

DR REDDYS LABORATORIES LTD

Form 6-K

November 23, 2009

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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 September 30, 2009

Commission File Number 1-15182

DR. REDDY S LABORATORIES LIMITED

(Translation of registrant's name into English)

7-1-27, Ameerpet

Hyderabad, Andhra Pradesh 500 016, India

+91-40-23731946

(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-_____.

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**QUARTERLY REPORT
Quarter Ended September 30, 2009**

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 Rs. or rupees or Indian rupees are to the legal currency of India. Our unaudited consolidated condensed interim financial statements are presented in Indian rupees and are prepared and presented 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 mean Dr. Reddy's Laboratories Limited and its subsidiaries. Dr. 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.

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 September 30, 2009 for cable transfers in Indian rupees as certified for customs purposes by the Federal Reserve Bank of New York, which was Rs.48.09 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.

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ITEM 1. FINANCIAL STATEMENTS

DR. REDDY S LABORATORIES LIMITED AND SUBSIDIARIES**UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION****(in millions, except share and per share data)**

Particulars	Note	September 30, 2009 <i>Convenience translation into U.S.\$</i>	As of September 30, 2009	March 31, 2009
ASSETS				
Current assets				
Cash and cash equivalents	6	U.S.\$ 128	Rs. 6,149	Rs. 5,596
Other investments		1	27	530
Trade receivables, net		274	13,155	14,592
Inventories	7	273	13,136	13,226
Derivative financial instruments	5		23	
Current tax assets		8	363	58
Other current assets		102	4,899	5,008
Total current assets		U.S.\$ 785	Rs. 37,752	Rs. 39,010
Non-current assets				
Property, plant and equipment	8	442	21,278	20,882
Goodwill	9	156	7,494	7,300
Other intangible assets	10	303	14,563	14,879
Investment in equity accounted associates		6	288	262
Deferred income tax assets		23	1,116	1,259
Other non-current assets		4	186	200
Total non-current assets		U.S.\$ 934	Rs. 44,925	Rs. 44,782
Total assets		U.S.\$ 1,719	Rs. 82,677	Rs. 83,792
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables		U.S.\$ 150	Rs. 7,198	Rs. 5,987
Derivative financial instruments	5			332
Current income tax liabilities		27	1,298	632
Bank overdraft	6	3	152	218
Short-term borrowings		43	2,047	5,850
Long-term borrowings, current portion	11	86	4,122	3,501
Provisions		25	1,182	1,928
Other current liabilities		167	8,025	8,105
Total current liabilities		U.S.\$ 500	Rs. 24,024	Rs. 26,553
Non-current liabilities				

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Long-term loans and borrowings, excluding current portion	11	U.S.\$	174	Rs.	8,347	Rs.	10,132
Provisions			1		44		42
Deferred tax liabilities			88		4,229		4,670
Other liabilities			8		385		350
Total non-current liabilities		U.S.\$	270	Rs.	13,005	Rs.	15,194
Total liabilities		U.S.\$	770	Rs.	37,029	Rs.	41,747

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

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DR. REDDY S LABORATORIES LIMITED AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(in millions, except share and per share data)

Particulars	Note	September 30, 2009 <i>Convenience translation into U.S.\$</i>	As of September 30, 2009	March 31, 2009
Equity				
Share capital		U.S.\$ 18	Rs. 844	Rs. 842
Equity shares held by controlled trust			(5)	(5)
Share premium		424	20,379	20,204
Share based payment reserve		13	634	676
Retained earnings		451	21,690	18,305
Other components of equity		44	2,106	2,023
Total equity attributable to:				
Equity holders of the Company		U.S.\$ 949	Rs. 45,648	Rs. 42,045
Non controlling interests				
Total equity		U.S.\$ 949	Rs. 45,648	Rs. 42,045
Total liabilities and equity		U.S.\$ 1,719	Rs. 82,677	Rs. 83,792

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

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DR. REDDY S LABORATORIES LIMITED AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
(in millions, except share and per share data)

Particulars	Note	Six months ended September 30,			Three months ended September 30,	
		2009 <i>Convenience translation into U.S.\$</i>	2009	2008	2009	2008
Revenues		U.S.\$ 760	Rs. 36,558	Rs. 31,189	Rs. 18,368	Rs. 16,151
Cost of revenues		367	17,666	15,732	9,649	8,187
Gross profit		U.S.\$ 393	Rs. 18,892	Rs. 15,457	Rs. 8,719	Rs. 7,964
Selling, general and administrative expenses		234	11,263	10,370	5,337	5,286
Research and development expenses		41	1,948	1,875	963	825
Other expense/(income), net	13	(3)	(159)	329	(125)	88
Total operating expenses, net		U.S.\$ 271	Rs. 13,052	Rs. 12,574	Rs. 6,175	Rs. 6,199
Results from operating activities		121	5,840	2,883	2,544	1,765
Finance income		6	298	236	294	92
Finance expense		(5)	(224)	(641)	(85)	(574)
Finance income/(expense), net	14	2	74	(405)	209	(482)
Share of profit of equity accounted investees, net of income tax		1	26	2	15	2
Profit before income tax		124	5,940	2,480	2,768	1,285
Income tax expense	19	(27)	(1,322)	(316)	(595)	(232)
Profit for the period		U.S.\$ 96	Rs. 4,618	Rs. 2,164	Rs. 2,173	Rs. 1,053
Attributable to:						
Equity holders of the Company		96	4,618	2,164	2,173	1,053
Non-controlling interest						
Profit for the period		U.S.\$ 96	Rs. 4,618	Rs. 2,164	Rs. 2,173	Rs. 1,053

Earnings per share 16

Basic earnings per share of

Rs.5/- each	U.S.\$ 0.57	Rs. 27.40	Rs. 12.86	Rs. 12.88	Rs. 6.25
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Diluted earnings per share

of Rs.5/- each	U.S.\$ 0.57	Rs. 27.26	Rs. 12.80	Rs. 12.82	Rs. 6.23
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The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

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DR. REDDY S LABORATORIES LIMITED AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(in millions, except share and per share data)

	Six months ended September 30,			Three months ended	
	2009	2009	2008	2009	2008
	<i>Convenience translation into U.S.\$</i>				
Profit for the period	U.S.\$ 96	Rs. 4,618	Rs. 2,164	Rs. 2,173	Rs. 1,053
Other comprehensive income					
Changes in fair value of available for sale financial instruments	U.S.\$	Rs. 14	Rs. 13	Rs. 6	Rs. 9
Foreign currency translation adjustments	(1)	(62)	1,485	(172)	87
Effective portion of changes in fair value of cash flow hedges, net	5	242	(850)	(47)	(125)
Income tax on other comprehensive income	(2)	(111)	150	(3)	33
Other comprehensive income for the period, net of income tax	U.S.\$ 2	Rs. 83	Rs. 798	Rs. (216)	Rs. 4
Total comprehensive income for the period	U.S.\$ 98	Rs. 4,701	Rs. 2,962	Rs. 1,957	Rs. 1,057
Attributable to:					
Equity holders of the Company	98	4,701	2,962	1,957	1,057
Non-controlling interest					
Total comprehensive income for the period	U.S.\$ 98	Rs. 4,701	Rs. 2,962	Rs. 1,957	Rs. 1,057

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

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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 Shares	Share capital Amount	Share premium Amount	Share based payment reserve Amount	Equity shares held by a trust* Amount	Retained earnings Amount	Other components of equity Amount	Non controlling interest Amount	Total Amount
Balance as of April 1, 2009	168,468,777	Rs.842	Rs.20,204	Rs. 676	Rs.(5)	Rs.18,305	Rs.2,023		Rs.42,045
Issue of equity shares on exercise of options	276,502	2	175	(161)					16
Share based payment expense				119					119
Dividend paid (including corporate dividend tax)						(1,233)			(1,233)
Total comprehensive income						4,618	83		4,701
Balance as of September 30, 2009	168,745,279	Rs.844	Rs.20,379	Rs. 634	Rs.(5)	Rs.21,690	Rs.2,106		Rs.45,648
Convenience translation into U.S. \$		18	424	13		451	44		949
Balance as of April 1, 2008	168,172,746	Rs.841	Rs.20,036	Rs. 709	Rs.(5)	Rs.24,211	Rs.1,558		Rs.47,350
Issue of equity share on exercise of options	227,982	1	133	(129)					5
Share based payment expense				115					115
Dividend paid (including corporate dividend tax)						(738)			(738)
Total comprehensive income						2,164	798		2,962
Balance as of September 30, 2008	168,400,728	Rs.842	Rs.20,169	Rs. 695	Rs.(5)	Rs.25,637	Rs 2,356		Rs.49,694

*

The number of
equity shares
held by a
controlled trust
as of April 1,
2008,
September 30,
2008, April 1,
2009 and
September 30,
2009 was
82,800.

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

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DR. REDDY S LABORATORIES LIMITED AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW
(in millions)

Particulars	For the six months ended September 30,		
	2009	2009	2008
	<i>Convenience translation into U.S.\$</i>		
Cash flows from operating activities:			
Profit for the period	U.S.\$ 96	Rs. 4,618	Rs. 2,164
Adjustments for:			