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Dr. Reddyâ??s announces Q3 FY19 Financial Results

06 February 2019 | News

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Dr. Reddy's Laboratories has announced its consolidated financial results for the quarter ended December 31, 2018 under International Financial Reporting Standards (IFRS).

Segmental Analysis

Global Generics (GG)

Revenues from GG segment at `31.3 billion. Year-on-year growth of 4%, primarily driven by contributions from Emerging Markets, India and favorable forex. Sequentially the sales grew by 3%.

- Revenues from North America at `14.8 billion. Year-on-year decline of 8%. Sequential growth of 4%, aided by higher volume offtake, new launches and favorable forex offset by higher price erosion in some of the key molecules. During the quarter, 10 new products were launched and we have filed 3 ANDAs with the USFDA. As of 31st Dec 2018, cumulatively 103 generic filings are pending for approval with the USFDA (100 ANDAs and 3 NDAs under 505(b)(2) route). Of these 100 ANDAs, 59 are Para IVs, and we believe 33 have 'First to File' status.
- Revenues from Emerging Markets at `7.7 billion. Year-on-year growth is 31%, primarily on account of new launches, traction in new markets and improved volume off take in our existing markets. Sequential growth is 3%.
- Revenues from India at `6.7 billion. Year-on-year growth of 10%, primarily driven by volume traction and new products. Sequentially the revenues declined by 2%.
- Revenues from Europe at `2.0 billion. Year-on-year growth of 1%, primarily on account of new products and volume uptake largely offset by higher price erosion in some of the key molecules. Sequential growth is 6%.

G.V. Prasad, CEO and Co-chairman, Dr Reddy's said, "We continued to improve our performance in the third quarter of FY 19, supported by significant growth in emerging markets and India, pickup in new product launches, and improvements in cost structure. We are on track towards delivering sustainable & profitable growth."

Income Statement Highlights:

- SG&A expenses at `12.0 billion, remained flat on a year-on-year basis and declined by 3% sequentially. Spend control is largely on account of cost optimization and productivity improvement initiatives.
- R&D expenses at `3.7 billion, year-on-year decline of 21%. Decline is largely on account of timing
- variation in development related activities coupled with productivity improvement measures. As % to revenues- Q3 FY19: 9.5% | Q2 FY 19: 10.8% | Q3 FY18: 12.3%.
- Other (income)/expense, net includes gain of `423 million on account of sale of the API business manufacturing unit located at Jeedimetla, Hyderabad.
- Net finance expense at `13 million compared to net finance income of `851 million in Q3 FY18. The movement is largely due to higher income from investments, in the previous year.
- Profit after Tax at `4.9 billion. Effective tax rate for the quarter is 16.4%. Lower rate is primarily on account of reduction of the federal income tax rate from 35% to 21% in the United States and claim of deduction of an item in the current quarter, which was previously disallowed for tax purpose.
- Diluted earnings per share is at `29.21
- Capital expenditure is at `1.5 billion.