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Dr Reddy's grows at 20% to achieve revenues of Rs 116.3 billion

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Dr Reddy's announced consolidated revenues for FY13 at Rs 116.3 billion, recorded year-on-year growth of 20 percent. Excluding the beneficial impact of olanzapine exclusivity in FY12, registered year-on-year growth of 26 percent. The Profit After Tax (PAT) for FY13 was at Rs 17.5 billion and
EBITDA was Rs 27.8 billion in FY13. Rs 33.4 billion in Q4 FY13 with a year-on-year growth of 26 percent was the highest ever quarterly performance.

During the year, the company launched 78 new generic products, filed 56 new product registrations and filed 47 DMFs globally. During the quarter, the company launched 18 new generic products, filed 14 new product registrations and filed 17 DMFs globally. The biosimilars portfolio grew by 25 percent in FY13 compared to FY12.

The revenues from global generics segment for FY13 are at Rs 82.6 billion with a year-on-year growth of 18 percent, primarily driven by North America and emerging markets. Revenues from North America for FY13 at Rs 37.8 billion, recorded year-on-year growth of 19 percent. Excluding the beneficial impact of olanzapine exclusivity in FY12, registered year-on-year growth of 38 percent. Growth was largely driven by key limited competition products such as ziprasidone, fondaparinux, ramp-up in the antibiotics portfolio and products from the Shreveport facility.

14 new products have been launched during the year with major contributors being finasteride 1mg (180 day exclusivity), montelukast granules, atorvastatin, metoprolol, clopidogrel, ibandronate and zoledronic acid 4mg/5mL. The year also saw 19 product filings (18 ANDAs and 1 NDA). Cumulatively, 65 ANDAs are pending for approval with the USFDA of which 38 are Para IVs and 8 have "First To File" status.

Revenues from India for FY13 stood at Rs 14.6 billion and recorded year-on-year growth of 13 percent. Revenues from emerging markets for FY13 at Rs 22.4 billion recorded year-on-year growth of 31percent. Revenues from Russia for FY13 stood at Rs 14.0 billion and recorded year-on-year growth of 27 percent, largely driven by volume growth in the major brands and new product launches.During the year, 47 DMFs were filed globally, including 5 in the US and 10 in Europe. The cumulative number of DMF filings as of March 31, 2013 is 577.

Income statement highlights:

Gross profit margin stood at 52.1 percent in FY13 as compared to 55.1 percent in FY12. Adjusted for the olanzapine exclusivity in FY12, the gross profit margins remained stable. Gross profit margin for global generics and PSAI business segments are at 59.0 percent and 32.5 percent respectively for FY13.

Selling, General and Administration (SG&A) expenses including amortization at Rs 33.6 billion increased year-on-year by 16 percent. The increase is primarily on account of regular year-on-year increments in manpower costs, selling costs and the effect of rupee depreciation against multiple currencies. SG&A as a percentage to sales stood at 29 percent in FY13 and compared to previous year there is a fall of 100 bps indicating improved operating leverage.

Revenues from Rest of World (RoW) territories at Rs 5.5 billion recorded year-on-year growth of 42 percent. Of this, Venezuela and Australia have shown strong growth in FY13 on the back of higher volumes for existing products and new product launches.

Revenues from Pharmaceutical Services and Active Ingredients (PSAI) for FY13 were at Rs 30.7 billion, recorded year-on-year growth of 29 percent. The high growth in pharmaceutical services and API's was on account of increased sales to generic customers on account of patent expirations and higher customer orders in the custom pharmaceutical business.

Research and development expenses for FY13 at Rs 7.7 billion is at 6.6 percent of revenues as against Rs 5.9 billion at 6.1 percent of revenues in FY12.

During the year, Dr Reddy's benefited by an amount of US$ 22.5 million from one-time settlement done with Nordion (which is formerly MDS). The settlement is towards the damages sustained by the company due to the breach by Nordion of the then existing Laboratory services agreement for bioequivalence studies.

Net Finance income in FY13 is at Rs 460 million compared to the net finance income of Rs 160 million in FY12. The change is on account of:

- Net forex gain of Rs 365 million in FY13 compared to net forex gain of Rs 689 million
- Net interest expense of Rs 118 million in FY13 compared to net interest expense of Rs 690 million in FY12
- Incremental income from mutual funds of Rs 51 million in FY13 over FY12
- EBITDA for FY13 is Rs 27.8 billion, 24 percent of revenues and increased by 9.5 percent as compared to the previous year
- Profit after Tax in FY13 at Rs 17.5 billion, 15 percent of revenues and increased by 17 percent as compared to the previous year
- Diluted earnings per share in FY 13 are Rs 98.4
- Capital expenditure for FY13 is Rs 6.6 billion.