

DR REDDYS LABORATORIES LTD

Form 6-K

March 19, 2012

Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13A-16 OR 15D-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended December 31, 2011

Commission File Number 1-15182

DR. REDDY S LABORATORIES LIMITED

(Translation of registrant's name into English)

8-2-337, Road No. 3, Banjara Hills

Hyderabad, Andhra Pradesh 500 034, India

+91-40-4900 2900

Edgar Filing: DR REDDYS LABORATORIES LTD - Form 6-K

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If Yes is marked, indicate below the file number assigned to registrant in connection with Rule 12g3-2(b): 82-_____.

Table of Contents

QUARTERLY REPORT

Quarter Ended December 31, 2011

Currency of Presentation and Certain Defined Terms

In this Quarterly Report, references to \$ or dollars or U.S.\$ or U.S. dollars are to the legal currency of the United States and references to rupees or Indian rupees are to the legal currency of India. Our unaudited condensed consolidated interim financial statements are presented in Indian rupees and are prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (IAS 34). Convenience translation into U.S. dollars with respect to the unaudited interim condensed consolidated financial statements is also presented. References to a particular fiscal year are to our fiscal year ended March 31 of such year. References to ADS are to our American Depositary Shares. All references to IAS are to the International Accounting Standards, to IASB are to the International Accounting Standards Board, to IFRS are to International Financial Reporting Standards, to SIC are to Standing Interpretations Committee and to IFRIC are to the International Financial Reporting Interpretations Committee.

References to U.S. FDA are to the United States Food and Drug Administration, to NDAs are to New Drug Applications, and to ANDAs are to Abbreviated New Drug Applications.

References to U.S. or United States are to the United States of America, its territories and its possessions. References to India are to the Republic of India. All references to we, us, our, DRL, Dr. Reddy s or the Company shall mean Dr. Reddy s Laboratories Limited and its subsidiaries. Reddy s is a registered trademark of Dr. Reddy s Laboratories Limited in India. Other trademarks or trade names used in this Quarterly Report are trademarks registered in the name of Dr. Reddy s Laboratories Limited or are pending before the respective trademark registries. Market share data is based on information provided by IMS Health Inc. (IMS Health), a provider of market research to the pharmaceutical industry, unless otherwise stated.

Except as otherwise stated in this report, all translations from Indian rupees to U.S. dollars are based on the noon buying rate in the City of New York on December 31, 2011 for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York, which was 53.01 per U.S.\$1.00. No representation is made that the Indian rupee amounts have been, could have been or could be converted into U.S. dollars at such a rate or any other rate. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

Information contained in our website, www.drreddys.com, is not part of this Quarterly Report and no portion of such information is incorporated herein.

Forward-Looking and Cautionary Statement

IN ADDITION TO HISTORICAL INFORMATION, THIS QUARTERLY REPORT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE REFLECTED IN THE FORWARD-LOOKING STATEMENTS. FACTORS THAT MIGHT CAUSE SUCH A DIFFERENCE INCLUDE, BUT ARE NOT LIMITED TO, THOSE DISCUSSED IN THE SECTION ENTITLED OPERATING AND FINANCIAL REVIEW AND ELSEWHERE IN THIS REPORT. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH REFLECT OUR ANALYSIS ONLY AS OF THE DATE HEREOF. IN ADDITION, READERS SHOULD CAREFULLY REVIEW THE INFORMATION IN OUR PERIODIC REPORTS AND OTHER DOCUMENTS FILED AND/OR FURNISHED WITH THE SECURITIES AND EXCHANGE COMMISSION (SEC) FROM TIME TO TIME.

Table of Contents

TABLE OF CONTENTS

<u>ITEM 1. FINANCIAL STATEMENTS</u>	4
<u>ITEM 2. OPERATING AND FINANCIAL REVIEW, TREND INFORMATION</u>	43
<u>ITEM 3. LIQUIDITY AND CAPITAL RESOURCES</u>	50
<u>ITEM 4. RECENT DEVELOPMENTS</u>	51
<u>ITEM 5. EXHIBITS</u>	52
<u>SIGNATURES</u>	53
EXHIBIT 99.1: INDEPENDENT AUDITORS' REPORT ON REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION	

Table of Contents

ITEM 1. FINANCIAL STATEMENTS

DR. REDDY S LABORATORIES LIMITED AND SUBSIDIARIES**UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENTS**

(in millions, except share and per share data)

Particulars	September 30, Note	September 30, December 31, 2011 <i>Unaudited convenience translation into U.S.\$ (See Note 2.d)</i>	September 30, As of December 31, 2011	September 30, March 31, 2011
ASSETS				
Current assets				
Cash and cash equivalents	7	U.S.\$ 313	16,587	5,729
Other investments		36	1,899	33
Trade receivables, net		498	26,373	17,615
Inventories	8	369	19,586	16,059
Derivative financial instruments	6	2	93	784
Current tax assets		13	666	442
Other current assets		126	6,655	6,931
Total current assets		U.S.\$ 1,356	71,859	47,593
Non-current assets				
Property, plant and equipment	9	U.S.\$ 612	32,433	29,642
Goodwill	10	42	2,216	2,180
Other intangible assets	11	245	12,966	13,066
Investment in equity accounted investees		7	356	313
Deferred income tax assets		42	2,200	1,935
Other non-current assets		8	400	276
Total non-current assets		U.S.\$ 954	50,571	47,412
Total assets		U.S.\$ 2,310	122,430	95,005
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables		U.S.\$ 173	9,189	8,480
Derivative financial instruments	6	66	3,505	
Current income tax liabilities		32	1,692	1,231
Bank overdraft				69
Short-term borrowings	12	409	21,660	18,220
Long-term borrowings, current portion		1	31	12
Provisions		30	1,588	1,314
Other current liabilities		263	13,932	11,689
Total current liabilities		U.S.\$ 973	51,597	41,015

Edgar Filing: DR REDDYS LABORATORIES LTD - Form 6-K

Non-current liabilities					
Long-term loans and borrowings, excluding current portion	12	U.S.\$	317	16,811	5,271
Provisions			1	47	41
Deferred tax liabilities			24	1,274	2,022
Other liabilities			15	775	666
Total non-current liabilities		U.S.\$	357	18,907	8,000
Total liabilities		U.S.\$	1,330	70,504	49,015

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Table of Contents**DR. REDDY S LABORATORIES LIMITED AND SUBSIDIARIES****UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(in millions, except share and per share data)

Particulars	September 30, Note	September 30, December 31, 2011 <i>Unaudited convenience translation into U.S.\$ (See Note 2.d)</i>	September 30, As of December 31, 2011	September 30, March 31, 2011
Equity				
Share capital		U.S.\$ 16	848	846
Equity shares held by a controlled trust			(5)	(5)
Share premium		395	20,917	20,683
Share based payment reserve		14	738	730
Retained earnings		536	28,373	20,391
Debenture redemption reserve		12	656	19
Other components of equity		8	399	3,326
Total equity attributable to:				
Equity holders of the Company		U.S.\$ 980	51,926	45,990
Non-controlling interests				
Total equity		U.S.\$ 980	51,926	45,990
Total liabilities and equity		U.S.\$ 2,310	122,430	95,005

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Table of Contents**DR. REDDY S LABORATORIES LIMITED AND SUBSIDIARIES****UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT**

(in millions, except share and per share data)

Particulars	September 30, <i>Note</i>	September 30, Nine Months ended December 31, 2011 <i>Unaudited convenience translation into U.S.\$ (See Note 2.d)</i>			September 30, Three months ended December 31, 2010		
		U.S.\$	1,323	70,153	54,520	27,692	18,985
Revenues		U.S.\$	1,323	70,153	54,520	27,692	18,985
Cost of revenues			581	30,818	25,206	11,117	8,571
Gross profit		U.S.\$	742	39,335	29,314	16,575	10,414
Selling, general and administrative expenses			408	21,651	17,562	7,679	6,374
Research and development expenses			79	4,170	3,569	1,514	1,306
Other (income)/expense, net	13		(11)	(567)	(603)	(165)	(199)
Total operating expenses, net		U.S.\$	476	25,254	20,528	9,028	7,481
Results from operating activities			266	14,081	8,786	7,547	2,933
Finance income			16	862	163	476	9
Finance expense			(15)	(784)	(425)	(302)	(57)
Finance income/(expense), net	14		1	78	(262)	174	(48)
Share of profit of equity accounted investees, net of income tax			1	43	7	26	(1)
Profit before income tax			268	14,202	8,531	7,747	2,884
Income tax expense	19		(63)	(3,367)	(836)	(2,617)	(152)
Profit for the period		U.S.\$	204	10,835	7,695	5,130	2,732
Attributable to:							
Equity holders of the Company			204	10,835	7,695	5,130	2,732
Non-controlling interest							

Edgar Filing: DR REDDYS LABORATORIES LTD - Form 6-K

Profit for the period		U.S.\$	204	10,835	7,695	5,130	2,732
------------------------------	--	---------------	------------	---------------	--------------	--------------	--------------

Earnings per share

Basic earnings per share of 5/- each	16	U.S.\$	1.21	63.95	45.51	30.26	16.14
---	----	--------	------	-------	-------	-------	-------

Diluted earnings per share of 5/- each		U.S.\$	1.20	63.68	45.29	30.16	16.07
---	--	--------	------	-------	-------	-------	-------

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Table of Contents

DR. REDDY S LABORATORIES LIMITED AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(in millions, except share and per share data)

Particulars	Nine months ended December 31,			Three months ended December 31,	
	2011	2011	2010	2011	2010
	<i>Unaudited convenience</i>				
	<i>translation into U.S.\$</i>				
	<i>(See Note 2.d)</i>				
Profit for the period	U.S.\$ 204	10,835	7,695	5,130	2,732
Other comprehensive income					
Changes in fair value of available for sale financial instruments		19	10	16	(3)
Foreign currency translation adjustments	14	767	9	432	17
Effective portion of changes in fair value of cash flow hedges, net	(96)	(5,075)	(7)	(2,530)	95
Income tax on other comprehensive income	26	1,361	48	711	1
Other comprehensive income/(loss) for the period, net of income tax	U.S.\$ (55)	(2,928)	60	(1,371)	110
Total comprehensive income for the period attributable to the shareholders of the Company	U.S.\$ 149	7,907	7,755	3,759	2,842
Attributable to:					
Shareholders of the Company	149	7,907	7,755	3,759	2,842
Non-controlling interest					
Total comprehensive income for the period	U.S.\$ 149	7,907	7,755	3,759	2,842

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Table of Contents

DR. REDDY S LABORATORIES LIMITED AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(in millions, except share and per share data)

Particulars	Share capital		Share premium Amount	Fair value reserve Amount	Foreign currency translation reserve Amount	Hedging reserve Amount
	Shares	Amount				
Balance as of April 1, 2011	169,252,732	846	20,683	31	2,921	374
Issue of equity shares on exercise of options	291,319	2	234			
Net change in fair value of other investments, net of tax expense of (11)				8		
Foreign currency translation differences, net of tax benefit of 33					800	
Effective portion of changes in fair value of cash flow hedges, net of tax benefit of 1,339						(3,735)
Share based payment expense						
Acquisition of non-controlling interests						
Dividend paid (including corporate dividend tax)						
Debenture redemption reserve						
Profit for the period						
Balance as of December 31, 2011	169,544,051	848	20,917	39	3,721	(3,361)
Convenience translation into U.S.\$		16	395	1	70	(63)
Balance as of April 1, 2010	168,845,385	844	20,429	24	2,559	337
Issue of equity shares on exercise of options	381,922	2	239			
Net change in fair value of other investments, net of tax benefit of 0				10		
Foreign currency translation differences, net of tax benefit of 42					51	
Effective portion of changes in fair value of cash flow hedges, net of tax benefit of 6						(1)
Share based payment expense						
Acquisition of non-controlling interests						
Dividend paid (including corporate dividend tax)						