

WEALTH WEEKLY

Weekly Alerts You Can Use!

Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	25236	24901	25551	24440	22507	25077-25499	Buy at CMP. Targets at 25100/25351 zone. Aggressive targets at 25575 zone. Stop at 24594
BANK NIFTY	51351	49451	53357	51538	48278	50075-52777	Buy at CMP. Targets at 52551/53357. Aggressive targets at 54201 zone. Stop at 49222

Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
DR REDDYS	7031	6459	7301	6697	6147	Positive	Dr. Reddy's Laboratories Ltd (DRL) is an Indian pharmaceutical manufacturer with 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. Q1FY25 consolidated revenues at ₹ 76.7 billion, YoY growth of 14% and QoQ growth of 8%. The growth was largely driven by growth in global generics revenues in North America as well as India. Simply buy at CMP, and on dips between 6600-6750 zone, targeting 7301/7551 mark and then at 8100 mark. Stop below 6459. Holding Period: 9-12 Months.

BUY DRREDDYS at CMP 7031, Target 7301

CMP	7031
Target Price	7301
52 Week H/L	7101/5212.10
P/E	28.47
EPS (TTM)	246.89
Promoter Holding/DIIs/FIIs	26.7/63/27.7
Book Value	1529.74
Market Cap (INR)	1,17,296.18 crores

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%)

Revenue Analysis

Q1FY25 consolidated revenues at ₹ 76.7 billion, YoY growth of 14% and QoQ growth of 8%. The growth was largely driven by growth in global generics revenues in North America as well as India.

Global Generics (GG)

Q1FY25 revenues at ₹ 68.9 billion, YoY growth of 15% and QoQ growth of 13%.

North America

- Q1FY25 revenues at ₹ 38.5 billion, YoY growth of 20% and QoQ growth of 18%.
- During the quarter, DRL launched 3 new products in the U.S.
- During the quarter, DRL filed one new Abbreviated New Drug Application (ANDA) with the U.S. FDA. As of June 30, 2024, 80 generic filings were approvals pending from the U.S. FDA. These comprise of 75 ANDAs and five New Drug Applications (NDAs) filed under the Section 505(b)(2) route of the US Federal Food, Drug, and Cosmetic Act. Of the 75 ANDAs, 45 are Paragraph IV applications, and DRL believes that 23 of these have the 'First to File' status.

Europe

- Q1FY25 revenues at ₹ 5.3 billion, YoY growth of 4% and sequential growth of 1%. Growth was primarily on account of improvement in base business volumes, new product launches, partly offset by price erosion.
- Germany at ₹ 2.8 billion, YoY growth of 14% and QoQ decline of 1%.
- UK at ₹ 1.6 billion, YoY decline of 7% and QoQ growth of 5%.
- Rest of Europe at ₹ 0.9 billion, YoY growth of 1% and flat QoQ.
- During the quarter, DRL launched 12 new products across various countries in the region.

India

- Q1FY25 revenues at ₹ 13.3 billion, YoY growth of 15% and QoQ growth of 18%. YoY growth was mainly on account of new product launches including the recently in-licensed vaccine portfolio. As per IQVIA, our IPM rank was at 10 for the quarter.
- During the quarter, DRL launched 13 new brands in the country, in addition to exclusive rights to promote and distribute Sanofi's vaccine brands.
- Emerging Markets
- Q1FY25 revenues at ₹ 11.9 billion, YoY growth of 3% and QoQ decline of 2%. YoY growth is attributable to market share expansion and new product launches, partly offset by unfavorable forex and price erosion.
- Revenues from Russia at ₹ 5.5 billion, YoY decline of 2% and QoQ growth of 11%.
- YoY decline was majorly due to unfavorable currency exchange rate movements, partially offset by price increases and higher base business volumes.
- QoQ growth was driven by increase in base business volumes.
- Revenues from other Commonwealth of Independent States (CIS) countries and Romania at ₹ 1.9 billion, decline of 2% YoY and 11% QoQ.
- YoY decline was primarily on account of decline in base business volumes, partly offset by increase in prices.
- QoQ decline was driven by decline in base business volumes.
- Revenues from Rest of World (RoW) territories at ₹ 4.4 billion, growth of 11% YoY and a decline of 11% QoQ.
- YoY growth was largely attributable to increase in volumes of base business, contribution from new products, partly offset by price erosion.
- QoQ decline was primarily driven by decline in base business volumes and erosion.
- During the quarter, DRL launched 17 new products across various countries in the region.

Pharmaceutical Services and Active Ingredients (PSAI)

- Q1FY25 revenues at ₹ 7.7 billion, with a growth of 14% YoY and a decline of 7% QoQ. YoY growth was mainly driven by improved volumes in base business, and contribution from new products, QoQ decline was driven by decrease in volumes of certain existing products.
- During the quarter, DRL filed 11 Drug Master Files (DMFs) globally.

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 6147-6150 zone. Any sharp corrective declines to 6100-6200 zone will be an opportunity to initiate aggressive long positions.

Simply buy at CMP, and on dips between 6600-6750 zone, targeting 7301/7551 mark and then at 8100 mark. Stop below 6459. Holding Period: 9-12 Months.

Daily Chart of DR REDDYS :

