

## IPCA Laboratories

### Performance Highlights

Y/E March (₹ cr)	1QFY2017	4QFY2016	% chg (QoQ)	1QFY2016	% chg (yoy)
<b>Net sales</b>	<b>822</b>	<b>612</b>	<b>34.2</b>	<b>751</b>	<b>9.4</b>
Other income	17	18	(4.5)	11	56.2
Operating profit	108	51	110.9	75	43.6
Tax	29	(16)	-	8	251.9
<b>Adj. net profit/(loss)</b>	<b>48</b>	<b>38</b>	<b>26.2</b>	<b>28</b>	<b>69.9</b>

Source: Company, Angel Research

For 1QFY2017, the company posted better than expected sales and OPM while the net profit missed our estimates. Sales came in at ₹822cr V/s ₹680cr expected and V/s ₹751cr in 1QFY2016, ie a yoy growth of 9.4%. Formulations (₹620cr) posted a yoy growth of 15%, while API (₹202cr) posted a yoy de-growth of 3%. On the operating front, the EBITDA margin came in at 13.1% V/s 9.6% expected, V/s 10.0% in 1QFY2016, and V/s 8.4% in 4QFY2016. Other income (₹17.4cr) posted a yoy growth of 56.2%. Thus, the Adj. net profit came in at ₹48cr V/s ₹52cr expected and V/s ₹28cr in 1QFY2016, a yoy growth of 69.9%. **We maintain our Buy on the stock.**

**Results better than expected on sales and operating fronts:** Sales came in at ₹822cr V/s ₹680cr expected and V/s ₹751cr in 1QFY2016, ie a yoy growth of 9.4%. Formulations (₹620cr) posted a yoy growth of 15%, while API (₹202cr) posted a yoy de-growth of 3%. Domestic formulation sales (₹345cr) posted a yoy growth of 9%, while exports formulation sales (₹275cr) posted a yoy growth of 22%. Domestic API sales (₹35cr) posted a de-growth of 37% yoy and exports API sales (₹166cr) posted a growth of 9% yoy. On the operating front, the EBITDA margin came in at 13.1% V/s 9.6% expected, V/s 10.0% in 1QFY2016, and V/s 8.4% in 4QFY2016. Thus, the Adj. net profit came in at ₹48cr V/s ₹52cr expected and V/s ₹28cr in 1QFY2016, a yoy growth of 69.9%.

**Outlook and Valuation:** We expect net sales to post a 15.6% CAGR to ₹3,799cr, and EPS to register a 36.5% CAGR to ₹19.7 over FY2016–18E. The company's financials will be impacted by the USFDA import alert on the Ratlam, Indore and Silvassa facilities. While the problems are likely to persist for a while, we expect the company's performance to witness a gradual pick-up going forward. Given the inexpensive valuations, **we maintain our Buy rating on the stock.**

### Key financials (Consolidated)

Y/E March (₹ cr)	FY2015	FY2016	FY2017E	FY2018E
<b>Net sales</b>	<b>3,117</b>	<b>2,844</b>	<b>3,303</b>	<b>3,799</b>
% chg	(2.6)	(8.7)	16.1	15.0
<b>Adj. Net profit</b>	<b>254</b>	<b>133</b>	<b>219</b>	<b>248</b>
% chg	(48.6)	(47.6)	64.2	13.5
<b>EPS</b>	<b>20.1</b>	<b>10.6</b>	<b>17.3</b>	<b>19.7</b>
EBITDA margin (%)	16.2	10.6	15.3	15.3
P/E (x)	21.2	40.4	24.6	21.7
RoE (%)	12.2	5.9	9.1	9.4
RoCE (%)	10.9	4.1	8.4	8.8
P/BV (x)	2.4	2.3	2.1	2.0
EV/Sales (x)	1.9	2.0	1.7	1.5
EV/EBITDA (x)	11.9	19.0	11.4	10.1

Source: Company, Angel Research; Note: CMP as of August 12, 2016

## BUY

CMP	₹532
Target Price	₹613

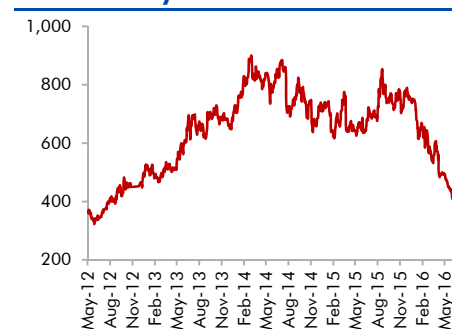
Investment Period	12 Months
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Stock Info	
Sector	Pharmaceutical
Market Cap (₹ cr)	6,714
Net Debt (₹ cr)	337
Beta	0.6
52 Week High / Low	888/402
Avg. Daily Volume	55,668
Face Value (₹)	2
BSE Sensex	28,152
Nifty	8,672
Reuters Code	IPCA.BO
Bloomberg Code	IPCA@IN

Shareholding Pattern (%)	
Promoters	45.9
MF / Banks / Indian Fls	18.1
FII / NRIs / OCBs	23.5
Indian Public / Others	12.6

Abs. (%)	3m	1yr	3yr
Sensex	8.8	(0.0)	48.3
Ipca	11.8	(3.0)	162.9

### 3-Year Daily Price Chart



Source: Company, Angel Research

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**Exhibit 1: 1QFY2017 – Standalone performance**

Y/E March (₹ cr)	1QFY2017	4QFY2016	% chg (QoQ)	1QFY2016	% chg (YoY)	FY2016	FY2015	% chg (yoy)
<b>Net sales</b>	<b>822</b>	<b>612</b>	<b>34.2</b>	<b>751</b>	<b>9.4</b>	<b>2844</b>	<b>3060</b>	<b>(7.0)</b>
Other income	17	18	(4.5)	11	56.2	57	65	(11.6)
<b>Total income</b>	<b>839</b>	<b>630</b>	<b>33.1</b>	<b>762</b>	<b>10.1</b>	<b>2902</b>	<b>3125</b>	<b>(7.1)</b>
Gross profit	508	395	28.8	454	12.0	1787	1917	(6.8)
<b>Gross margins (%)</b>	<b>61.9</b>	<b>64.4</b>		<b>60.4</b>		<b>62.8</b>	<b>62.6</b>	
Operating profit	108	51	110.9	75	<b>43.6</b>	262	495	(47.1)
<b>Operating margin (%)</b>	<b>13.1</b>	<b>8.4</b>		<b>10.0</b>		<b>9.2</b>	<b>16.2</b>	
Interest	7	8	(19.3)	5	20.3	32	26	21.6
Depreciation	42	39	7.6	42	0.1	172	177	(2.7)
PBT	77	22	246.8	39	-	112	352	(68.2)
Provision for taxation	29	(16)	(285.8)	8		19	102	(81.8)
Less: Exceptional Items (gains)/ loss	0	0		12		0	0	
<b>Reported Net profit</b>	<b>48</b>	<b>38</b>	<b>26.2</b>	<b>21</b>	<b>127.4</b>	<b>93</b>	<b>254</b>	<b>(63.3)</b>
<b>Adj. Net profit/(loss)</b>	<b>48</b>	<b>38</b>	<b>26.2</b>	<b>28</b>	<b>69.9</b>	<b>93</b>	<b>254</b>	<b>(63.3)</b>
<b>EPS (₹)</b>	<b>3.7</b>	<b>2.9</b>		<b>2.2</b>		<b>7.3</b>	<b>19.8</b>	

Source: Company, Angel Research, FY numbers are consolidated

**Exhibit 2: 1QFY2017 – Actual vs Angel estimates**

(₹ cr)	Actual	Estimates	Variation (%)
<b>Net sales</b>	<b>822</b>	<b>680</b>	<b>20.8</b>
Other income	17	18	(4.6)
Operating profit	108	66	64.5
Interest	7	8	(19.4)
Tax	29	(16)	-
<b>Adjusted Net profit/(loss)</b>	<b>48</b>	<b>52</b>	<b>(8.7)</b>

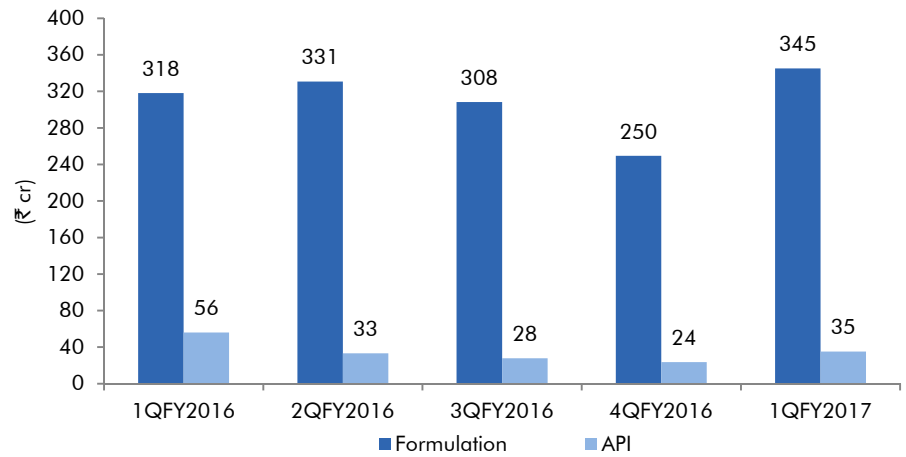
Source: Company, Angel Research

**Revenue below our estimate; grew at 9.4% yoy:** Sales came in at ₹822cr V/s ₹680cr expected and V/s ₹751cr in 1QFY2016, ie a yoy growth of 9.4%. Formulations (₹620cr) posted a yoy growth of 15%, while API (₹202cr) posted a yoy de-growth of 3%. Domestic formulation sales (₹345cr) posted a yoy growth of 9%, while exports formulation sales (₹275cr) posted a yoy growth of 22%. Domestic API sales (₹35cr) posted a de-growth of 37% yoy and export API sales (₹166cr) posted a growth of 9% yoy.

Domestic sales growth was impacted to the tune of ~4% by the FDC ban and a price decline in the NELM portfolio. The Management expects the domestic business to grow ~12% yoy in FY2017. Such recovery will be led by a ramp-up of the anti-malaria portfolio. The export formulation segment reported a strong growth of ~22% yoy, led by USA and the institutional business. Sales in the US during the quarter were driven by HCQS and Propranolol. For the rest of FY2017, HCQS will not contribute to sales due to slow ramp-up and channel filling but would continue contributing to profit share.

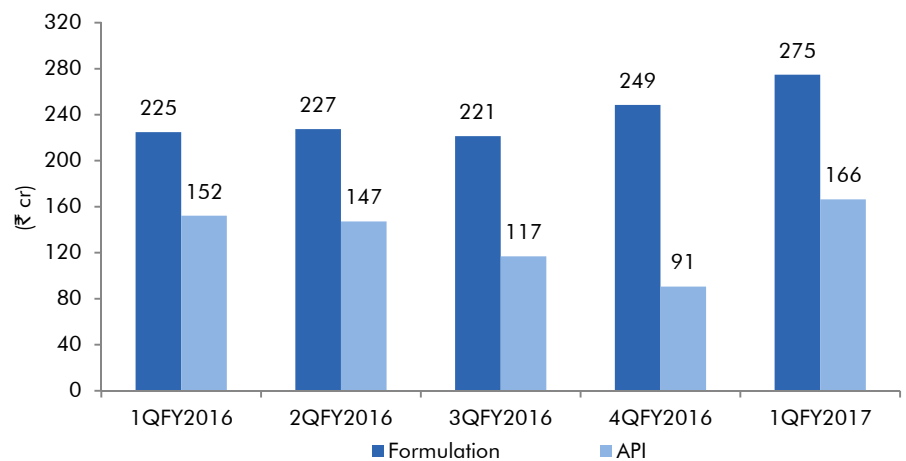
Overall, for 1QFY2017, exports contributed 53.7% to the top-line while the domestic business contributed the rest. The overall contribution of formulations was at 75.4% of total sales during the quarter. This is against 72.2% in 1QFY2016.

**Exhibit 3: Domestic sales trend**



Source: Company, Angel Research

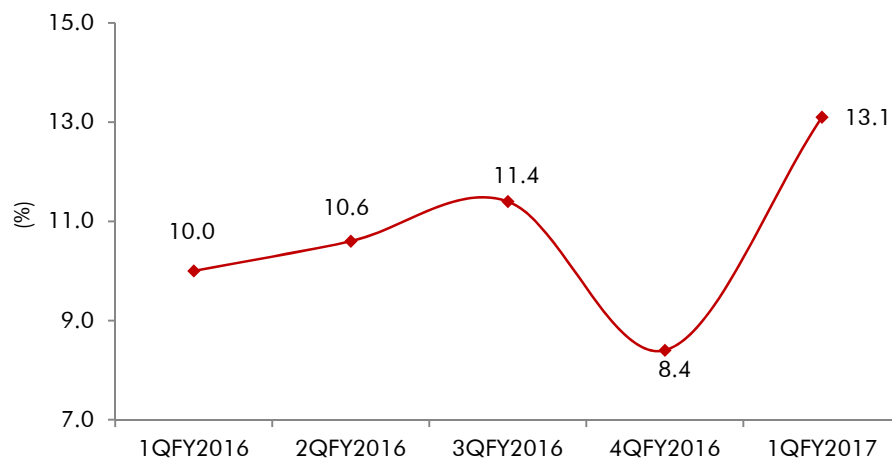
**Exhibit 4: Exports sales trend**



Source: Company, Angel Research

**OPM expands yoy:** On the operating front, the gross margin came in at 61.9% V/s 60.4% in 1QFY2016 on back of an improved sales mix, while the EBDITA margin came in at 13.1% V/s 10.0% in 1QFY2016. The margins are likely to improve once the US business picks up, which would hopefully be by FY2018. The Management expects the EBDITA margin to be around 16.0-16.5%.

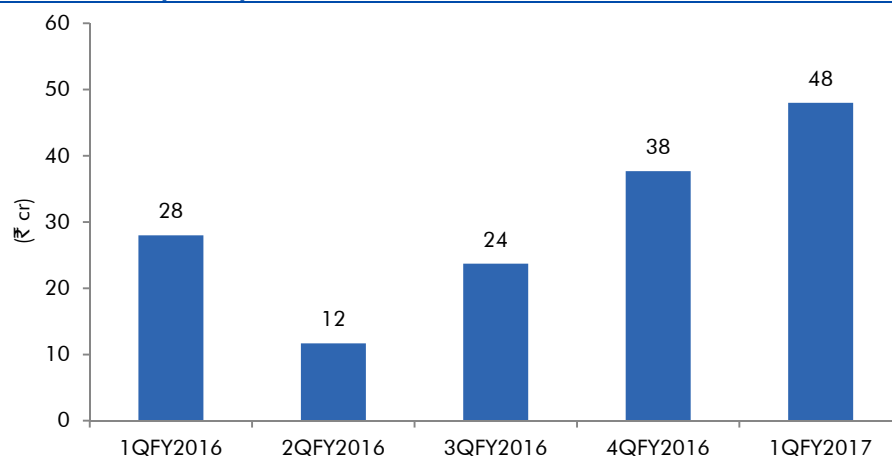
**Exhibit 5: OPM trend**



Source: Company, Angel Research

**Reported net profit lower than estimates:** Other income (₹17.4cr), posted a yoy growth of 56.2%. Thus, the Adj. net profit came in at ₹48cr V/s ₹52cr expected and V/s ₹28cr in 1QFY2016, a yoy growth of 69.9%.

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



Source: Company, Angel Research

**Concall Highlights**

- Top-line growth for FY2017 estimated by Management at ~11.0-12.0% yoy.
- R&D as % of sales stood at 3.7% in 1QFY2017.
- Gross margin expected to be ~65.0% in FY2017.

**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 an expected pick-up in sales in FY2017, we expect the domestic formulation business to grow at a CAGR of 16.2% over FY2016-18E.

- **Exports currently under pressure; should pickup only by FY2018:** 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 until the issue getting resolved. 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 FY2017/FY2018 should see some revival. We expect exports to grow at a CAGR of 15.0% over FY2016-18E.

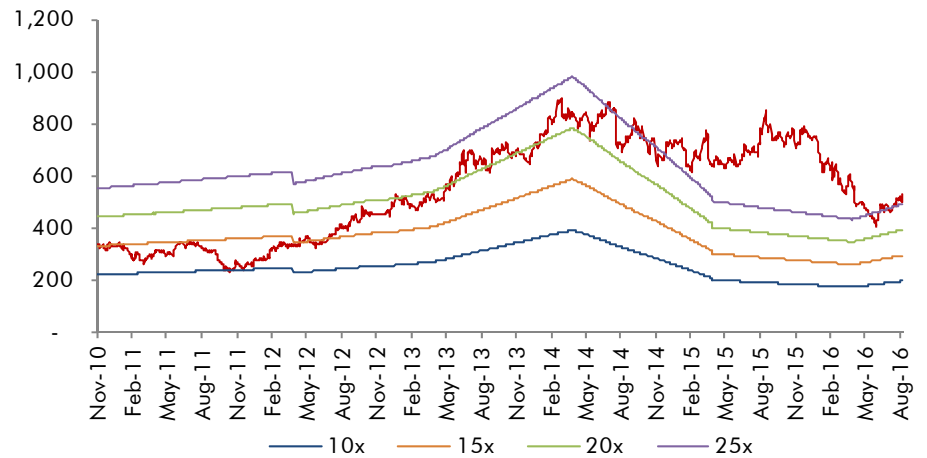
### Outlook & Valuation:

We expect net sales to post a 15.6% CAGR to ₹3,799cr, and EPS to register a 36.5% CAGR to ₹19.7 over FY2016–18E. The company's financials will be impacted by the USFDA import alert on the Ratlam, Indore and Silvassa facilities. While the problems are likely to persist for a while, we expect a gradual pick-up in performance only by FY2018. Still, given the valuations, **we maintain our Buy rating on the stock with a price target of 613.**

### Exhibit 7: Key Assumptions

	FY2017E	FY2018E
Sales growth (%)	16.1	15.0
Domestic growth (%)	17.4	15.0
Exports growth (%)	15.0	15.0
Operating margins (%)	15.3	15.3
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)	FY2018E	FY16-18E	FY2018E	
							EV/EBITDA (x)	CAGR in EPS (%)	RoCE (%)	RoE (%)
Alembic Pharma	Neutral	647	-	-	21.3	2.8	13.3	(10.8)	27.5	25.3
Aurobindo Pharma	Buy	747	877	17.4	15.8	2.6	11.0	18.1	22.5	26.1
Cadila Healthcare	Accumulate	369	400	8.4	18.5	2.8	12.6	15.8	24.3	26.6
Cipla	Neutral	517	-	-	19.0	2.4	13.1	20.4	13.5	15.2
Dr Reddy's	Neutral	3,005	-	-	19.0	2.8	11.2	6.9	18.1	17.1
Dishman Pharma	Neutral	167	-	-	16.0	1.8	8.0	(1.1)	9.6	10.2
GSK Pharma*	Neutral	3,102	-	-	52.2	6.7	35.8	15.9	35.8	31.8
Indoco Remedies	Sell	311	225	(27.7)	19.9	2.3	12.7	31.5	19.1	19.2
<b>Ipca labs</b>	<b>Buy</b>	<b>532</b>	<b>613</b>	<b>15.2</b>	<b>27.0</b>	<b>1.9</b>	<b>12.2</b>	<b>36.5</b>	<b>8.8</b>	<b>9.4</b>
Lupin	Accumulate	1,579	1,809	14.6	22.8	3.7	14.0	17.2	24.4	20.9
Sanofi India	Neutral	4,347	-	-	25.7	3.2	18.5	21.2	24.9	28.4
Sun Pharma	Buy	802	944	17.7	24.4	4.9	15.9	22.0	33.1	18.9

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)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Gross sales</b>	<b>2,778</b>	<b>3,232</b>	<b>3,157</b>	<b>2,891</b>	<b>3,356</b>	<b>3,859</b>
Less: Excise duty	25	33	40	47	53	61
<b>Net Sales</b>	<b>2,754</b>	<b>3,199</b>	<b>3,117</b>	<b>2,844</b>	<b>3,303</b>	<b>3,799</b>
Other operating income	59	82	40	41	41	41
<b>Total operating income</b>	<b>2,813</b>	<b>3,282</b>	<b>3,157</b>	<b>2,885</b>	<b>3,344</b>	<b>3,839</b>
% chg	19.3	16.7	(3.8)	(8.6)	15.9	14.8
Total expenditure	2,190	2,471	2,613	2,543	2,799	3,219
Net raw materials	1,097	1,137	1,155	1,058	1,173	1,349
Other mfg costs	245	250	277	253	294	338
Personnel	392	498	565	627	728	837
Other	456	587	616	606	604	695
<b>EBITDA</b>	<b>564</b>	<b>728</b>	<b>504</b>	<b>301</b>	<b>504</b>	<b>580</b>
% chg	19.5	29.1	(30.8)	(40.2)	67.4	15.0
(% of Net Sales)	20.5	22.8	16.2	10.6	15.3	15.3
Depreciation & amortisation	87	103	180	172	233	268
<b>EBIT</b>	<b>477</b>	<b>625</b>	<b>324</b>	<b>129</b>	<b>271</b>	<b>312</b>
% chg	17.8	31.1	(48.1)	(60.2)	110.3	15.0
(% of Net Sales)	17.3	19.5	10.4	4.5	8.2	8.2
Interest & other charges	33	27	28	32	32	32
Other Income	14	22	28	17	17	17
(% of PBT)	2.8	3.2	7.8	10.9	5.7	5.0
<b>Recurring PBT</b>	<b>517</b>	<b>703</b>	<b>364</b>	<b>155</b>	<b>297</b>	<b>338</b>
% chg	24.0	35.9	(48.2)	(57.5)	91.8	13.7
Extraordinary expense/(Inc.)	63.3	72.2	-	39.5	-	-
<b>PBT (reported)</b>	<b>454</b>	<b>631</b>	<b>364</b>	<b>115</b>	<b>297</b>	<b>338</b>
Tax	129.9	152.4	101.9	18.6	74.2	84.4
(% of PBT)	28.6	24.2	28.0	16.1	25.0	25.0
<b>PAT (reported)</b>	<b>324</b>	<b>478</b>	<b>262</b>	<b>97</b>	<b>223</b>	<b>253</b>
Add: Share of earnings of asso.	-	0	(5)	(3)	-	-
<b>PAT after MI (reported)</b>	<b>324</b>	<b>478</b>	<b>254</b>	<b>94</b>	<b>219</b>	<b>248</b>
<b>ADJ. PAT</b>	<b>340</b>	<b>495</b>	<b>254</b>	<b>133</b>	<b>219</b>	<b>248</b>
% chg	18.4	45.6	(48.6)	(47.6)	64.2	13.5
(% of Net Sales)	11.8	14.9	8.2	3.3	6.6	6.5
<b>Basic EPS (₹)</b>	<b>26.9</b>	<b>39.2</b>	<b>20.1</b>	<b>10.6</b>	<b>17.3</b>	<b>19.7</b>
<b>Fully Diluted EPS (₹)</b>	<b>26.9</b>	<b>39.2</b>	<b>20.1</b>	<b>10.6</b>	<b>17.3</b>	<b>19.7</b>
% chg	18.4	45.6	(48.6)	(47.6)	64.2	13.5



**Balance sheet (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>SOURCES OF FUNDS</b>						
Equity share capital	25	25	25	25	25	25
Reserves & surplus	1,529	1,934	2,183	2,281	2,485	2,718
<b>Shareholders Funds</b>	<b>1,554</b>	<b>1,960</b>	<b>2,208</b>	<b>2,306</b>	<b>2,510</b>	<b>2,743</b>
Minority interest	-	-	-	-	-	-
Total loans	523	603	829	595	671	809
Other Long Term Liabilities	1	1	-	-	-	-
Long Term Provisions	12	15	22	23	23	23
Deferred tax liability	130	147	174	169	169	169
<b>Total Liabilities</b>	<b>2,220</b>	<b>2,726</b>	<b>3,233</b>	<b>3,094</b>	<b>3,350</b>	<b>3,722</b>
<b>APPLICATION OF FUNDS</b>						
Gross block	1,537	1,882	2,626	2,828	3,328	3,828
Less: Acc. depreciation	475	578	758	930	1,163	1,431
<b>Net Block</b>	<b>1,063</b>	<b>1,303</b>	<b>1,868</b>	<b>1,898</b>	<b>2,165</b>	<b>2,397</b>
Goodwill	42	50	34	34	34	34
Capital work-in-progress	129	165	165	165	165	165
<b>Investments</b>	<b>9</b>	<b>9</b>	<b>16</b>	<b>96</b>	<b>96</b>	<b>96</b>
Long Term Loans and Adv.	57	71	115	108	125	144
Current assets	1,397	1,602	1,614	1,522	1,767	2,032
Cash	58	76	125	162	189	223
Loans & advances	42	67	47	43	50	50
Other	1,297	1,459	1,442	1,317	1,529	1,759
<b>Current liabilities</b>	<b>477</b>	<b>485</b>	<b>579</b>	<b>729</b>	<b>847</b>	<b>974</b>
<b>Net Current Assets</b>	<b>921</b>	<b>1,117</b>	<b>1,035</b>	<b>793</b>	<b>920</b>	<b>1,058</b>
Other Non current Assets	-	9	-	-	.	.
<b>Total Assets</b>	<b>2,220</b>	<b>2,726</b>	<b>3,233</b>	<b>3,094</b>	<b>3,350</b>	<b>3,722</b>

**Cash flow statement (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
Profit before tax	454	631	364	115	297	338
Depreciation	87	103	180	172	233	268
(Inc)/Dec in working capital	(116)	(193)	88	286	(411)	1,088
Direct taxes paid	(130)	(152)	(102)	(19)	(74)	(84)
<b>Cash Flow from Operations</b>	<b>295</b>	<b>389</b>	<b>530</b>	<b>555</b>	<b>137</b>	<b>1,722</b>
(Inc.)/Dec.in fixed assets	(257)	(380)	(745)	(202)	(500)	(500)
(Inc.)/Dec. in Investments	-	-	-	-	-	-
<b>Cash Flow from Investing</b>	<b>(257)</b>	<b>(380)</b>	<b>(745)</b>	<b>(202)</b>	<b>(500)</b>	<b>(500)</b>
Issue of Equity	0	-	-	-	-	-
Inc./Dec.) in loans	(5)	83	232	(232)	76	138
Dividend Paid (Incl. Tax)	(59)	(74)	(15)	(15)	(15)	(15)
Others	72	1	47	(69)	419	(72)
<b>Cash Flow from Financing</b>	<b>8</b>	<b>10</b>	<b>264</b>	<b>(316)</b>	<b>480</b>	<b>51</b>
Inc./Dec.) in Cash	46	18	49	37	27	38
<b>Opening Cash balances</b>	<b>12</b>	<b>58</b>	<b>76</b>	<b>125</b>	<b>162</b>	<b>189</b>
<b>Closing Cash balances</b>	<b>58</b>	<b>76</b>	<b>125</b>	<b>162</b>	<b>189</b>	<b>223</b>

### Key Ratios

Y/E March	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	19.7	13.6	26.4	50.4	30.7	27.1
P/CEPS	15.7	11.2	15.5	22.0	14.9	13.0
P/BV	4.3	3.4	3.0	2.9	2.7	2.4
Dividend yield (%)	0.8	0.8	0.8	0.8	0.8	0.8
EV/Sales	2.6	2.2	2.4	2.5	2.1	1.9
EV/EBITDA	12.7	9.9	14.5	23.5	14.1	12.4
EV / Total Assets	3.2	2.6	2.3	2.3	2.1	1.9
<b>Per Share Data (₹)</b>						
EPS (Basic)						
EPS (fully diluted)	26.9	39.2	20.1	10.6	17.3	19.7
Cash EPS	26.9	39.2	20.1	10.6	17.3	19.7
DPS	33.8	47.4	34.4	24.2	35.8	40.9
Book Value	4.0	5.0	1.0	1.0	1.0	1.0
<b>DuPont Analysis</b>						
EBIT margin						
Tax retention ratio	17.3	19.5	10.4	4.5	8.2	8.2
Asset turnover (x)	71.4	75.8	72.0	83.9	75.0	75.0
ROIC (Post-tax)	1.4	1.4	1.1	1.0	1.1	1.2
Cost of Debt (Post Tax)	17.2	20.2	8.2	3.6	6.8	7.1
Leverage (x)	4.5	3.6	2.9	3.7	3.7	3.2
Operating ROE	0.4	0.3	0.3	0.3	0.2	0.2
<b>Returns (%)</b>						
RoCE (Pre-tax)						
Angel RoIC (Pre-tax)	23.2	25.3	10.9	4.1	8.4	8.8
RoE	25.0	27.7	12.0	4.5	9.4	9.9
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)						
Inventory / Sales (days)	2.0	1.9	1.4	1.1	1.1	1.1
Receivables (days)	92	88	103	111	96	97
Payables (days)	49	48	46	46	52	52
WC cycle (ex-cash) (days)	42	45	43	90	60	60
<b>Solvency ratios (x)</b>						
Net debt to equity						
Net debt to EBITDA	0.3	0.3	0.3	0.2	0.2	0.2
Interest Coverage (EBIT / Int.)	0.8	0.7	1.4	1.4	1.0	1.0

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### Ipca Laboratories

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)