

May 11, 2023

Dr.Reddy's

Current Price: ₹ 4868.00

STOCK DATA

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

VALUE PARAMETERS

52 W H/L(Rs)	4987.00/3787.55
Mkt. Cap.(Rs Cr)	81065.87
Latest Equity(Subscribed)	83.26
Latest Reserve (cons.)	20692
Latest EPS (cons.) -Unit Curr.	218.83
Latest P/E Ratio -cons	22.25
Latest Bookvalue (cons.) -Unit Curr.	1247.55
Latest P/BV - cons	3.9
Dividend Yield -%	0.82
Face Value	5.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2023
Foreign	28.27
Institutions	34.35
Non Promoter Corp. Hold.	0.38
Promoters	26.70
Public & Others	10.31

Consolidated Financials Results

Particulars	Qtr Ending		In Cr. Var. (%)
	Mar. 23	Mar. 22	
Net Sales	6,315.20	5,474.90	15
OPM (%)	24.29	8.24	1605 bps
OP	1,533.90	451.00	240
Other Inc.	138.50	121.90	14
PBIDT	1,672.40	572.90	192
Interest	35.40	31.50	12
PBDT	1,637.00	541.40	202
Depreciation	315.50	293.00	8
PBT	1,321.50	248.40	432
Share of Profit/(Loss) from Associates	7.60	10.50	-28
PBT	1,329.10	258.90	413
Taxation	369.00	161.90	128
PAT	960.10	97.00	890
EPS	57.63	5.83	

Dr Reddy's Q4FY23 OPM jumped by 1605 bps, in line with estimates

For the quarter ending March 2023, consolidated Net sales (including other operating income) of Dr Reddys Laboratories has increased 15.35% to Rs 6315.2 crore compared to quarter ended Mar 2022. Sales of Pharmaceutical Services segment has gone up 11.61% to Rs 1,039.80 crore (accounting for 15.84% of total sales). Sales of Global Generics segment has gone up 17.12% to Rs 5,429.70 crore (accounting for 82.74% of total sales). Sales of Others segment has gone up 20.44% to Rs 93.10 crore (accounting for 1.42% of total sales). Inter-segment sales rose Rs 169.90 crore to Rs 247.40 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 25.25% to Rs 3,600.30 crore. PBIT of Pharmaceutical Services segment rose 41.73% to Rs 197.00 crore (accounting for 5.47% of total PBIT). PBIT of Global Generics segment rose 24.85% to Rs 3,349.80 crore (accounting for 93.04% of total PBIT). PBIT of Others segment rose 1.71% to Rs 53.50 crore (accounting for 1.49% of total PBIT).

PBIT margin of Pharmaceutical Services segment rose from 14.92% to 18.95%. PBIT margin of Global Generics segment rose from 57.87% to 61.69%. PBIT margin of Others segment fell from 68.05% to 57.47%. Overall PBIT margin rose from 50.92% to 54.86%.

Operating profit margin has jumped from 8.24% to 24.29%, leading to 240.11% rise in operating profit to Rs 1,533.90 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 23.31% to 17.15%. Purchase of finished goods cost fell from 12.68% to 12.25%. Employee cost increased from 17.40% to 20.39%. Other expenses fell from 38.53% to 25.69%. Selling and administration expenses fell from 25.26% to 24.82%.

Other income rose 13.62% to Rs 138.5 crore. PBIDT rose 191.92% to Rs 1672.4 crore. Provision for interest rose 12.38% to Rs 35.4 crore. Loan funds declined from Rs 3,384.50 crore as of 31 March 2022 to Rs 1,347.20 crore as of 31 March 2023. Inventories declined from Rs

Segment Results

In Cr.

	Qtr Ending Mar 23	Qtr Ending Mar 22	Var.(%)	% of (Total)
Sales				
Pharmaceutical Services	1,039.80	931.60	12	16
Global Generics	5,429.70	4,635.90	17	83
Others	93.10	77.30	20	1
Total Reported Sales	6,562.60	5,644.80	16	100
Less: Inter segment revenues	247.40	169.90	46	
Net Sales	6,315.20	5,474.90	15	100
PBIT				
Pharmaceutical Services	197.00	139.00	42	5
Global Generics	3349.80	2683.00	25	93
Others	53.50	52.60	2	1
Total PBIT	3600.30	2874.60	25	100
Less : Interest	0.00	0.00	-	
Add: Other un-allcoable	-2271.20	-2615.70	13	
PBIT Margin(%)				
Pharmaceutical Services	18.95	14.92	403 bps	
Global Generics	61.69	57.87	382 bps	
Others	57.47	68.05	-1058 bps	
PBT	1329.10	258.90		413

5,088.40 crore as of 31 March 2022 to Rs 4,867.00 crore as of 31 March 2023. Sundry debtors were higher at Rs 7,248.50 crore as of 31 March 2023 compared to Rs 6,676.40 crore as of 31 March 2022. Cash and bank balance declined from Rs 2,419.20 crore as of 31 March 2022 to Rs 1,730.20 crore as of 31 March 2023. Investments rose to Rs 4,985.80 crore as of 31 March 2023 from Rs 2,615.90 crore as of 31 March 2022 .

PBDT rose 202.36% to Rs 1637 crore. Provision for depreciation rose 7.68% to Rs 315.5 crore. Fixed assets increased to Rs 9,701.80 crore as of 31 March 2023 from Rs 8,867.60 crore as of 31 March 2022. Intangible assets increased from Rs 547.30 crore to Rs 547.40 crore.

Profit before tax grew 432% to Rs 1,321.50 crore. Share of profit/loss was 27.62% lower at Rs 7.6 crore. Provision for tax was expense of Rs 369 crore, compared to Rs 161.9 crore. Effective tax rate was 27.76% compared to 62.53%.

Minority interest was nil in both the periods. Net profit attributable to owners of the company increased 889.79% to Rs 960.10 crore.

Full year results analysis.

Net sales (including other operating income) of Dr Reddys Laboratories has increased 14.50% to Rs 24669.7 crore. Sales of Pharmaceutical Services segment has gone down 0.81% to Rs 3,719.50 crore (accounting for 14.63% of total sales). Sales of Global Generics segment has gone up 19.10% to Rs 21,395.30 crore (accounting for 84.14% of total sales). Sales of Others segment has gone down 31.46% to Rs 312.60 crore (accounting for 1.23% of total sales).

Inter-segment sales rose Rs 625.50 crore to Rs 757.70 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 22.40% to Rs 13,936.10 crore. PBIT of Pharmaceutical Services segment fell 30.74% to Rs 473.30 crore (accounting for 3.40% of total PBIT). PBIT of Global Generics segment rose 28.52% to Rs 13,271.90 crore (accounting for 95.23% of total PBIT). PBIT of Others segment fell 49.08% to Rs 190.90 crore (accounting for 1.37% of total PBIT).

PBIT margin of Pharmaceutical Services segment fell from 18.22% to 12.72%. PBIT margin of Global Generics segment rose from 57.48% to 62.03%. PBIT margin of Others segment fell from 82.20% to 61.07%. Overall PBIT margin rose from 51.35% to 54.81%.

Operating profit margin has jumped from 17.49% to 25.74%, leading to 68.51% rise in operating profit to Rs 6,349.00 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 19.69% to 17.15%. Purchase of finished goods cost fell from 15.91% to 13.69%. Employee cost increased from 17.74% to 18.89%. Other expenses fell from 29.45% to 24.46%. Selling and administration expenses fell from 25.20% to 24.17%.

Other income rose 117.90% to Rs 1055.5 crore. PBDT rose 74.14% to Rs 7404.5 crore. Provision for interest rose 49.06% to Rs 142.8 crore. Loan funds declined from Rs 3,384.50 crore as of 31 March 2022 to Rs 1,347.20 crore as of 31 March 2023. Inventories declined from Rs 5,088.40 crore as of 31 March 2022 to Rs 4,867.00 crore as of 31 March 2023. Sundry debtors were higher at Rs 7,248.50 crore as of 31 March 2023 compared to Rs 6,676.40 crore as of 31 March 2022. Cash and bank balance declined from Rs 2,419.20 crore as of 31 March 2022 to Rs 1,730.20 crore as of 31 March 2023. Investments rose to Rs 4,985.80 crore as of 31 March 2023 from Rs 2,615.90 crore as of 31 March 2022.

PBDT rose 74.72% to Rs 7261.7 crore. Provision for depreciation rose 7.29% to Rs 1250.2 crore. Fixed assets increased to Rs 9,701.80 crore as of 31 March 2023 from Rs 8,867.60 crore as of 31 March 2022. Intangible assets increased from Rs 547.30 crore to Rs 547.40 crore.

Profit before tax grew 100.98% to Rs 6,011.50 crore. Share of profit/loss was 47.37% lower at Rs 37 crore. Provision for tax was expense of Rs 1541.2 crore, compared to Rs 878.9 crore. Effective tax rate was 25.48% compared to 28.71%. Minority interest was nil in both the periods. Net profit attributable to owners of the company increased 106.52% to Rs 4,507.30 crore.

Other Highlights

- Board Recommended a final dividend of Rs 40 (800%) per equity share of Rs 5 each for the financial year 2022-23.
- In Q4 FY23, Global generics segment grew 18%, North America grew 27%, Europe up 12%, India up 32%, Emerging markets down 7%, PSAI up 3%, and others up 33% compared to Q4 FY22.
- In FY23, Global generics segment grew 19%, North America grew 36%, Europe up 6%, India up 17%, Emerging markets remained flat, PSAI down 5%, and others down 32% compared to FY22.
- In Q4 FY23, North America contributed 40% of total revenue, Europe 8%, India 20%, Emerging markets 18%, PSAI 12% and others 1%.
- In FY23, North America contributed 41% of total revenue, Europe 7%, India 20%, Emerging markets 19%, PSAI 12% and others 1%.

Management Comments :

Co-Chairman & MD, G V Prasad said: "FY 23 has been a year of record sales, profits and cash flow, driven by our performance in US Generics. We progressed well in our productivity and sustainability agenda. We will continue to deliver on our purpose, invest in growth drivers and promote a culture that is innovative and collaborative ensuring the future of our business."

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