

## Cadila Healthcare

### Performance Highlights

Y/E March (₹ cr)	3QFY2017	2QFY2017	% chg (qoq)	3QFY2016	% chg (yoy)
<b>Net sales</b>	<b>2,250</b>	<b>2336</b>	<b>(3.7)</b>	<b>2268</b>	<b>(0.8)</b>
Other income	78	40	93.3	123	(36.6)
Gross profit	1350	1493	(9.6)	1507	(10.4)
Operating profit	343	499	(31.4)	500	(31.5)
<b>Adj. Net profit</b>	<b>282</b>	<b>338</b>	<b>(16.6)</b>	<b>431</b>	<b>(34.7)</b>

Source: Company, Angel Research

For 3QFY2017, Cadila Healthcare posted lower than expected results with sales at ₹2,250cr (v/s. ₹2,800cr expected) v/s. ₹2,268cr in 3QFY2016, a yoy de-growth of 0.8%. The dip in sales was on the back of the US (₹886.9cr, a yoy dip of 17.2%). On the operating front, the EBITDA margin came in at 15.2% (v/s. 22.1% expected) v/s. 22.0% in 3QFY2016. The GPM's came in at 60% (v/s. 66.5% in 3QFY2016), which resulted in dip in OPM. The Adj. net profit came in at ₹282cr (v/s. ₹517cr expected) v/s. ₹431cr in 3QFY2016, a yoy de-growth of 34.7%. **We remain Neutral.**

**Results lower than expected:** Sales at ₹2,250cr (v/s. ₹2,800cr expected) v/s. ₹2,268cr in 3QFY2016, posted a yoy de-growth of 0.8%. The dip in sales was on the back of poor performance from the US (₹886.9cr, a yoy dip of 17.2%). On the operating front, the EBITDA margin came in at 15.2% (v/s. 22.1% expected) vs. 22.0% in 3QFY2016. The GPM's came in at 60% (v/s. 66.5% in 3QFY2016), which resulted in dip in OPM. The Adj. net profit came in at ₹282cr (v/s. ₹517cr expected) v/s. ₹431cr in 3QFY2016, a yoy de-growth of 34.7%.

**Outlook and valuation:** We expect Cadila's net sales to post 15.2% CAGR to ₹12,569cr and EPS to report 13.5% CAGR to ₹19.2 over FY2016–18E. **We maintain our Neutral rating on the stock.**

### Key financials (Consolidated)

Y E March (₹ cr)	FY2015	FY2016	FY2017E	FY2018E
<b>Net sales</b>	<b>8,497</b>	<b>9,469</b>	<b>10,393</b>	<b>12,569</b>
% chg	20.4	11.4	9.8	20.9
<b>Net profit</b>	<b>1,159</b>	<b>1,524</b>	<b>1,340</b>	<b>1,964</b>
% chg	41.5	31.5	(12.1)	46.6
<b>EPS</b>	<b>11.3</b>	<b>14.9</b>	<b>13.1</b>	<b>19.2</b>
EBITDA margin (%)	18.8	21.2	17.7	21.6
P/E (x)	38.8	29.5	33.6	22.9
RoE (%)	30.1	31.7	22.8	27.1
RoCE (%)	20.2	23.1	17.4	23.6
P/BV (x)	10.6	8.4	7.0	5.6
EV/Sales (x)	5.4	4.8	4.3	3.5
EV/EBITDA (x)	28.8	22.7	24.4	16.0

Source: Company, Angel Research; Note: CMP as of February 21, 2017

## NEUTRAL

CMP ₹440  
Target Price

Investment Period -

### Stock Info

Sector	Pharmaceutical
Market Cap (₹ cr)	45,034
Net debt (₹ cr)	1,550
Beta	0.8
52 Week High / Low	460 / 305
Avg. Daily Volume	92,837
Face Value (₹)	1
BSE Sensex	28,762
Nifty	8,908
Reuters Code	CADI.BO
Bloomberg Code	CDH@IN

### Shareholding Pattern (%)

Promoters	74.8
MF / Banks / Indian Fls	9.4
FII / NRIs / OCBs	10.2
Indian Public / Others	5.6

Abs.(%)	3m	1yr	3yr
Sensex	10.8	21.3	38.9
Cadila	18.6	34.4	131.4

### 3-Year Daily Price Chart



Source: Company, Angel Research

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**Exhibit 1: 3QFY2017 performance (Consolidated)**

Y/E March (₹ cr)	3QFY2017	2QFY2017	% chg (qoq)	3QFY2016	% chg (yoy)	9MFY2017	9MFY2016	% chg
<b>Net Sales</b>	<b>2,250</b>	<b>2,336</b>	<b>(3.7)</b>	<b>2,268</b>	<b>(0.8)</b>	<b>6,802</b>	<b>6,801</b>	<b>0.0</b>
Other Income	78	40	93.3	123	(36.6)	205	367	(44.3)
<b>Total Income</b>	<b>2,328</b>	<b>2,377</b>	<b>(2.1)</b>	<b>2,391</b>	<b>(2.7)</b>	<b>7,007</b>	<b>7,169</b>	<b>(2.3)</b>
Gross profit	1350	1493	(9.6)	1507	(10.4)	4286	4433	(3.3)
<b>Gross margin (%)</b>	<b>60.0</b>	<b>63.9</b>		<b>66.5</b>		<b>63.0</b>	<b>65.2</b>	
Operating profit	343	499	(31.4)	500	(31.5)	1291	1486	(13.2)
<b>Operating Margin (%)</b>	<b>15.2</b>	<b>21.4</b>		<b>22.0</b>		<b>19.0</b>	<b>21.9</b>	
Financial Cost	7	19	(64.7)	12	(45.5)	35	37	(5.1)
Depreciation	90	86	3.9	74	21.2	261	216	20.8
PBT	324	435	(25.3)	537	(39.6)	1200	1601	(25.1)
Tax	50	107	(52.8)	91	(44.4)	254	240	5.7
<b>Adj. PAT before Extra-ordinary item</b>	<b>274</b>	<b>328</b>	<b>(16.4)</b>	<b>446</b>	<b>(38.6)</b>	<b>946</b>	<b>1361</b>	<b>(30.5)</b>
Exceptional loss/(gain)	(0)	(9)		(1)		0	(3)	
Minority	(8)	18	-	16		(30)	5	
<b>Reported PAT</b>	<b>282</b>	<b>338</b>	<b>(16.6)</b>	<b>431</b>	<b>(34.6)</b>	<b>975</b>	<b>1366</b>	<b>(28.6)</b>
<b>Adj. PAT</b>	<b>282</b>	<b>338</b>	<b>(16.6)</b>	<b>431</b>	<b>(34.7)</b>	<b>976</b>	<b>1369</b>	<b>(28.7)</b>
<b>EPS (₹)</b>	<b>2.8</b>	<b>3.3</b>		<b>4.2</b>		<b>9.5</b>	<b>13.4</b>	

Source: Company, Angel Research

**Exhibit 2: 3QFY2017 – Actual vs. Angel estimates**

(₹ cr)	Actual	Estimates	Variance
<b>Net Sales</b>	<b>2,250</b>	<b>2,800</b>	<b>(19.7)</b>
Operating profit	343	619	(44.6)
Tax	50	115	(56.1)
<b>Net profit</b>	<b>282</b>	<b>517</b>	<b>(45.5)</b>

Source: Company, Angel Research

**Revenue lower than our expectation**

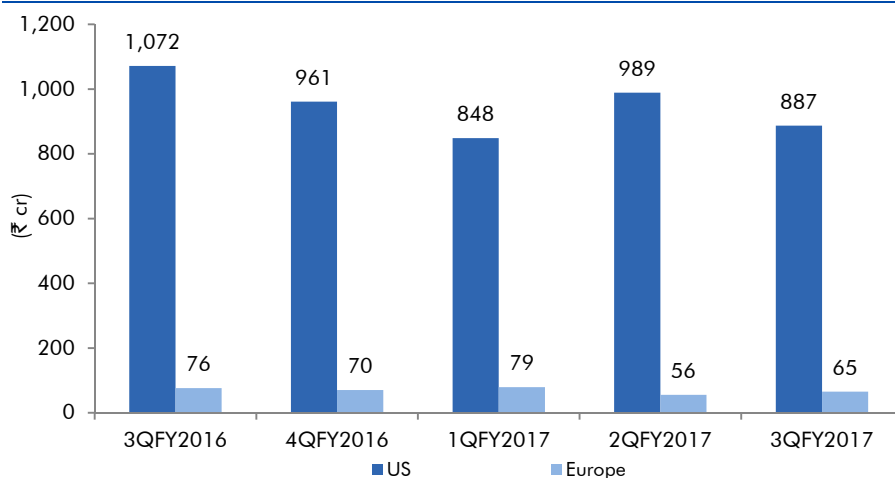
In INR terms, the consolidated revenues came in at ₹2,250cr (v/s. ₹2,800cr expected) v/s. ₹2,268cr in 3QFY2016, de-growth of 0.8% yoy, owing to the pressure on the US generic market.

The Formulation business sales (₹1,863cr, down 4.0% yoy), was mainly due to the US (₹886.9cr, 17.2% dip yoy), Indian Formulation (₹796.8cr, a yoy growth 10.7%), Emerging market Formulation (₹113cr, a yoy up 20.6%) and Latin America formulation (₹65.9cr, a yoy growth of 21.1%). The other Business & Alliances (₹438.9cr) grew by 16.2% yoy. Europe Formulation (₹65.3cr, a yoy dip of 14.1%), Consumer Wellness (₹111.3cr, a yoy growth of 0.2%), Animal Healthcare (₹113.4cr, a yoy growth of 44.4%), API (₹105.3cr, a yoy growth of 25.7%) and Alliances (₹43.5cr, a yoy dip of 53.9%).

US revenues declined ~17.2% yoy, mainly on base business base, primarily due to Loss of Bupropion sales and pricing pressure in Tamsulosin. The company launched 1 new product in the US in 3QFY2017. Cumulatively the company has received 107 ANDA approvals, till date. The management has guided for 8-9 additional ANDA approvals by Mar'2017. Additionally Cadila filed 30 ANDAs in 2QFY2017; cumulatively the company has > 200 pending ANDA's in the US market.

LatAm (Latin America) business was the only bright spot along with the Emerging markets as revenues increased by ~21%yoy to ₹65.9cr in 3QFY2017 and by 20.6% yoy to ₹1,139cr respectively.

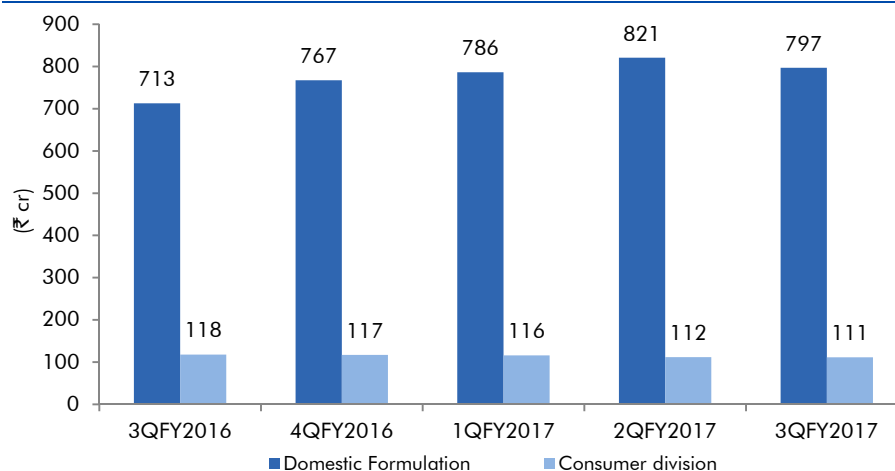
**Exhibit 3: Sales trend in the US and Europe**



Source: Company, Angel Research

The growth in the domestic market (~49% of sales) was of 14.9% yoy, mainly led by Animal Health & Others (₹1,134cr), which grew by 44.4%; while formulations (₹796.8cr) grew by 10.7% yoy. API (₹105.3cr), on the other hand, grew by 25.7% yoy.

**Exhibit 4: Sales trend in Domestic Formulation and Consumer Wellness Divisions**

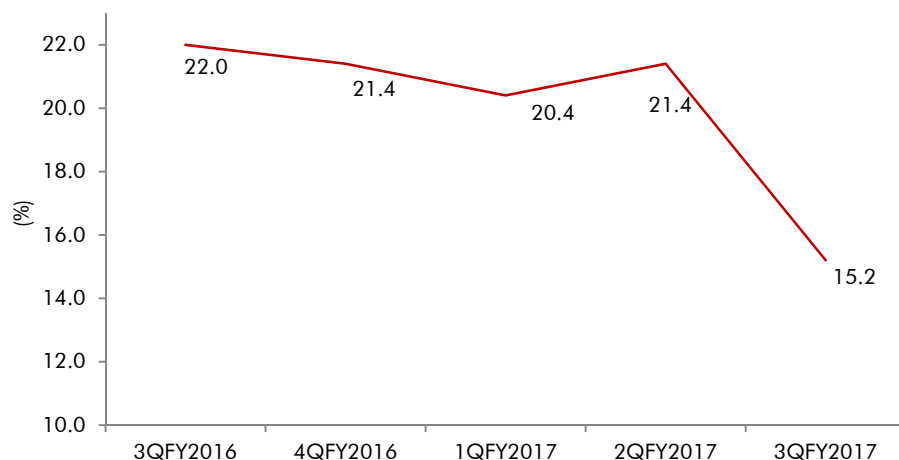


Source: Company, Angel Research

**OPM lower than expectation**

On the operating front, the EBITDA margin came in at 15.2% (v/s. 22.1% expected) vs. 22.0% in 3QFY2016. R&D expenditure, during the quarter, came in at 9.8% (v/s. 10.4% of sales in 3QFY2016). The dip in the OPM, came on back of the GPM coming at 60.0% (vs. 66.5% in 3QFY2016).

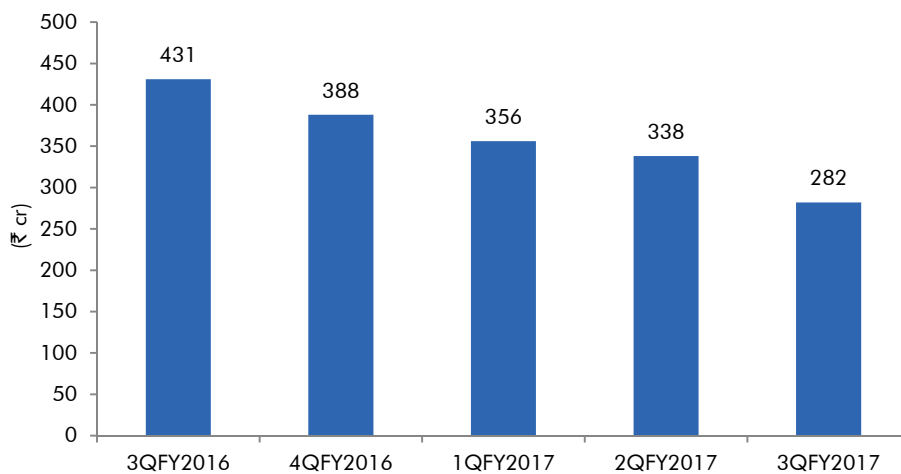
**Exhibit 5: OPM trend**



Source: Company, Angel Research

**Net profit plunges 34.7% yoy:** Consequently, the Adj. PAT came in at ₹282cr (v/s. ₹517cr expected) v/s. ₹281.6cr in 3QFY2016), yoy de-growth of 34.7%. Moreover, the dip in the net profit was also impacted due to the lower other income, which came in at ₹78.1cr (v/s. ₹123cr in 3QFY2016), a yoy dip of 36.6%.

**Exhibit 6: Adjusted Net profit trend**



Source: Company, Angel Research

**Concall takeaways**

- Specialty business to contribute ~30% of US sales in four years.
- Moraiya remediation to start from February 2017.
- 20 ANDA approvals expected in FY2018 (excluding Moraiya plant).
- Setynl sales are ~US\$58mn and will be part of company’s sales for ~70 days in 4QFY2017. Sentyln growth is expected to be ~25% yoy.

## Recommendation rationale

**Strong domestic portfolio:** Cadila is the fifth largest player in the domestic market with sales of about ₹2,973cr in FY2016; the domestic market contributes ~39% to its top-line. The company enjoys a leadership position in the CVS, GI, women healthcare and respiratory segments, and has a sales force of 4,500 executives. The company, on an aggressive front, launched more than 75 new products in FY2014. During FY2009-14, the company reported a ~13% CAGR in its top-line in the domestic formulation business.

Further, the company has a strong consumer division through its stake in Zydus Wellness, which has premium brands such as *Sugarfree*, *Everyuth* and *Nutralite* under its umbrella. This segment, which contributes ~4.7% of sales, registered a growth of 3.2% during FY2016.

Going forward, the company expects the segment to grow at an above-industry rate on the back of new product launches and field force expansion. In FY2014, sales were lower; however, FY2016 witnessed a rebound. During FY2016-18E, we expect the domestic segment to grow at a CAGR of 9.4%.

**Exports on a strong footing:** Cadila has a two-fold focus on exports, wherein it is targeting developed as well as emerging markets, which contributed around 61% to its FY2016 top-line. The company has established a formidable presence in the developed markets of US, Europe (France and Spain) and Japan. In the US, the company achieved critical scale of ₹3,393cr on the sales front in FY2016. The growth in exports to the US along with other regions like Europe would be driven by new product launches, going forward. Overall, exports are expected to post a CAGR of 16.7% over FY2016-18E.

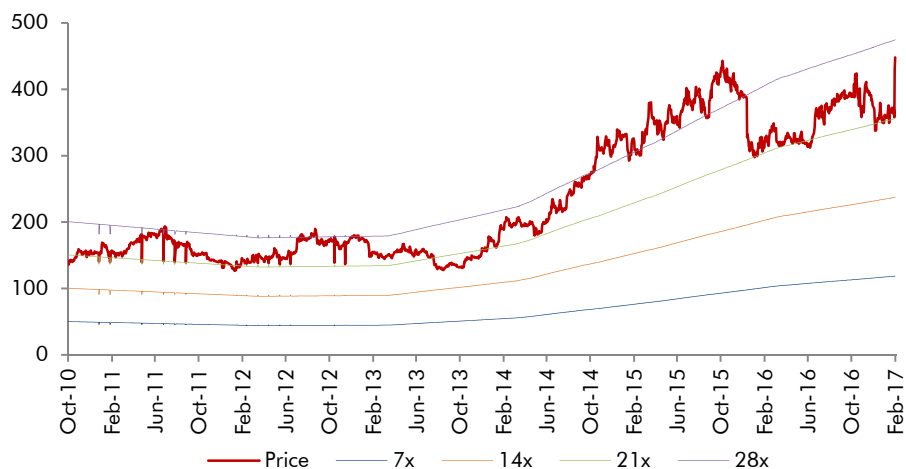
## Outlook and valuation

We expect Cadila's net sales to post 15.2% CAGR to ₹12,569cr and EPS to report 13.5% CAGR to ₹19.2 over FY2016-18E. **We maintain our Neutral rating on the stock.**

### Exhibit 7: Key Assumptions

Key assumptions	FY2017E	FY2018E
Domestic growth (%)	9.0	13.0
Exports growth (%)	10.0	25.7
Growth in employee expenses (%)	16.8	13.5
Operating margins (excl tech. know-how fees) (%)	17.7	21.6
Capex (₹ cr)	650	650

Source: Company, Angel Research

**Exhibit 8: One-year forward PE band**


Source: Company

**Company background:** Cadila Healthcare's operations range across API, formulations, animal health products and cosmeceuticals. The group has global operations spread across USA, Europe, Japan, Brazil, South Africa and 25 other emerging markets. Having already achieved the US\$1bn sales mark in 2011, the company aims to be a research-driven pharmaceutical company by 2020.

**Exhibit 9: Recommendation Summary**

Company	Reco	CMP (₹)	Tgt. price (₹)	Upside %	PE (x)	FY2018E		FY16-18E	FY2018E	
						EV/Sales (x)	EV/EBITDA (x)	CAGR in EPS (%)	RoCE (%)	RoE (%)
Alembic Pharma	Neutral	593	-	-	19.5	2.6	12.2	(10.8)	27.5	25.3
Aurobindo Pharma	Buy	686	877	27.9	14.5	2.4	10.1	18.1	22.5	26.1
<b>Cadila Healthcare</b>	<b>Neutral</b>	<b>440</b>	<b>-</b>	<b>-</b>	<b>22.9</b>	<b>3.6</b>	<b>16.6</b>	<b>13.5</b>	<b>23.6</b>	<b>27.1</b>
Cipla	Sell	593	465	(21.5)	24.2	2.7	16.3	14.2	12.2	13.9
Dr Reddy's	Neutral	2,899	-	-	22.1	2.6	11.4	(2.7)	15.3	15.2
Dishman Pharma	Neutral	229	-	-	20.3	2.3	10.0	13.3	10.3	10.9
GSK Pharma*	Neutral	2,683	-	-	44.5	6.8	32.8	16.9	37.5	34.5
Indoco Remedies	Reduce	272	240	(11.8)	17.0	2.0	10.9	33.2	19.1	20.1
Ipca labs	Accumulate	554	613	10.7	28.1	1.9	12.7	36.5	8.8	9.4
Lupin	Buy	1,469	1,809	23.1	21.2	4.0	13.1	17.2	24.4	20.9
Sanofi India	Neutral	4,186	-	-	24.3	3.2	17.4	22.2	25.6	28.8
Sun Pharma	Buy	673	847	25.8	19.1	4.0	12.2	26.5	18.9	20.1

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

**Profit & Loss statement (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Gross sales</b>	<b>6,285</b>	<b>7,208</b>	<b>8,658</b>	<b>9,660</b>	<b>10,589</b>	<b>12,806</b>
Less: Excise duty	129	148	161	190	196	237
<b>Net sales</b>	<b>6,155</b>	<b>7,060</b>	<b>8,497</b>	<b>9,469</b>	<b>10,393</b>	<b>12,569</b>
Other operating income	203	164	154	368	368	368
<b>Total operating income</b>	<b>6,358</b>	<b>7,224</b>	<b>8,651</b>	<b>9,838</b>	<b>10,762</b>	<b>12,938</b>
% chg	20.8	13.6	19.8	13.7	9.4	20.2
Total expenditure	5,232	6,024	6,896	7,457	8,552	9,850
Net raw materials	2,320	2,714	3,197	3,277	3,846	4,274
Other mfg costs	387	443	534	595	653	790
Personnel	903	1,071	1,209	1,334	1,559	1,770
Other	1,622	1,796	2,107	2,252	2,494	3,017
<b>EBITDA</b>	<b>923</b>	<b>1,036</b>	<b>1,601</b>	<b>2,012</b>	<b>1,842</b>	<b>2,719</b>
% chg	1.4	12.3	54.6	25.6	-8.5	47.7
(% of Net Sales)	15.0	14.7	18.8	21.2	17.7	21.6
Dep. & amortisation	183	201	287	302	393	439
<b>EBIT</b>	<b>740</b>	<b>835</b>	<b>1,314</b>	<b>1,710</b>	<b>1,448</b>	<b>2,280</b>
% chg	(1.7)	12.8	57.4	30.1	(15.3)	57.5
(% of Net Sales)	12.0	11.8	15.5	18.1	13.9	18.1
Interest & other charges	169	90	68	49	84	84
Other income	37	51	55	94	94	94
(% of PBT)	5	5	4	4	5	4
<b>Recurring PBT</b>	<b>811</b>	<b>959</b>	<b>1,456</b>	<b>2,124</b>	<b>1,826</b>	<b>2,658</b>
% chg	2.1	18.3	51.8	45.9	(14.0)	45.6
Extraordinary exp./(Inc.)	-	17	10	2	-	-
<b>PBT (reported)</b>	<b>811</b>	<b>942</b>	<b>1,445</b>	<b>2,124</b>	<b>1,826</b>	<b>2,658</b>
Tax	119.5	106.0	259.4	571.1	456.5	664.6
(% of PBT)	14.7	11.3	17.9	26.9	25.0	25.0
<b>PAT (reported)</b>	<b>692</b>	<b>836</b>	<b>1,186</b>	<b>1,553</b>	<b>1,370</b>	<b>1,994</b>
Less: Minority int. (MI)	36.4	32.6	35.5	30.0	30.0	30.0
<b>PAT after MI (reported)</b>	<b>655</b>	<b>804</b>	<b>1,151</b>	<b>1,523</b>	<b>1,340</b>	<b>1,964</b>
<b>ADJ. PAT</b>	<b>655</b>	<b>819</b>	<b>1,159</b>	<b>1,524</b>	<b>1,340</b>	<b>1,964</b>
% chg	0.8	25.0	41.5	31.5	(12.1)	46.6
(% of Net Sales)	10.6	11.4	13.5	16.1	16.6	15.9
<b>Adj. Basic EPS (₹)</b>	<b>6.4</b>	<b>8.0</b>	<b>11.3</b>	<b>14.9</b>	<b>16.9</b>	<b>19.2</b>
<b>Adj. Fully Diluted EPS (₹)</b>	<b>6.4</b>	<b>8.0</b>	<b>11.3</b>	<b>14.9</b>	<b>16.9</b>	<b>19.2</b>
% chg	0.8	25.0	41.5	31.5	13.4	13.5

**Balance Sheet (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>SOURCES OF FUNDS</b>						
Equity share capital	102	102	102	102	102	102
Reserves & Surplus	2,938	3,337	4,149	5,250	6,302	7,978
<b>Shareholders funds</b>	<b>3,040</b>	<b>3,439</b>	<b>4,252</b>	<b>5,352</b>	<b>6,404</b>	<b>8,081</b>
<b>Minority interest</b>	<b>119</b>	<b>144</b>	<b>169</b>	<b>135</b>	<b>165</b>	<b>195</b>
Total loans	2,681	2,265	2,334	2,107	2,107	2,107
Other Long Term Liabilities	47	55	43	61	45	46
Long Term Provisions	64	76	110	77	78	79
Deferred tax liability	100	96	59	88	121	122
<b>Total liabilities</b>	<b>6,053</b>	<b>6,075</b>	<b>6,966</b>	<b>7,820</b>	<b>8,798</b>	<b>10,505</b>
<b>APPLICATION OF FUNDS</b>						
Gross block	4,104	3,756	4,353	5,296	5,946	6,596
Less: Acc. depreciation	1,358	1,540	1,827	2,130	2,523	2,962
<b>Net block</b>	<b>2,746</b>	<b>2,214</b>	<b>2,526</b>	<b>3,166</b>	<b>3,423</b>	<b>3,634</b>
Capital Work-in-Progress	248	892	892	892	892	892
Goodwill	862	908	733	733	733	733
<b>Investments</b>	<b>21</b>	<b>87</b>	<b>154</b>	<b>266</b>	<b>266</b>	<b>266</b>
Long Term Loans and Adv.	411	495	637	756	663	728
Current assets	3,191	3,391	4,105	4,205	5,635	7,656
Cash	582	549	670	695	1,617	2,866
Loans & advances	279	341	334	335	336	337
Other	2,330	2,501	3,102	3,174	3,682	4,453
<b>Current liabilities</b>	<b>1,426</b>	<b>1,912</b>	<b>2,081</b>	<b>2,196</b>	<b>2,814</b>	<b>3,403</b>
<b>Net Current assets</b>	<b>1,765</b>	<b>1,480</b>	<b>2,024</b>	<b>2,008</b>	<b>2,821</b>	<b>4,253</b>
Mis. Exp. not written off	-	-	-	(1)	-	-
<b>Total assets</b>	<b>6,053</b>	<b>6,075</b>	<b>6,966</b>	<b>7,820</b>	<b>8,798</b>	<b>10,505</b>



**Cash Flow Statement (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
Profit before tax	811	942	1,445	2,124	1,826	2,658
Depreciation	183	201	287	302	393	439
(Inc)/Dec in Working Cap.	(223)	168	(565)	(78)	202	(247)
Less: Other income	37	51	55	94	94	94
Direct taxes paid	119	106	259	571	457	665
<b>Cash Flow from Operations</b>	<b>614</b>	<b>1,154</b>	<b>853</b>	<b>1,683</b>	<b>1,871</b>	<b>2,091</b>
(Inc.)/Dec.in Fixed Assets	(860)	(296)	(597)	(943)	(650)	(650)
(Inc.)/Dec. in Investments	3	(65)	(68)	(112)	-	-
Other income	37	51	55	94	94	94
<b>Cash Flow from Investing</b>	<b>(820)</b>	<b>(310)</b>	<b>(609)</b>	<b>(960)</b>	<b>(556)</b>	<b>(556)</b>
Issue of Equity	-	-	-	-	-	-
Inc./Dec.) in loans	382	(397)	91	(242)	(16)	2
Dividend Paid (Incl. Tax)	(175)	(216)	(287)	(287)	(287)	(287)
Others	115	(264)	74	(168)	(90)	(1)
<b>Cash Flow from Financing</b>	<b>322</b>	<b>(877)</b>	<b>(122)</b>	<b>(697)</b>	<b>(393)</b>	<b>(286)</b>
Inc./Dec.) in Cash	116	(33)	121	25	922	1,249
<b>Opening Cash balances</b>	<b>467</b>	<b>582</b>	<b>549</b>	<b>670</b>	<b>695</b>	<b>1,617</b>
<b>Closing Cash balances</b>	<b>582</b>	<b>549</b>	<b>670</b>	<b>695</b>	<b>1,617</b>	<b>2,866</b>

### Key Ratios

Y/E March	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	68.7	55.0	38.8	29.5	33.6	22.9
P/CEPS	53.6	44.0	31.1	24.6	25.9	18.7
P/BV	14.8	13.1	10.6	8.4	7.0	5.6
Dividend yield (%)	1.7	1.7	1.7	1.7	1.7	1.7
EV/Sales	7.6	6.6	5.4	4.8	4.3	3.5
EV/EBITDA	50.6	44.7	28.8	22.7	24.4	16.0
EV / Total Assets	7.7	7.6	6.6	5.8	5.1	4.1
<b>Per Share Data (₹)</b>						
EPS (Basic)	6.4	8.0	11.3	14.9	13.1	19.2
EPS (fully diluted)	6.4	8.0	11.3	14.9	13.1	19.2
Cash EPS	8.2	10.0	14.2	17.9	17.0	23.5
DPS	7.5	7.5	7.5	7.5	7.5	7.5
Book Value	29.7	33.6	41.5	52.3	62.6	78.9
<b>Dupont Analysis</b>						
EBIT margin	12.0	11.8	15.5	18.1	13.9	18.1
Tax retention ratio	85.3	88.7	82.1	73.1	75.0	75.0
Asset turnover (x)	1.2	1.3	1.5	1.5	1.5	1.7
ROIC (Post-tax)	12.8	13.8	18.6	19.4	15.7	23.8
Cost of Debt (Post Tax)	5.8	3.2	2.4	1.6	3.0	3.0
Leverage (x)	0.7	0.6	0.4	0.3	0.2	0.0
Operating ROE	17.7	20.1	25.8	25.2	17.9	23.8
<b>Returns (%)</b>						
ROCE (Pre-tax)	13.2	13.8	20.2	23.1	17.4	23.6
Angel ROIC (Pre-tax)	19.5	20.6	31.3	33.6	26.2	39.4
ROE	23.3	25.3	30.1	31.7	22.8	27.1
<b>Turnover ratios (x)</b>						
Asset Turnover (Gr. Block)	1.8	1.8	2.1	2.0	1.9	2.1
Inventory / Sales (days)	66	69	61	56	69	78
Receivables (days)	54	57	57	45	55	63
Payables (days)	42	55	46	45	50	53
WC (ex-cash) (days)	66	53	48	49	43	37
<b>Solvency ratios (x)</b>						
Net debt to equity	0.7	0.5	0.4	0.3	0.1	(0.1)
Net debt to EBITDA	2.3	1.7	1.0	0.7	0.3	(0.3)
Int. Coverage (EBIT / Int.)	4.4	9.3	19.4	35.2	17.2	27.1

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### Cadila Healthcare

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)