

January 31, 2023



**Current Price:** ₹ 4331.45

## STOCK DATA

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

## VALUE PARAMETERS

52 W H/L(Rs)	4645.55/3655.00
Mkt. Cap.(Rs Cr)	72128.97
Latest Equity(Subscribed)	83.26
Latest Reserve (cons.)	20692
Latest EPS (cons.) -Unit Curr.	218.83
Latest P/E Ratio -cons	19.79
Latest Bookvalue (cons.) -Unit Curr.	1247.58
Latest P/BV - cons	3.47
Dividend Yield -%	0.69
Face Value	5.00

## SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2022
Foreign	28.32
Institutions	33.92
Non Promoter Corp. Hold.	0.50
Promoters	26.70
Public & Others	10.57

## Consolidated Financials Results

Particulars	Qtr Ending		In Cr. Var. (%)
	Dec. 22	Dec. 21	
Total Income	6789.90	5338.30	27
OPM (%)	28.55	22.77	-
OP	1938.60	1215.70	59
Other income	64.60	74.30	-13
PBIDT	2003.20	1290.00	55
Net Finance Charges	41.80	21.60	94
PBDT	1961.40	1268.40	55
Depreciation	323.70	294.20	10
PBT	1637.70	974.20	68
Tax expense	393.80	264.90	49
PAT	1243.90	709.30	75
EPS (Rs)	74.66	42.63	-

### Dr Reddy's Q3 net profit up by 75%, above estimates

Consolidated net profit jumped 75% to Rs 1,244 crore on 27.26% rise in revenues to Rs 6,790 crore in Q3 FY23 over Q3 FY22. Consolidated profit before tax, up 68.36%. PBDT soared 55.29% to Rs 1,961 crore in Q3 FY23 as against Rs 1,268 crore recorded in the corresponding quarter previous year.

Selling, general & administrative (SG&A) expenses stood at Rs 1,798.1 crore, increased by 17% on a year on year (YoY). This increase was primarily attributable to investments in sales & marketing, annual increments, certain one-off expenses and higher forex rate. Sequentially, the SG&A expenses increased by 9% mainly due to increase in sales & marketing spends and other one-off expenses.

Research & development (R&D) expenses stood at Rs 482.1 crore. As % to revenues – Q3 FY23 was at 7.1% from 7.7% in Q2 FY23 and 7.8% in Q3 FY22. The company said that its focus on investing in R&D to build a healthy pipeline of new products across our markets including development of products in our biosimilars and generics businesses.

Other operating expense stood at Rs 73.2 crore compared to income of Rs 24 crore in Q3 FY22. Net other expense during the quarter included the loss on sale of asset at Leiden, Netherlands. Net finance expense at Rs 13.9 crore compared to income of Rs 28.9 crore in Q3 FY22.

During the quarter, revenues from Emerging Markets segment stood at Rs 1,309.7 crore, year on year growth of 14% and sequential quarter growth of 7%. Revenues from India market stood at Rs 1,127.4 crore, year on year growth of 10% and sequential decline of 2%. Revenues from North America market was at Rs 3,056.7 crore, year on year jump of 64% and sequential growth of 9%. Revenues from Europe market was at Rs 430.3 crore, year on year growth of 6% and sequential rise of 2%. Revenues from Global Generics (GG) stood at Rs 5,924.1 crore. Year on year growth of 33% and sequential quarter growth of 6% was primarily driven by new product launches, increase in volumes of base business and favorable forex movement, offset partially due to price erosion in the generic markets. Revenues from Pharmaceutical Services and Active Ingredients (PSAI) stood at Rs 775.8 crore, year on year growth of 7% and sequential surge of 21%.

## Segment Results

In Cr.

	Qtr Ending Sept 22	Qtr Ending Sept 21	Var.(%)	% of (Total)
<b>Sales</b>				
Pharmaceutical Services	823.00	1018.70	-19.21	12.66
Global Generics	5600.90	4747.20	17.98	86.18
Others	75.50	182.80	-58.70	1.16
Total Reported Sales	6499.40	5948.70	9.26	100.00
Less: Inter segment revenues	167.60	161.80	3.58	
Net Sales	6331.80	5786.90	9.42	100.00
<b>PBIT</b>				
Pharmaceutical Services	23.50	216.90	-89.17	0.63
Global Generics	3656.80	2699.00	35.49	98.17
Others	44.70	162.90	-72.56	1.20
Total PBIT	3725.00	3078.80	20.99	100.00
Less : Interest	0.00	0.00	-	
Add: Other un-allocable	-2111.40	-1806.30	-16.89	
<b>PBIT Margin(%)</b>				
Pharmaceutical Services	2.86	21.29	-1843.64	
Global Generics	65.29	56.85	843.49	
Others	59.21	89.11	-2990.85	
<b>PBT</b>	1613.60	1272.50	26.81	100.00

Free cash-flow stood at Rs 1,980 crore and net cash surplus for the company is at Rs 3,400 crore as on 31 December 2022.

### Management Comment

Commenting on the results, co-chairman & MD, G V Prasad said, "Our strong financial performance was supported by growth in the US and the Russia markets. We continue to strengthen our development pipeline to reach more patients globally."



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