

Audited consolidated financial results of Dr. Reddy's Laboratories Limited and its subsidiaries for the quarter and year ended 31 March 2013 prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

All amounts in Indian Rupees lakhs, except share data

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1	Net Income from Sales and Services	333,994	286,516	265,845	1,162,656	967,374
2	Cost of Sales and Services					
	a) (Increase) / decrease in stock-in-trade and work-in-progress	10,783	(4,544)	1,373	(13,608)	(14,017)
	b) Consumption of raw materials	102,999	94,366	84,404	383,628	303,195
	c) Other expenditure	51,763	47,812	40,362	186,850	145,141
3	Gross Profit (1 - 2)	168,449	148,882	139,706	605,786	533,055
4	Selling, General and Administrative expenses	87,224	85,708	72,166	335,844	288,674
5	Research and Development expenses	23,261	20,254	17,404	76,733	59,105
6	Impairment loss on goodwill	-	-	-	1,809	-
7	Impairment loss on intangibles	-	-	10,404	5,067	10,404
8	Other (income) / expense, net	(16,310)	(2,331)	(1,980)	(24,790)	(7,650)
9	Operating profit (3) - (4 + 5 + 6 + 7 + 8)	74,274	45,251	41,712	211,123	182,522
10	Finance (expense) / income, net	3,973	(968)	822	4,599	1,599
11	Share of profit of equity accounted affiliate, net of income taxes	257	313	115	1,044	544
12	Profit before tax (9 + 10 + 11)	78,504	44,596	42,649	216,766	184,665
13	Tax expense	21,415	8,265	8,379	49,004	42,044
14	Net Profit after tax (12 - 13)	57,089	36,331	34,270	167,762	142,621
15	Extra-ordinary items (net of tax expense)	-	-	-	-	-
16	Net Profit for the period / year (14 - 15)	57,089	36,331	34,270	167,762	142,621
17	Net Profit attributable to:					
	- Equity holders of the Company	57,101	36,331	34,270	167,774	142,621
	- Non-controlling interest	(12)	-	-	(12)	-
18	Paid-up equity share capital (Face value of Rs. 5/- each)	8,492	8,492	8,478	8,492	8,478
19	Share premium, retained earnings, share based payment reserve, debenture redemption reserve and other components of equity				722,408	566,001
20	Earnings per share for the period / year (in Rupees) per Rs. 5/- share					
	- Basic	33.62	21.39	20.21	98.82	84.16
	- Diluted	33.51	21.33	20.14	98.44	83.81
		<i>(Not annualised)</i>	<i>(Not annualised)</i>	<i>(Not annualised)</i>		
21	Public shareholding *					
	- Number of shares	97,799,433	98,126,503	97,627,569	97,799,433	97,627,569
	- Percentage of shareholding	57.59	57.78	57.57	57.59	57.57
22	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
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	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	25.56	25.61	25.56	25.61
23	Details of items exceeding 10% of total expenditure					
	- Employee cost	53,488	51,647	44,834	204,133	169,275

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

Segment reporting (Consolidated)

Sl. No.	Particulars	Quarter ended			Year ended	
		31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012
		(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	Segment wise revenue and results:					
1	Segment revenue :					
	a) Pharmaceutical Services and Active Ingredients	115,846	86,485	92,531	362,864	291,483
	b) Global Generics	225,658	208,277	183,972	825,629	702,434
	c) Proprietary Products	3,855	4,013	2,932	14,679	10,776
	d) Others	2,751	2,959	4,104	15,329	16,045
	Total	348,110	301,734	283,539	1,218,501	1,020,738
	Less: Inter-segment revenue	14,116	15,218	17,694	55,845	53,364
	Net Revenue from operations	333,994	286,516	265,845	1,162,656	967,374
2	Segment results :					
	Gross Profit from each segment					
	a) Pharmaceutical Services and Active Ingredients	34,771	19,531	28,449	99,696	75,077
	b) Global Generics	130,238	124,901	107,029	487,205	442,633
	c) Proprietary Products	3,415	3,715	2,562	13,237	9,032
	d) Others	25	735	1,666	5,648	6,313
	Total	168,449	148,882	139,706	605,786	533,055
	Less: Other un-allocable expenditure, net of other income	89,945	104,286	97,057	389,020	348,390
	Total profit before tax	78,504	44,596	42,649	216,766	184,665

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

Segmental Capital employed

As certain assets of the Company including manufacturing facilities, development facilities and treasury assets and liabilities are often deployed interchangeably across segments, it is impractical to allocate these assets and liabilities to each segment. Hence, the details for capital employed have not been disclosed in the above table.

Notes:
1 Investor Complaints

Pending at the beginning of the quarter	Nil
Received during the quarter	8
Disposed off during the quarter	8
Remaining unresolved at the end of the quarter	Nil

2 The Company has consolidated the financial statements of the following companies:

Dr. Reddy's Farmaceutica Do Brazil Ltda., Dr. Reddy's Laboratories (EU) Limited, Dr. Reddy's Laboratories (UK) Limited, Aurigene Discovery Technologies Limited, Aurigene Discovery Technologies Inc., Cheminor Investments Limited, DRL Impex Limited, Reddy Netherlands B.V., Reddy US Therapeutics Inc., Dr. Reddy's Laboratories (Proprietary) Limited, OOO Dr. Reddy's Laboratories Limited, Promius Pharma LLC, Dr. Reddy's Bio-Sciences Limited, Trigenesis Therapeutics Inc., Industrias Químicas Falcon de Mexico SA de CV, Lacock Holdings Limited, Reddy Holding GmbH, betapharm Arzneimittel GmbH, Reddy beta GmbH, beta Institut gemeinnützige GmbH, Dr. Reddy's Laboratories (Australia) Pty Ltd, OOO Alfa, Reddy Pharmaceuticals Hong Kong Limited, Dr. Reddy's Laboratories Inc., Reddy Cheminor S.A., Reddy Antilles N.V., Reddy Pharma Iberia, S.A., Reddy Pharma Italia S.p.A, Dr. Reddy's Laboratories SA, Eurobridge Consulting B.V, OOO DRS LLC, Dr. Reddy's New Zealand Limited, Aurigene Discovery Technologies (Malaysia) Sdn Bhd, Dr. Reddy's Laboratories Louisiana LLC, Chirotech Technology Limited, Dr. Reddy's Laboratories ILAC TICARET Limited SIRKETI, Dr. Reddy's s.r.l., Dr. Reddy's Pharma SEZ Limited, Dr. Reddy's Laboratories International SA, Idea2Enterprises (India) Private Limited, Dr. Reddy's Laboratories Romania-SRL, I-Ven Pharma Capital Limited, Dr. Reddy's Venezuela, C.A., Dr. Reddy's Laboratories Tennessee LLC, Dr. Reddy's Laboratories New York Inc, Dr. Reddy's Laboratories, LLC, Ukraine, Dr. Reddy's Laboratories Canada, Inc., OctoPlus N.V., OctoPlus Development B.V., OctoPlus Technologies B.V., OctoShare B.V., OctoPlus Sciences B.V., OctoPlus PolyActive Sciences B.V. and Chienna B.V.

- Kunshan Rotam Reddy Pharmaceutical Company Limited (a joint venture) has been accounted under the equity method of accounting in accordance with IAS-31 'Interests in Joint Ventures'.
- DRANU, LLC (a joint venture) has been consolidated in accordance with SIC-12 'Consolidation - Special Purpose Entities'.
- During March 2013, the Company entered into an agreement with Nordion Inc., to settle its ongoing litigation for alleged breach of service obligations by Nordion Inc. during the years 2000 to 2004. As part of the settlement, the Company received a total amount of Rs. 12,200 lakhs (USD 22.5 million) from Nordion, out of which Rs. 1,084 lakhs (USD 2 million) is towards reimbursement of research and development cost and the same is recorded as reduction in such cost. The balance Rs. 11,116 lakhs (USD 20.5 million) is towards 'lost profits' and the same is recorded as part of other income.
- Pursuant to the Company's announcement of its public offer to acquire all of the equity shares of OctoPlus N V ('OctoPlus') at Euro 0.52 per share, the Company acquired and made settlement of the shares tendered under the offer on 15 February 2013. The transaction was accounted under IFRS 3 - Business Combinations. As of 31 March 2013, the Company had acquired 98.9% of the total shares of OctoPlus for a total consideration of Euro 27 million.
- Based on the business performance and expected cash flows from its business in Italy, the Company carried out an impairment test of Dr. Reddy's s.r.l.'s cash-generating unit and recorded an impairment loss of goodwill and intangibles amounting to Rs. 1,809 lakhs and Rs. 93 lakhs respectively during the quarter ended 30 September 2012.
- 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 carried out an impairment test of such product related intangibles and recorded an impairment loss of Rs. 4,974 lakhs during the quarter ended 30 September 2012.
- The audited results have been reviewed by the Audit Committee of the Board on 13 May 2013 and approved by the Board of Directors of the Company at their meeting held on 14 May 2013. The above financial results have been prepared from the consolidated financial statements, which are prepared in accordance with International Financial Reporting Standards and its interpretations (IFRS), as issued by the International Accounting Standards Board (IASB).
- The Board of Directors at their meeting held on 14 May 2013 have recommended a final dividend of Rs. 15 per share subject to approval of shareholders.
- The figures of the last quarter are the balancing figures between audited figures in respect of the full financial year and published year to date figures up to the third quarter of the relevant financial year. The figures up to the end of third quarter were only reviewed and not subject to audit.
- The Securities and Exchange Board of India (SEBI) issued a circular, dated 5 April 2010 permitting listed entities having subsidiaries to voluntarily submit the Consolidated Financial Statements as per IFRS. Consequent to this, the Company has voluntarily prepared and published audited Consolidated Financial Statements as per IFRS for the year ended 31 March 2013 and 31 March 2012.

13 Statement of Assets and Liabilities (Consolidated)

All amounts in Indian Rupees lakhs

Particulars	As at	
	31.03.2013	31.03.2012
	(Audited)	(Audited)
ASSETS		
Current assets		
Cash and cash equivalents	51,363	79,788
Other current investments	169,630	101,733
Trade receivables	319,717	253,388
Inventories	215,995	193,524
Other current assets	100,425	71,091
Total current assets	857,130	699,524
Non-current assets		
Property, plant and equipment	378,144	332,464
Goodwill	31,932	22,081
Other intangible assets	108,281	113,209
Investment in equity accounted investees	4,721	3,678
Other non-current investments	2,092	-
Other non-current assets	41,390	23,815
Total non-current assets	566,560	495,247
Total assets	1,423,690	1,194,771
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	241,350	158,756
Trade accounts payable	118,618	95,024
Provisions	22,881	19,256
Other current liabilities	153,615	161,577
Total current liabilities	536,464	434,613
Non-current liabilities		
Long-term borrowings	126,247	163,350
Provisions	474	470
Other non-current liabilities	29,460	21,908
Total non-current liabilities	156,181	185,728
Total liabilities	692,645	620,341
Equity		
Equity share capital	8,492	8,478
Reserves and surplus	722,361	565,952
Non-controlling interest	192	-
Total equity	731,045	574,430
Total liabilities and equity	1,423,690	1,194,771

14 Audited financial results of Dr. Reddy's Laboratories Limited (Standalone Information) prepared as per IGAAP

Particulars	Quarter ended			Year ended	
	31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Total income from operations	236,248	215,844	178,830	843,401	673,970
Profit from ordinary activities before tax	55,600	47,645	35,586	175,313	125,918
Profit from ordinary activities after tax	37,815	34,664	21,179	126,547	91,236

Note:

The audited standalone financial results for the quarter and year ended 31 March 2013 are available on the Stock Exchange's website : www.bseindia.com and www.nseindia.com and also on the Company's website: www.drreddys.com.

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

Place: Hyderabad
Date: 14 May 2013

Satish Reddy
Vice Chairman & Managing Director