

DR REDDYS LABORATORIES LTD  
Form 6-K  
February 06, 2012  
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**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

February 2012

Commission File Number 1-15182

**DR. REDDY S LABORATORIES LIMITED**

(Name of Registrant)

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

Hyderabad, Andhra Pradesh 500 034, India

+91-40-4900-2900

(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):

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**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.

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(1) Press Release, Dr. Reddy s Q3 FY12 Financial Results, February 3, 2012.

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**Press Release**

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**DR. REDDY S Q3 FY12 FINANCIAL RESULTS**

**Highest ever quarterly sales and profit**

**Hyderabad, India, February 3<sup>rd</sup>, 2012:** Dr. Reddy s Laboratories Ltd. (NYSE: RDY) today announced its unaudited consolidated financial results for the quarter ended December 31, 2011 under International Financial Reporting Standards (IFRS).

**Key Highlights**

**Launch of olanzapine 20 mg (generic version of Eli Lilly s Zyprexa® 20 mg) in the US, another key milestone in consistently delivering limited competition opportunities**

**Revenues for Q3 FY12 at `27.7 billion (\$522 million), YoY growth of 46%**

*Revenues for nine months FY12 at `70.2 billion (\$1.3 billion), YoY growth of 29%*

**EBITDA for Q3 FY12 at `9.2 billion (\$174 million), 33% to sales, YoY growth of 127%**

*EBITDA for nine months FY12 at `18.6 billion (\$351 million), 27% to sales, YoY growth of 59%*

**Adjusted\* PAT for Q3 FY12 at `5.2 billion (\$98 million), YoY growth of 91%**

*Adjusted\* PAT for nine months FY12 at `11.1 billion (\$209 million), YoY growth of 44%*

**Q3 FY12 g 33 new generic launches, 16 new generic filings and 7 DMF filings**

\* *Note: Adjustments on account of interest on bonus debentures (net of tax)*

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All figures in millions, except EPS

All US dollar figures based on convenience translation rate of 1USD = `53.01

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

Particulars	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	(\$)	Q3 FY12 (`)	%	(\$)	Q3 FY11 (`)	%	Growth %
<b>Revenue</b>	<b>522</b>	<b>27,692</b>	<b>100</b>	<b>358</b>	<b>18,985</b>	<b>100</b>	<b>46</b>
Cost of revenues	210	11,117	40	162	8,571	45	30
<b>Gross profit</b>	<b>313</b>	<b>16,575</b>	<b>60</b>	<b>196</b>	<b>10,414</b>	<b>55</b>	<b>59</b>
<b>Operating Expenses</b>							
Selling, general & administrative expenses	145	7,679	28	120	6,374	34	20
Research and development expenses	29	1,514	5	25	1,306	7	16
Other operating (income) / expense	(3)	(165)	(1)	(4)	(199)	(1)	(17)
<b>Results from operating activities</b>	<b>142</b>	<b>7,547</b>	<b>27</b>	<b>55</b>	<b>2,933</b>	<b>15</b>	<b>157</b>
Net finance (income) / expense	(3)	(174)	(1)	1	48	0	
Share of (profit) / loss of equity accounted investees	(0)	(26)	(0)	0	1	0	
<b>Profit / (loss) before income tax</b>	<b>146</b>	<b>7,747</b>	<b>28</b>	<b>54</b>	<b>2,884</b>	<b>15</b>	<b>169</b>
Income tax (benefit) / expense	49	2,616	9	3	152	1	
<b>Profit / (loss) for the period</b>	<b>97</b>	<b>5,131</b>	<b>19</b>	<b>52</b>	<b>2,732</b>	<b>14</b>	<b>88</b>

**Diluted EPS**                      **0.6**                      **30.2**    **0.3**                      **16.1**    **88**  
**Profit Computation**

	September 30,	September 30,	September 30,	September 30,
	(in millions)			
	Q3 FY12	Q3 FY12	Q3 FY11	Q3 FY11
	(\$)	(C)	(\$)	(C)
<b>EBITDA Computation</b>				
<b>PBT (reported)</b>	146	7,747	54	2,884
Interest	3	155	2	98
Depreciation	17	899	14	758
Amortization	8	408	6	307
<b>EBITDA</b>	<b>174</b>	<b>9,208</b>	<b>76</b>	<b>4,048</b>

	September 30,	September 30,	September 30,	September 30,
	(in millions)			
	Q3 FY12	Q3 FY12	Q3 FY11	Q3 FY11
	(\$)	(C)	(\$)	(C)
<b>Adjusted PAT Computation</b>				
<b>PAT (reported)</b>	97	5,131	52	2,732
Adjustments:				
Interest on Bonus Debentures (net of tax)	1	78		
<b>Adjusted PAT</b>	<b>98</b>	<b>5,209</b>	<b>52</b>	<b>2,732</b>

**Table of Contents****Key Balance Sheet Items**

Particulars	September 30,	September 30,	September 30,	September 30,
	(in millions)			
	As on 31st Dec 11 (\$)	(C)	As on 30th Sep 11 (\$)	(C)
Cash and cash equivalents	313	16,587	143	7,596
Trade receivables	498	26,373	388	20,568
Inventories	369	19,586	351	18,592
Property, plant and equipment	612	32,433	593	31,450
Goodwill and Other Intangible assets	287	15,182	285	15,115
Loans and borrowings (current & non-current)	727	38,502	591	31,303
Trade payables	173	9,189	169	8,940
Equity	980	51,927	907	48,081

**Q3 FY12 Revenue Mix by Segment**

	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	(\$)	Q3 FY12 (C)	%	(in millions) (\$)	Q3 FY11 (C)	%	Growth %
<b>Global Generics</b>	<b>402</b>	<b>21,287</b>	<b>77</b>	<b>256</b>	<b>13,589</b>	<b>72</b>	<b>57</b>
North							
America		11,114			4,765		133
Europe		2,426			2,124		14
India		3,333			3,000		11
Russia & Other CIS		3,317			2,880		15
RoW		1,097			820		34
<b>PSAI</b>	<b>105</b>	<b>5,563</b>	<b>20</b>	<b>94</b>	<b>4,979</b>	<b>26</b>	<b>12</b>
North							
America		1,170			770		52
Europe		1,651			1,830		(10)
India		862			622		39
RoW		1,880			1,757		7
<b>Others</b>	<b>15</b>	<b>842</b>	<b>3</b>	<b>8</b>	<b>417</b>	<b>2</b>	<b>102</b>
<b>Total</b>	<b>522</b>	<b>27,692</b>	<b>100</b>	<b>358</b>	<b>18,985</b>	<b>100</b>	<b>46</b>

**Q3 FY12 Revenue Mix by Geography**

	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	(\$)	Q3 FY12 (C)	%	(in millions) (\$)	Q3 FY11 (C)	%	Growth %
North							
America	242	12,826	46	110	5,823	31	120
Europe	82	4,325	16	77	4,078	21	6

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India	79	4,194	15	68	3,625	19	16
Russia & Other	63	3,317	12	54	2,880	15	15
CIS	56	3,030	11	49	2,579	14	17
Others							
<b>Total</b>	<b>522</b>	<b>27,692</b>	<b>100</b>	<b>358</b>	<b>18,985</b>	<b>100</b>	<b>46</b>



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### **SEGMENTAL ANALYSIS**

#### **Global Generics: North America**

Revenues from North America were at `11.1 billion in Q3 FY12 versus `4.8 billion in Q3 FY11. Growth was led by the high value launch of olanzapine 20 mg, new products launched in the last twelve months and strong volume growth across key products.

2 new products launched during the quarter olanzapine 20 mg and olanzapine ODT.

Strong volume growth contributed by key products such as lansoprazole, tacrolimus, omeprazole Mg OTC and Shreveport products and last twelve months new launches of fondaparinux and antibiotics portfolio.

26 prescription products feature among the Top 3 in market share (*Source: IMS Volumes November 2011*).

During the quarter, 3 ANDAs were filed. The cumulative ANDA filings as of 31<sup>st</sup> December, 2011 are 187. A total of 79 ANDAs are pending for approval with the USFDA of which 40 are Para IVs and 10 are FTFs.

#### **Global Generics: Russia & Other CIS**

Revenues in Russia & Other CIS markets were at `3.3 billion in Q3 FY12 versus `2.9 billion in Q3 FY11.

Revenues in Russia were at `2.8 billion in Q3 FY12.

The company's secondary sales growth at 23% continued to outperform industry's growth of 19%. (*Source: Pharmexpert Prescription Sales November 2011*).

Top 5 products feature among Top 2 ranks in market share.

OTC portfolio grew by 24% over previous year.

Revenues in Other CIS markets were at `557 million in Q3 FY12; year-on-year growth driven largely by Ukraine and Kazakhstan.

#### **Global Generics: India**

Revenues in India were at `3.3 billion in Q3 FY12 versus `3.0 billion in Q3 FY11, driven by volume increase in key products and new product launches in the last twelve months.

6 new products launched during the quarter.

Biosimilars portfolio grew by 25% over previous year.

**Global Generics: Europe**

Revenues from Europe were at `2.4 billion in Q3 FY12 versus `2.1 billion in Q3 FY11.

Revenues from Germany were at `1.5 billion in Q3 FY12. Growth in new product launches outside the scope of tender was offset by price erosion in products within tenders.

Revenues from Rest of Europe were at `881million.

**Pharmaceutical Services and Active Ingredients (PSAI)**

Revenues from PSAI were at `5.6 billion in Q3 FY12 versus `5.0 billion in Q3 FY11. Growth was largely driven by Pharmaceutical Services segment and benefit of rupee depreciation.

During the quarter, 7 DMFs were filed globally including 2 in US, 2 in Europe and 3 in rest of the markets. The cumulative DMF filings as of 31<sup>st</sup> December 2011 are 513 globally.

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**INCOME STATEMENT HIGHLIGHTS:**

Gross profit margin 60% to revenues in Q3 FY12, increased largely on account of a favorable mix of high margin olanzapine revenues and benefit of rupee depreciation.

Selling, General & Administration (SG&A) expenses including amortization at `7.7 billion (\$145 million) increased by 20% over Q3 FY11. This increase is on account of higher manpower and freight costs and the effect of rupee depreciation against multiple currencies.

Net Finance income at `174 million (\$3 million) in Q3 FY12 versus net Finance cost of `49 million (\$1 million) in Q3 FY11. The change is on account of :

Net forex gain of `285 million (\$5 million) in Q3 FY12 versus net forex loss of `45 million (\$1 million) in Q3 FY11.

Net interest expense of `155 million (\$3 million) in Q3 FY12 versus `98 million (\$2 million) in Q3 FY11.

Profit on sale of investments of `44 million (\$1 million) in Q3 FY12 versus `4 million in Q3 FY11.

EBITDA of `9.2 billion (\$174 million) in Q3 FY12, represents 33% of revenues and recorded a year-on-year growth of 127%. EBITDA of `18.6 billion (\$351 million) for nine months ended December 2011, represents 27% of revenues and recorded a year-on-year growth of 59%.

Profit after Tax adjusted for interest on bonus debentures (net of tax), was at `5.2 billion (\$98 million) in Q3 FY12, 19% of revenues and year-on-year growth of 91%. Adjusted PAT for nine months ended December 2011 was `11.1 billion (\$209 million) and recorded year-on-year growth of 44%.

Adjusted EPS for Q3 FY12 was `30.6 (\$0.6) versus `16.1 (\$0.3) in Q3 FY11. Adjusted EPS for nine months ended December 2011 was `65.1 (\$1.2).

Capital expenditure for nine months ended December 2011, was `5.0 billion (\$94 million).

**Table of Contents****Consolidated Income Statement: Nine months ending December 2011***All figures in millions, except EPS**All US dollar figures based on convenience translation rate of 1USD = `53.01*

Particulars	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	(\$)	(`)	%	(\$)	(`)	%	Growth %
<b>Revenue</b>	<b>1,323</b>	<b>70,153</b>	<b>100</b>	<b>1,028</b>	<b>54,520</b>	<b>100</b>	<b>29</b>
Cost of revenues	581	30,818	44	475	25,206	46	22
<b>Gross profit</b>	<b>742</b>	<b>39,335</b>	<b>56</b>	<b>553</b>	<b>29,314</b>	<b>54</b>	<b>34</b>
<b>Operating Expenses</b>							
Selling, general & administrative expenses	409	21,651	31	331	17,562	32	23
Research and development expenses	79	4,170	6	67	3,569	7	17
Other operating (income) / expense	(11)	(567)	(1)	(11)	(602)	(1)	(6)
<b>Results from operating activities</b>	<b>266</b>	<b>14,081</b>	<b>20</b>	<b>166</b>	<b>8,786</b>	<b>16</b>	<b>60</b>
Net finance (income) / expense	(1)	(78)	(0)	5	262	0	
Share of (profit) / loss of equity accounted investees	(1)	(43)	(0)	(0)	(7)	(0)	514
<b>Profit / (loss) before income tax</b>	<b>268</b>	<b>14,202</b>	<b>20</b>	<b>161</b>	<b>8,531</b>	<b>16</b>	<b>66</b>
Income tax (benefit) / expense	63	3,366	5	16	836	2	303
<b>Profit / (loss) for the period</b>	<b>204</b>	<b>10,836</b>	<b>15</b>	<b>145</b>	<b>7,695</b>	<b>14</b>	<b>41</b>

<b>Diluted EPS</b>	<b>1.2</b>	<b>63.7</b>	<b>0.9</b>	<b>45.3</b>	<b>41</b>
<b>Profit Computation</b>					

	September 30,	September 30,	September 30,	September 30,
	(in millions)			
	9 Months FY12	9 Months FY12	9 Months FY11	9 Months FY11
	(\$)	(₹)	(\$)	(₹)
<b>EBITDA Computation</b>				
<b>PBT (reported)</b>	<b>268</b>	<b>14,202</b>	<b>161</b>	<b>8,531</b>
Interest	11	601	2	95
Depreciation	49	2,606	41	2,174
Amortization	23	1,202	17	912
<b>EBITDA</b>	<b>351</b>	<b>18,611</b>	<b>221</b>	<b>11,712</b>

September 30, September 30, September 30, September 30,