

## IPCA Labs

### Performance Highlights

Y/E March (₹ cr)	2QFY2016	1QFY2016	% chg qoq	2QFY2015	% chg yoy
<b>Net sales</b>	<b>739</b>	<b>751</b>	<b>(1.7)</b>	<b>775</b>	<b>(4.7)</b>
Other income	16	11	43.0	14	10.1
Operating profit	79	75	4.6	129	(39.1)
Tax	8	8	-	27	(70.1)
<b>Adj. net profit/(loss)</b>	<b>31</b>	<b>28</b>	<b>-</b>	<b>68</b>	<b>(54.3)</b>

Source: Company, Angel Research

For 2QFY2016, IPCA Laboratories (IPCA) posted in line sales while the net profit came in lower than our estimates. The company posted a 4.7% yoy decline in sales to ₹739cr V/s ₹750cr expected, on back of domestic and exports posting a dip of 2.3% yoy and 6.9% yoy, respectively. On the operating front, the EBITDA margin came in at 10.6% V/s 11.4% expected and V/s 16.7% in 2QFY2015, owing to lower than expected sales. Thus, the Adj. net profit came in at ₹31cr V/s ₹41cr expected and V/s ₹68cr in 2QFY2015, a yoy dip of 54.3%. While the current performance of the company is being impacted due to its key plants being under the USFDA scanner, we believe once out of it, the company can bounce back to its normalized ROE of 25%. **Thus, we maintain our Buy on the stock.**

**Results lower than expectations:** The company, posted an 4.7% de-growth in sales to end the period at ₹739cr V/s ₹750cr expected and ₹775cr in 2QFY2015, on back of domestic and exports posting a dip of 2.3% and 6.9% respectively. In domestic markets (₹364cr), posted a dip of 2.3% yoy, mainly on back a tepid formulation sales (₹331cr), a yoy growth of 0.9%. In exports (₹375cr), a yoy dip of 6.9%, on back of dip in formulation exports (227cr) a dip of 25.7% yoy, while API exports (₹147cr) posted a yoy growth of 52.9%. On operating front, the EBITDA margins came in at 10.6% V/s 11.4% expected V/s 10.0% in 2QFY2015, on back of lower than expected sales during the quarter. Thus, the Adj. net profit came in at ₹31cr V/s ₹41cr expected and ₹68cr in 2QFY2015, a yoy dip of 54.3%.

**Outlook and Valuation:** We expect net sales to post a 12.0% CAGR to ₹3,909cr, and EPS to register a 17.9% CAGR to ₹28.0 over FY2015–17E. The company's financials will be impacted by the USFDA import alert on the Ratlam, Indore and Silvassa facilities. For 2HFY2016, the Management has given a guidance of 16% yoy growth in sales. **We recommend a Buy on the stock, given the valuations.**

### Key financials (Consolidated)

Y/E March (₹ cr)	FY2014	FY2015	FY2016E	FY2017E
<b>Net sales</b>	<b>3,199</b>	<b>3,117</b>	<b>3,363</b>	<b>3,909</b>
% chg	16.2	(2.6)	7.9	16.2
<b>Adj. Net profit</b>	<b>495</b>	<b>254</b>	<b>169</b>	<b>354</b>
% chg	45.6	(48.6)	(33.5)	109.3
<b>EPS</b>	<b>39.2</b>	<b>20.1</b>	<b>13.4</b>	<b>28.0</b>
EBITDA margin (%)	22.8	16.2	12.9	18.6
P/E (x)	18.3	35.7	53.7	25.7
RoE (%)	28.2	12.2	7.4	14.0
RoCE (%)	25.3	10.9	5.5	11.8
P/BV (x)	4.6	4.1	3.8	3.4
EV/Sales (x)	3.0	3.1	3.0	2.6
EV/EBITDA (x)	13.1	19.2	23.0	13.7

Source: Company, Angel Research; Note: CMP as of November 13, 2015

## BUY

CMP	₹719
Target Price	₹900

Investment Period	12 Months
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Stock Info	
Sector	Pharmaceutical
Market Cap (₹ cr)	9,076
Net Debt (₹ cr)	688
Beta	0.5
52 Week High / Low	888/591
Avg. Daily Volume	45,463
Face Value (₹)	2
BSE Sensex	25,611
Nifty	7,762
Reuters Code	IPCA.BO
Bloomberg Code	IPCA@IN

Shareholding Pattern (%)	
Promoters	45.9
MF / Banks / Indian Fls	18.8
FII / NRIs / OCBs	22.7
Indian Public / Others	12.6

Abs. (%)	3m	1yr	3yr
Sensex	(7.0)	(8.3)	37.6
Ipcal	(6.8)	7.6	65.1

### 3-Year Daily Price Chart



Source: Company, Angel Research

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**Exhibit 1: 2QFY2016 – Standalone performance**

Y/E March (₹ cr)	2QFY2016	1QFY2016	% chg (qoq)	2QFY2015	% chg (yoy)	1HFY2016	1HFY2015	% chg (yoy)
<b>Net sales</b>	<b>739</b>	<b>751</b>	<b>(1.7)</b>	<b>775</b>	<b>(4.7)</b>	<b>1490</b>	<b>1703</b>	<b>(12.5)</b>
Other income	16	11	43.0	14	10.1	27	28	(3.5)
<b>Total income</b>	<b>754</b>	<b>762</b>	<b>(1.0)</b>	<b>789</b>	<b>(4.4)</b>	<b>1517</b>	<b>1731</b>	<b>(12.4)</b>
Gross profit	458	454	0.9	504	(9.1)	912	1090	(16.4)
<b>Gross margins (%)</b>	<b>62.0</b>	<b>60.4</b>		<b>65.0</b>		<b>61.2</b>	<b>64.0</b>	
Operating profit	79	75	4.6	129	(39.1)	154	352	(56.4)
<b>Operating margin (%)</b>	<b>10.6</b>	<b>10.0</b>		<b>16.7</b>		<b>10.3</b>	<b>20.7</b>	
Interest	7	5	28.9	6	22.0	12	9	38.1
Depreciation	44	42	3.7	40	10.2	86	78	9.9
PBT	44	39	13.2	98	-	82	294	(71.9)
Provision for taxation	8	8	(0.4)	27	(70.1)	16	78	(78.9)
Less: Exceptional Items (gains)/ loss	24	12		9		36	7	407.6
<b>Reported Net profit</b>	<b>12</b>	<b>19</b>	<b>(37.8)</b>	<b>61</b>	<b>(80.9)</b>	<b>31</b>	<b>207</b>	<b>(85.3)</b>
<b>Adj. Net profit/(loss)</b>	<b>31</b>	<b>28</b>	<b>-</b>	<b>68</b>	<b>(54.3)</b>	<b>59</b>	<b>212</b>	<b>(72.2)</b>
<b>EPS (₹)</b>	<b>2.5</b>	<b>2.2</b>		<b>5.4</b>		<b>4.7</b>	<b>16.8</b>	

Source: Company, Angel Research

**Exhibit 2: 2QFY2016 – Actual vs Angel estimates**

(₹ cr)	Actual	Estimates	Variation (%)
<b>Net sales</b>	<b>739</b>	<b>750</b>	<b>(1.5)</b>
Other income	16	14	10.1
Operating profit	79	85	(7.8)
Interest	7	6	22.0
Tax	8	11	(25.6)
<b>Adjusted Net profit/(loss)</b>	<b>31</b>	<b>41</b>	<b>(23.7)</b>

Source: Company, Angel Research

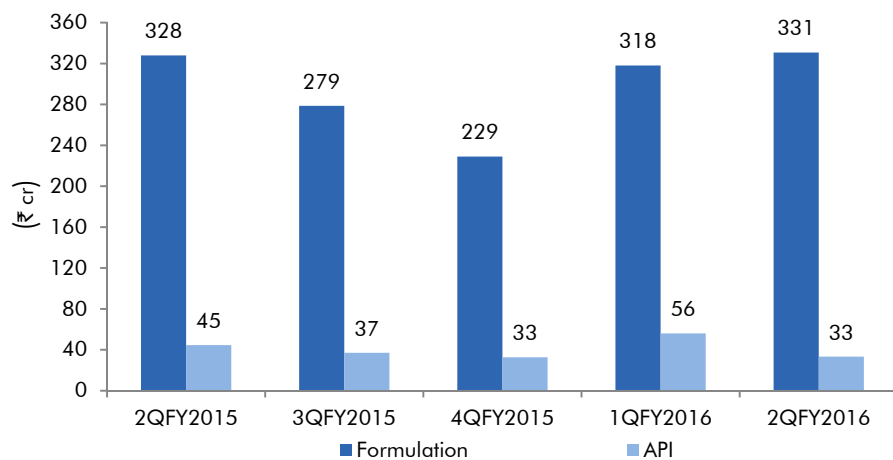
**Revenue marginally below our estimate; dips 4.7% yoy:** The company posted a 4.7% yoy decline in sales to ₹739cr V/s ₹750cr expected and V/s ₹775cr in 2QFY2015, as domestic and exports posted a dip of 2.3% and 6.9% yoy, respectively.

Domestic markets (₹364cr) posted a dip of 2.3% yoy, mainly on account of tepid formulation sales (₹331cr; a yoy growth of 0.9%), while API sales (₹33cr) dipped by 25.3% yoy. Exports (₹375cr) dipped by 6.9% yoy on back of a decline in formulation exports (₹227cr; a dip of 25.7% yoy), while API exports (₹147cr) posted a yoy growth of 52.9%.

Slower pick-up in US supplies for exempted products, absence of institutional orders from global funds and currency headwinds in Russia/CIS-branded business impacted exports. The India (45% of sales) business remained flat due to weaker anti-malaria drug sales in 2QFY2016.

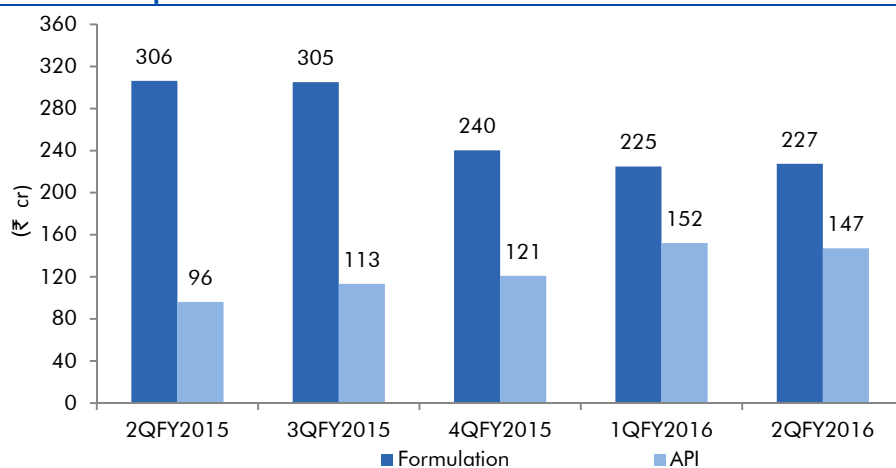
Overall, for 2QFY2016, exports contributed 50.7% to the top-line while the domestic business contributed by around 49.3%. The overall contribution of formulation sales is at 75.6% of total sales, for the quarter.

**Exhibit 3: Domestic sales trend**



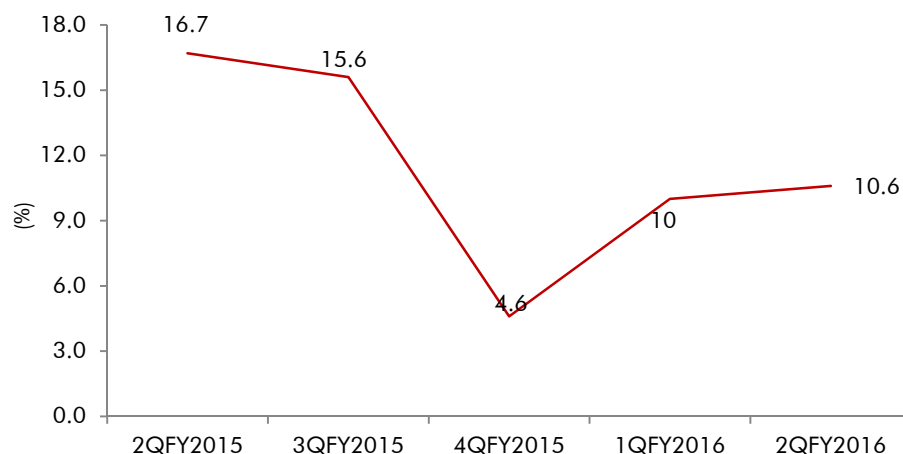
Source: Company, Angel Research

**Exhibit 4: Exports sales trend**



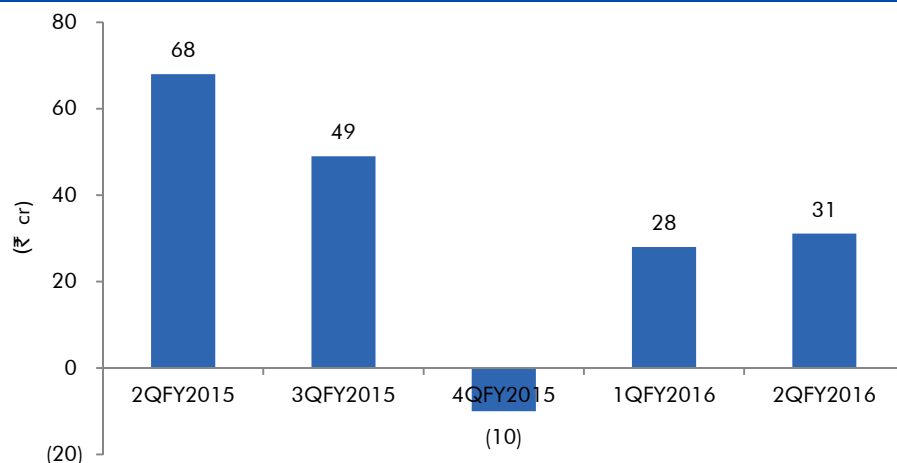
Source: Company, Angel Research

**OPM falls sharply:** On the operating front, the EBITDA margin came in at 10.6% V/s 11.4% expected and V/s 16.7% in 2QFY2015, owing to lower than expected sales during the quarter, while Gross margins came in at 62.0% V/s 65.0% in 2QFY2015.

**Exhibit 5: OPM trend**


Source: Company, Angel Research

**Reported net profit lower than expectation:** A lower OPM, along with a rise in interest expenses and depreciation, which were up by 22.0% and 10.2% yoy respectively, led the Adj. net profit to come in at ₹31cr V/s ₹41cr expected and V/s ₹68cr in 2QFY2015, a yoy dip of 54.3%. However, on back of ₹24cr forex losses, the company posted a reported net profit of ₹12cr V/s ₹61cr in 2QFY2015, a yoy dip of 80.9% yoy.

**Exhibit 6: Adj. Net profit trend**


Source: Company, Angel Research

**Concall takeaways**

- The Management has guided for better 2HFY2016 with 16% yoy sales growth on the back of scale-up in institutional business, resumption of HCQs supplies from Nov2015, 16% yoy growth in India business and recovery in the CIS region.
- The Management expects 16% margin in 2HFY2016 with improving operating leverage.

## Investment arguments

- **Domestic formulations business – the cash cow:** IPCA has been successful in changing its business focus to the high-margin chronic and lifestyle segments from the low-margin anti-malarial segment. The chronic and lifestyle segments, comprising CVS, anti-diabetics, pain-management, CNS and dermatology products, constitute more than 50% of the company's domestic formulation sales. The Management has ramped up its field force significantly with addition of divisions in the domestic formulations segment, taking the current total strength to nearly 4,000MRs. With a moderate growth in domestic formulations in 1HFY2016, we expect the domestic formulation business to grow at a CAGR of 11.3% over FY2015-17E.
- **Exports to be the next growth driver:** On the formulations front, IPCA has been increasing its penetration in regulated markets, viz Europe and the US, by expanding the list of generic drugs backed by its own API. In the emerging and semi-regulated markets, the company plans to focus on building brands in the CVS, CNS, pain-management and anti-malarial segments along with tapping new geographies. On the API front, where the company is among the low-cost producers, it is aggressively pursuing supply tie-ups with pharmaceutical MNCs.

After the USFDA inspection at the company's API manufacturing facility at Ratlam (Madhya Pradesh), the company has received certain inspection observations in Form 483, consequent to which the company had voluntarily decided to temporarily suspend API shipments from this manufacturing facility to the US markets till this issue was addressed. However, the 483 was converted into an import alert, except for 4 APIs which constituted around 45% of US sales in FY2014.

The company's Silvassa and Indore facilities (formulation facilities) are also under import alert. These developments impacted FY2015 sales, while FY2016/FY2017 should see some revival. We expect exports to grow at a CAGR of 12.5% over FY2015-17E.

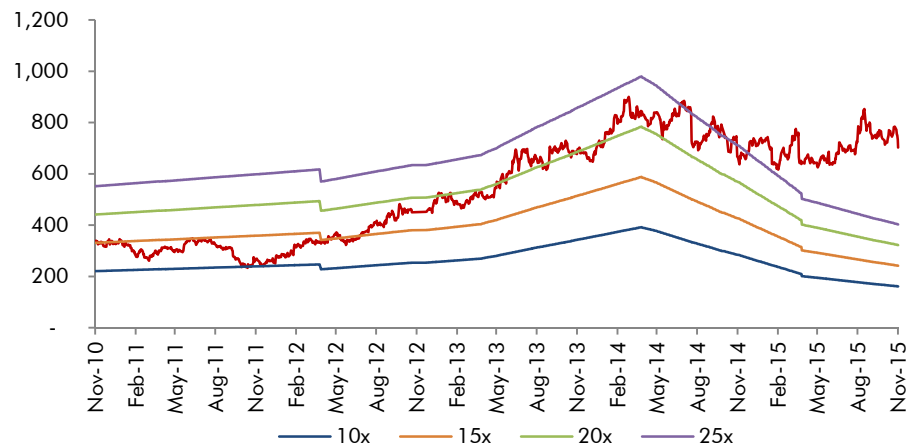
## Outlook & Valuation:

We expect net sales to post a 12.0% CAGR to ₹3,909cr, and EPS to register a 17.9% CAGR to ₹28.0 over FY2015–17E. The company's financials will be impacted by the USFDA import alert on the Ratlam, Indore and Silvassa facilities. For 2HFY2016, the Management has given a guidance of 16% yoy growth on the sales front, after a dip in 1HFY2016. While the problems are likely to persist in FY2016, still, given the valuations, **we maintain our Buy rating on the stock with a price target of ₹900.**

**Exhibit 7: Key Assumptions**

	FY2016E	FY2017E
Sales growth (%)	7.8	16.0
Domestic growth (%)	5.0	18.0
Exports growth (%)	10.0	15.0
Operating margins (%)	12.9	18.6
R&D Exp ( % of sales)	4.0	4.0
Capex (₹ cr)	500	500

Source: Company, Angel Research

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


Source: Company, Angel Research

**Exhibit 9: Recommendation summary**

Company	Reco.	CMP (₹)	Tgt Price (₹)	Upside (%)	PE (x)	EV/Sales (x)	FY2017E	FY15-17E	FY2017E	
							EV/EBITDA (x)	CAGR in EPS (%)	RoCE (%)	RoE (%)
Alembic Pharma	Neutral	662	-	-	27.7	3.9	19.5	26.1	30.3	30.2
Aurobindo Pharma	Accumulate	830	872	5.1	19.0	3.1	13.3	16.3	23.4	30.2
Cadila Healthcare	Neutral	413	-	-	23.5	3.5	16.1	24.6	25.2	29.0
Cipla	Neutral	619	-	-	21.4	2.9	15.3	21.4	17.1	16.8
Dr Reddy's	Buy	3,384	3,933	16.2	18.9	2.8	14.7	17.2	19.1	20.6
Dishman Pharma	Neutral	381	-	-	17.6	1.7	8.2	20.4	11.7	11.7
GSK Pharma*	Neutral	3,152	-	-	46.2	8.0	36.4	6.6	33.7	34.3
Indoco Remedies	Neutral	300	-	-	22.1	2.4	13.1	23.0	19.7	19.7
<b>Ipca labs</b>	<b>Buy</b>	<b>719</b>	<b>900</b>	<b>25.1</b>	<b>25.7</b>	<b>2.6</b>	<b>13.7</b>	<b>17.9</b>	<b>11.8</b>	<b>14.0</b>
Lupin	Neutral	1,777	-	-	26.0	4.5	16.6	13.1	29.6	24.7
Sanofi India*	Neutral	4,586	-	-	30.3	4.0	19.0	33.1	27.9	25.5
Sun Pharma	Buy	742	950	28.1	27.6	4.8	15.6	8.4	15.8	16.6

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

## **Company background**

Formed in 1949, IPCA Labs is a market leader in the anti-malarials and rheumatoid arthritis segments. The company is a notable name in the domestic formulations category with 150 formulations across major therapeutic segments like cardiovascular (CVS), anti-diabetes, anti-malaria, pain-management (NSAID), anti-bacterial, central nervous system (CNS) and gastro-intestinal. The company has 7 production units which are approved by most of the discerning regulatory authorities including USFDA, UKMHRA, Australia-TGA, South Africa-MCC and Brazil-ANVISA.

**Profit & loss statement (Consolidated)**

Y/E March (₹ cr)	FY2012	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Gross sales</b>	<b>2,333</b>	<b>2,778</b>	<b>3,232</b>	<b>3,157</b>	<b>3,410</b>	<b>3,957</b>
Less: Excise duty	19	25	33	40	47	48
<b>Net Sales</b>	<b>2,314</b>	<b>2,754</b>	<b>3,199</b>	<b>3,117</b>	<b>3,363</b>	<b>3,909</b>
Other operating income	45	59	82	40	40	40
<b>Total operating income</b>	<b>2,359</b>	<b>2,813</b>	<b>3,282</b>	<b>3,157</b>	<b>3,403</b>	<b>3,948</b>
% chg	24.2	19.3	16.7	(3.8)	7.8	16.0
Total expenditure	1,842	2,190	2,471	2,613	2,928	3,182
Net raw materials	913	1,097	1,137	1,155	1,312	1,485
Other mfg costs	208	215	250	277	299	348
Personnel	335	392	498	565	678	645
Other	385	487	587	616	639	704
<b>EBITDA</b>	<b>472</b>	<b>564</b>	<b>728</b>	<b>504</b>	<b>435</b>	<b>727</b>
% chg	16.8	19.5	29.1	(30.8)	(13.7)	67.1
(% of Net Sales)	20.4	20.5	22.8	16.2	12.9	18.6
Depreciation & amortisation	67	87	103	180	250	290
<b>EBIT</b>	<b>405</b>	<b>477</b>	<b>625</b>	<b>324</b>	<b>185</b>	<b>437</b>
% chg	16.2	17.8	31.1	(48.1)	(43.0)	136.3
(% of Net Sales)	17.5	17.3	19.5	10.4	5.5	11.2
Interest & other charges	44	33	27	28	28	28
Other Income	12	14	22	28	28	28
(% of PBT)	2.9	2.8	3.2	7.8	12.6	6.0
<b>Recurring PBT</b>	<b>417</b>	<b>517</b>	<b>703</b>	<b>364</b>	<b>225</b>	<b>477</b>
% chg	22.4	24.0	35.9	(48.2)	(38.3)	112.1
Extraordinary expense/(Inc.)	52.8	63.3	72.2	-	36.0	-
<b>PBT (reported)</b>	<b>364</b>	<b>454</b>	<b>631</b>	<b>364</b>	<b>189</b>	<b>477</b>
Tax	88.1	129.9	152.4	101.9	52.9	119.2
(% of PBT)	24.2	28.6	24.2	28.0	28.0	25.0
<b>PAT (reported)</b>	<b>276</b>	<b>324</b>	<b>478</b>	<b>262</b>	<b>136</b>	<b>358</b>
Add: Share of earnings of asso.	1	-	0	(5)	-	-
<b>PAT after MI (reported)</b>	<b>277</b>	<b>324</b>	<b>478</b>	<b>254</b>	<b>133</b>	<b>354</b>
<b>ADJ. PAT</b>	<b>287</b>	<b>340</b>	<b>495</b>	<b>254</b>	<b>169</b>	<b>354</b>
% chg	8.9	18.4	45.6	(48.6)	(33.5)	109.3
(% of Net Sales)	12.0	11.8	14.9	8.2	4.0	9.0
<b>Basic EPS (₹)</b>	<b>22.8</b>	<b>26.9</b>	<b>39.2</b>	<b>20.1</b>	<b>13.4</b>	<b>28.0</b>
<b>Fully Diluted EPS (₹)</b>	<b>22.8</b>	<b>26.9</b>	<b>39.2</b>	<b>20.1</b>	<b>13.4</b>	<b>28.0</b>
% chg	8.5	18.4	45.6	(48.6)	(33.5)	109.3



**Balance sheet (Consolidated)**

Y/E March (₹ cr)	FY2012	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>SOURCES OF FUNDS</b>						
Equity share capital	25	25	25	25	25	25
Reserves & surplus	1,229	1,529	1,934	2,183	2,337	2,676
<b>Shareholders Funds</b>	<b>1,254</b>	<b>1,554</b>	<b>1,960</b>	<b>2,208</b>	<b>2,363</b>	<b>2,701</b>
Minority interest	-	-	-	-	-	-
Total loans	532	523	603	829	1,000	1,000
Other Long Term Liabilities	1	1	1	-	-	-
Long Term Provisions	9	12	15	22	22	22
Deferred tax liability	93	130	147	174	174	174
<b>Total Liabilities</b>	<b>1,889</b>	<b>2,220</b>	<b>2,726</b>	<b>3,233</b>	<b>3,537</b>	<b>3,876</b>
<b>APPLICATION OF FUNDS</b>						
Gross block	1,315	1,537	1,882	2,626	3,126	3,626
Less: Acc. depreciation	394	475	578	758	1,008	1,298
<b>Net Block</b>	<b>920</b>	<b>1,063</b>	<b>1,303</b>	<b>1,868</b>	<b>2,118</b>	<b>2,328</b>
Goodwill	24	42	50	34	34	34
Capital work-in-progress	95	129	165	165	165	165
<b>Investments</b>	<b>34</b>	<b>9</b>	<b>9</b>	<b>16</b>	<b>16</b>	<b>16</b>
Long Term Loans and Adv.	<b>38</b>	<b>57</b>	<b>71</b>	<b>115</b>	<b>54</b>	<b>62</b>
Current assets	1,217	1,397	1,602	1,614	1,787	2,104
Cash	12	58	76	125	36	68
Loans & advances	35	42	67	47	51	59
Other	1,170	1,297	1,459	1,576	1,700	1,976
<b>Current liabilities</b>	<b>439</b>	<b>477</b>	<b>485</b>	<b>579</b>	<b>638</b>	<b>741</b>
<b>Net Current Assets</b>	<b>778</b>	<b>921</b>	<b>1,117</b>	<b>1,035</b>	<b>1,150</b>	<b>1,362</b>
Other Non current Assets	-	-	9	-	-	-
<b>Total Assets</b>	<b>1,889</b>	<b>2,220</b>	<b>2,725</b>	<b>3,233</b>	<b>3,537</b>	<b>3,876</b>

**Cash flow statement (Consolidated)**

Y/E March (₹ cr)	FY2012	FY2013	FY2014	FY2015	FY2016E	FY2017E
Profit before tax	364	454	631	364	189	477
Depreciation	67	87	103	180	250	290
(Inc)/Dec in working capital	(52)	(116)	(193)	(46)	(8)	(189)
Direct taxes paid	(88)	(130)	(152)	(102)	(53)	(119)
<b>Cash Flow from Operations</b>	<b>291</b>	<b>295</b>	<b>389</b>	<b>395</b>	<b>378</b>	<b>458</b>
(Inc.)/Dec.in fixed assets	(326)	(257)	(380)	(745)	(500)	(500)
(Inc.)/Dec. in Investments	-	-	-	-	-	-
<b>Cash Flow from Investing</b>	<b>(326)</b>	<b>(257)</b>	<b>(380)</b>	<b>(745)</b>	<b>(500)</b>	<b>(500)</b>
Issue of Equity	0	0	-	-	-	-
Inc./[Dec.] in loans	76	(5)	83	232	171	-
Dividend Paid (Incl. Tax)	(55)	(59)	(74)	(15)	(15)	(15)
Others	14	72	1	181	(123)	88
<b>Cash Flow from Financing</b>	<b>36</b>	<b>8</b>	<b>10</b>	<b>398</b>	<b>34</b>	<b>73</b>
Inc./[Dec.] in Cash	1	46	18	49	(89)	32
<b>Opening Cash balances</b>	<b>11</b>	<b>12</b>	<b>58</b>	<b>76</b>	<b>125</b>	<b>36</b>
<b>Closing Cash balances</b>	<b>12</b>	<b>58</b>	<b>76</b>	<b>125</b>	<b>36</b>	<b>68</b>

### Key Ratios

Y/E March	FY2012	FY2013	FY2014	FY2015	FY2016E	FY2017E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	31.6	26.7	18.3	35.7	53.7	25.7
P/CEPS	25.6	21.3	15.2	20.9	21.7	14.1
P/BV	7.2	5.8	4.6	4.1	3.8	3.4
Dividend yield (%)	0.4	0.6	0.6	0.6	0.6	0.6
EV/Sales	4.1	3.4	3.0	3.1	3.0	2.6
EV/EBITDA	20.3	16.8	13.1	19.2	23.0	13.7
EV / Total Assets	5.1	4.3	3.5	3.0	2.8	2.6
<b>Per Share Data (₹)</b>						
EPS (Basic)	22.8	26.9	39.2	20.1	13.4	28.0
EPS (fully diluted)	22.8	26.9	39.2	20.1	13.4	28.0
Cash EPS	28.1	33.8	47.4	34.4	33.2	51.0
DPS	3.2	4.0	4.0	4.0	4.0	4.0
Book Value	99.4	123.1	155.3	175.0	187.2	214.1
<b>Dupont Analysis</b>						
EBIT margin	17.5	17.3	19.5	10.4	5.5	11.2
Tax retention ratio	75.8	71.4	75.8	72.0	72.0	75.0
Asset turnover (x)	1.4	1.4	1.4	1.1	1.0	1.1
ROIC (Post-tax)	18.1	17.2	20.2	8.2	4.1	9.1
Cost of Debt (Post Tax)	6.8	4.5	3.6	2.9	2.2	2.1
Leverage (x)	0.4	0.4	0.3	0.3	0.4	0.4
Operating ROE	22.8	21.8	24.9	9.8	4.7	11.7
<b>Returns (%)</b>						
RoCE (Pre-tax)	23.2	23.2	25.3	10.9	5.5	11.8
Angel RoIC (Pre-tax)	24.7	25.0	27.7	12.0	5.9	12.5
RoE	24.9	24.2	28.2	12.2	7.4	14.0
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	2.0	2.0	1.9	1.4	1.2	1.2
Inventory / Sales (days)	88	92	88	103	96	97
Receivables (days)	55	49	48	46	52	53
Payables (days)	41	42	45	43	45	46
WC cycle (ex-cash) (days)	115	106	106	113	109	111
<b>Solvency ratios (x)</b>						
Net debt to equity	0.4	0.3	0.3	0.3	0.4	0.3
Net debt to EBITDA	1.1	0.8	0.7	1.4	2.2	1.3
Interest Coverage (EBIT / Int.)	9.1	14.3	23.3	11.4	6.5	15.4

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Disclosure of Interest Statement	Ipca Laboratories
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

*Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors*

<b>Ratings (Based on expected returns over 12 months investment period):</b>	Buy (> 15%)	Accumulate (5% to 15%) Reduce (-5% to -15%)	Neutral (-5 to 5%) Sell (< -15)
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