

January 31, 2024

Dr.Reddy's 

Current Price: ₹ 5845.75

STOCK DATA

BSE Code	500124
NSE Symbol	DRREDDY
Reuters	REDY.BO
Bloomberg	DRRD IN

VALUE PARAMETERS

52 W H/L(Rs)	5986.20/4281.35
Mkt. Cap.(Rs Cr)	97512.60
Latest Equity(Subscribed)	83.40
Latest Reserve (cons.)	25413.40
Latest EPS (cons.) -Unit Curr.	313.42
Latest P/E Ratio -cons	18.65
Latest Bookvalue (cons.) -Unit Curr.	1528.5
Latest P/BV - cons	3.82
Dividend Yield -%	0.68
Face Value	5.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2023
Foreign	29.70
Institutions	33.98
Non Promoter Corp. Hold.	0.49
Promoters	26.65
Public & Others	9.18

Consolidated Financials Results

Particulars	Qtr Ending		In Cr. Var. (%)
	Dec. 23	Dec. 22	
Net Sales (including other operating income)	7,236.80	6,789.90	7
OPM (%)	29.30	29.00	30bps
OP	2,023.10	1,938.60	4
Other Inc.	216.20	58.60	269
PBIDT	2,239.30	1,997.20	12
Interest	39.40	41.80	-6
PBDT	2,199.90	1,955.40	13
Depreciation	373.50	323.70	15
PBT	1,826.40	1,631.70	12
Share of Profit/(Loss) from Associates	2.70	6.00	-55
PBT before EO	1,829.10	1,637.70	12
Taxation	448.20	393.80	14
PAT	1,380.90	1,243.90	11
EPS (Rs.)	82.79	74.66	

Reported Q3FY24 Revenue up 6.57% YoY and PAT up 11%. Margins Improved, beats estimates.

For the quarter ending Dec 2023, consolidated Net sales (including other operating income) of Dr Reddys Laboratories has increased 6.58% to Rs 7236.8 crore compared to quarter ended Dec 2022. Sales of Pharmaceutical Services segment has gone up 2.68% to Rs 1,058.00 crore (accounting for 14.12% of total sales). Sales of Global Generics segment has gone up 6.49% to Rs 6,312.40 crore (accounting for 84.26% of total sales). Sales of Others segment has gone up 73.08% to Rs 121.50 crore (accounting for 1.62% of total sales). Inter-segment sales rose Rs 238.40 crore to Rs 255.10 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 5.26% to Rs 4,220.70 crore. PBIT of Pharmaceutical Services segment rose 63.27% to Rs 230.70 crore (accounting for 5.47% of total PBIT). PBIT of Global Generics segment rose 2.15% to Rs 3,907.70 crore (accounting for 92.58% of total PBIT). PBIT of Others segment rose 91.40% to Rs 82.30 crore (accounting for 1.95% of total PBIT).

PBIT margin of Pharmaceutical Services segment rose from 13.71% to 21.81%. PBIT margin of Global Generics segment fell from 64.54% to 61.91%. PBIT margin of Others segment rose from 61.25% to 67.74%. Overall PBIT margin fell from 57.05% to 56.34%.

Operating profit margin has declined from 29% to 29.30%, leading to 4.36% rise in operating profit to Rs 2,023.10 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 18.43% to 15.40%. Purchase of finished goods cost rose from 13.10% to 16.31%. Employee cost increased from 16.78% to 17.22%. Other expenses fell from 23.97% to 23.77%. Selling and administration expenses fell from 23.78% to 23.62%.

Other income rose 268.94% to Rs 216.2 crore. PBIDT rose 12.12% to Rs 2239.3 crore. Provision for interest fell 5.74% to Rs 39.4 crore. PBDT rose 12.50% to Rs 2199.9 crore. Provision for depreciation rose 15.38% to Rs 373.5 crore. Profit before tax grew 11.93% to Rs 1,826.40 crore. Share of profit/loss was 55% lower at Rs 2.7 crore. Provision for tax was

Dr Reddys Laboratories : Consolidated Segment Results

In Cr.

	Qtr Ending Dec 23	Qtr Ending Dec 22	Var.(%)	% of (Total)
Sales				
Pharmaceutical Services	1,058.00	1,030.40	3	14
Global Generics	6,312.40	5,927.60	6	84
Others	121.50	70.20	73	2
Total Reported Sales	7,491.90	7,028.20	7	100
Less: Inter segment revenues	255.10	238.40	7	
Net Sales	7,236.80	6,789.80	7	100
PBIT				
Pharmaceutical Services	230.70	141.30	63	5
Global Generics	3907.70	3825.40	2	93
Others	82.30	43.00	91	2
Total PBIT	4220.70	4009.70	5	100
Less : Interest	0.00	0.00	-	
Add: Other un-allocable	-2391.60	-2372.00	-1	
PBIT Margin(%)				
Pharmaceutical Services	21.81	13.71	809	
Global Generics	61.91	64.54	-263	
Others	67.74	61.25	648	
PBT	1829.10	1637.70	12	

*PBIT margins (%) are in bps.

expense of Rs 448.2 crore, compared to Rs 393.8 crore. Effective tax rate was 24.50% compared to 24.05%. Minority interest was nil in both the periods. Net profit attributable to owners of the company increased 11.01% to Rs 1,380.90 crore.

Other Highlights

- During the quarter, revenues from Emerging Markets segment stood at Rs 1,283.3 crore, year on year decline of 2%, attributable to unfavorable forex movement.
- Revenues from India market during the quarter stood at Rs 1,180 crore, year on year growth of 5%, largely attributable to revenues from new products launches.
- Revenues from North America market was at Rs 3,349.2 crore, year on year rise of 9%. The growth was on account of market share expansion in certain existing key products and revenues from new product launches, partly offset by price erosion.
- During the quarter, revenue from Europe market was at Rs 497 crore, year on year growth of 15%. The growth was primarily on account of contribution from new product launches, improvement in base business volumes and favourable currency exchange rate movements, partly offset by price erosion.
- Revenues from Global Generics (GG) during the quarter grew 7% YoY to Rs 6,309.5 crore, primarily driven by increase in volumes of our base business, new product launches, partially offset by price erosion in certain markets.
- Revenues from Pharmaceutical Services and Active Ingredients (PSAI) rose 1% to Rs 783.9 crore in Q3 FY24, mainly driven by revenues from new products, favourable forex, partially offset by price decline and low business volumes.

- Meanwhile, the board approved investment in equity shares of Aurigene Oncology (AOL) (formerly, Aurigene Discovery Technologies), a wholly-owned subsidiary of the company, upto Rs 650 crore, in one or more tranches, from time to time. AOL will make similar investment in equity shares of Aurigene Pharmaceutical Services (APSL), a wholly-owned subsidiary of AOL and a step-down wholly-owned subsidiary of DRL, to support the capex and working capital requirements of APSL.
- Further, the board of directors have approved voluntary liquidation of Imperial Owners and Land Possessions (formerly, Imperial Credit), wholly-owned subsidiary of the company, in terms of the provisions of applicable laws and rules. It is not a material subsidiary of DRL. As on 31 March 2023, Imperial had net worth of Rs 2.66 crore and revenue from operation (net gain on fair value changes) of Rs 0.15 crore. DRL stated that liquidation of Imperial, will not have any significant impact on the company or its financials.

Management Comments:

Co-Chairman & MD, G V Prasad said: "We delivered another quarter of highest-ever sales and robust financial performance aided by new products performance and base business market share gain in the U.S., new products launch momentum and strong performance in Europe. We continue to strengthen our core businesses and invest in innovative products including strategic collaborations for novel molecules to meet unmet needs of patients."

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