

DR REDDYS LABORATORIES LTD

Form 6-K

February 27, 2014

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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 December 31, 2013**

**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**

**+91-40-49002900**

(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 December 31, 2013**

**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 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 condensed consolidated interim 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 are to 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. Market share data is based on information provided by IMS Health Inc. and its affiliates ( 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 at the certified foreign exchange rate of U.S.\$1.00 = Rs.61.92, as published by Federal Reserve Board of Governors on December 31, 2013. 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](http://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 WITH AND/OR FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION ( SEC ) FROM TIME TO TIME.

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## ITEM 1. FINANCIAL STATEMENTS

**DR. REDDY S LABORATORIES LIMITED****UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

(in millions, except share and per share data)

Particulars	Note	December 31,		As of		March 31, 2013 Restated*
		2013	December 31, 2013	December 31, 2013	December 31, 2013	
			<i>Unreviewed convenience translation into U.S.\$ (See Note 2.(d))</i>			
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	5	U.S.\$ 343		Rs. 21,235		Rs. 5,136
Other investments	6	161		9,967		16,963
Trade receivables		562		34,812		31,972
Inventories	7	390		24,150		21,600
Derivative financial instruments	9	3		193		546
Current tax assets		6		380		513
Other current assets		180		11,140		8,984
<b>Total current assets</b>		<b>U.S.\$ 1,645</b>		<b>Rs. 101,877</b>		<b>Rs. 85,714</b>
<b>Non-current assets</b>						
Property, plant and equipment	10	U.S.\$ 708		Rs. 43,844		Rs. 37,814
Goodwill	11	56		3,473		3,193
Other intangible assets	12	197		12,212		10,828
Investment in equity accounted investee		13		792		472
Other investment non-current						209
Deferred tax assets		86		5,335		3,652
Other non-current assets		9		586		487
<b>Total non-current assets</b>		<b>U.S.\$ 1,070</b>		<b>Rs. 66,242</b>		<b>Rs. 56,655</b>
<b>Total assets</b>		<b>U.S.\$ 2,715</b>		<b>Rs. 168,119</b>		<b>Rs. 142,369</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current liabilities</b>						
Trade payables		U.S.\$ 157		Rs. 9,744		Rs. 11,862
Derivative financial instruments	9	14		866		95
Current tax liabilities		28		1,731		997

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Bank overdraft	5	1	64	82
Short-term borrowings	13	314	19,454	18,914
Long-term borrowings, current portion	13	110	6,833	5,139
Provisions		42	2,609	2,288
Other current liabilities		246	15,256	14,714
<b>Total current liabilities</b>		<b>U.S.\$ 913</b>	<b>Rs. 56,557</b>	<b>Rs. 54,091</b>
<b>Non-current liabilities</b>				
Long-term loans and borrowings, excluding current portion	13	U.S.\$ 371	Rs. 22,997	Rs. 12,625
Provisions non-current		1	59	47
Deferred tax liabilities		36	2,226	1,838
Other non-current liabilities		18	1,112	963
<b>Total non-current liabilities</b>		<b>U.S.\$ 426</b>	<b>Rs. 26,394</b>	<b>Rs. 15,473</b>
<b>Total liabilities</b>		<b>U.S.\$ 1,340</b>	<b>Rs. 82,951</b>	<b>Rs. 69,564</b>

\* See Note 2(b)(vi).

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

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

(in millions, except share and per share data)

Particulars	Note	As of		March 31, 2013 Restated*
		December 31, 2013 <i>Unreviewed convenience translation into U.S.\$ (See Note 2.(d))</i>	December 31, 2013	
<b>Equity</b>				
Share capital	16	U.S.\$ 14	Rs. 850	Rs. 849
Equity shares held by controlled trust		(0)	(5)	(5)
Share premium		348	21,541	21,214
Share based payment reserve		15	905	911
Retained earnings		935	57,887	44,815
Debenture redemption reserve		38	2,349	1,711
Other components of equity		27	1,641	3,290
<b>Equity attributable to equity holders of the Company</b>		<b>U.S.\$ 1,375</b>	<b>Rs. 85,168</b>	<b>Rs. 72,785</b>
<b>Non-controlling interest</b>				<b>20</b>
<b>Total Equity</b>		<b>U.S.\$ 1,375</b>	<b>Rs. 85,168</b>	<b>Rs. 72,805</b>
<b>Total liabilities and equity</b>		<b>U.S.\$ 2,715</b>	<b>Rs. 168,119</b>	<b>Rs. 142,369</b>

\* See Note 2(b)(vi).

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



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

(in millions, except share and per share data)

Particulars	Note	Nine months ended December 31,		Three months ended December 31,		
		2013	2013	2012	2013	2012
		<i>Unreviewed convenience translation into U.S.\$ (See Note 2.(d))</i>				
Revenues		U.S.\$ 1,572	Rs. 97,361	Rs. 82,866	Rs. 35,338	Rs. 28,651
Cost of revenues		670	41,482	39,133	13,947	13,560
<b>Gross profit</b>		<b>902</b>	<b>55,879</b>	<b>43,733</b>	<b>21,391</b>	<b>15,091</b>
Selling, general and administrative expenses		468	28,973	24,862	10,442	8,571
Research and development expenses		136	8,417	5,347	2,979	2,025
Impairment loss/(reversal of impairment loss) on intangible assets	12	(8)	(497)	507	(497)	
Impairment loss on goodwill	11			181		
Other (income)/expense, net	14	(19)	(1,189)	(848)	(177)	(233)
<b>Total operating expenses, net</b>		<b>577</b>	<b>35,704</b>	<b>30,049</b>	<b>12,747</b>	<b>10,363</b>
<b>Results from operating activities</b>		<b>326</b>	<b>20,175</b>	<b>13,684</b>	<b>8,644</b>	<b>4,728</b>
Finance income		19	1,169	1,112	330	218
Finance expense		(15)	(933)	(1,049)	(315)	(314)
<b>Finance (expense)/income, net</b>	15	<b>4</b>	<b>236</b>	<b>63</b>	<b>15</b>	<b>(96)</b>
Share of profit of equity accounted investees, net of tax		2	126	79	46	32
<b>Profit before income tax</b>		<b>332</b>	<b>20,537</b>	<b>13,826</b>	<b>8,705</b>	<b>4,664</b>
Tax expense	20	(62)	(3,841)	(2,759)	(2,521)	(882)
<b>Profit for the period</b>		<b>270</b>	<b>16,696</b>	<b>11,067</b>	<b>6,184</b>	<b>3,782</b>
<b>Attributable to:</b>						
Equity holders of the Company		270	16,699	11,067	6,185	3,782

Non-controlling interest		(0)		(3)		(1)				
<b>Profit for the period</b>		<b>U.S.\$ 270</b>		<b>Rs. 16,696</b>		<b>Rs. 11,067</b>		<b>Rs. 6,184</b>		<b>Rs. 3,782</b>
<b>Earnings per share:</b>										
Basic earnings per share of Rs.5/- each	17	U.S.\$ 1.59		Rs. 98.21		Rs. 65.19		Rs. 36.36		Rs. 22.27
Diluted earnings per share of Rs.5/- each	17	U.S.\$ 1.58		Rs. 97.85		Rs. 64.95				