

WEALTH WEEKLY

Weekly Alerts You Can Use!

Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	21783	21407	22127	21441	19777	21565-22201	Buy only above 21921. Targets 22131/22351/22551. Stop at 21491.
BANK NIFTY	45635	44351	46851	46827	44893	44901-46444	Sell at CMP. Targets at 44671/43561/42901. Stop at 46901

Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
DR REDDY'S	6156	5411	6500	5787	5409	Positive	Incorporated in the year 1984, Dr. Reddy's Laboratories Ltd (DRL) is an Indian pharmaceutical manufacturer headquartered in Hyderabad, India products and services including APIs, generics, branded generics, biosimilars and OTC. DLR major therapeutic areas of focus are gastrointestinal, cardiovascular, diabetology, oncology, pain management and dermatology. The firms' major markets include – USA, India, Russia & CIS countries, China, Brazil and Europe. Dr Reddy's (DRL) revenue consists of US (47%), India (17%), Europe Market Generic (7%), Emerging Markets Generic (+18%) PSAI (+10%). Simply buy at CMP, and on dips between 5750-5900 zone, targeting 6500/6600 mark and then at 6900 mark. Stop below 5411. Holding Period: 9-12 Months

BUY DR REDDY'S at CMP 6156. Target 6500

CMP	6156
Target Price	6500
52 Week H/L	6220/4297
P/E25.8	
EPS (TTM)	238.57
Promoter Holding/DIIs/FIIs	26.65/18.70/14.65
Book Value	1390.41
Market Cap (INR)	102685.36 crores

Daily Chart of DR REDDYS :



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Revenue Analysis [Q3FY24]

Q3FY24 consolidated revenue at Rs. 72.1 billion, YoY growth of 7% and QoQ growth of 5%. The YoY growth was primarily driven by market share gains for our existing products in North America and continuation of our growth journey in Europe.

Global Generics (GG): Q3FY24 revenue at Rs. 63.1 billion, YoY growth of 7% and QoQ growth of 3%. YoY growth was primarily driven by increase in volumes of our base business, new product launches, partially offset by price erosion in certain markets. Sequential growth was driven by increase in volumes of our base business, offset partially due to price erosion in certain markets.

Research & development (R&D) expenses in Q3FY24 at Rs. 5.6 billion. As % to Revenues – Q3FY24: 7.7% | Q2FY24: 7.9% | Q3FY23: 7.1%. R&D investments are driven by ongoing clinical trials on differentiated assets, as well as other developmental efforts to build a healthy pipeline of new products across our markets for both small molecules and biosimilars.

Other Highlights:

EBITDA for Q3FY24 at Rs. 21.1 billion and the EBITDA margin is 29.3%.

Operating Working Capital at Rs. 108.1 billion.

Capital expenditure for Q3FY24 at Rs. 3.1 billion.

Free cash-flow for Q3FY24 at Rs. 0.2 billion.

Net cash surplus at Rs. 59.1 billion as on December 31, 2023.

Debt to Equity is (0.21).

ROCE for the company is 37% (annualized).

DRL has 13 formulation facilities, nine API manufacturing facilities, one biologics facility and several R&D centres across the globe.

Technically, brace yourselves for an impulse uptrend seen forming on the daily time scale, with positive SAR series. The sequence of higher high/low intact on all time frames.

Add to that a bullish divergence and a rising stochastic signal (on weekly charts) with recent increase in volumes signaling a larger rebound. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 5429-5450 zone. Any sharp corrective declines to 5500 zone will be an opportunity to initiate aggressive long positions.

Simply buy at CMP, and on dips between 5750-5900 zone, targeting 6500/6600 mark and then at 6900 mark. Stop below 5411. Holding Period: 9-12 Months.

Mehta Equities

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