

## Cipla

### Performance Highlights

Y/E March (₹ cr)	3QFY2017	2QFY2017	% chg qoq	3QFY2016	% chg yoy
<b>Net sales</b>	<b>3,550</b>	<b>3,672</b>	<b>(3.3)</b>	<b>3,070</b>	<b>15.6</b>
Other income	251	106	135.7	149	68.7
Gross profit	2,249	2,342	(4.0)	1,843	22.0
Operating profit	580	602	(3.5)	382	52.0
<b>Adj. Net profit</b>	<b>375</b>	<b>354</b>	<b>5.8</b>	<b>258</b>	<b>45.2</b>

Source: Company, Angel Research

Cipla posted numbers lower than expected for 3QFY2017. The company reported sales of ₹3,550cr v/s ₹3,737cr expected, registering a yoy growth of 15.6%, mainly aided by domestic formulations. Domestic at ₹1,408cr registered a yoy growth of 19.1%, while exports at ₹2,239cr posted yoy growth of 13.7%. On operating front, the EBITDA margins came in at 16.4% (v/s 16.5% expected) v/s 12.4% in 3QFY2016. Consequently, Adj. PAT came in at ₹375cr (v/s ₹498cr expected) v/s ₹258cr in 3QFY2016, yoy growth of 45.2%. **We maintain our SELL rating on the stock.**

**Results much lower than our expectations:** Company posted sales of ₹3,550cr v/s ₹3,737cr expected, registering a yoy growth of 15.6%, mainly aided by domestic formulations. Domestic at ₹1,408cr registered a yoy growth of 19.1%, while exports at ₹2,239cr posted yoy growth of 13.7%. On operating front, the EBITDA margins, came in at 16.4% (v/s 16.5% expected) v/s 12.4% in 3QFY2016. Consequently, Adj. PAT came in at ₹375cr (v/s ₹498cr expected) v/s ₹258cr in 3QFY2016, yoy growth of 45.2%.

**Outlook and valuation:** We expect the company to post a 16.3% CAGR in net sales to ₹18,089cr and EPS to record a 14.2% CAGR to ₹24.5 over FY2016–18E. **We reiterate our SELL stance on the stock.**

#### Key financials (Consolidated)

Y/E March (₹ cr)	FY2015	FY2016	FY2017E	FY2018E
<b>Net sales</b>	<b>11,681</b>	<b>13,372</b>	<b>15,378</b>	<b>18,089</b>
% chg	19.8	14.5	15.0	17.6
<b>Adj. Net profit</b>	<b>1,578</b>	<b>1,506</b>	<b>1,546</b>	<b>1,964</b>
% chg	13.6	(4.5)	2.7	27.0
<b>EPS (₹)</b>	<b>19.6</b>	<b>18.8</b>	<b>19.3</b>	<b>24.5</b>
EBITDA margin (%)	17.7	16.4	15.7	16.8
P/E (x)	29.6	31.0	30.2	23.8
RoE (%)	15.1	13.3	12.3	13.9
RoCE (%)	12.9	10.7	9.8	12.2
P/BV (x)	4.3	3.9	3.5	3.1
EV/Sales (x)	4.1	3.8	3.3	2.7
EV/EBITDA (x)	23.0	23.0	20.7	16.3

Source: Company, Angel Research; Note: CMP as of February 13, 2017

## SELL

CMP	₹581
Target Price	₹465

Investment Period	-
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Stock Info	
Sector	Pharmaceutical
Market Cap (₹ cr)	46,764
Net Debt (₹ cr)	563
Beta	0.6
52 Week High / Low	622/458
Avg. Daily Volume	1,70,389
Face Value (₹)	2
BSE Sensex	28,352
Nifty	8,805
Reuters Code	CIPL.BO
Bloomberg Code	CIPLA@IN

Shareholding Pattern (%)	
Promoters	36.7
MF / Banks / Indian Fls	20.1
FII / NRIs / OCBs	24.4
Indian Public / Others	18.8

Abs. (%)	3m	1yr	3yr
Sensex	5.7	23.3	40.4
Cipla	5.7	10.0	52.6

#### 3-Year Daily Price Chart



Source: Company, Angel Research

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

Y/E March (₹ cr)	3QFY2017	2QFY2017	% chg QoQ	3QFY2016	% chg yoy	9MFY2017	9MFY2016	% chg yoy
<b>Net sales</b>	<b>3,550</b>	<b>3,672</b>	<b>(3.3)</b>	<b>3,070</b>	<b>15.6</b>	<b>10,778</b>	<b>10,166</b>	<b>6.0</b>
Other income	250.7	106.4	135.7	148.6	68.7	476.2	400.1	19.0
<b>Total income</b>	<b>3,801</b>	<b>3,778</b>	<b>0.6</b>	<b>3,218</b>	<b>18.1</b>	<b>11,254</b>	<b>10,566</b>	<b>6.5</b>
Gross profit	2249	2342	(4.0)	1843	22.0	6776	6463	4.8
<b>Gross margin</b>	<b>63.3</b>	<b>63.8</b>		<b>60.0</b>		<b>62.9</b>	<b>63.6</b>	
Operating profit	580	602	(3.5)	382	52.0	1699	2036	(16.5)
<b>OPM (%)</b>	<b>16.4</b>	<b>16.4</b>		<b>12.4</b>		<b>15.8</b>	<b>20.0</b>	
Interest	59.3	35.2		31.4	88.9	126	125	0.8
Depreciation	258	229	12.5	177	45.9	691	400	72.7
PBT	514	444	15.9	322	59.4	1359	1911	(28.9)
Provision for taxation	128	72	78.4	50	154.8	255	443	(42.3)
<b>PAT before extra-ordinary item</b>	<b>386</b>	<b>372</b>	<b>3.8</b>	<b>272</b>	<b>41.8</b>	<b>1103</b>	<b>1468</b>	<b>(24.8)</b>
Share of Profit /( loss ) of asso.	(9)	(17)		(3)		25	(7)	
Extra-ordinary items/(income)	0	0		9		0	36	
<b>PAT after extra-ordinary item</b>	<b>375</b>	<b>354</b>	<b>5.8</b>	<b>261</b>	<b>43.9</b>	<b>1068</b>	<b>1453</b>	<b>(26.5)</b>
<b>Adj. PAT</b>	<b>375</b>	<b>354</b>	<b>5.8</b>	<b>258</b>	<b>45.2</b>	<b>1068</b>	<b>1453</b>	<b>(26.5)</b>
<b>EPS (₹)</b>	<b>4.7</b>	<b>4.4</b>		<b>3.2</b>		<b>13.3</b>	<b>18.1</b>	

Source: Company, Angel Research

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

(₹ cr)	Actual	Estimates	Variance
<b>Net sales</b>	<b>3,550</b>	<b>3,737</b>	<b>(5.0)</b>
Other income	251	117	115.0
Operating profit	580	618	(6.1)
Tax	128	97	32.5
<b>Net profit</b>	<b>375</b>	<b>498</b>	<b>(24.7)</b>

Source: Company, Angel Research

**Top-line growth lower than expectation**

Company posted sales of ₹3,550cr v/s ₹3,737cr expected, registering a yoy growth of 15.6%, mainly aided by domestic formulations. Domestic formulation at ₹1,408cr registered a yoy growth of 19.1%, while exports at ₹2,239cr, posted yoy growth of 13.7%.

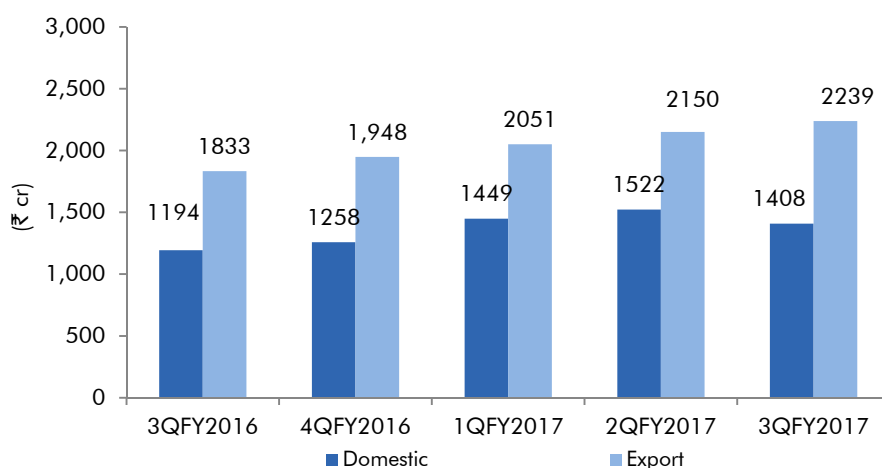
USA (₹662cr) posted a yoy growth of 127%, mainly on the back of acquisitions. The North America business (excluding the impact of one-offs and acquisitions) registered growth of ~21% compared to last year in Dollar terms. Invagen contributed ~50% of US sales. Cipla is now one of the fastest-growing generics player in the US, strong DTM performance i.e. 8 of the 413 (20%) in IMS are in the leadership (no 1) share position, while 23 of 41 (56%) products ranked among Top 3 in their segments. During YTD Dec FY2017, 21 ANDAs have been filed. Of these, 9 were P-IV with couple of them being FTF.

South Africa (ZAR1,023mn) registered a growth of ~13% over the last year. Continued leadership position in Respiratory, CNS, Oncology & Musculo Skeletal System segments with ~30% market share. Post integration of Actavis' portfolio, Cipla became the 4th largest pharma company in South Africa. Increased market

share to 5.8% in private market (IMS MAT Dec'16), up from 5% at the beginning of the financial year. Focus on higher-margin tenders and exploring in-licensing opportunities

Emerging market sales (US\$110mn) posted an overall de-growth of ~17% yoy in 3QFY2017. Decline of emerging markets (outside of Sub-Saharan Africa and ex-CGA) was driven by tender normalization. Cipla Global Access (CGA) de-growth was due to tender phasing.

### Exhibit 3: Sales Trend

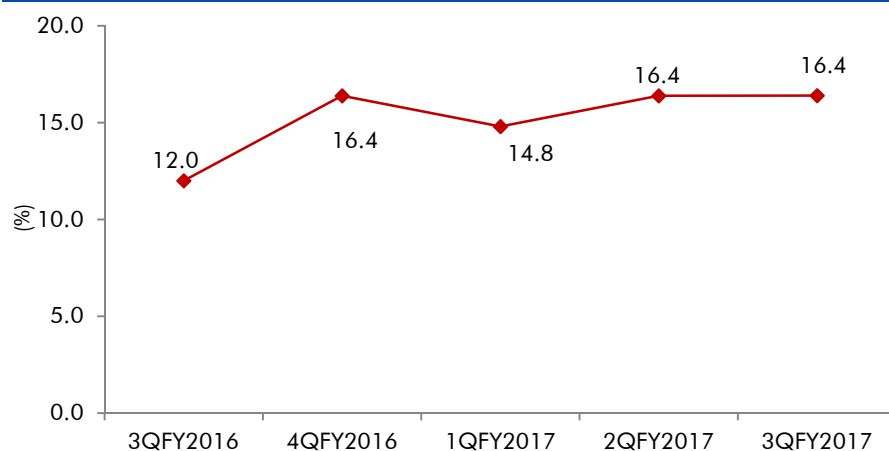


Source: Company

### Operating profit margin just in-line with expectation

On operating front, the EBITDA margins came in at 16.4% (v/s 16.5% expected) v/s 12.4% in 3QFY2016, mainly on the back of base effect. The other expenses during the quarter came in at ₹1,035cr, a rise of 17.4% yoy. Total R&D investments for this quarter were at 6.2% of revenues v/s 8% in 2QFY2017.

### Exhibit 4: OPM Trend

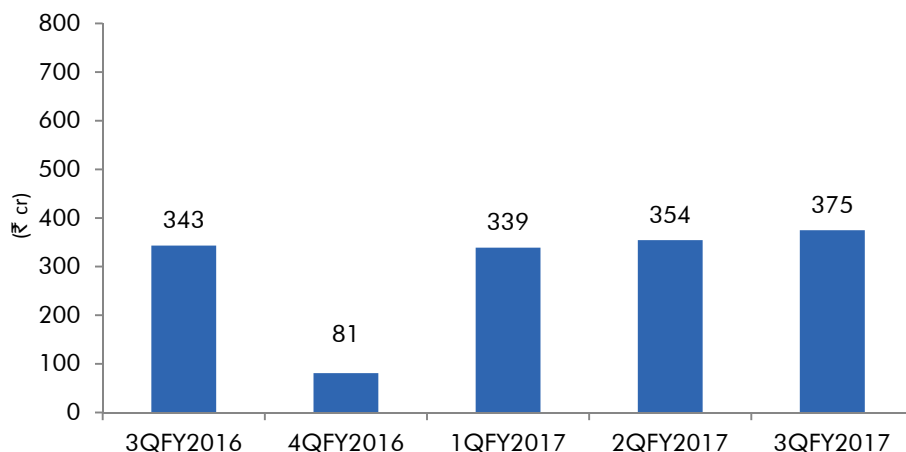


Source: Company

## Net profit lower than expectation

Consequently, Adj. PAT came in at ₹375cr (v/s ₹498cr expected) v/s ₹258cr in 3QFY2016, yoy growth of 45.2%. The Net profit came in lower than expected on back of higher taxations.

### Exhibit 5: Net Profit Trend



Source: Company

## Concall takeaways

- R&D as % of sales for the quarter stood at 6.2%; it is expected to be at ~8% in FY2017 as against ~6.5% in FY2016.
- In USA, the company expects to file 25 ANDAs in FY2017.
- DPCO and Fixed Dosage Combinations ban in domestic market expected to impact by ~2-3% for FY2017.
- Pending ANDAs at end-9MFY2017 stood at ~65 (incl. partnered products).

## 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 FY2016, with Africa, US and Latin America constituting more than ~60% of total exports. In the US, Cipla has a strong product pipeline of 168 ANDAs, out of which, 950 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.

During the quarter, the company strengthened its foothold in the US through the acquisition of InvaGen Pharma and Exelan Pharma. The companies added a pipeline of ~70 ANDAs of which 40 are approved (32 marketed) and 30 awaiting approval. The company is likely to add over US\$250mn in FY2017. It will also provide manufacturing capabilities in the US. Overall, we expect the company's exports to grow at a CAGR of 19.1% during FY2016-18E.

**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 FY2016. 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 relating to the oncology, anti-asthmatic and anti-arthritis categories. Overall we expect the company's domestic formulation business to post a CAGR of 14% over FY2016-18E.

**Valuation:** We expect the company to post a 16.3% CAGR in net sales to ₹18,089cr and EPS to record a 14.2% CAGR to ₹24.5 over FY2016–18E. The growth in the top-line would be driven by domestic formulation sales and exports.

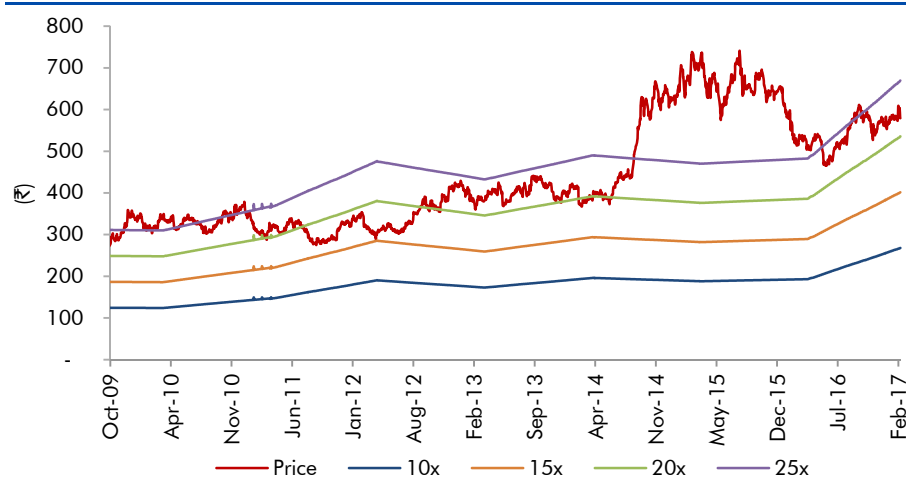
**We maintain our SELL stance on the stock.**

#### Exhibit 6: Key assumptions

Key assumptions	FY2017E	FY2018E
Domestic growth (%)	13.0	15.0
Exports growth (%)	19.1	19.2
Growth in employee expenses (%)	15.0	15.0
Operating margins (excl tech. know-how fees) (%)	15.7	16.8

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 %	FY2018E			FY16-18E	FY2018E	
					PE (x)	EV/Sales (x)	EV/EBITDA (x)	CAGR in EPS (%)	RoCE (%)	RoE (%)
Alembic Pharma	Neutral	556	-	-	18.3	2.4	11.4	(10.8)	27.5	25.3
Aurobindo Pharma	Buy	664	877	32.1	14.0	2.3	9.8	18.1	22.5	26.1
Cadila Healthcare	Accumulate	372	400	7.5	19.4	3.0	13.6	13.4	22.7	25.7
<b>Cipla</b>	<b>Sell</b>	<b>581</b>	<b>465</b>	<b>(20.0)</b>	<b>23.8</b>	<b>2.7</b>	<b>16.3</b>	<b>14.2</b>	<b>12.2</b>	<b>13.9</b>
Dr Reddy's	Neutral	2,965	-	-	20.8	2.7	11.9	1.7	16.2	15.9
Dishman Pharma	Neutral	225	-	-	19.9	2.2	9.8	13.3	10.3	10.9
GSK Pharma*	Neutral	2,700	-	-	44.4	6.7	32.6	17.3	35.3	32.1
Indoco Remedies	Reduce	270	240	(11.1)	16.9	2.0	10.8	33.2	19.1	20.1
Ipca labs	Buy	522	613	17.5	26.5	1.8	12.0	36.5	8.8	9.4
Lupin	Buy	1,448	1,809	25.0	20.9	3.4	12.9	17.2	24.4	20.9
Sanofi India	Neutral	4,172	-	-	19.4	3.0	13.6	22.2	25.6	28.8
Sun Pharma	Buy	655	847	29.3	18.6	3.9	11.8	26.5	18.9	20.1

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)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
Gross sales	8,196	9,902	11,861	13,587	15,615	18,368
Less: Excise duty	108.7	149.3	179.7	215.0	236.6	278.3
Net sales	8,087	9,753	11,681	13,372	15,378	18,089
Other operating income	193	348	348	306	306	306
<b>Total operating income</b>	<b>8,279</b>	<b>10,100</b>	<b>12,029</b>	<b>13,678</b>	<b>15,684</b>	<b>18,395</b>
% chg	17.9	22.0	19.1	13.7	14.7	17.3
Total expenditure	6,081	7,967	9,612	11,177	12,956	15,055
Net raw materials	2,953	3,875	4,556	5,118	5,890	6,928
Other mfg costs	641	827	993	1,142	1,313	1,510
Personnel	1,036	1,543	2,083	2,447	2,814	3,236
Other	1,451	1,722	1,981	2,470	2,940	3,381
<b>EBITDA</b>	<b>2,005</b>	<b>1,786</b>	<b>2,069</b>	<b>2,195</b>	<b>2,422</b>	<b>3,035</b>
% chg	35.0	(11.0)	15.9	6.1	10.3	25.3
(% of Net Sales)	24.8	18.3	17.7	16.4	15.7	16.8
Depreciation & amort.	330	373	457	542	676	732
<b>EBIT</b>	<b>1,675</b>	<b>1,413</b>	<b>1,613</b>	<b>1,654</b>	<b>1,746</b>	<b>2,303</b>
% chg	42.7	(15.6)	14.1	2.5	5.6	31.9
(% of Net Sales)	20.7	14.5	13.8	12.4	11.4	12.7
Interest & other charges	34	146	85	161	161	161
Other Income	235	266	266	209	209	209
(% of PBT)	11.4	14.1	12.4	10.4	10.0	7.9
<b>Recurring PBT</b>	<b>2,069</b>	<b>1,881</b>	<b>2,141</b>	<b>2,007</b>	<b>2,099</b>	<b>2,656</b>
% chg	39.3	(9.1)	13.8	(6.3)	4.6	26.5
Extraordinary exp./ (Inc.)	(26.7)	-	-	-	-	-
<b>PBT (reported)</b>	<b>2,095</b>	<b>1,881</b>	<b>2,141</b>	<b>2,007</b>	<b>2,099</b>	<b>2,656</b>
Tax	544.3	463.4	535.3	439.6	524.8	664.0
(% of PBT)	26.0	24.6	25.0	21.9	25.0	25.0
<b>PAT (reported)</b>	<b>1,551</b>	<b>1,417</b>	<b>1,606</b>	<b>1,567</b>	<b>1,574</b>	<b>1,992</b>
Add: Share of earnings of asso.	(6)	(12)	(12)	(12)	(11)	(10)
Less: Minority interest (MI)	-	16	16	49	17	18
Prior period items	-	-	-	-	-	-
<b>PAT after MI (reported)</b>	<b>1,545</b>	<b>1,388</b>	<b>1,578</b>	<b>1,506</b>	<b>1,546</b>	<b>1,964</b>
<b>ADJ. PAT</b>	<b>1,524</b>	<b>1,388</b>	<b>1,578</b>	<b>1,506</b>	<b>1,546</b>	<b>1,964</b>
% chg	30.0	(8.9)	13.6	(4.5)	2.7	27.0
(% of Net Sales)	19.1	14.2	13.5	11.3	10.1	10.9
<b>Basic EPS (₹)</b>	<b>19.0</b>	<b>17.3</b>	<b>19.6</b>	<b>18.8</b>	<b>19.3</b>	<b>24.5</b>
<b>Fully Diluted EPS (₹)</b>	<b>19.0</b>	<b>17.3</b>	<b>19.6</b>	<b>18.8</b>	<b>19.3</b>	<b>24.5</b>
% chg	30.0	(8.9)	13.6	(4.5)	2.7	27.0

**Balance sheet (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>SOURCES OF FUNDS</b>						
Equity share capital	161	161	161	161	161	161
Preference Capital	-	-	-	-	-	-
Reserves & surplus	8,858	9,890	10,629	11,697	13,055	14,831
<b>Shareholders funds</b>	<b>9,019</b>	<b>10,050</b>	<b>10,801</b>	<b>11,857</b>	<b>13,216</b>	<b>14,992</b>
Minority interest	-	50	180	270	270	270
Total loans	966.9	1,247.9	1,701.8	5,191.4	4,000.0	4,000.0
Other long term liabilities	30.0	32.6	32.6	32.6	32.6	32.6
Long Term Provisions	50.4	77.4	168.4	154.9	154.9	154.9
Deferred tax liability	280.5	309.0	284.6	366.4	366.4	366.4
<b>Total liabilities</b>	<b>10,347</b>	<b>11,767</b>	<b>13,169</b>	<b>17,872</b>	<b>18,039</b>	<b>19,815</b>
<b>APPLICATION OF FUNDS</b>						
Gross block	5,318	6,183	6,868	8,100	8,800	9,500
Less: acc. depreciation	1,708	2,180	2,634	3,176	3,852	4,584
<b>Net block</b>	<b>3,610</b>	<b>4,003</b>	<b>4,234</b>	<b>4,924</b>	<b>4,948</b>	<b>4,916</b>
Capital work-in-progress	378	442	442	442	442	442
Goodwill	-	2,493	2,735	5,713	5,713	5,713
<b>Investments</b>	<b>2,532</b>	<b>709</b>	<b>640</b>	<b>757</b>	<b>757</b>	<b>757</b>
Long Term Loans and Adv.	363	301	419	715	475	559
Current assets	4,775	5,340	7,201	8,262	8,318	10,503
Cash	143	175	564	871	168	916
Loans & advances	573	596	701	958	923	1,085
Others	4,058	4,569	5,936	6,432	7,228	8,502
Current liabilities	1,311	1,634	2,501	2,939	2,614	3,075
<b>Net current assets</b>	<b>3,464</b>	<b>3,706</b>	<b>4,700</b>	<b>5,322</b>	<b>5,704</b>	<b>7,428</b>
Mis. Exp. not written off	-	112	-	-	-	-
<b>Total assets</b>	<b>10,347</b>	<b>11,767</b>	<b>13,169</b>	<b>17,872</b>	<b>18,039</b>	<b>19,815</b>



**Cash flow statement (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
Profit before tax	2,095	1,881	2,141	2,007	2,099	2,656
Depreciation	330	373	457	542	676	732
(Inc)/Dec in Working Capital	(667)	(149)	(722)	(611)	(846)	(1,060)
Direct taxes paid	518	431	537	632	-	-
<b>Cash Flow from Operations</b>	<b>1,241</b>	<b>1,673</b>	<b>1,339</b>	<b>1,306</b>	<b>1,929</b>	<b>2,328</b>
(Inc.)/Dec.in Fixed Assets	(698)	(930)	(684)	(1,232)	(700)	(700)
(Inc.)/Dec. in Investments	(1,263)	1,824	69	(117)	-	-
Other income	-	-	-	-	-	-
<b>Cash Flow from Investing</b>	<b>(1,961)</b>	<b>894</b>	<b>(616)</b>	<b>(1,349)</b>	<b>(700)</b>	<b>(700)</b>
Issue of Equity	-	-	-	-	-	-
Inc./Dec.) in loans	957	311	545	3,476	(1,191)	-
Dividend Paid (Incl. Tax)	(188)	(188)	(188)	(188)	(188)	(188)
Others	4	(2,658)	(692)	(2,938)	(553)	(692)
<b>Cash Flow from Financing</b>	<b>773</b>	<b>(2,535)</b>	<b>(335)</b>	<b>350</b>	<b>(1,932)</b>	<b>(880)</b>
Inc./Dec.) in Cash	53	32	389	307	(703)	748
<b>Opening Cash balances</b>	<b>90</b>	<b>143</b>	<b>175</b>	<b>564</b>	<b>871</b>	<b>168</b>
<b>Closing Cash balances</b>	<b>143</b>	<b>175</b>	<b>564</b>	<b>871</b>	<b>168</b>	<b>916</b>

**Key Ratio**

Y/E March	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	30.6	33.6	29.6	31.0	30.2	23.8
P/CEPS	24.9	26.5	22.9	22.8	21.0	17.3
P/BV	5.2	4.6	4.3	3.9	3.5	3.1
Dividend yield (%)	0.3	0.3	0.3	0.3	0.3	0.3
EV/Sales	5.8	4.9	4.1	3.8	3.3	2.7
EV/EBITDA	23.5	26.6	23.0	23.0	20.7	16.3
EV / Total Assets	4.6	4.0	3.6	2.8	2.8	2.5
<b>Per Share Data (₹)</b>						
EPS (Basic)	19.0	17.3	19.6	18.8	19.3	24.5
EPS (fully diluted)	19.0	17.3	19.6	18.8	19.3	24.5
Cash EPS	23.4	21.9	25.3	25.5	27.7	33.6
DPS	2.0	2.0	2.0	2.0	2.0	2.0
Book Value	112.3	125.2	134.5	147.7	164.6	186.7
<b>Dupont Analysis</b>						
EBIT margin	20.7	14.5	13.8	12.4	13.0	14.4
Tax retention ratio	74.0	75.4	75.0	78.1	75.0	75.0
Asset turnover (x)	0.9	0.9	1.0	0.9	0.9	1.0
ROIC (Post-tax)	14.0	10.1	10.3	8.9	8.8	10.8
Cost of Debt (Post Tax)	5.0	9.9	4.3	3.7	2.6	3.0
Leverage (x)	0.0	0.1	0.0	0.0	1.0	2.0
Operating ROE	14.4	10.1	10.3	8.9	14.9	26.3
<b>Returns (%)</b>						
ROCE (Pre-tax)	18.3	12.8	12.9	10.7	11.1	13.5
Angel ROIC (Pre-tax)	19.3	15.3	17.8	16.3	17.7	21.2
ROE	18.3	14.6	15.1	13.3	13.7	15.2
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	1.7	1.8	1.8	1.8	1.9	2.0
Inventory / Sales (days)	93	95	96	101	87	95
Receivables (days)	71	60	74	58	67	73
Payables (days)	46	41	55	74	43	44
WC cycle (ex-cash) (days)	131	124	116	115	116	120
<b>Solvency ratios (x)</b>						
Net debt to equity	0.1	0.1	0.1	0.4	0.3	0.2
Net debt to EBITDA	0.4	0.6	0.5	2.0	1.4	0.8
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)