

A Study On “Profitability Analysis” Dr. Reddy’s Pvt Ltd.,

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ABSTRACT

In the action of authoritative an investment decision, the profits advancing from the investment of funds should be advised in agreement of a minimum advantage standard. This advantage standard, which can commonly be bidding on a absolute after basis, have to be advised adjoin the all-embracing acumen appraisal for the activity in authoritative the final accommodation as to whether or not the activity should be undertaken.

The acumen appraisal have to be based on the acceptance that a quantified advantage accepted can serve alone as a guide. The chat Advantage is acclimated as the accepted appellation for the admeasurement of the bulk of accumulation that can be acquired from a accustomed situation. Profitability, therefore, is the accepted denominator for all business activities.

The assurance and assay of profits achievable from the investment of basic and the best of the best investment a part of assorted alternatives are above goals of an bread-and-butter analysis.

Investments may be fabricated for replacing or convalescent an absolute property, for developing a absolutely new enterprise, or for added purposes wherein a accumulation is accepted from the outlay of capital.

Keywords: Profitability, Analysis, Operating, Margin.

INTRODUCTION TO PROFITABILITY ANALYSIS

Every company is most involved concerning its profit. One amongst the foremost ordinarily used monetary key performance analysis tools is profit metrics accustomed live the company's bottom line. Profit measures are necessary to each business leaders and homeowners. If a little business has external investors WHO have place their own cash into the business, the first owner should sure enough show profit to those equity investors.

Profitability indicators show the potency and performance of a corporation. We will break profit ratios into 2 types: margins and returns. Measures that show margins represent the flexibility of the business to translate revenue into profits at numerous valuation stages. Measures that show returns represent the flexibility of the business to live the potency of the business in generating returns for its investor

A monetary analysis helps establish the key strengths and weaknesses of a business. It can even be accustomed assess a company's profit as a going concern and to see whether or not a satisfactory come back on the risks taken is achieved. the knowledge contained within the monetary statements is of nice importance to an oversized range of interested parties, that frequently need relative measures of the company's operational potency. The analysis of the annual monetary statements is predicated on the employment of key figures. The quota

analysis includes ways for scheming and deciphering monetary ratios to research and monitor a company's performance. the fundamental parameters for the quantitative relation analysis are the company's profit-and-loss statement and record

The associate degree analysis and use {of economic} ratios is enjoying an progressively necessary role in financial analysis and follow. Parties inquisitive about monetary ratios embrace shareholders, creditors and also the management of a business. each current and potential shareholders have an interest within the current and future levels of risk and reward of the corporate, that directly have an effect on the share value. The creditors of the corporate are primarily inquisitive about the short-run liquidity of the corporate and its ability to form interest and principal payments.

A subordinate concern of creditors is that the mounted profit with that they require to confirm that the business is healthy. Management, like shareholders, addresses all aspects of the company's monetary position and seeks to form monetary ratios that are thought of useful by each homeowners and creditors. additionally, management uses metrics to watch the company's performance from time to time.

Production and production of phosphate rock and fertilizers. it's the world's sixth largest producer of phosphate rock, accounting for five of world capability, and second to commercialism phosphate rock to international markets, that account for Sixteen Personality Factor Questionnaire of world trade. The importance of Mind Links Pvt Ltd is increased by its exceptional geographic location close to the foremost densely inhabited countries within the world, that have a growing want for food and fertilizers.

Finance is seen because the most significant consider any business, and it's concerning

delivering cash at the time of want. Any business, whether or not giant, medium or tiny, desires funding to continue its business and attain its goals. Finances are therefore indispensable nowadays that it's justly aforesaid that they're the lifeblood of a business. While not correct finance, no business will probably attain its goals.

The capital needed for an organization is divided into 2 main categories; H. Investment capital and dealing capital. The fastened capital represents the quantity of capital that's required within the future to form production facilities through the acquisition of property, plant, machinery, land and buildings, etc. assets refers to the portion of the capital of the corporate required to finance short sales. Short term assets or assets like securities, debtors and inventories, etc., in brief the assets, are the amounts needed to hide the company's in operation prices. even as blood flow to the physical structure is significant to maintaining a personality's life, assets is essential to maintaining business continuity.

Modern thinking in monetary management attaches bigger importance to management decision-making and policy. Nowadays, the monetary manager isn't in a very passive role as a score keeper of accounting data and brokerage of funds. Whenever asked. Rather, it plays a key role in determination the advanced management problems. he's not accountable for shaping company assets and is concerned within the most significant management call on the allocation of resources.

Key figures generally show the strengths and weaknesses of the business in 2 ways:

First:

The relationship provides a simple thanks to compare nowadays performance thereupon of the past and today

Secondly:

Key figures indicate the areas during which a given company is competitive or disadvantageous . There are totally different

classes of relationships and every class focuses on a distinct space. a number of the metrics that may be wont to analyze the economic condition of an establishment are as follows

- Profit Ratio:
- Come on capital or net income
- Profits quantitative relation
- In operation relationship
- Net income quantitative relation
- Interest cowl quantitative relation
- Liquidity quantitative relation
- Debt quantitative relation
- Activity quantitative relation
- (g) Debt quantitative relation
- Sales quantitative relation,etc.

NEED FOR THESTUDY

- Profitableness metrics are employed by investors and analysts to judge the profitableness of a business relative to competitors and alternative business players.
- They conjointly highlight the strength and potency of a company's business model.
- Whereas profit margins are wont to gauge the potency with that the corporate makes a profit, the come metrics give info regarding the potency with that the corporate employs its assets and alternative obtainable resources.
- Turnover rates live however quickly the assets are born-again intosales

HYPOTHESIS

Null Hypothesis (Ho): there's no important distinction between Dr. Reddy's profitablenessratios.

Alternative Hypothesis (H1): there's a big distinction between Dr. Reddy's profitablenessratios.

METHODOLOGY

DESCRIPTIVERESEARCH:

Descriptive analysis studies are those studies that modify describing the

characteristics of a selected individual or cluster. the most feature of this technique is that the man of science has no management over the variables, he will solely report what happened or what happened or what happened. The search strategies utilized in the analysis represented are survey strategies of every kind, together with the comparison and correlationtechnique.

SOURCE OF DATA:

This type of information has already been collected by another person regarding the merchandise, the business, and so on. for instance, this study collected secondary information from company brochures, annual reports and past records, in addition as company websites.

LIMITATIONS OF THESTUDY

- The study is restricted to determinative solely the gain performance of the corporate.
- Comparative study is restricted to debt and companystock.
- The study amount of forty five days was alimitation.
- The study depends mostly on secondary information and its limitations would creep into the results.
- The study reveals the results for the current and can not mirror the past and future.
- thanks to low data not all quotas might be enclosed within thestudy.

INDUSTRY PROFILE

The Indian pharmaceutical trade is one in every of the biggest and most advanced among developing countries. The trade is presently able to manufacture bulk medicines that belong to many therapeutic teams and need totally different producing processes. glorious technical instrumentality has conjointly been developed for the assembly of the most pharmaceutical forms

like tablets, capsules and liquid oral, modifiable, etc. Today, Republic of India is in a position to supply seventy p.c of its bulk trade goods wants and virtually any formulation demand.

"The Indian pharmaceutical trade could be a success story that has legion jobs and ensures that the big population of this landmass has access to essential medicines at cheap costs."

Richard Gerster:

The Indian pharmaceutical trade is nowadays at the forefront of the science-based Indian trade with comprehensive capabilities within the complicated field of drug producing and technology. In terms of technology, quality and vary of factory-made medicine, it occupies a really high place within the accumulation. Play a key role in promoting and sustaining development within the important field of medicines.

The Indian pharmaceutical trade has quality makers and plenty of units approved by regulators within the us and therefore the uk. International corporations connected to the current sector have excited, supported and driven this dynamic development over the past fifty three years, serving to place Republic of India on the globe pharmaceutical map.

Growth situation 2015:

India's pharmaceutical trade is currently the third largest within the world by volume. His rank is that the fourteenth in terms useful. Between Sep 2008 and Sep 2009, total Indian pharmaceutical trade sales were \$ twenty one.04 billion. The domestic market had a price of twelve.26 billion United States of America greenbacks. This was according by the Department of prescription drugs, Ministry of Chemicals and Fertilizers. in line with a report from IMS Health Republic of India, the Indian pharmaceutical market in July 2010 reached a volume of ten.04 billion United States of America greenbacks. The highly-organized

sector of the Indian pharmaceutical trade is calculable at \$ four.5 billion associated is growing at an annual rate of eight to nine p.c.

Leading pharmaceutical corporations

On the domestic market Cipla maintained its leading position with five.27 percent. Ranbaxy followed next. the very best growth was recorded by group drug company (37.2%). alternative leading corporations within the Indian pharmaceutical market in 2010 are:

- Sun drug company(25.7%)
- Abbott(25%)
- ZydusCadila(24.1%)
- Alkem Laboratories (23.3%)
- Pfizer(23.6%)
- GSK Republic of India(19%)
- Piramal attention(18.6%)
- lupine(18.8%)

FutureProspects:

Future prospects:

The Indian pharmaceutical market is anticipated to succeed in \$ fifty five billion by 2020 (2009: \$ twelve.6 billion). This was expressed in a very report titled "India pharmaceutical company 2020: Promoting Access and Acceptance, Realizing True Potential" by McKinsey & Company. identical report conjointly mentions that the pharmaceutical market, in Associate in Nursing aggressive growth state of affairs, has the additional potential to succeed in \$ seventy billion by 2020

Given the growth of the high-income cluster, it's terribly doubtless that by 2016 they're going to open up a possible \$ eight billion marketplace for international corporations mercantilism high-priced medicines. This was calculable in a very report by Max Ernst & Young. The domestic pharmaceutical market is calculable to succeed in \$ twenty billion by2016.

The Indian health care market is anticipated to succeed in thirty one.59 billion America bucks by 2020. Sales of all kinds of

medicines and medicines within the country quantity to \$ nine.61 billion, that is anticipated to succeed in around \$ nineteen.22 billion by 2013, a very remunerative clinical test target for world giants.

There was another report from RNCOS titled "Booming pharmaceutical company Sector in India", that foreseen that the pharmaceutical formulation business would flourish within the same manner because the pharmaceutical business. The domestic formulation market can grow at Associate in Nursing annual rate of growth of around 17 November in 2010/11 because of the increasing socio-economic class population and fast urbanization.

Features of the Indian pharmaceutical industry:

The Indian pharmaceutical sector is extremely fragmented with over twenty,000 registered units. it's dramatically enlarged over the last 20 years. The 250 leading pharmaceutical corporations management seventieth of the market, with the market leader holding virtually seven-membered of the market share.

The pharmaceutical business in India covers regarding seventieth of the country's demand for bulk medication, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, oral and injectables. There square measure regarding 250 massive units and regarding eight,000 little units that type the core of the pharmaceutical business in India (including five units of the central public sector).

These units form up the total vary of pharmaceutical formulations, i. H. Medicaments prepared for consumption by patients and regarding 350 bulk medicines, d. H. Chemicals of therapeutic price utilized in the preparation of pharmaceutical formulations.

Following derecognition of the pharmaceutical business, industrial licensing was abolished for many prescription drugs and pharmaceutical merchandise. makers square measure absolve to manufacture any drug punctually licensed by the Drug management Authority. The pharmaceutical business in India is technologically robust and utterly freelance. it's low production prices, low R & D prices, innovative scientific men, the strength of national laboratories Associate in Nursing increasing trade gap. The pharmaceutical business, with its wealthy scientific talent and analysis capabilities backed by material possession protection, is well positioned to enter the internationalmarket.

Skilled labor: Asian country includes a pool of extremely masterful, masterful and masterful employees. it's a talented personnel and English is commonly used. skilled services are promptly on the market.

Cost-effective chemical synthesis: The data of development, notably within the spaceof improvedcheap chemical

synthesis for numerous drug molecules, is outstanding. It offers a spread of bulk medicines and exports refined bulk medicines. Legal and monetary Framework: Asian country includes a 53-year-old democracy and thus has sound legal frameworks and powerful monetary markets. there's already a longtime international industrial and businessworld.

Information & Technology: the corporate includes a sensible network of best instructional establishments and strengths in data technology.

Globalization: The country is committed to a free laissez-faire economy and economic process. Above all, it's a seventy million SME market, that is growing steady.

Consolidation: For the primary time in a few years, India's international pharmaceutical trade has nice opportunities. The consolidation method, that has become a standard development within the world

pharmaceutical trade, has begun in Asian country.

Steps to strengthen the industry:

Indian firms got to realize the proper product combine for property future growth. Core competencies can play a crucial role in decisive the long run of the many Indian pharmaceutical firms within the post-product patent regime once 2005. To consolidate their position, Indian firms should progressively take into account mergers and acquisitions of each firms or merchandise.

this is able to facilitate them offset the loss of recent product choices, improve their analysis and development efforts, and improve sales to penetrate the markets.

Research and development have perpetually taken a back seat at Indian pharmaceutical firms. to stay competitive within the future, Indian firms got to refocus and invest heavily in analysis and development.

The Indian pharmaceutical trade should additionally benefit of recent advances in biotechnology and data technology. the long run of the trade can rely upon however well it markets its merchandise in multiple regions, however it distributes risks, however well it will integrate backwards and forwards, however well it consolidates through mergers and acquisitions, co-marketing and licensing agreements.

The pharmaceutical trade in Asian country these days will manufacture a large vary of large-scale medicines covering a large vary of technologies and nearly all formulations. In fact, countries are virtually freelance in terms of formulation technology. Among the most medicines necessary for the health wants of the country are antibiotic and rafampicin. it's price noting that Asian country has conducted analysis into the efficient production of a large vary of merchandise like Aldomet, paracetamol, bupropion, aspirin, ampicillin, etc., and a spread of different merchandise. the method

enhancements achieved in these areas are internally competitive. Most of those merchandise have even found markets in advanced countries like the North American country, FRG then on. India's pharmaceutical and pharmaceutical trade has created tremendous progress over the past fifty years, taking growth into consideration. As seen in different developing countries with a share of the world's population, Asian country has one among all-time low drug consumption expenditures among developing and developed countries with the expansion of the Indian economy. Drug sales are expected to profit from higher middle and lower socio-economic class buying power.

It is calculable that there square measure presently twenty four,000 corporations active within the producing of prescribed drugs and prescribed drugs. The business, that is portrayed by associate degree calculable twenty four,000 units, needs associate degree approximate investment of 1200 crores. Despite the hurdles, the business has shown sensible growth over the years. However, compared to the industrialized countries of the planet, the Indian pharmaceutical business is incredibly tiny. It accounts for less than one.2 p.c of worldwide pharmaceutical production.

Introduction to the pharmaceutical industry:

Medicines square measure medically effective chemicals that square measure born- again into dose forms that square measure appropriate for bodily process by the patient. drugs} square measure known as bulk drugs in their basic chemical kind, and therefore the final dose forms square measure cited as formulations. The utilization of medicines is ruled by the underlying life science. The four basic medical sciences square measure as underneath.

- Medical aid or trendy drugs has gained quality worldwide.

- Ayurveda, associate degree ancient Indian science, chiefly uses seasoned remedies.
- Unani of Chinese origin is cosmopolitan in geographic area.
- Homoeopathy supported by a German doctor was quite widespread at the start of the nineteenth century.

Bulk Drugs:

Bulk medicines square measure medically effective chemicals. they're derived from four forms of intermediates (raw materials), namely

- Plant derivatives (herbal products)
- Animal derivatives, e.g. hypoglycaemic agent from the exocrine gland
- Artificial chemicals
- Generation (human) derivatives, e.g. human hypoglycaemic agent

The discovery of mass medication needs intensive and expensive analysis. The groundbreaker thus patents new medicines so as to form business profits from its R & D investments. once a drug is not any longer patent unfinished, it becomes generic. Bulk medicines is roughly classified as patents

- Generic or not proprietary.

A patent grants the discoverer, i.e. the artificer, the exclusivity of production / licensing for a nominative amount of your time.

Formulations:

Doctors order chiefly diagnoses when diagnosing to cure a patient's unwellness or disorder. to stop misuse / abuse, most formulations square measure paid by pharmacies solely on prescription, and these square measure cited as moral merchandise. However, some formulations like painkillers, health water, etc. may be purchased directly from the user. These merchandise square measure cited as over-the-counter (OTC) merchandise.

Formulations could also be administered in step with the route of administration to patients, Oral, d. H. Tablets, syrups,

capsules, powders etc., that square measure taken internally, square measure classified.

- Topisch, d. H. ointments, creams, liquids, aerosols that square measure applied to the skin.
- epithelial duct, d. H. Sterile solutions injected intravenously or intramuscularly.
- Others like eye drops, peccaries, surgical bandages, etc.

US 2015 world pharmacy sales by region:

- The USA market accounts for around five hundredth of worldwide sales [~229.5%]
- Of this, \$ 15-20 billion associated with generic sales.
- 180-day exclusivity is obtainable within the USA if the corporate with success appeals to the groundbreaker company for patents and obtains agency approval. The exclusivity is half dozen months. throughout now, solely innovators and first-time users will market their medicines, all alternative generic makers will solely enter the market when the eighteenth day.

Industry R & D Activity:

The development of a brand new drug is dear. Currently, the full price of transfer a brand new chemical or biological unit to plug is calculable at \$ one.3 billion. Longer development and approval times, a lot of intensive and sophisticated clinical trials, higher payment on new technologies, and shifts in product portfolios to riskier, costlier treatment classes have contributed to a true increase in development prices.

R & D payment on medicines is rising. Over the past 20 years, R & D revenue has up from eleven.9 % in 1980 to associate degree calculable eighteen % in 2006 (for United States of America companies). of product below development and also the number of corporations engaged in R & D are increasing. Productivity in analysis and development, however, continues to say no.

In 2008-2009, the trade spent \$ one.02 billion on analysis and development in

Australia. With 0.3 % of the world's population, Australia produces 3 % of worldwide medical analysis and includes a proud history of seven Alfred Nobel laureates in medicine:

- pathologist (1945: development of penicillin)
- Frank Macfarlane Burnet (1960: surgical process Research)
- physiologist (1963: analysis on the Transmission of Nerve Impulses)
- Peter Doherty (1996: discoveries on the specificity of cell-mediated immune defense)
- Barry Marshall and J. Robin Warren (2005: Discovery of the microorganism *Helicobacter pylori* and its role in tumor and ulceration disease).
- Elizabeth Blackburn (2009: analysis on telomeres, structures at the tip of chromosomes that defend the chromosome).

A feature of the Australian innovation system is that the comparatively high proportion of presidency payment on analysis and development. within the health and medical sectors, these funds are provided through a range of R & D suppliers, and there's a major interaction between these corporations. Most of the funding is provided by:

- The National Health and Medical Research Council (NHMRC)
- specialized analysis institutes, eg Baker, Garvan, Australian state Institute of Medical analysis
- Universities
- The Commonwealth Scientific and Industrial Research Organization (CSIRO)
- Hospitals
- Cooperative analysis Centers (CRCs).

Advantage India:

As so much as pharmaceutical promoting within the world thinks about, India, with its

second largest population, rate of economic development, technological progress, economic prices for medical treatment and world handiness, could be a leader within the field of famed physicians, etc. edges of the Indian aid situation listed:

Skilled labor: Asian nation includes a skilful hands with a high level of management and experience.

Cost-effective chemical synthesis: The organic process success story, particularly within the space of improved efficient chemical synthesis for numerous drug molecules, is outstanding.

Legal and monetary Framework: Asian nation could be a democratic country with sound legal frameworks and powerful monetary markets. there's already a longtime international industrial and business world.

Information and Technology: it's a decent network of best instructional establishments and strengths in info technology.

Globalization: The country is committed to a free economic system and economic process. Above all, it's a seventy million SME market that's perpetually growing.

Global Context:

The pharmaceutical trade covers a broad spectrum of activities, from the technology-intensive R & D section for innovative medicine to the manufacture of generic and over-the-counter medicines. The trade is dominated by horizontally and vertically integrated transnational firms and is additional research-intensive than most alternative industries.

For subsequent 5 years, a powerful growth in international trade sales of seven.5 p.c p.a. is forecast. Espicom Business Intelligence estimates that annual drug sales can reach \$ 852 billion in 2009 and predicts that it'll reach \$ one,158.5 billion in 2015. The markets that drive this transformation can be:

- Central and Japanese Europe with annual growth of nine.7 percent
- America with annual growth of seven.3 percent

- Geographical area and continent with annual growth of eight.6percent
- Asia / Pacific with annual growth of four.9percent
- Western Europe with annual growth of six.8percent.

These knowledge show that the world marketplace for medicines is massive and growing, pharmaceutical sales square measure targeted in developed countries, half all sales square measure created by the world's high 10 firms, however that there's a good level of international competition at a sectoral level,

COMPANY PROFILE

ABOUT DR.REDDY'S:

Dr. supported in 1984, Reddy's Laboratories (NYSE: RDY) is associate rising international company with proved analysis capabilities. the corporate is vertically integrated and gift on the pharmaceutical price chain. the corporate produces finished dose forms, active pharmaceutical ingredients and biotechnology product and markets them worldwide with a spotlight on Asian nation, the US, Europe and Russia. the corporate conducts analysis into polygenic disorder, vas, anti-infective, inflammation and cancer.

OTHER OBJECTS:

- To handle the business of distributors, distributors, wholesalers, retailers, representatives of the Commission,
- Manufacturer, representative for every kind of merchandise.
- to control the business of execs for every kind of services.
- to control the business of style, engineering and execution and implementation of assorted
- Types of comes on a contract or jailor basis and for the acquisition of style or technical power.
- for the cultivation, cultivation, production or trade of plant merchandise and for the activity of farmers, farm

farmers, farm farmers, millers, surveyors and sellers of milkcream,

Cheese, butter and poultry and provides of all types, breeders and traders of corn, lay and Straw, seed and tree nurses, yet because the purchase, sale and trade of commodities usually listed and derived from the above-named or alternative agricultural connected businesses which can be beneficially operated by the corporate.

5. To continue the business of makers, processors, installers and distributors of every kind of chemical instrumentation, pumps, valves, storage tanks, etc., that square measure needed by the chemical and pharmaceutical industries.
6. To buy, sell or lose instrumentation, machinery, tools and instrumentation from time to time.
7. To conduct or operate every kind of agency business, especially in reference to the investment of funds, the sale of property and also the assortment and receipt of cash or otherwise from assets, funds and transactions below agreements.
8. To continue and operate the business of investment its assets in equity and preference shares, equities, bonds, debt securities (convertible and non-convertible) of recent comes and securities of all types, and in any description of well-established and sound firms, to capital problems with public restricted companies; Businesses, industries, shares and commercialism firms can chart whether or not previous or new, as I see match, and facilitate them in granting loans / advances to industrial firms and serving to industrial firms finance their creation, enlargement and modernization Conditions to act and act as money brokers, traders and commission agents and to act in government. Securities as well as Govt. Bonds, loans, national savings Certificates, savings plans for post offices, investment units, etc. embody shares

within the investment company of Asiancountry.

9. to push industrial finance, deposits or loaning of funds, securities and belongings to or with firms, firms, entities or associations that area unit otherwise below constant management, in accordance with the provisions of this Section and to the extent permissible 370 & 372 the businesses Act, 1956, with or while not security and on such.

Terms could also be determined from time to time. However, the corporate might not have interaction in banking transactions at intervals the that means of the Banking Regulation Act. 1949; and also the business of funding, investment and commercialism, leasing, leasing and funding leasing transactions of all types and of shopping for, selling, rental or leasing all sorts of kit and machinery that the corporate might have and still operate Be match and facilitate to finance operations of any description of rent purchase or payment delay or similar transactions, and to subsidize or subsidize or finance the sale and maintenance of any merchandise, articles or merchandise of any kind Description below all conditions and for the acquisition or different handling of all sorts of stabile and movable property, as well as land and buildings, machinery and instrumentation, ships, aircraft, computers for motorized vehicles and every one client, industrial and industrial merchandise and for leasing do Incidentally, he / she's going to in any means touch upon them, as well as their unleash, regardless of whether or not the property no inheritable and hired is required currently and / or currently.

10. so as to supply a package of investment / bourgeois banking services, by actingas a public securities establishment, subscribing, issuing, and managing mutual funds registrars, cash Manager secures and extends market support Conduct surveys, gather

knowledge, info and reports and act as a generalcontractor

Agents to work the agency business and store notches and traders.

IV. The liability of the shareholders isproscribed.

V. a. The licensed share capital of the corporate is Rs. 50.0000.000 / - (only Rs. 50 Crores), divided into ten.00.000 shares of Rs. five / - (only Rs.5).

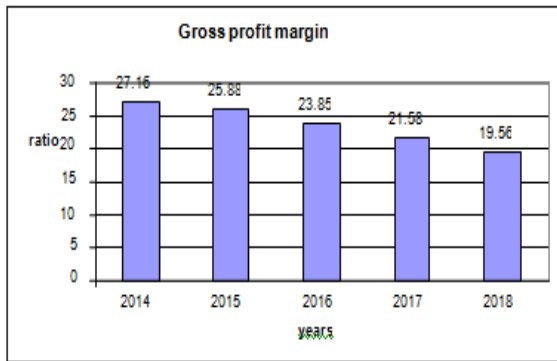
b. the corporate might, from time to time, exercise the authority to issue, distribute, split, trade, trade in, convert, redeem and sell shares, hybrids, derivatives, choices and quasi-equity instruments having totally different rights, whether or not they area unit owed or not, disbursement of their capital in relevancy this purchase or different modification of their share capital within the kind of shares or non-voting shares or preferred stock and attaching preferences, rights, privileges or priorities relating to the payment of dividends or the distribution of assets or otherwise, to surpass different Shares and subject them to any limitation, restriction or condition and to vary the Company's rules to divide the proper to percentage in any manner subject to the provisions of the law and approval, if necessary, before the competent authority raise the authorities to

DATA ANALYSIS & INTERPRETATION

Table No 1: Gross Profit margin

Year Gross Profit(Rs in Lakhs) Sales(Rs in Lakhs)

| Year | Gross Profit(Rs in Lakhs) | Sales(Rs in Lakhs) | Gross Profit Margin Ratio (%) |
|------|---------------------------|--------------------|-------------------------------|
| 2014 | 444 | 1634.5 | 27.16 |
| 2015 | 359 | 1387 | 25.88 |
| 2016 | 361.5 | 1515.5 | 23.85 |
| 2017 | 434 | 2010.5 | 21.58 |
| 2018 | 484 | 2471.5 | 19.56 |



Source: Data Collected from company Annual Reports of ‘Dr.Reddy’s
Graph No. 1

Interpretation:

From Table one it may be seen that the earnings showed slight fluctuations additionally the turnover throughout the investigation amount was also between 2387 and 3471.5 lakhs. In 2014, the earnings margin was high (27.16%) as each earnings and revenue are high compared to the 2015, 2016 and 2017 figures. In 2018 each earnings and earnings were magnified. The ratio was reduced to 19.56%.

Table No 2 : Operating Profit Margin

| Year | Operating Profit (Rs in Lakhs) | Sales (Rs in Lakhs) | Operating Profit Margin Ratio (%) |
|------|--------------------------------|---------------------|-----------------------------------|
| 2014 | 103 | 1634.5 | 6.3 |
| 2015 | 108 | 1387 | 7.78 |
| 2016 | 121 | 1515.5 | 7.98 |
| 2017 | 139 | 2010.5 | 6.91 |
| 2018 | 142 | 2471.5 | 5.74 |

Source: Data collected from company Annual Reports of ‘Dr.Reddy’sPvt Ltd’
Graph No. 2



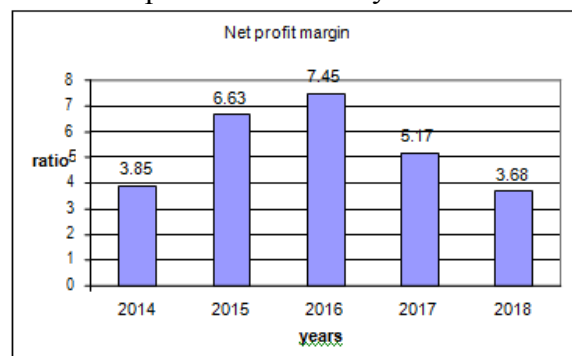
Interpretation:

Table two shows that the in operation profit was low, go between 103 and 142 rupees. Even so, the turnover is high and therefore the in operation result's low. because of the low in operation result, the in operation margin of profit was additionally terribly low and solely between 5 and 8.

Table No 3 : Net Profit Margin

| Year | Net Profit Margin (Rs in Lakhs) | Sales (Rs in Lakhs) | Net Profit Margin Ratio (%) |
|------|---------------------------------|---------------------|-----------------------------|
| 2014 | 63 | 1634.5 | 3.85 |
| 2015 | 92 | 1387 | 6.63 |
| 2016 | 113 | 1515.5 | 7.45 |
| 2017 | 104 | 2010.5 | 5.17 |
| 2018 | 91 | 2471.5 | 3.68 |

Source: Data collected from company Annual Reports of ‘Dr.Reddy’s



Graph No. 3

Interpretation:

Table three shows that profits when tax was low, go between Rs. 63 lakhs and 113 lakhs. because of the high payment of

operational prices, taxes and interest, the PAT was reached as low price. because of the low profits when taxes, Infobahn margin of profit was additionally terribly low, solely between 3 and 8 throughout the investigation amount.

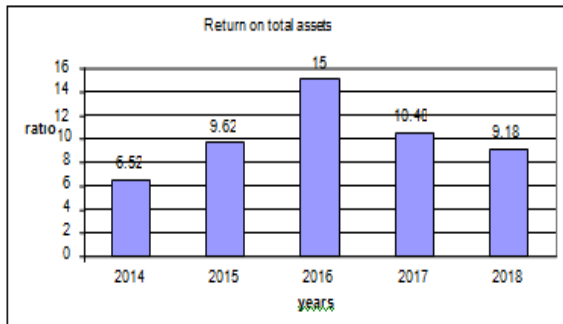
Table No 4: Earnings per Share

| Year | Net Profit After Tax (Rs in Lakhs) | No.Of.Shares (Rs in 000's) | Earnings per share (%) |
|------|------------------------------------|----------------------------|------------------------|
| 2014 | 63 | 22.6 | 2.78 |
| 2015 | 92 | 25.0 | 3.68 |
| 2016 | 113 | 96.9 | 1.17 |
| 2017 | 104 | 25.0 | 4.16 |
| 2018 | 91 | 31.9 | 2.85 |

Source: Data collected from company Annual Reports of 'Dr.Reddy's'

Table No 5: Return on Total Assets

| Year | Net Profit After Tax (Rs in Lakhs) | Total Assets (Rs in Lakhs) | Return on Total Assets (%) |
|------|------------------------------------|----------------------------|----------------------------|
| 2014 | 63 | 965 | 6.52 |
| 2015 | 92 | 956 | 9.62 |
| 2016 | 113 | 752 | 15 |
| 2017 | 104 | 992 | 10.48 |
| 2018 | 91 | 991 | 9.18 |



Source: Data collected from company Annual Reports of 'Dr.Reddy'sPvt Ltd'

Graph No. 5

Interpretation:

Table five shows that the come on total capital fluctuated throughout the investigation amount. because of the high earnings once taxes and also the high record total, the quantitative relation was high in 2016 and really low in 2014 because of the decline in earnings once taxes and also the increase in total assets.

Table No 6: Return on Equity

| Year | Earnings After tax (Rs in Lakhs) | Equity Share Holders (Rs in Lakhs) | Return on Equity Ratio (%) |
|------|----------------------------------|------------------------------------|----------------------------|
| 2014 | 63 | 529 | 11.9 |
| 2015 | 92 | 494 | 18.62 |
| 2016 | 113 | 454 | 24.88 |
| 2017 | 104 | 650 | 16 |
| 2018 | 91 | 1296 | 7.02 |

Source: Data collected from company Annual Reports of 'Dr.Reddy'sPvt Ltd'

CORRELATIONS

Table No 7: Gross Profit Margin

Correlations

| | | GROSS PROFIT | SALES |
|--------------|---------------------|--------------|-------|
| GROSS PROFIT | Pearson Correlation | 1 | .872 |
| | Sig. (2-tailed) | | .054 |
| | N | 5 | 5 |
| SALES | Person Correlation | .872 | 1 |
| | Sig. (2-tailed) | .054 | |
| | N | 5 | 5 |

Interpretation:

The correlation between gross profit margin and sales is 0.872; this suggests that there's a powerful association between the 2 variables. The P worth corresponds to a

significance level of 50. Therefore, the link between the 2 variables is vital.

Table No 8: Operating Profit Margin

| Correlations | | | |
|------------------|---------------------|-------|------------------|
| | | SALES | OPERATING PROFIT |
| SALES | Pearson Correlation | 1 | .844 |
| | Sig.(2-tailed) | | .072 |
| | N | 5 | 5 |
| OPERATING PROFIT | Person Correlation | .844 | 1 |
| | Sig. (2- tailed) | .072 | |
| | N | 5 | 5 |

Interpretation:

The correlation between operational financial gain and sales is 0.844. this implies that there's a powerful association between the 2 variables. The P worth is bigger than the importance worth of 50 significance level. Therefore, it's insignificant.

Table No 9: Net Profit Margin

| Correlations | | | |
|--------------------|---------------------|-------|--------------------|
| | | SALES | EARNINGS AFTER TAX |
| SALES | Pearson Correlation | 1 | .020 |
| | Sig.(2-tailed) | | .974 |
| | N | 5 | 5 |
| EARNINGS AFTER TAX | Person Correlation | .020 | 1 |
| | Sig. (2- tailed) | .974 | |
| | N | 5 | 5 |

Interpretation:

The parametric statistic between turnover and result when taxis of 0.020, that contains a low association between the 2 variables and therefore the P price (0.974), is additionally additional vital with a significance level of 50. Therefore, the link is insignificant.

FINDINGS

- Dr.Reddy's revenue has fully grown over the years, that is why the net margin

declined from 2014 to 2018. net and sales accumulated in 2016, with net conjointly dropping tonineteen.56%.

- The operational gross margin magnitude relation represents the pure profit of Dr.Reddy's. It rose for an exact amount from 2014 to 2016, that isn't an honest indicator that the operational gross margin of Dr.Reddy'sPvt Ltd fell from 2017 to 2018.
- cyberspace gross margin magnitude relation, that measures the profitableness of a Dr.Reddys sale when deduction of all expenses, interest, taxes and preference shares dividends, accumulated from three.85% to 7.45% throughout the amount beneath review. Reddy's PvtLtd.
- Earnings per share area unit closely monitored by the general public and area unit thought of to be a vital indicator of company success. The earnings per share of Dr.Reddy accumulated from 2014 to 2016 within the coverage amount. this is often an honest indicator of each the performance of the management and potential shareholders. within the year 2017 to 2018 increase.
- the corporate has accumulated its come on assets. It rose considerably from six.52% to 9.18%. at intervals the cut-off date. This demonstrates the power and effectiveness of Dr.Reddy's management to exploit offeredassets.
- The come on equity, that measures the come generated by the participation of normal shareholders within the company, accumulated dramatically from 2014 to 2016 to between eleven.9 and 24.88. This figure reflects that management takes into consideration the funds endowed when beingreduced.
- the performance of Dr.Reddy in terms of profitableness sounds sensible. The Dr.Reddy market is growing and coming an appropriate return on investment. He has sensible prospects for the longrun.

SUGGESTIONS

- Dr. Reddy's revenues square measure high, however it's been found that the lucre margin, that represents the quantity remaining to hide operational, finance and tax expenses, is low compared to revenues thanks to high expenditures value of products sold . Therefore, Dr.Reddys ought to use consistent techniques and money pointers to cut back the value of products sold . This helps to hide each the money and tax prices and to get a lot of financial gain from profit on cetax.
- The operational financial gain, that represents profits from the manufacture and sale of merchandise, is low compared to the sales volume of Dr.Reddy's. Therefore, the corporate needs to cut back its expenses to pay its debts and to realize a better profit on cetax.
- Earnings once taxes, that square measure accessible to standard shareholders, are low compared to Dr. Reddy's. this is often thanks to the impact of high expenses on value of sales and alternative expenses. This issue ought to be controlled by following and financial policy.
- Earnings per share, that measures the value of a stock relative to the most performance indicators of economic markets, aren't encouraging.
- though Dr.Reddy's is profitable and offers sensible future prospects, it should rigorously management the value of products sold and cut back its prices to avoid tough money circumstances within the future.

CONCLUSION

The analysis showed that net profit, operational profit, income margin, come back on equity and come back on assets were low and declining. it had been additionally noted that there's Associate in Nursing insignificant link between the operational ratio, net and sales. Therefore,

it's complete that the gain of the Dr.Reddy company throughout the study amount isn't satisfactory.

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