumption of raw materials	59,137	62,404	114,709	121,234	232,162
c)	Other expenditure	30,109	26,133	58,932	49,975	102,796
3	Gross Profit (1 - 2)	99,861	87,192	188,999	188,919	363,399
4	Selling, General and Administrative expenses	57,087	53,366	111,905	112,625	225,050
5	Research and Development expenses	12,698	9,634	22,627	19,484	37,930
6	Impairment loss on intangible assets	-	-	-	-	34,561
7	Impairment loss on goodwill	-	-	-	-	51,468
8	Other (income) / expense, net	(2,190)	(1,252)	(4,054)	(1,592)	(5,691)
9	Operating profit (3) - (4 + 5 + 6 + 7 + 8)	32,266	25,444	58,521	58,402	20,081
10	Finance (expense) / income, net	(349)	2,085	(2,123)	737	(27)
11	Share of profit of equity accounted affiliate, net of income taxes	30	149	77	258	475
12	Profit / (loss) before tax (9 + 10 + 11)	31,947	27,678	56,475	59,397	20,529
13	Tax Expense	3,265	3,951	6,838	13,216	9,853
14	Net Profit after tax (12 - 13)	28,682	21,727	49,637	46,181	10,676
15	Non-Controlling Interest	-	-	-	-	-
16	Extra-ordinary items (net of tax expense)	-	-	-	-	-
17	Net Profit for the period / year (14 + 15 + 16)	28,682	21,727	49,637	46,181	10,676
18	Paid-up equity share capital (Face value of Rs. 5/- each)	8,460	8,437	8,460	8,437	8,442
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	16.95	12.88	29.36	27.40	- 6.33
	Diluted	16.88	12.82	29.21	27.26	6.30
	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)	
21	Public shareholding *					
	Number of shares	98,466,684	100,532,801	98,466,684	100,532,801	100,778,704
	Percentage of shareholding	58.19	59.59	58.19	59.59	59.69
22	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)	4.83	4.83	4.83	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	41,367,812	41,417,812	41,367,812	41,417,812	41,292,812
-	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	95.17	95.17	95.17	95.17	94.89
-	Percentage of shares (as a % of the total share capital of the Company)	24.45	24.55	24.45	24.55	24.46
23	Details of expenditure					
	Items exceeding 10% of total expenditure					
	Employee cost	35,274	36,377	67,629	68,021	130,629
	Depreciation and amortization	10,479	9,870	20,239	21,207	127,630

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

Segment reporting (Consolidated - Unaudited)

Sl. No.	PARTICULARS	All amounts in Indian Rupees lakhs				
		Quarter ended		Half year ended		Year ended
		30.09.10 (Unaudited)	30.09.09 (Unaudited)	30.09.10 (Unaudited)	30.09.09 (Unaudited)	31.03.10 (Audited)
1	Segment wise revenue and results:					
	Segment revenue :					
a)	Pharmaceutical Services and Active Ingredients	53,382	60,331	106,141	115,425	231,837
b)	Global Generics	136,670	127,064	255,841	257,263	486,228
c)	Proprietary Products	1,308	1,074	2,535	2,193	5,131
d)	Others	2,889	1,797	5,810	3,674	7,540
	Total	194,249	190,266	370,327	378,555	730,736
	Less: Inter-segment revenue	7,212	6,585	14,977	12,979	27,971
	Net Revenue from operations	187,037	183,681	355,350	365,576	702,765
2	Segment results :					
	Gross Profit from each segment					
a)	Pharmaceutical Services and Active Ingredients	10,355	19,250	20,372	36,301	66,598
b)	Global Generics	87,810	67,001	165,164	150,119	291,460
c)	Proprietary Products	896	816	1,692	1,549	3,956
d)	Others	800	125	1,771	950	1,385
	Total	99,861	87,192	188,999	188,919	363,399
	Less: Other un-allocable expenditure, net of other income	67,914	59,514	132,524	129,522	342,870
	Total profit before tax	31,947	27,678	56,475	59,397	20,529

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.

DR



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

Notes:

1 Pursuant to Clause 41 of the Listing Agreement, the investor complaints received, disposed off and lying unresolved for the quarter ended 30 September 2010 are given in the table below:

Nature of Complaints	Opening Balance	Received	Disposal	Closing Balance
Non-receipt of shares and dividend	Nil	5	5	Nil

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 Anilites 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, Lacoc 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 and Dr. Reddy's Laboratories Romania SRL.

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 During the quarter ended 30 September 2010, the company had acquired the non-controlling interest of 40% in Dr. Reddy's Laboratories (Proprietary) Limited, South Africa (DRSA) for a total consideration of Rs. 5,243. This was accounted for as an acquisition of non-controlling interest in accordance with IAS-27 "Consolidated and Separate Financial Statements" and disclosed as part of retained earnings. With this acquisition, DRSA has become a wholly owned subsidiary of the Company.

7 The unaudited results have been approved by the Board of Directors of the Company at its meeting held on 23 October 2010. 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).

8 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. Consequently to this, the Company has voluntarily prepared and published unaudited Consolidated Financial Statements as per IFRS for the quarter and half year ended 30 September 2010.

9 The figures for the previous period have been re-grouped/ re-classified, wherever necessary, to conform with the current period classification.

10 STATEMENT OF ASSETS AND LIABILITIES (IFRS)

PARTICULARS	All amounts in Indian Rupees lakhs	
	As at	As at
	30.09.10 (Unaudited)	30.09.09 (Unaudited)
ASSETS		
Current assets		
Cash and cash equivalents	61,966	61,490
Trade receivables	133,758	131,350
Inventories	147,283	131,363
Other current assets	79,390	53,113
Total current assets	422,397	377,516
Non-current assets		
Property, plant and equipment	254,118	212,777
Goodwill	21,739	74,949
Other intangible assets	113,369	145,623
Investment in equity accounted investees	3,180	2,882
Other non-current assets	18,893	13,029
Total non-current assets	411,299	449,260
Total assets	833,696	826,776
LIABILITIES AND EQUITY		
Current liabilities		
Loans and short-term borrowings	121,214	63,207
Other current liabilities	196,792	165,216
Provisions	12,089	11,819
Total current liabilities	330,095	240,242
Non-current liabilities		
Loans	23,719	83,470
Other non-current liabilities	27,016	46,130
Provisions	410	443
Total non-current liabilities	51,145	130,043
Total liabilities	381,240	370,285
Equity		
Share capital	8,460	8,437
Reserves	443,996	448,054
Total equity	452,456	456,491
Total liabilities and equity	833,696	826,776

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

PARTICULARS	All amounts in Indian Rupees lakhs				
	Quarter ended		Half Year ended		Year ended
	30.09.10 (Unaudited)	30.09.09 (Unaudited)	30.09.10 (Unaudited)	30.09.09 (Unaudited)	31.03.10 (Audited)
Revenues	129,688	112,586	256,814	233,018	455,320
Profit before tax and exceptional items	26,477	25,329	54,363	54,226	108,483
Profit after tax before exceptional items	22,020	19,706	46,468	42,450	84,608
Profit after tax and exceptional items	22,020	19,706	46,468	42,450	84,608

Note:

The unaudited standalone financial results for the quarter and half year ended 30 September 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.

12 The final dividend of Rs. 11.25/- per share for fiscal 2010 was approved by the shareholders at the Annual General Meeting of the Company held on 23 July 2010 and was paid subsequently.

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

Satish Reddy
Managing Director & Chief Operating Officer

Place: Hyderabad
Date: 23 October 2010

Dr. Reddy's Q2 FY11 Financial Results

Revenue at Rs. 18.7 billion (\$420 million); Growth → 2% YoY & 11% QoQ

EBITDA at Rs. 4.2 billion (\$95 million); Growth → 12% YoY & 24% QoQ

Profit after Tax at Rs. 2.9 billion (\$64 million); Growth → 32% YoY & 37% QoQ

Hyderabad, India, October 23, 2010: Dr. Reddy's Laboratories Ltd. (NYSE: RDY) today announced its unaudited financial results for the quarter ended September 30, 2010 under International Financial Reporting Standards (IFRS).

Key Highlights

- o Consolidated revenues are at Rs. 18.7 billion (\$420 million) in Q2 FY11 versus Rs. 18.4 billion (\$412 million) in Q2 FY10, a year-on-year growth of 2%.
 - Revenues from Global Generics for Q2 FY11 are at Rs. 13.7 billion, a year-on-year growth of 8%.
 - Revenues from PSAI are at Rs. 4.6 billion in Q2 FY11, a year-on-year decline of 14%.
- o EBITDA of Rs. 4.2 billion (\$95 million) in Q2 FY11, represents 23% to revenues and a year-on-year growth of 12%.
- o Profit before Tax for Q2 FY11 is at Rs. 3.2 billion (\$72 million), a year-on-year growth of 15%.
- o Profit after Tax for Q2 FY11 is at Rs. 2.9 billion (\$64 million), represents 15% to revenues and a year-on-year growth of 32%.
- o During the quarter, the company launched 41 new generic products, filed 21 new product registrations and filed 13 DMFs globally.



All figures in millions, except EPS

All US \$ figures based on a convenience translation rate of 1USD = Rs 44.56

Dr. Reddy's Laboratories Limited and Subsidiaries
Unaudited Consolidated Income Statement

Particulars	Q2 FY11			Q2 FY10			Growth %
	(\$)	(Rs.)	%	(\$)	(Rs.)	%	
Revenue	420	18,704	100	412	18,368	100	2
Cost of revenues	196	8,718	47	217	9,649	53	(10)
Gross profit	224	9,986	53	196	8,719	47	15
Operating Expenses							
Selling, general & administrative expenses ^(a)	128	5,709	31	120	5,336	29	7
Research and development expenses, net	29	1,270	7	22	963	5	32
Other (income)/expenses, net	(5)	(218)	(1)	(3)	(125)	(1)	74
Total Operating Expenses	152	6,761	36	139	6,174	34	10
Results from operating activities	72	3,225	17	57	2,545	14	27
Finance income ^(b)	(1)	(56)	(0)	(7)	(293)	(2)	(81)
Finance expenses ^(c)	2	91	0	2	85	0	7
Finance expenses, net	1	35	0	(5)	(208)	(1)	-
Share of profit/(loss) of equity accounted investees	0	3	0	0	15	0	(80)
Profit before income tax	72	3,194	17	62	2,768	15	15
Income tax expense	(7)	(327)	(2)	(13)	(595)	(3)	(45)
Profit for the period	64	2,867	15	49	2,173	12	32
Diluted EPS	0.4	16.9		0.3	12.8		32

Notes:

- (a) Includes amortization charge of Rs. 317 million (\$7 million) in Q2 FY11 and Rs. 329 million (\$7 million) in Q2 FY10.
- (b) Includes forex gain of Rs. 244 million (\$5 million) in Q2 FY10.
- (c) Includes forex loss of Rs. 49 million (\$1 million) in Q2 FY11.



Segmental Analysis

Global Generics

Revenues from Global Generics segment are at Rs. 13.7 billion in Q2 FY11, a year-on-year growth of 8% driven largely by the contribution from branded generics markets.

- o Revenues from North America at Rs. 4.4 billion in Q2 FY11 versus Rs. 4.3 billion in Q2 FY10, represents a growth of 3% in rupee terms and 7% in USD terms.
 - Sequential growth of 13% was largely led by new products of tacrolimus and amlodipine benazepril.
 - As of September 30, 2010, total cumulative ANDA filings are 167. Total ANDAs pending approval at the USFDA are 74 of which 39 are Para IVs and 12 are FTFs.
- o Revenues from Europe at Rs. 2.4 billion in Q2 FY11 versus Rs. 2.8 billion in Q2 FY10, a year-on-year decline of 17%.
 - Revenues from Germany at Rs. 1.6 billion in Q2 FY11. The decline of 26% in rupee terms or a decline of 14% in Euro terms is largely due to price erosions caused by the impact of tenders.
 - Revenues from Rest of Europe grew by 13% to Rs. 738 million in Q2 FY11.
- o Revenues from Russia & Other CIS markets at Rs. 2.8 billion in Q2 FY11 versus Rs. 2.4 billion in Q2 FY10, or a growth of 17%.
 - Revenues in Russia at Rs. 2.3 billion in Q2 FY11 versus Rs. 1.8 billion in Q2 FY10 or a year-on-year growth of 23% in rupee terms and 28% in roubles.
 - Dr. Reddy's secondary prescription sales growth stands at 25% (*volume growth of 37%*) versus industry's growth of 16% (*volume growth of 18%*). (*Source: Pharmexpert April-August 2010*)
 - Revenues in Other CIS markets decrease by 5% to Rs. 480 million in Q2 FY11 versus Rs. 503 million in Q2 FY10.
- o Revenues in India at Rs. 3.2 billion in Q2 FY11 versus Rs. 2.5 billion in Q2 FY10, a growth of 25%, consisting of volume growth of 16% and new products contribution (*last 12 month launches*) of 9%.
 - 13 new products launched during the quarter.



Pharmaceutical Services and Active Ingredients (PSAI)

Revenues from PSAI are at Rs. 4.6 billion in Q2 FY11 or a year-on-year decline of 14%.

- o During the quarter, 13 DMFs were filed globally. The cumulative DMF filings as of Sep 10 are 390.

Income Statement Highlights:

- o Gross profit at Rs. 10.0 billion (\$224 million) in Q2 FY11 at a margin of 53% to revenues versus 47% in Q2 FY10. This change in gross margin is largely on account of :
 - Contribution from new products of tacrolimus and amlodipine benazepril.
 - One time inventory provisions of approximately \$12 mn in the Global Generics segment in the corresponding quarter of previous year.
- Gross margins for Global Generics and Pharmaceutical Services and Active Ingredients are at 64% and 22% respectively.
- o Selling, General & Administration (SG&A) expenses including amortization for the quarter, is at Rs. 5.7 billion (\$128 million) or an increase of 7% over the previous year. The increased SG&A spend is majorly on account of higher field force in India and Russia and increase of OTC expenditure in our Russia business.
 - o R&D expenses at Rs. 1,269 million (\$28 million) in Q2 FY11, the increase of 32% is in line with higher R&D activities in the current year.
 - o Other Income of Rs. 218 million (\$5 million) in Q2 FY11 versus Rs. 125 million (\$3 million) in Q2 FY10.
 - o Finance costs (net) are at Rs. 33 million (\$1 million) in Q2 FY11 versus finance income Rs. 208 million (\$5 million) in Q2 FY10. The change is mainly on account of :
 - Net forex loss of Rs. 49 million (\$1 million) in Q2 FY11 versus net forex gain of Rs. 244 million (\$5 million) in Q2 FY10.
 - Net interest expense of Rs. 6 million (\$0.1 million) in Q2 FY11 versus Rs. 42 million (\$1 million) in Q2 FY10.
 - o EBITDA at Rs. 4.2 billion (\$95 million) in Q2 FY11 represents 23% to sales and a year-on-year growth of 12%.
 - o Net Profit after Tax for Q2 FY11 is at Rs. 2.9 billion (\$64 million).
 - o Diluted EPS is at Rs. 16.9 (\$0.4) for the quarter.
 - o Capital expenditure for the quarter is at Rs. 2.2 billion (\$49 million).



Appendix 1: Q2 FY11 Key Balance Sheet Items
(in millions)

Particulars	As on 30 th Sep 10		As on 30 th Jun 10	
	(\$)	(Rs.)	(\$)	(Rs.)
Cash and cash equivalents	139	6,196	143	6,366
Trade receivables	300	13,376	287	12,769
Inventories	331	14,728	324	14,451
Property, plant and equipment	570	25,412	537	23,940
Goodwill and other intangible assets	303	13,511	298	13,287
Loans and borrowings (current & non-current)	325	14,493	311	13,872
Trade payables	222	9,907	217	9,689
Equity & reserves	1,015	45,245	1,009	44,966

Appendix 2: Q2 FY11 Revenue Mix by Segment
(in Rs. millions)

	Q2 FY11	as a %	Q2 FY10	as a %	Growth %
Global Generics	13,667	73	12,706	69	8
North America	4,416	32	4,285	34	3
Europe	2,366	17	2,848	22	(17)
India	3,160	23	2,521	20	25
Russia & Other CIS	2,751	20	2,351	19	17
RoW	974	7	701	6	39
PSAI	4,617	25	5,375	29	(14)
North America	814	18	1,150	21	(29)
Europe	1,551	34	1,761	33	(12)
India	653	14	629	12	4
RoW	1,599	35	1,835	34	(13)
Proprietary Products & Others	420	2	287	2	46
Total	18,704	100	18,368	100	2

Appendix 3: Q2 FY11 Revenue Mix by Geography
(in Rs. millions)

	Q2 FY11	as a %	Q2 FY10	as a %	Growth %
North America	5,464	29	5,588	30	(2)
Europe	4,102	22	4,743	26	(14)
India	3,813	20	3,150	17	21
Russia & Other CIS	2,751	15	2,351	13	17
Others	2,573	14	2,536	14	1
Total	18,704	100	18,368	100	2



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

