

DR REDDYS LABORATORIES LTD

Form 6-K

October 25, 2010

**Table of Contents**

**FORM 6-K**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**Report of Foreign Private Issuer**  
**Pursuant to Rule 13a-16 or 15d-16**  
**of the Securities Exchange Act of 1934**  
**October 2010**  
**Commission File Number 1-15182**  
**DR. REDDY S LABORATORIES LIMITED**  
(Name of Registrant)  
**7-1-27, Ameerpet**  
**Hyderabad, Andhra Pradesh 500 016, India**  
**+91-40-23731946**  
(Address of Principal Executive Offices)

Indicate by check mark whether 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):  
Not applicable.

**Table of Contents**

|  |   |
|--|---|
| <u>(1) Press Release, Dr. Reddy s announces the approval of Lansoprazole delayed-release capsules ,<br/>October 16, 2010</u> | 3 |
| <u>(2) Press Release, Dr. Reddy s Q2 FY11 Financial Results , October 23, 2010</u>   | 4 |

**Table of Contents**

**Press Release**

Dr. Reddy s Laboratories Ltd.  
7-1-27 Ameerpet  
Hyderabad 500 016 India

Tel: 91 40 373 1946  
Fax: 91 40 373 1955

[www.drreddys.com](http://www.drreddys.com)

**Dr. Reddy s announces the approval of Lansoprazole delayed-release capsules**

***Hyderabad, India, October 16, 2010***

Dr. Reddy s Laboratories (NYSE: RDY) announced today that it will be launching Lansoprazole delayed-release capsules (15 mg and 30 mg), a bioequivalent generic version of Prevacid®\* Delayed-Release Capsules, in the US market. The Food & Drug Administration (FDA) approved Dr. Reddy s ANDA for Lansoprazole delayed-release capsules on October 15, 2010. Launch preparations are complete and shipments will commence shortly.

Dr. Reddy s Lansoprazole delayed-release capsules are available in bottles of 30 & 90 counts in 15mg and 90 and 500 counts in 30 mg.

**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.

**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 and Active Ingredients, Global Generics and Proprietary Products. Our products are marketed globally, with a focus on India, US, UK, Germany and Russia. [www.drreddys.com](http://www.drreddys.com)

\* *Prevacid® is a registered trademark of Takeda Pharmaceuticals North America, Inc*

*For more information please contact:*

**Investors and Financial Analysts:**

Kedar Upadhye at [kedaru@drreddys.com](mailto:kedaru@drreddys.com) /+91-40-66834297

Raghavender R at [raghavenderr@drreddys.com](mailto:raghavenderr@drreddys.com) /+91-40-66511529

Milan Kalawadia (USA) at [mkalawadia@drreddys.com](mailto:mkalawadia@drreddys.com) /+1 908-203-4931

**Media:**

S Rajan at [rajans@drreddys.com](mailto:rajans@drreddys.com) / +91-40-66511725

**Table of Contents**

**Press Release**

Dr. Reddy s Laboratories Ltd.  
7-1-27 Ameerpet  
Hyderabad 500 016 India

Tel: 91 40 373 1946  
Fax: 91 40 373 1955

[www.drreddys.com](http://www.drreddys.com)

**Dr. Reddy s Q2 FY11 Financial Results**

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

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

**Profit after Tax at Rs. 2.9 billion (\$64 million); *Growth à 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**

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%.

EBITDA of Rs. 4.2 billion (\$95 million) in Q2 FY11, represents 23% to revenues and a year-on-year growth of 12%.

Profit before Tax for Q2 FY11 is at Rs. 3.2 billion (\$72 million), a year-on-year growth of 15%.

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%.

During the quarter, the company launched 41 new generic products, filed 21 new product registrations and filed 13 DMFs globally.

**Table of Contents**

*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**

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

**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.

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.

**Table of Contents**

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.

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.

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.

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%.

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

**Income Statement Highlights:**

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.

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.

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.



**Table of Contents**

Other Income of Rs. 218 million (\$5 million) in Q2 FY11 versus Rs. 125 million (\$3 million) in Q2 FY10. 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.

EBITDA at Rs. 4.2 billion (\$95 million) in Q2 FY11 represents 23% to sales and a year-on-year growth of 12%.

Net Profit after Tax for Q2 FY11 is at Rs. 2.9 billion (\$64 million).

Diluted EPS is at Rs. 16.9 (\$0.4) for the quarter.

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 <sup>th</sup> Sep 10 |        | As on 30 <sup>th</sup> 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 %    |
|--|---------------|------------|---------------|------------|-------------|
| <b>Global Generics</b>                   | <b>13,667</b> | <b>73</b>  | <b>12,706</b> | <b>69</b>  | <b>8</b>    |
| 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          |
| <b>PSAI</b>                              | <b>4,617</b>  | <b>25</b>  | <b>5,375</b>  | <b>29</b>  | <b>(14)</b> |
| 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)        |
| <b>Proprietary Products &amp; Others</b> | <b>420</b>    | <b>2</b>   | <b>287</b>    | <b>2</b>   | <b>46</b>   |
| <b>Total</b>                             | <b>18,704</b> | <b>100</b> | <b>18,368</b> | <b>100</b> | <b>2</b>    |

**Table of Contents****Appendix 3: Q2 FY11 Revenue Mix by Geography***(in Rs. millions)*

|                    | <b>Q2 FY11</b> | <b>as a %</b> | <b>Q2 FY10</b> | <b>as a %</b> | <b>Growth %</b> |
|--------------------|----------------|---------------|----------------|---------------|-----------------|
| 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               |
| <b>Total</b>       | <b>18,704</b>  | <b>100</b>    | <b>18,368</b>  | <b>100</b>    | <b>2</b>        |

**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](mailto:kedaru@drreddys.com) or on +91-40-66834297

Raghavender R at [raghavenderr@drreddys.com](mailto:raghavenderr@drreddys.com) or on +91-40-66511529

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

**Media:**

Rajan S at [rajans@drreddys.com](mailto:rajans@drreddys.com) or on +91-40-66511725

**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DR. REDDY S LABORATORIES LIMITED  
(Registrant)

Date: October 25, 2010

By: /s/ Sandeep Poddar  
Name: Sandeep Poddar  
Title: Company Secretary