

## Cipla

### Performance Highlights

Y/E March (` cr)	1QFY2018	4QFY2017	% chg qoq	1QFY2017	% chg yoy
<b>Net sales</b>	<b>3,432</b>	<b>3,487</b>	<b>(1.6)</b>	<b>3,556</b>	<b>(3.5)</b>
Other income	244	118	107.3	119	105.0
Gross profit	2,256	2,172	3.9	2,186	3.2
Operating profit	554	411	34.7	517	7.1
<b>Adj. Net profit</b>	<b>409</b>	<b>212</b>	<b>93.1</b>	<b>339</b>	<b>20.6</b>

Source: Company, Angel Research

Cipla posted poor set of numbers for 1QFY2018. Sales came in at `3,432cr (`3,789cr expected) v/s. `3,566cr in 1QFY2017, a yoy de-growth of 3.5%, mainly driven by the dip in Indian formulation sales. Indian formulation sales registered (`1,271cr) a yoy dip of 12.9%, mainly on the back of GST implementation. On operating front, the EBITDA margins came in at 16.1% (15.5% expected) v/s. 14.8% in 1QFY2017. Thus, the PAT came in at `409cr (`346cr expected) v/s. `339cr in 1QFY2017, a yoy growth of 20.6%. **We maintain our SELL.**

**Results lower than our expectations, driven mainly by other income:** Sales came in at `3,432cr (`3,789cr expected) v/s. `3,566cr in 1QFY2017, a yoy de-growth of 3.5%. Indian formulation sales posted (`1,271cr) a yoy dip of 12.9%, mainly on the back of GST implementation. Its other market USA (US\$100mn), posted 2.0% yoy growth. South Africa (ZAR 998mn), posted a 10.0% yoy growth. On operating front, the EBITDA margins came in at 16.1% (15.5% expected) v/s. 14.8% in 1QFY2017, mainly on the back of lower than expected sales during the quarter and 11.2% rise in the other expenses. Thus, the PAT came in at `409cr (`346cr expected) v/s. `339cr in 1QFY2017, a yoy growth of 20.6%.

**Outlook and valuation:** We expect the company to post a 16.7% CAGR in net sales to `19,437cr and EPS to record a 38.7% CAGR to `24.1 over FY2017–19E. **We re-iterate our SELL stance on the stock.**

### Key financials (Consolidated)

Y/E March (` cr)	FY2016	FY2017	FY2018E	FY2019E
<b>Net sales</b>	<b>13,494</b>	<b>14,281</b>	<b>16,619</b>	<b>19,437</b>
% chg	15.5	5.8	16.4	17.0
<b>Adj. Net profit</b>	<b>1,360</b>	<b>1,006</b>	<b>1,568</b>	<b>1,936</b>
% chg	(13.8)	(26.0)	55.8	23.5
<b>EPS (`)</b>	<b>16.9</b>	<b>12.5</b>	<b>19.5</b>	<b>24.1</b>
EBITDA margin (%)	16.2	14.9	15.4	16.2
P/E (x)	34.9	47.1	30.2	24.5
RoE (%)	12.2	8.4	11.9	13.1
RoCE (%)	9.1	4.4	9.2	10.9
P/BV (x)	4.1	3.8	3.4	3.0
EV/Sales (x)	3.8	3.5	3.0	2.5
EV/EBITDA (x)	23.5	23.7	19.6	15.7

Source: Company, Angel Research; Note: CMP as of August 16, 2017

## SELL

CMP	₹590
Target Price	₹458

Investment Period	-
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### Stock Info

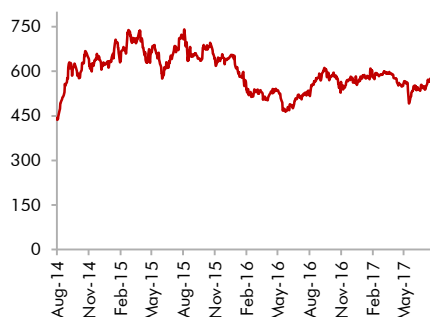
Sector	Pharmaceutical
Market Cap (₹ cr)	47,493
Net Debt (₹ cr)	3,488
Beta	0.7
52 Week High / Low	622/479
Avg. Daily Volume	69,441
Face Value (₹)	2
BSE Sensex	31,771
Nifty	9,897
Reuters Code	CIPL.BO
Bloomberg Code	CIPLA@IN

### Shareholding Pattern (%)

Promoters	36.7
MF / Banks / Indian Fls	17.9
FII / NRIs / OCBs	26.9
Indian Public / Others	18.5

Abs. (%)	3m	1yr	3yr
Sensex	8.0	13.2	20.4
Cipla	2.4	6.6	25.6

### 3-Year Daily Price Chart



Source: Company, Angel Research

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**Exhibit 1: 1QFY2018 ( Consolidated) performance**

Y/E March ( ₹ cr)	1QFY2018	4QFY2017	% chg qoq	1QFY2017	% chg yoy	FY2017	FY2016	% chg yoy
<b>Net sales</b>	<b>3,432</b>	<b>3,487</b>	<b>(1.6)</b>	<b>3,556</b>	<b>(3.5)</b>	<b>14,281</b>	<b>13,494</b>	<b>5.8</b>
Other income	244.1	117.8	107.3	119.1	105.0	578.1	504.1	14.7
<b>Total income</b>	<b>3,676</b>	<b>3,605</b>	<b>2.0</b>	<b>3,675</b>	<b>0.0</b>	<b>14,859</b>	<b>13,998</b>	<b>6.1</b>
Gross profit	2256	2172	3.9	2186	3.2	8964	8404	6.7
<b>Gross margin</b>	<b>65.7</b>	<b>62.3</b>		<b>61.5</b>		<b>62.8</b>	<b>62.3</b>	
Operating profit	554	411	34.7	517	7.1	2126	2184	(2.6)
<b>OPM (%)</b>	<b>16.1</b>	<b>11.8</b>		<b>14.5</b>		<b>14.9</b>	<b>16.2</b>	
Interest	27.9	33.4		31.5	(11.5)	159	207	(22.9)
Depreciation	213	632	(66.2)	204	4.7	1323	754	75.4
<b>PBT</b>	<b>557</b>	<b>(137)</b>	<b>-</b>	<b>401</b>	<b>-</b>	<b>1222</b>	<b>1727</b>	<b>(29.2)</b>
Provision for taxation	131	(76)	-	55	-	180	332	(45.8)
<b>PAT before extra-ordinary item</b>	<b>426</b>	<b>(61)</b>	<b>-</b>	<b>346</b>	<b>23.2</b>	<b>1042</b>	<b>1395</b>	<b>(25.3)</b>
Share of Profit /( loss ) of asso.	17	1		7		36	35	
Extra-ordinary items/(income)		0		0		0	0	
<b>PAT after extra-ordinary item</b>	<b>409</b>	<b>(62)</b>	<b>-</b>	<b>339</b>	<b>20.6</b>	<b>1006</b>	<b>1360</b>	<b>(26.0)</b>
<b>Adj. PAT</b>	<b>409</b>	<b>212</b>	<b>93.1</b>	<b>339</b>	<b>20.6</b>	<b>1006</b>	<b>1360</b>	<b>(26.0)</b>
<b>EPS ( ₹ )</b>	<b>5.1</b>	<b>2.6</b>		<b>4.2</b>		<b>12.5</b>	<b>16.9</b>	

Source: Company, Angel Research

**Exhibit 2: 1QFY2018 – Actual vs. Angel estimates**

( ₹ cr)	Actual	Estimates	Variance
<b>Net sales</b>	<b>3,432</b>	<b>3,789</b>	<b>(9.4)</b>
Other income	244	119	104.9
Operating profit	554	588	(5.9)
Tax	131	66	97.7
<b>Net profit</b>	<b>409</b>	<b>346</b>	<b>18.1</b>

Source: Company, Angel Research

**Top-line growth lower than expectation**

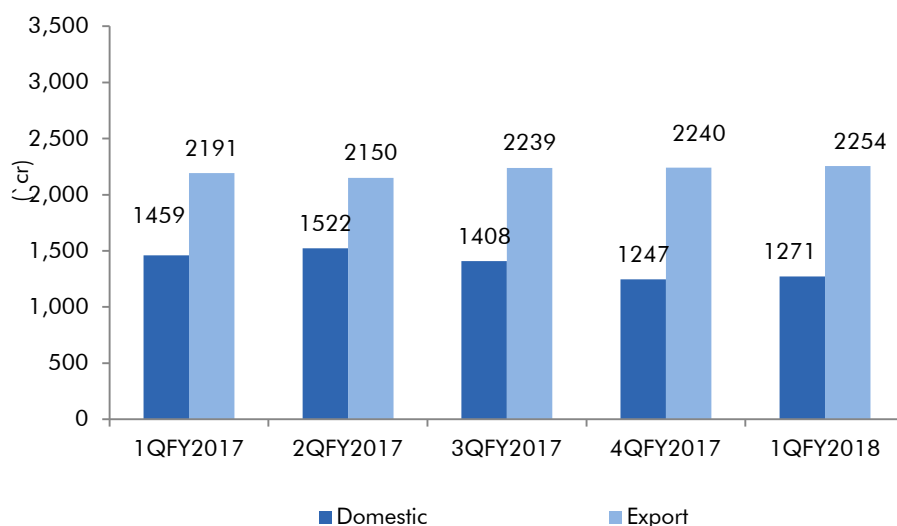
Sales came in at ₹3,432cr (₹3,789cr expected) v/s. ₹3,500cr in 1QFY2017, a yoy de-growth of 1.9%, mainly driven by the dip in Indian formulation sales. Indian formulation sales registered (₹1,271cr) a yoy dip of 12.9%, mainly on the back of GST implementation. The company expects domestic business to grow at low-to-mid-teens in coming quarters. Exports (₹2255cr) posted a yoy growth of 9.9%.

USA (US\$100mn) posted a yoy growth of 2% in \$ terms. Cipla is now one of the fastest growing generics players in the US, strong DTM performance i.e. 9 of the 48 (19%) in IMS are in the leadership (no 1) position, while 28 of 48 (58%) products ranked among Top 3 in their segments. 3 ANDAs have been filed, during the quarter, with 25 expected to be filed in FY2018. In terms of the launches, the company launched 4 new products, addressing a total market size of US\$ 390mn; 10+ launches planned for the remaining 9 months. As on July 30, 2017, the company had 238 ANDA's with 142 ANDA's approved.

South Africa (SA) (ZAR998mn) registered a growth of ~10% over the last year. Strong growth in private market; As per IMS MAT (Jun'2017), Cipla grew at

10.3% in the private market v/s. 9.2% market growth. Cipla maintained its overall ranking in SA as the 4th largest pharmaceutical company; including the tender business, Cipla is the 3rd largest pharmaceuticals company in SA. Emerging market sales (US\$113mn) posted a flat growth.

**Exhibit 3: Sales Trend**

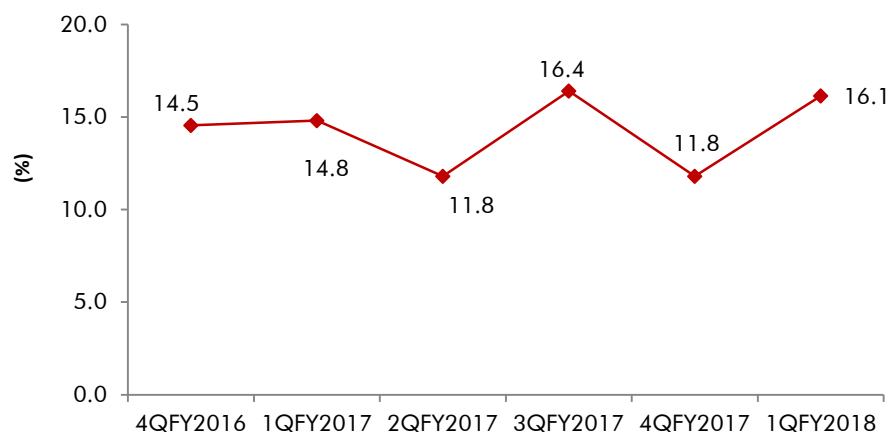


Source: Company

**Operating profit margin better than expectation**

On operating front, the EBITDA margins came in at 16.1% (15.5% expected) v/s. 14.8% in 1QFY2017, mainly on the back of lower than expected sales during the quarter and an 11.2% rise in the other expenses. Gross margins came in at 65.7% v/s. 60.8% in 1QFY2017. Total R&D investments for this quarter were at 6.0% of revenues.

**Exhibit 4: OPM Trend**

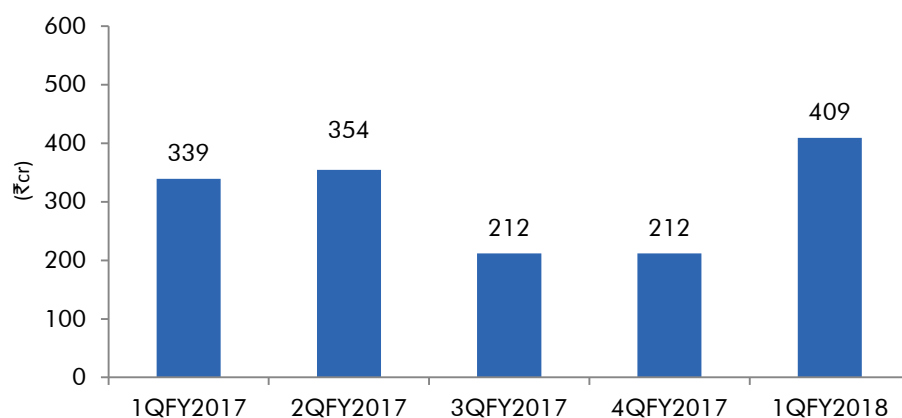


Source: Company

### Net profit better than expectation; aided by other income

Thus, the PAT came in at ` 409cr (` 346cr expected) v/s. ` 339cr in 1QFY2017, a yoy growth of 20.6%. This was also aided by the other income during the quarter, which came in at ` 244.1cr v/s. ` 119.1cr during the last corresponding period.

#### Exhibit 5: Net Profit Trend



Source: Company

### Concall takeaways

- R&D is expected to remain at 8% in FY2018E, and not more than 9% in coming years.
- Pricing pressure in US stood at high-single-digit to low-double-digit.
- Capex expected to be around ` 700-800cr in FY2018.
- In USA, the company expects to file 20-25 ANDAs in FY2018.
- EBITDA margin guidance maintained at mid-to-high teens for FY2018.

### Recommendation rationale

**Export segment to be the growth driver:** Cipla exports to more than 180 countries, with growth coming through marketing alliances and distribution tie-ups in various markets. Exports contributed 60% to the total turnover in FY2017, with Africa, US and Latin America constituting more than ~60% of total exports. In the US, Cipla has a strong product pipeline of 238 ANDAs, out of which, 142 are approved. Another long term growth driver for the company is the launch of the CFC-free inhalers in the regulated markets. CFC-free inhalers in Europe and US address a potential market size of more than US\$3bn. Overall, we expect the company's exports to grow at a CAGR of 18.7% during FY2017-19E.

**Increasing penetration in the domestic market:** Cipla is one of the largest players in the domestic formulation market with a market share of around 5.3%. Domestic formulations contributed 40% to the company's total turnover in FY2017. The company is the market leader in key therapeutic areas such as respiratory care,

anti-viral and urological. Cipla's distribution network in India consists of a field force of around 7,000-8,000 employees. The company plans to increase its focus on domestic markets with new therapies such as oncology and neuro-psychiatry in the offing. The company plans to focus on growing its market share and sales by increasing penetration in the Indian market, especially in rural areas, and plans to expand its product portfolio by launching biosimilars, particularly related to the oncology, anti-asthmatic and anti-arthritis categories. Overall, we expect the company's domestic formulation business to post a CAGR of 13.5% over FY2017-19E.

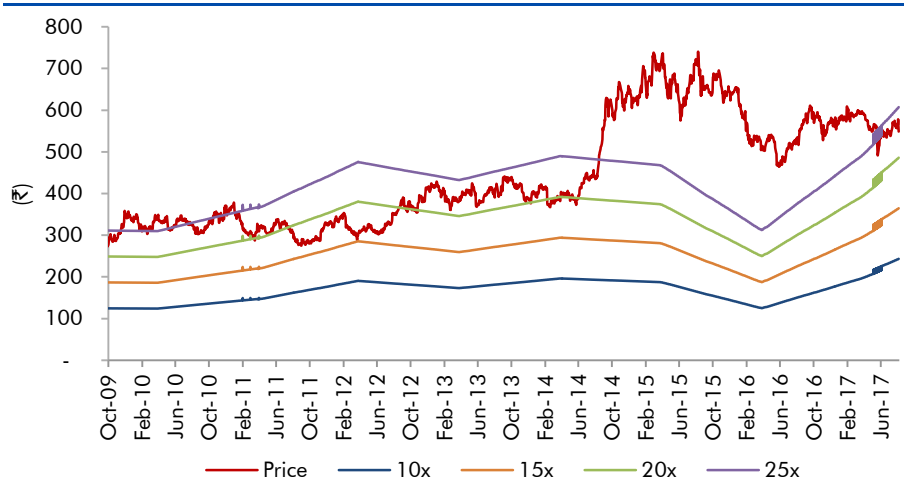
**Valuation:** We expect the company to post a 16.7% CAGR in net sales to ₹19,437cr and EPS to record a 38.7% CAGR to ₹24.1 over FY2017-19E. The growth in the top-line would be driven by domestic formulation sales and exports. **We maintain our SELL stance on the stock.**

#### Exhibit 6: Key assumptions

Key assumptions	FY2018E	FY2019E
Domestic growth (%)	13.0	15.0
Exports growth (%)	18.6	18.8
Growth in employee expenses (%)	15.0	15.0
Operating margins (excl tech. know-how fees) (%)	15.4	16.2

Source: Company, Angel Research

#### Exhibit 7: One-year forward PE band



Source: Company, Angel Research

**Exhibit 8: Recommendation Summary**

Company	Reco	CMP (₹)	Tgt. price (₹)	Upside			FY2019E		FY17-19E		FY2019E
				%	PE (x)	EV/Sales (x)	EV/EBITDA (x)	CAGR in EPS (%)	RoCE (%)	RoE (%)	
Alembic Pharma	Buy	515	600	16.5	18.9	2.1	11.0	12.8	24.3	20.6	
Aurobindo Pharma	Buy	714	823	15.3	13.9	2.1	9.7	14.2	25.3	22.7	
Cadila Healthcare	Reduce	484	426	(11.9)	22.7	3.7	18.0	21.0	17.3	22.9	
<b>Cipla</b>	<b>Sell</b>	<b>590</b>	<b>458</b>	<b>(22.4)</b>	<b>24.5</b>	<b>2.5</b>	<b>15.7</b>	<b>38.7</b>	<b>10.9</b>	<b>13.1</b>	
Dr Reddy's	Accumulate	1,999	2,219	11.0	18.0	2.0	11.2	23.6	11.2	13.0	
Dishman Pharma	Under Review	293	-	-	18.9	1.3	10.1	(7.2)	2.9	2.5	
GSK Pharma	Neutral	2,365	-	-	40.4	5.4	30.3	30.6	28.9	26.5	
Indoco Remedies	Sell	193	153	(20.9)	15.2	1.5	10.1	23.0	11.3	15.6	
Ipca labs	Buy	420	620	47.6	16.7	1.3	8.5	27.9	12.8	11.2	
Lupin	Buy	962	1,467	52.5	14.4	2.0	8.4	8.2	20.5	17.5	
Sanofi India*	Reduce	4,127	3,845	(6.8)	26.8	2.8	16.5	9.2	23.9	25.8	
Sun Pharma	Buy	485	558	15.0	19.6	3.2	14.4	8.0	12.3	15.2	

Source: Company, Angel Research; Note: \* December year ending

### Company Background

Cipla is a leading pharmaceutical company in India with a strong presence in both, the export and domestic markets. On the exports front, where it follows the partnership model, it has 5,700 product registrations in around 180 countries. Cipla is a market leader in the domestic formulation market with ~5.3% market share. The company is likely to continue on the growth trajectory owing to its entry into the inhalers market in the EU and potential new long-term manufacturing contracts with Global Innovators.

**Profit & loss statement (Consolidated)**

Y/E March (₹ cr)	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>Gross sales</b>	<b>9,902</b>	<b>11,861</b>	<b>13,709</b>	<b>14,497</b>	<b>16,871</b>	<b>19,732</b>
Less: Excise duty	149.3	179.7	215.0	216.4	251.8	294.5
<b>Net sales</b>	<b>9,753</b>	<b>11,681</b>	<b>13,494</b>	<b>14,281</b>	<b>16,619</b>	<b>19,437</b>
Other operating income	348	348	296	349	349	349
<b>Total operating income</b>	<b>10,100</b>	<b>12,029</b>	<b>13,790</b>	<b>14,630</b>	<b>16,968</b>	<b>19,786</b>
% chg	22.0	19.1	14.6	6.1	16.0	16.6
Total expenditure	7,967	9,612	11,310	12,154	14,062	16,292
Net raw materials	3,875	4,556	5,090	5,317	6,199	7,250
Other mfg costs	827	993	1,142	1,313	1,510	1,736
Personnel	1,543	2,083	2,434	2,634	3,029	3,483
Other	1,722	1,981	2,645	2,891	3,324	3,823
<b>EBITDA</b>	<b>1,786</b>	<b>2,069</b>	<b>2,184</b>	<b>2,126</b>	<b>2,557</b>	<b>3,145</b>
% chg	(11.0)	15.9	5.5	(2.6)	20.3	23.0
(% of Net Sales)	18.3	17.7	16.2	14.9	15.4	16.2
Depreciation & amort.	373	457	754	1,323	848	944
<b>EBIT</b>	<b>1,413</b>	<b>1,613</b>	<b>1,430</b>	<b>803</b>	<b>1,709</b>	<b>2,201</b>
% chg	(15.6)	14.1	(11.4)	(43.8)	112.7	28.8
(% of Net Sales)	14.5	13.8	10.6	5.6	10.3	11.3
Interest & other charges	146	85	207	159	159	159
Other Income	266	266	209	229	229	229
(% of PBT)	14.1	12.4	12.1	18.7	10.7	8.7
<b>Recurring PBT</b>	<b>1,881</b>	<b>2,141</b>	<b>1,728</b>	<b>1,222</b>	<b>2,128</b>	<b>2,619</b>
% chg	(9.1)	13.8	(19.3)	(29.3)	74.1	23.1
Extraordinary exp./ (Inc.)	-	-	-	-	-	-
<b>PBT (reported)</b>	<b>1,881</b>	<b>2,141</b>	<b>1,728</b>	<b>1,222</b>	<b>2,128</b>	<b>2,619</b>
Tax	463.4	535.3	331.6	179.8	532.0	654.9
(% of PBT)	24.6	25.0	19.2	14.7	25.0	25.0
<b>PAT (reported)</b>	<b>1,417</b>	<b>1,606</b>	<b>1,396</b>	<b>1,042</b>	<b>1,596</b>	<b>1,965</b>
Add: Share of earnings of asso.	(12)	(12)	(12)	(7)	(10)	(9)
Less: Minority interest (MI)	16	16	23	29	18	19
Prior period items	-	-	-	-	-	-
<b>PAT after MI (reported)</b>	<b>1,388</b>	<b>1,578</b>	<b>1,360</b>	<b>1,006</b>	<b>1,568</b>	<b>1,936</b>
<b>ADJ. PAT</b>	<b>1,388</b>	<b>1,578</b>	<b>1,360</b>	<b>1,006</b>	<b>1,568</b>	<b>1,936</b>
% chg	(8.9)	13.6	(13.8)	(26.0)	55.8	23.5
(% of Net Sales)	14.2	13.5	10.1	7.0	9.4	10.0
<b>Basic EPS (₹)</b>	<b>17.3</b>	<b>19.6</b>	<b>16.9</b>	<b>12.5</b>	<b>19.5</b>	<b>24.1</b>
<b>Fully Diluted EPS (₹)</b>	<b>17.3</b>	<b>19.6</b>	<b>16.9</b>	<b>12.5</b>	<b>19.5</b>	<b>24.1</b>
% chg	(8.9)	13.6	(13.8)	(26.0)	55.8	23.5

**Balance sheet (Consolidated)**

Y/E March (₹ cr)	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>SOURCES OF FUNDS</b>						
Equity share capital	161	161	161	161	161	161
Preference Capital	-	-	-	-	-	-
Reserves & surplus	9,890	10,629	11,356	12,365	13,744	15,493
<b>Shareholders funds</b>	<b>10,050</b>	<b>10,801</b>	<b>11,516</b>	<b>12,525</b>	<b>13,905</b>	<b>15,653</b>
Minority interest	50	180	350	438	438	438
Total loans	1,247.9	1,701.8	5,191.4	4,112.6	4,112.6	4,112.6
Other long term liabilities	32.6	32.6	32.6	32.6	32.6	32.6
Long Term Provisions	77.4	168.4	255.6	263.5	263.5	263.5
Deferred tax liability	309.0	284.6	897.0	588.8	588.8	588.8
<b>Total liabilities</b>	<b>11,767</b>	<b>13,169</b>	<b>18,243</b>	<b>17,961</b>	<b>19,341</b>	<b>21,089</b>
<b>APPLICATION OF FUNDS</b>						
Gross block	6,183	6,868	8,293	9,999	11,199	12,399
Less: acc. depreciation	2,180	2,634	3,388	4,711	5,559	6,503
<b>Net block</b>	<b>4,003</b>	<b>4,234</b>	<b>4,905</b>	<b>5,288</b>	<b>5,640</b>	<b>5,896</b>
Capital work-in-progress	<b>442</b>	<b>442</b>	<b>442</b>	<b>442</b>	<b>442</b>	<b>442</b>
Goodwill	2,493	2,735	6,084	5,427	5,427	5,427
<b>Investments</b>	<b>709</b>	<b>640</b>	<b>757</b>	<b>973</b>	<b>973</b>	<b>973</b>
Long Term Loans and Adv.	301	419	603	773	899	1,052
Current assets	5,340	7,201	8,259	7,900	9,284	11,187
Cash	175	564	871	624	808	1,274
Loans & advances	596	701	958	857	997	1,166
Others	4,569	5,936	6,429	6,419	7,479	8,747
Current liabilities	1,634	2,501	2,806	2,841	3,324	3,887
<b>Net current assets</b>	<b>3,706</b>	<b>4,700</b>	<b>5,453</b>	<b>5,059</b>	<b>5,960</b>	<b>7,299</b>
Mis. Exp. not written off	112	-	-	-	-	-
<b>Total assets</b>	<b>11,767</b>	<b>13,169</b>	<b>18,243</b>	<b>17,961</b>	<b>19,341</b>	<b>21,089</b>



**Cash flow statement (Consolidated)**

Y/E March (` cr)	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
Profit before tax	1,881	2,141	2,007	1,222	2,145	2,636
Depreciation	373	457	542	1,323	831	927
(Inc)/Dec in Working Capital	(149)	(722)	(629)	(23)	(844)	(1,026)
Direct taxes paid	431	537	632	-	-	-
<b>Cash Flow from Operations</b>	<b>1,673</b>	<b>1,339</b>	<b>1,287</b>	<b>2,522</b>	<b>2,132</b>	<b>2,537</b>
(Inc.)/Dec.in Fixed Assets	(930)	(684)	(1,213)	(1,706)	(1,200)	(1,200)
(Inc.)/Dec. in Investments	1,824	69	(117)	(216)	-	-
Other income	-	-	-	-	-	-
<b>Cash Flow from Investing</b>	<b>894</b>	<b>(616)</b>	<b>(1,330)</b>	<b>(1,922)</b>	<b>(1,200)</b>	<b>(1,200)</b>
Issue of Equity	-	-	-	-	-	-
Inc./Dec.) in loans	311	545	3,577	(1,071)	-	-
Dividend Paid (Incl. Tax)	(188)	(188)	(188)	(188)	(188)	(188)
Others	(2,658)	(692)	(3,039)	412	(564)	(687)
<b>Cash Flow from Financing</b>	<b>(2,535)</b>	<b>(335)</b>	<b>350</b>	<b>(847)</b>	<b>(752)</b>	<b>(875)</b>
Inc./Dec.) in Cash	32	389	307	(247)	180	462
<b>Opening Cash balances</b>	<b>143</b>	<b>175</b>	<b>564</b>	<b>871</b>	<b>624</b>	<b>804</b>
<b>Closing Cash balances</b>	<b>175</b>	<b>564</b>	<b>871</b>	<b>624</b>	<b>804</b>	<b>1,266</b>

**Key Ratio**

Y/E March	FY2014	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	34.1	30.0	34.9	47.1	30.2	24.5
P/CEPS	26.9	23.3	22.4	20.3	19.6	16.5
P/BV	4.7	4.4	4.1	3.8	3.4	3.0
Dividend yield (%)	0.3	0.3	0.3	0.3	0.3	0.3
EV/Sales	4.9	4.1	3.8	3.5	3.0	2.5
EV/EBITDA	27.0	23.3	23.5	23.7	19.6	15.7
EV / Total Assets	4.1	3.7	2.8	2.8	2.6	2.3
<b>Per Share Data (₹)</b>						
EPS (Basic)	17.3	19.6	16.9	12.5	19.5	24.1
EPS (fully diluted)	17.3	19.6	16.9	12.5	19.5	24.1
Cash EPS	21.9	25.3	26.3	29.0	30.1	35.9
DPS	2.0	2.0	2.0	2.0	2.0	2.0
Book Value	125.2	134.5	143.3	155.9	173.1	194.8
<b>Dupont Analysis</b>						
EBIT margin	14.5	13.8	10.6	5.6	10.3	11.3
Tax retention ratio	75.4	75.0	80.8	85.3	75.0	75.0
Asset turnover (x)	0.9	1.0	0.9	0.8	0.9	1.0
ROIC (Post-tax)	10.1	10.3	7.9	4.0	7.3	8.8
Cost of Debt (Post Tax)	9.9	4.3	4.8	2.9	2.9	2.9
Leverage (x)	0.1	0.0	0.0	1.0	2.0	3.0
Operating ROE	10.1	10.3	7.9	5.2	16.1	26.3
<b>Returns (%)</b>						
ROCE (Pre-tax)	12.8	12.9	9.1	4.4	9.2	10.9
Angel ROIC (Pre-tax)	15.3	17.8	14.1	7.2	14.2	16.5
ROE	14.6	15.1	12.2	8.4	11.9	13.1
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	1.8	1.8	1.8	1.6	1.6	1.7
Inventory / Sales (days)	95	96	100	87	88	91
Receivables (days)	60	74	58	66	67	70
Payables (days)	41	55	73	49	50	50
WC cycle (ex-cash) (days)	124	116	115	112	103	103
<b>Solvency ratios (x)</b>						
Net debt to equity	0.1	0.1	0.4	0.3	0.2	0.2
Net debt to EBITDA	0.6	0.5	2.0	1.6	1.3	0.9
Interest Coverage (EBIT/Int.)	-	-	-	-	-	-

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	Cipla
1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

**Ratings (Based on expected returns over 12 months investment period):**

Buy (> 15%)

Accumulate (5% to 15%)  
Reduce (-5% to -15%)

Neutral (-5 to 5%)  
Sell (< -15)