

Dr Reddy's Laboratories Ltd

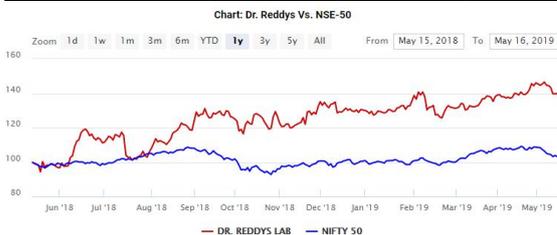
18-05-2019

CMP	2748.10
SENSEX	37,930.77
NIFTY	11,407.15
DECISION ON STOCK	Hold

STOCK DETAILS	
Sector	Pharmaceuticals
Market cap. (Rs. Cr)	45,620.40
Beta	0.60
52 Week High/Low	2965.20/1888.00
Face Value (Rs.)	5.00

SHAREHOLDING PATTERN (%)	
Promoters	26.77%
MF / Banks / DII	14.53%
FPI	30.93%
Public / Others	27.77%

PRICE PERFORMANCE			
	3M	6M	12M
NIFTY	7.20%	5.98%	7.65%
Dr Reddy's	6.99%	8.56%	38.50%



Result beats the expectations

India's Dr Reddy's laboratory has posted a consolidated net profit of Rs.434 Crore in the last quarter of FY19 with the Y-o-Y growth of 44%. Consolidated revenue from operation is up by 14% on Y-o-Y basis. Company's FY19 consolidated earning has grown by 8% and net profit has grown by 92% compared to FY18. Growth has come due to volume growth and new launches. As looking at a strong growth, we recommend to HOLD a stock.

Result Update—Q4FY2019

Performance of the business

- Consolidated revenue from operation for this quarter is by 14% on Y-o-Y basis.
- Consolidated Gross profit margin for this quarter has declined by 1% from 53.5 in same quarter of previous year to 52.4 in this quarter where it has increased by 0.5% in FY19 compared to FY18.
- R&D expenses as a % of revenue is 10.1% in FY19 which has decreased from 12.9% in FY18.
- Consolidated EBITDA margin stood at 22% for the year compared to 16% in Q4FY18.
- Consolidated Revenue from emerging market for the year is Rs.2890 crores, Y-o-Y growth of 28%.
- Consolidated Revenues from India for the year is Rs.2620 Crores, Y-o-Y growth of 12%, with a growth new product launches. Revenues for Q4 at Rs.650 crores, Y-o-Y growth of 6%.
- Consolidated Revenues from Europe for the year is Rs.790 crores, YoY decline of 4% due to price erosion. Revenues for Q4 is at Rs.190 crores., YoY growth of 12% due to new launches.
- Capital expenditure for FY19 is at Rs.700 crores.
- During this quarter company launched 5 new products.
- Company has announced a dividend of Rs.20 per equity share for FY19.

Key Highlights:

- As of 31st March 2019, company has cumulatively 110 generic filings are pending for approval with the US FDA.
- During the quarter, company has filed 4 DMFs in the US.

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