

DR. REDDY'S LABORATORIES LIMITED
PART I : STATEMENT OF UNAUDITED STANDALONE RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2012

All amounts in Indian Rupees lakhs, except share data

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.12 (Unaudited)	30.06.12 (Unaudited)	30.09.11 (Unaudited)	30.09.12 (Unaudited)	30.09.11 (Unaudited)	31.03.2012 (Audited)
1	Income from operations						
	a) Net sales / income from operations (Net of excise duty)	204,129	174,755	161,256	378,884	328,827	660,378
	b) License fees and service income	4,882	3,646	1,766	8,528	2,573	6,399
	c) Other operating income	1,844	2,053	1,676	3,897	2,994	7,193
	Total income from operations (net)	210,855	180,454	164,698	391,309	334,394	673,970
2	Expenses						
	a) Cost of materials consumed	57,345	50,528	43,435	107,873	82,156	179,201
	b) Purchase of stock-in-trade	9,706	9,003	9,322	18,709	16,731	30,763
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(3,384)	(7,140)	(2,209)	(10,524)	(5,355)	(10,476)
	d) Research and development expenses, net	16,754	14,025	14,527	30,779	26,438	58,129
	e) Employee benefits expense	28,719	26,095	20,492	54,814	41,603	86,614
	f) Selling expenses	19,420	19,573	14,491	38,993	28,419	62,506
	g) Provision for decline in the value of long-term investments	2,219	-	-	2,219	-	19,248
	h) Other expenditure	37,096	40,569	38,960	65,596	53,253	93,768
	i) Depreciation and amortisation	7,603	7,312	7,340	14,915	14,233	30,115
	Total expenses	175,478	159,965	146,358	323,374	257,478	549,868
3	Profit from ordinary activities before other income, finance costs and exceptional items (1 - 2)	35,377	20,489	18,340	67,935	76,916	124,102
4	Other income	16,389	3,040	1,305	7,360	2,566	8,178
5	Profit from ordinary activities before finance costs and exceptional items (3 + 4)	51,766	23,529	19,645	75,295	79,482	132,280
6	Finance costs	1,504	1,722	1,578	3,226	3,102	6,362
7	Profit from ordinary activities before exceptional items (5 - 6)	50,262	21,807	18,067	72,069	76,380	125,918
8	Exceptional items	-	-	-	-	-	-
9	Profit from ordinary activities before tax (7 - 8)	50,262	21,807	18,067	72,069	76,380	125,918
10	Tax expense	13,959	4,041	4,217	18,000	17,125	34,682
11	Net Profit from ordinary activities after tax (9 - 10)	36,303	17,766	13,850	54,069	59,255	91,236
12	Extra-ordinary items	-	-	-	-	-	-
13	Net profit for the period / year (11 - 12)	36,303	17,766	13,850	54,069	59,255	91,236
14	Paid - up equity share capital (face value Rs.5/- each)	8,492	8,490	8,476	8,492	8,476	8,478
15	Paid up debt capital				176,694	168,748	152,811
16	Reserves (excluding revaluation reserve & debenture redemption reserve)						654,653
17	Debenture redemption reserve				12,902	4,428	8,664
18	Earnings per share for the period (in Rupees) per Rs.5/- share						
	a) Before Extra-ordinary items						
	- Basic	21.38	10.47	8.17	31.86	34.98	53.83
	- Diluted	21.27	10.41	8.13	31.69	34.79	53.56
	b) After Extra-ordinary items						
	- Basic	21.38	10.47	8.17	31.86	34.98	53.83
	- Diluted	21.27	10.41	8.13	31.69	34.79	53.56
		<i>(Not annualised)</i>	<i>(Not annualised)</i>	<i>(Not annualised)</i>	<i>(Not annualised)</i>	<i>(Not annualised)</i>	
19	a) Debt equity ratio				0.071	0.078	0.077
	b) Debt service coverage ratio				0.648	0.816	0.606
	c) Interest service coverage ratio				17.797	22.544	18.154

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PART II : SELECTED INFORMATION FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2012

A PARTICULARS OF SHAREHOLDING

Sl No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.12	30.06.12	30.09.11	30.09.12	30.09.11	31.03.2012
1	Public shareholding*						
	- Number of shares (face value Rs.5/- each)	97,663,976	97,877,295	96,165,909	97,663,976	96,165,909	97,627,569
	- Percentage of shareholding	57.51	57.64	56.73	57.51	56.73	57.57
2	Promoters and promoter group shareholding						
	a) Pledged / Encumbered						
	- Number of shares	-	-	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-	-
	b) Non-encumbered						
	- Number of shares	43,417,812	43,417,812	43,417,812	43,417,812	43,417,812	43,417,812
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00	100.00	100.00	100.00
	- Percentage of shares (as a % of the total share capital of the company)	25.56	25.57	25.61	25.56	25.61	25.61

*Public shareholding as defined under Clause 40A of Listing Agreement (excludes shares held by Promoters, Promoter Group and American Depository Receipt Holders)

B INVESTOR COMPLAINTS

Pending at the beginning of the quarter	Nil
Received during the quarter	4
Disposed of during the quarter	4
Remaining unresolved at the end of the quarter	Nil

Segment Information

All amounts in Indian Rupees lakhs

Sl. No.	Particulars	Quarter ended			Half year ended		Year ended
		30.09.12	30.06.12	30.09.11	30.09.12	30.09.11	31.03.2012
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment wise revenue, results and capital employed:						
	Segment revenue :						
	a) Pharmaceutical Services and Active Ingredients	73,556	57,019	63,222	131,072	116,122	259,069
	b) Global Generics	147,294	133,901	113,035	284,434	239,868	468,035
	c) Proprietary Products	93	2,779	50	2,789	86	189
	Total	220,943	193,699	176,307	418,295	356,076	727,293
	Less: Inter segment revenue	13,411	13,100	12,442	26,511	21,733	53,364
	Add : Other unallocable Income	19,712	2,895	2,138	6,885	2,617	8,219
	Total income	227,244	183,494	166,003	398,669	336,960	682,148
2	Segment results :						
	Profit / (loss) before tax and interest from each segment						
	a) Pharmaceutical Services and Active Ingredients	9,662	6,039	12,414	15,701	15,945	48,602
	b) Global Generics	43,427	35,369	40,128	78,796	99,718	157,976
	c) Proprietary Products	(3,708)	(1,514)	(4,213)	(5,222)	(7,010)	(16,800)
	Total	49,381	39,894	48,329	89,275	108,653	189,778
	Less: (i) Interest	1,504	1,722	1,578	3,226	3,102	6,362
	(ii) Other un-allocable expenditure, net	(2,385)	16,365	28,684	13,980	29,171	57,498
	Total profit before tax	50,262	21,807	18,067	72,069	76,380	125,918
3	Capital Employed :						
	a) Pharmaceutical Services and Active Ingredients	222,542	208,866	196,429	222,542	196,429	203,180
	b) Global Generics	341,791	299,262	325,123	341,791	325,123	272,931
	c) Proprietary Products	(1,296)	(1,736)	(658)	(1,296)	(658)	(1,754)
	d) Unallocated	168,950	173,113	139,627	168,950	139,627	197,438
	Total	731,987	679,505	660,521	731,987	660,521	671,795

Global Generics includes operations of Biologics business. Inter-segment revenue represents sale from Pharmaceutical Services and Active Ingredients to Global Generics.

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Notes:

1 The unaudited results have been reviewed by the Audit Committee of the Board on 29 October 2012 and approved by the Board of Directors of the Company at their meeting held on 30 October 2012.

2 Statement of assets and liabilities

All amounts in Indian Rupees lakhs

Sl. No.	PARTICULARS	As at	
		30.09.12	31.03.12
		(Unaudited)	(Audited)
A	EQUITY AND LIABILITIES		
1	Shareholders Funds		
	a) Share capital	8,492	8,478
	b) Reserves and surplus	723,495	663,317
	Sub-total - Shareholders' funds	731,987	671,795
2	Non-current liabilities		
	a) Long Term Borrowings	51,702	51,301
	b) Deferred Tax Liabilities (net)	7,632	2,003
	c) Other Long term liabilities	440	632
	d) Long-term provisions	2,002	2,120
	Sub-total - Non current liabilities	61,776	56,056
3	Current Liabilities		
	a) Short-term borrowings	125,918	102,036
	b) Trade payables	76,736	73,342
	c) Other current liabilities	89,500	98,437
	d) Short-term provisions	5,448	32,398
	Sub-total - Current liabilities	297,602	306,213
	TOTAL - EQUITY AND LIABILITIES	1,091,365	1,034,064
B	ASSETS		
1	Non-current Assets		
	a) Fixed Assets	266,481	251,439
	b) Non-current investments	226,870	227,049
	c) Long-term loans and advances	51,522	63,192
	Sub-total - Non-current assets	544,873	541,680
2	Current Assets		
	a) Current investments	19,700	20,702
	b) Inventories	150,580	132,662
	c) Trade receivables	219,125	194,345
	d) Cash and cash equivalents	71,723	84,904
	e) Short-term loans and advances	66,674	52,993
	f) Other current assets	18,690	6,778
	Sub-total - Current assets	546,492	492,384
	TOTAL - ASSETS	1,091,365	1,034,064

3 Ratios have been computed as follows:

a) Debt Equity Ratio = Debt / Net Worth

[Debt: Long Term Borrowings (Current and Non current portion)]

[Net Worth: Share Capital + Reserves & Surplus]

b) Debt Service Coverage Ratio = Earnings before interest and tax / (Interest expense during the period + Principal repayment for all the loan funds during the period)

c) Interest Service Coverage Ratio = Earnings before interest and tax / Interest expense during the period

[Earnings before interest and tax: Profit from ordinary activities before tax + Interest expense]

4 Consequent to the decline in expected cash flows of some of the products forming part of product related intangibles pertaining to Company's Global Generics segment, the Company assessed the recoverability of money advanced to one of its subsidiaries which had funded the acquisition of such product related intangibles. Accordingly, the Company has created a provision for doubtful advances of Rs. 7,746 lakhs and recorded the same as part of other expenditure during the quarter ended 30 September 2012.

5 Following the Company's decision to discontinue its research and development on terbinafine nail lacquer, the Company assessed the recoverability of money invested in its subsidiary, Trigenesis Therapeutics Inc. and has created a provision of Rs. 2,219 lakhs for diminution in the value of long term investments.

6 The figures of the earlier periods have been re-grouped to be in conformity with the new format prescribed under Clause 41 of the listing agreement.

7 The results for the quarter and half year ended 30 September 2012 have been subjected to a 'Limited Review' by the Statutory Auditors of the Company. An unqualified report has been issued by them thereon.

By order of the Board
For Dr. Reddy's Laboratories Limited

Place: Hyderabad
Date: 30 October 2012

Satish Reddy
Managing Director & Chief Operating Officer