

May 08, 2024

Dr.Reddy's 

**Current Price:** ₹ 6259.15

## STOCK DATA

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

## VALUE PARAMETERS

52 W H/L(Rs)	6505.50/4383.40
Mkt. Cap.(Rs Cr)	104414.05
Latest Equity(Subscribed)	83.41
Latest Reserve (cons.)	25413.4
Latest EPS (cons.) -Unit Curr.	313.41
Latest P/E Ratio -cons	19.97
Latest Bookvalue (cons.) -Unit Curr.	1528.42
Latest P/BV - cons	4.10
Dividend Yield -%	0.64
Face Value	5.00

## SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2024
Foreign	30.23
Institutions	33.66
Non Promoter Corp. Hold.	0.47
Promoters	26.65
Public & Others	8.99

## Consolidated Financials Results

Particulars	Qtr Ending	Qtr Ending	In Cr.
	Mar. 24	Mar. 23	Var. (%)
Net Sales (including other operating income)	7,113.80	6,315.20	13
OPM (%)	25.74	24.29	145 bps
OP	1,831.20	1,533.90	19
Other Inc.	197.50	138.50	43
PBIDT	2,028.70	1,672.40	21
Interest	59.30	35.40	68
PBDT	1,969.40	1,637.00	20
Depreciation	367.70	315.50	17
PBT	1,601.70	1,321.50	21
Share of Profit/(Loss) from Associates	3.50	7.60	-54
PBT	1,605.20	1,329.10	21
Taxation	295.40	369.00	-20
PAT	1,309.80	960.10	36
EPS (Rs.)	78.53	57.63	

### Reported Q4FY24 Revenue up 13% YoY and PAT up 36.42%. Margins Improved, beats estimates.

For the quarter ending March 2024, consolidated net sales (including other operating income) of Dr Reddys Laboratories has increased 12.65% to Rs 7113.8 crore compared to quarter ended March 2023. Sales of Pharmaceutical Services segment has gone up 12.76% to Rs 1,172.50 crore (accounting for 15.75% of total sales). Sales of Global Generics segment has gone up 12.88% to Rs 6,128.90 crore (accounting for 82.33% of total sales). Sales of Others segment has gone up 53.71% to Rs 143.10 crore (accounting for 1.92% of total sales). Inter-segment sales rose Rs 247.40 crore to Rs 330.70 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 15.23% to Rs 4,148.80 crore. PBIT of Pharmaceutical Services segment rose 19.24% to Rs 234.90 crore (accounting for 5.66% of total PBIT). PBIT of Global Generics segment rose 13.25% to Rs 3,793.70 crore (accounting for 91.44% of total PBIT). PBIT of Others segment rose 124.67% to Rs 120.20 crore (accounting for 2.90% of total PBIT). PBIT margin of Pharmaceutical Services segment rose from 18.95% to 20.03%. PBIT margin of Global Generics segment rose from 61.69% to 61.90%. PBIT margin of Others segment rose from 57.47% to 84.00%. Overall PBIT margin rose from 54.86% to 55.73%.

Operating profit margin has jumped from 24.29% to 25.74%, leading to 19.38% rise in operating profit to Rs 1,831.20 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 17.15% to 15.03%. Purchase of finished goods cost rose from 12.25% to 16.12%. Employee cost decreased from 20.39% to 17.60%. Other expenses rose from 25.69% to 26.14%. Selling and administration expenses rose from 24.82% to 26.38%.

Other income rose 42.60% to Rs 197.5 crore. PBIDT rose 21.30% to Rs 2028.7 crore. Provision for interest rose 67.51% to Rs 59.3 crore. Loan funds rose to Rs 2,002.00 crore as of 31 March 2024 from Rs 1,347.20 crore as of 31 March 2023. Inventories rose to Rs 6,355.20 crore as of 31

March 2024 from Rs 4,867.00 crore as of 31 March 2023. Sundry debtors were higher at Rs 8,029.80 crore as of 31 March 2024 compared to Rs 7,248.50 crore as of 31 March 2023. Cash and bank balance declined from Rs 1,730.20 crore as of 31 March 2023 to Rs 1,727.70 crore as of 31 March 2024. Investments declined from Rs 4,985.80 crore as of 31 March 2023 to Rs 4,930.50 crore as of 31 March 2024.

PBDT rose 20.31% to Rs 1969.4 crore. Provision for depreciation rose 16.55% to Rs 367.7 crore. Fixed assets increased to Rs 11,294.80 crore as of 31 March 2024 from Rs 9,701.80 crore as of 31 March 2023. Intangible assets increased from Rs 547.40 crore to Rs 550.10 crore. Profit before tax grew 21.20% to Rs 1,601.70 crore. Share of profit/loss was 53.95% lower at Rs 3.5 crore. Provision for tax was expense of Rs 295.4 crore, compared to Rs 369 crore. Effective tax rate was 18.40% compared to 27.76%. Minority interest was nil in both the periods. Net profit attributable to owners of the company increased 36.42% to Rs 1,309.80 crore.

### Full year results analysis.

Net sales (including other operating income) of Dr Reddys Laboratories has increased 13.54% to Rs 28011.1 crore. Sales of Pharmaceutical Services segment has gone up 11.02% to Rs 4,129.50 crore (accounting for 14.20% of total sales). Sales of Global Generics segment has gone up 14.83% to Rs 24,567.30 crore (accounting for 84.46% of total sales). Sales of Others segment has gone up 25.46% to Rs 392.20 crore (accounting for 1.35% of total sales). Inter-segment sales rose Rs 757.70 crore to Rs 1,077.90 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 17.41% to Rs 16,362.40 crore. PBIT of Pharmaceutical Services segment rose 46.40% to Rs 692.90 crore (accounting for 4.23% of total PBIT). PBIT of Global Generics segment rose 16.24% to Rs 15,427.20 crore (accounting for 94.28% of total PBIT). PBIT of Others segment rose 26.93% to Rs 242.30 crore (accounting for 1.48% of total PBIT). PBIT margin of Pharmaceutical Services segment rose from 12.72% to 16.78%. PBIT margin of Global Generics segment rose from 62.03% to 62.80%. PBIT margin of Others segment rose from 61.07% to 61.78%. Overall PBIT margin rose from 54.81% to 56.25%.

Operating profit margin has jumped from 25.74% to 28.32%, leading to 24.95% rise in operating profit to Rs 7,933.10 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 17.15% to 15.65%. Purchase of finished goods cost rose from 13.69% to 15.33%. Employee cost decreased from 18.89% to 17.53%. Other expenses fell from 24.46% to 23.84%. Selling and administration expenses fell from 24.17% to 23.84%.

Other income fell 15.27% to Rs 894.3 crore. PBIDT rose 19.22% to Rs 8827.4 crore. Provision for interest rose 19.82% to Rs 171.1 crore. Loan funds rose to Rs 2,002.00 crore as of 31 March 2024 from Rs 1,347.20 crore as of 31 March 2023. Inventories rose to Rs 6,355.20 crore as of 31 March 2024 from Rs 4,867.00 crore as of 31 March 2023. Sundry debtors were higher at Rs 8,029.80 crore as of 31 March 2024 compared to Rs 7,248.50 crore as of 31 March 2023. Cash and bank balance declined from Rs 1,730.20 crore as of 31 March 2023 to Rs 1,727.70 crore as of 31 March 2024. Investments declined from Rs 4,985.80 crore as of 31 March 2023 to Rs 4,930.50 crore as of 31 March 2024.

PBDT rose 19.20% to Rs 8656.3 crore. Provision for depreciation rose 17.58% to Rs 1470 crore. Fixed assets increased to Rs 11,294.80 crore as of 31 March 2024 from Rs 9,701.80 crore as of 31 March 2023. Intangible assets increased from Rs 547.40 crore to Rs 550.10 crore. Profit before tax grew 19.54% to Rs 7,186.30 crore. Share of profit/loss was 60.27% lower at Rs 14.7 crore. Provision for tax was expense of Rs 1623.1 crore, compared to Rs 1541.2 crore. Effective tax rate was 22.54% compared to 25.48%. Minority interest was nil in both the periods. Net

profit attributable to owners of the company increased 23.75% to Rs 5,577.90 crore.

### Other Highlights

- The board recommended a final dividend of Rs 40 (800%) per equity share of Rs 5 each for the financial year 2023-24.
- During the quarter, revenues from Emerging Markets segment stood at Rs 1,209.1 crore, year on year increase of 9%, attributable to new product launches.
- Revenues from India market during the quarter stood at Rs 1,126.5 crore, year on year decline of 12%. During the quarter, the company launched 3 new brands in the country, taking the annual total to 13.
- Revenues from North America market was at Rs 3,262.6 crore, year on year rise of 29%. The growth was largely on account of increase in volumes of our base business, contribution from new launches, partly offset by price erosion.
- During the quarter, revenue from Europe market was at Rs 520.8 crore, year on year growth of 5%. The growth was primarily on account of improvement in base business volumes, new product launches, partly offset by price erosion.
- Revenues from Global Generics (GG) during the quarter grew 13% YoY to Rs 6,119.1 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 6% to Rs 821.9 crore in Q4 FY24, mainly driven by revenues from new products, favourable forex, partially offset by price decline.

### Management Comments :

**Co-Chairman & MD, G V Prasad said:** "Our growth and profitability in FY2024 has been driven by our performance in the US. We have also made significant progress on future growth drivers through licensing, collaboration and pipeline building. We will continue to strengthen our core business through superior execution as we invest and build the future growth drivers."

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