

Business Standard

Dr Reddys Labs gains 7% as profit grows 30% YoY in Q2, margins expand

Dr Reddy's global generic business grew 19 per cent YoY to Rs 4,743 crore driven by covid portfolio, new product launches and base business volume traction across key markets.

SI Reporter | Mumbai October 29, 2021 Last Updated at 14:20 IST



Shares of
Dr
Reddy's

Laboratories moved higher by 7 per cent to Rs 4,877 on the BSE in Friday's intra-day trade after the company reported 30 per cent year-on-year (YoY) growth in profit after tax (PAT) at Rs 992 crore in September quarter (Q2FY22), aided by healthy revenue growth. The pharmaceutical company had reported a profit of Rs 762 crore in the year-ago quarter.

At 02:12 pm, the stock was trading 5 per cent higher at Rs 4,820, as compared to a 1.3 per cent decline in the S&P BSE Sensex. It had hit a 52-week high of Rs 5,614 on July 7, 2021.

In Q2FY22, Dr Reddy's revenues grew 18 per cent YoY at Rs 5,763 crore from Rs 4,897 crore in the previous year quarter. Earnings before interest, tax, depreciation and amortization (ebitda) rose 23 per cent YoY at Rs 156 crore while margins improved 110 basis points (bps) to 27 per cent from 25.9 per cent in Q2FY21.

However, the company's gross profit margins decreased by 50 bps at 53.4 per cent over previous year, majorly on account of price erosion and lower export benefits, partially offset by leverage benefit on

manufacturing overheads.

"Dr Reddy's global generic business grew 19 per cent YoY to Rs 4,743 crore driven by Covid portfolio, new product launches and base business volume traction across key markets. However, this was offset partly by price erosion in some of our products," the company said.

Sequentially, gross profit margins increased by 120 bps, driven majorly by leverage benefit on manufacturing overheads partially offset by price erosion, it said.