

## Cipla

### Performance Highlights

Y/E March (₹ cr)	2QFY2015	1QFY2015	% chg qoq	2QFY2014	% chg yoy
<b>Net sales</b>	<b>2,630</b>	<b>2,647</b>	<b>(0.6)</b>	<b>2,483</b>	<b>5.9</b>
Other income	161	113	42.0	123	30.6
Gross profit	1,614	1,622	(0.5)	1,529	5.5
Operating profit	421	469	(10.3)	518	(18.7)
<b>Adj. Net profit</b>	<b>299</b>	<b>295</b>	<b>1.4</b>	<b>358</b>	<b>(16.6)</b>

Source: Company, Angel Research

Cipla's 2QFY2015 results have come in below expectations on all fronts. For the period, the company posted sales of ₹2,630cr (V/s an expected ₹2,889cr), a growth of 5.9% yoy. On the operating front, the gross margin came in at 61.4% (V/s an expected 61.3%), a yoy dip of 21bp. Further, owing to a 30.6% and 12.6% yoy rise in staff cost and other expenditure respectively, the OPM came in at 16.0% (V/s an expected 19.3%), a yoy dip of 484bp. Thus, the Adj. net profit came in at ₹299cr (V/s an expected ₹383cr), a dip of 16.6% yoy. For FY2015, the company has maintained its guidance of a sales growth in mid-teens. **We remain Neutral on the stock.**

**Results lower than expectations:** Cipla posted sales of ₹2,630cr (V/s an expected ₹2,889cr), a growth of 5.9% yoy. The sales growth was predominately driven by domestic formulations (₹1,251cr), which grew by 20.3% yoy, while exports (₹1,379cr) posted a dip of 4.6% yoy, mainly on back of a 34.0% yoy dip in API exports; formulation exports grew by 0.3% yoy. Export sales have been impacted on back of reduced third party API business, less tender business, integration process of front-ending and ongoing portfolio rationalization. On the operating front, the gross margin came in at 61.4% (V/s an expected 61.3%), a yoy dip of 21bp. Further, owing to a 30.6% and 12.6% yoy rise in staff cost and other expenditure respectively, the OPM came in at 16.0% (V/s an expected 19.3%), posting a yoy dip of 484bp. Thus, the Adj. net profit came in at ₹299cr (V/s an expected ₹383cr), posting a dip of 16.6% yoy.

**Outlook and valuation:** We expect the company's net sales to post a 15.9% CAGR to ₹13,106cr and EPS to record an 18.0% CAGR to ₹24.1 over FY2014–16E. The growth in the top-line would be driven by domestic formulation sales and exports. **We maintain our Neutral stance on the stock, on back of near term valuations.**

#### Key financials (Consolidated)

Y/E March (₹ cr)	FY2013	FY2014	FY2015E	FY2016E
<b>Net sales</b>	<b>8,087</b>	<b>9,753</b>	<b>11,233</b>	<b>13,106</b>
% chg	18.1	20.6	15.2	16.7
<b>Adj. Net profit</b>	<b>1,524</b>	<b>1,388</b>	<b>1,555</b>	<b>1,932</b>
% chg	30.0	(8.9)	12.0	24.2
<b>EPS (₹)</b>	<b>19.0</b>	<b>17.3</b>	<b>19.4</b>	<b>24.1</b>
EBITDA margin (%)	24.8	18.3	17.7	19.3
P/E (x)	32.9	36.1	32.2	25.9
RoE (%)	18.3	14.6	14.5	15.7
RoCE (%)	18.3	12.8	12.6	15.1
P/BV (x)	5.6	5.0	4.4	3.8
EV/Sales (x)	6.3	5.2	4.5	3.8
EV/EBITDA (x)	25.2	28.5	25.2	19.4

Source: Company, Angel Research; Note: CMP as of August 13, 2014

## NEUTRAL

CMP ₹624  
 Target Price -

Investment Period -

#### Stock Info

Sector	Pharmaceutical
Market Cap (₹ cr)	50,113
Net Debt (₹ cr)	1,073
Beta	0.5
52 Week High / Low	672/367
Avg. Daily Volume	1,98,473
Face Value (₹)	2
BSE Sensex	27,941
Nifty	8,358
Reuters Code	CIPL.BO
Bloomberg Code	CIPLA@IN

#### Shareholding Pattern (%)

Promoters	36.8
MF / Banks / Indian Fls	16.1
FII / NRIs / OCBs	27.1
Indian Public / Others	20.0

Abs. (%)	3m	1yr	3yr
Sensex	7.8	38.4	62.5
Cipla	42.1	51.3	117.7

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**Exhibit 1: 2QFY2015 ( Consolidated) performance**

Y/E March (₹ cr)	2QFY2015	1QFY2015	% chg qoq	2QFY2014	% chg yoy	1HFY2015	1HFY2014	% chg yoy
<b>Net sales</b>	<b>2,630</b>	<b>2,647</b>	<b>(0.6)</b>	<b>2,483</b>	<b>5.9</b>	<b>5,277</b>	<b>4,815</b>	<b>9.6</b>
Other income	160.8	113.2	42.0	123.1	30.6	274.0	372.0	(26.3)
<b>Total income</b>	<b>2,791</b>	<b>2,760</b>	<b>1.1</b>	<b>2,607</b>	<b>7.1</b>	<b>5,551</b>	<b>5,187</b>	<b>7.0</b>
Gross profit	1614	1622	(0.5)	1529	5.5	3236	2942	10.0
<b>Gross margin</b>	<b>61.4</b>	<b>61.3</b>		<b>61.6</b>		<b>61.3</b>	<b>61.1</b>	
Operating profit	421	469	(10.3)	518	(18.7)	891	1027	(13.3)
<b>OPM (%)</b>	<b>16.0</b>	<b>17.7</b>		<b>20.9</b>		<b>16.9</b>	<b>21.3</b>	
Interest	46.9	33.3	40.7	46.1	1.7	80	85.7	(6.4)
Depreciation	122	125	(2.7)	91	33.5	247	176	40.2
PBT	413	424	(2.6)	503	(18.0)	837	1137	(26.4)
Provision for taxation	101	102	(1.2)	136	(25.8)	203	289	(30.0)
<b>PAT before extra-ordinary item</b>	<b>312</b>	<b>322</b>	<b>(3.0)</b>	<b>368</b>	<b>(15.1)</b>	<b>634</b>	<b>848</b>	<b>(25.2)</b>
Share of Profit /( loss ) of associate	(13)	(27)		(10)		(40)	(4)	
Extra-ordinary items/(income)	0	0		0		0	0	
<b>PAT after extra-ordinary item</b>	<b>299</b>	<b>295</b>	<b>1.4</b>	<b>358</b>	<b>(16.6)</b>	<b>594</b>	<b>843</b>	<b>(29.6)</b>
<b>Adj. PAT</b>	<b>299</b>	<b>295</b>	<b>1.4</b>	<b>358</b>	<b>(16.6)</b>	<b>594</b>	<b>843</b>	<b>(29.6)</b>
<b>EPS (₹)</b>	<b>3.7</b>	<b>3.7</b>		<b>4.5</b>		<b>7.4</b>	<b>10.5</b>	

Source: Company, Angel Research

**Exhibit 2: 2QFY2015 – Actual vs. Angel estimates**

(₹ cr)	Actual	Estimates	Variance
<b>Net sales</b>	<b>2,630</b>	<b>2,889</b>	<b>(9.0)</b>
Other income	161	113	42.0
Operating profit	421	557	(24.4)
Tax	101	102	(1.2)
<b>Net profit</b>	<b>299</b>	<b>383</b>	<b>(22.0)</b>

Source: Company, Angel Research

**Top-line growth below expectation**

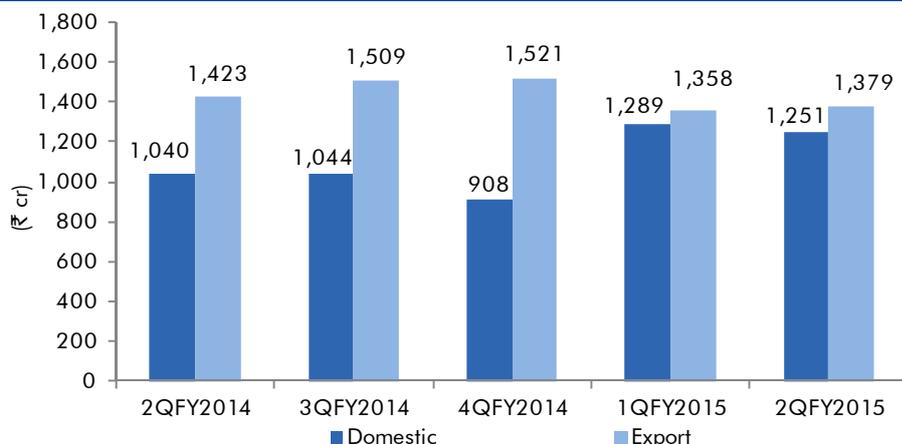
For the quarter, the company posted consolidated sales of ₹2,630cr V/s an expected ₹2,889cr and V/s ₹2,483cr in 2QFY2014 (a yoy growth of 5.9%).

The growth in the top-line came on back of domestic sales posting a growth of 20.3% yoy to ₹1,251cr, outpacing the industry growth of 11.2% yoy (IMS) during the period. Exports on the other hand declined by 4.6% yoy to ₹1,379cr.

Export formulations grew by 0.3% yoy to ₹1,243cr, while API exports dipped to ₹136cr V/s ₹206cr in the corresponding period of last year. Formulations now constitute 94.8% of sales of the company. Export sales have been impacted on back of reduced third party API business, less tender business, integration process of front-ending and ongoing portfolio rationalization.

Overall, exports contributed 52.4% to overall sales (V/s 58.2% in 2QFY2014), while domestic sales contributed the rest.

**Exhibit 3: Sales Trend**

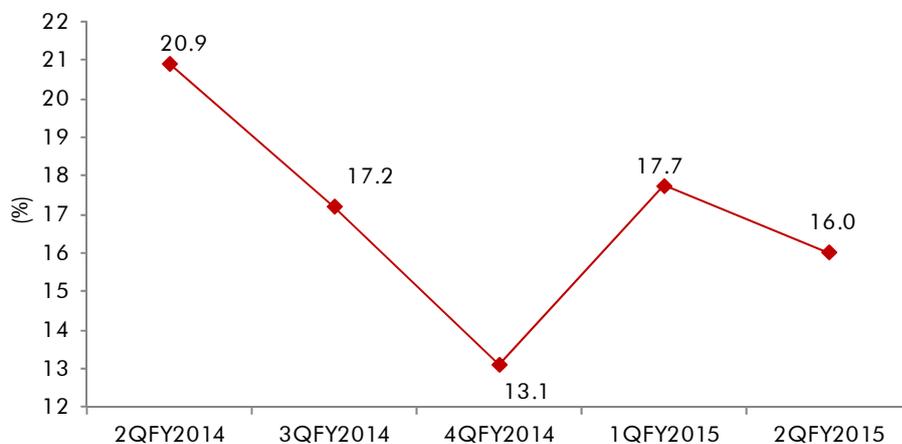


Source: Company

**Operating profit margin dips**

On the operating front, the EBDITA margin came in at 16.0% V/s an expected 19.3% and V/s 20.9% during the corresponding period of last year. The gross margin came in at 61.4% V/s 61.6% during the corresponding period of last year; still the OPM for the quarter dipped due to a 30.6% yoy rise in employee expenses and 10.9% yoy rise in other expenditure.

**Exhibit 4: OPM Trend**

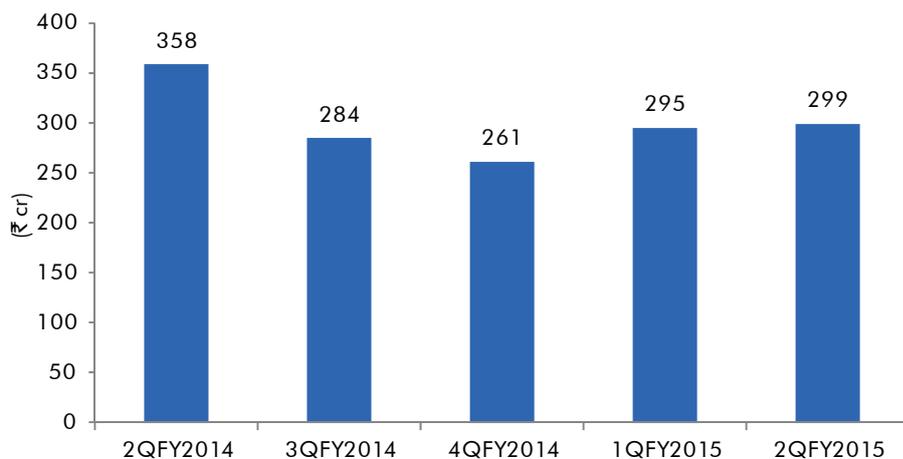


Source: Company

**Net profit lower than expectation**

While the operating profit dipped by 18.7% yoy, a 30.6% rise in the other income, which rose from ₹123.1cr in 2QFY2014 to ₹160.8cr, aided the Adj. PAT to come in at ₹299cr V/s an expected ₹383cr and V/s ₹358cr in 2QFY2014 (registering a yoy de-growth of 16.6%).

### Exhibit 5: Net Profit Trend



Source: Company

### Concall takeaways

- The Management reiterated its guidance of sales growth being in mid-teens for FY2015.
- Domestic formulation sales are expected to grow at a higher rate than the industry growth rate. The company currently has 7000-8000 MRs in India.
- The company received approval for gAdvaair for German and Swedish markets during 2QFY2015. However, the Management has indicated that it will take 12-18 months to materialize the full US\$800mn opportunity in most of the European markets, as approvals will take time.
- During the quarter, Cipla signed an agreement with Salix Pharmaceuticals (Salix) for 'Rifaximin Complexes' patents owned by Cipla under which it has granted Salix exclusive rights over certain patent applications. According to the agreement, Cipla will receive upfront payment, milestone payments and royalties from Salix. Upfront payment has already been received during this quarter.
- Cipla has filed for 11 products in Europe and 7 products in US in 1HFY2015.
- R&D expenditure is expected to move to 5-6% of sales in FY2015.
- Capex for FY2015 would be around ₹500cr.

### 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 FY2014, with Africa, US and Latin America constituting more than 60% of total exports. In the US, Cipla has entered into a partnership with more than 22 players and has a strong product pipeline of ANDAs, of which 40 have been launched, out of the 90 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.

With Medpro's acquisition, the company now has a front end in the fast growing African market. Overall, we expect the company's exports to grow at a CAGR of 17.6% during FY2014-16.

**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 FY2014. 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 16.0% over FY2014-16.

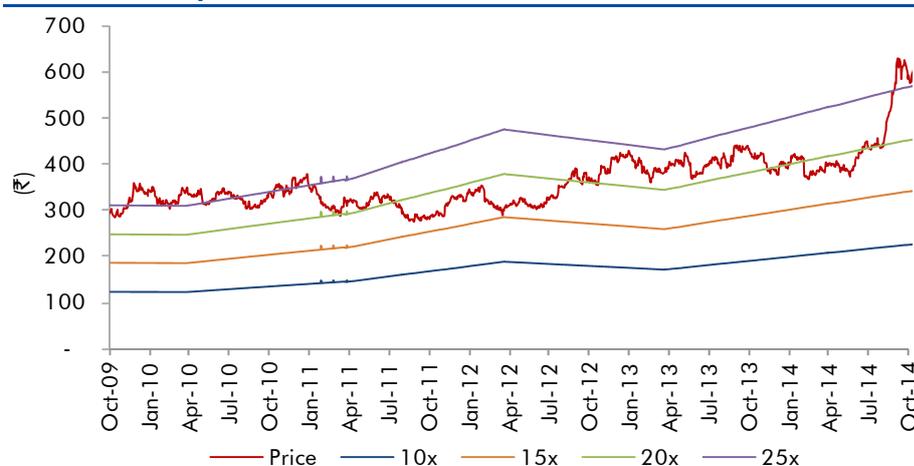
**Valuation:** We expect the company's net sales to post a 15.9% CAGR to ₹13,106cr and EPS to record an 18.0% CAGR to ₹24.1 over FY2014-16E. The growth in the top-line would be driven by domestic formulation sales and exports. **We maintain our Neutral stance on the stock.**

#### Exhibit 6: Key assumptions

Key assumptions	FY2015E	FY2016E
Domestic growth (%)	17.0	15.0
Exports growth (%)	17.7	17.6
Growth in employee expenses (%)	25.0	18.0
Operating margins (excl tech. know-how fees) (%)	17.7	19.3

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 %	PE (x)	FY2016E			FY14-16E	FY2016E	
						EV/Sales (x)	EV/EBITDA (x)	CAGR in EPS (%)	RoCE (%)	RoE (%)	
Alembic Pharma	Neutral	477	-	-	24.3	3.3	17.2	21.2	31.7	32.6	
Aurobindo Pharma	Neutral	1100	-	-	19.5	2.7	13.4	10.9	18.2	27.0	
Cadila Healthcare	Neutral	1563	-	-	25.3	3.2	18.9	24.3	19.9	26.5	
<b>Cipla</b>	<b>Neutral</b>	<b>624</b>	<b>-</b>	<b>-</b>	<b>25.9</b>	<b>3.7</b>	<b>19.3</b>	<b>18.0</b>	<b>15.1</b>	<b>15.7</b>	
Dr Reddy's	Accumulate	3,476	3,723	7.1	18.7	3.1	13.0	21.2	21.8	25.0	
Dishman Pharma	Buy	139	221	59.3	6.3	0.9	3.7	27.7	12.9	12.7	
GSK Pharma*	Neutral	2,838	-	-	47.8	7.8	37.9	0.4	25.9	25.7	
Indoco Remedies	Neutral	302	-	-	21.3	2.6	14.4	50.0	19.8	21.8	
Ipca labs	Buy	668	817	22.2	13.9	2.1	10.3	10.7	21.7	23.3	
Lupin	Neutral	1,439	-	-	24.1	4.0	14.9	19.3	33.0	25.4	
Ranbaxy	Neutral	675	-	-	50.7	2.8	32.0	(5.9)	5.3	10.8	
Sanofi India*	Accumulate	3,493	3,700	5.9	28.4	3.1	19.2	6.9	19.2	20.7	
Sun Pharma	Neutral	909	-	-	26.0	5.4	17.1	10.7	27.5	27.9	

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

## **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 over 5% 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)	FY2011	FY2012	FY2013	FY2014	FY2015E	FY2016E
Gross sales	6,385	6,956	8,196	9,902	11,406	13,308
Less: Excise duty	68.4	108.1	108.7	149.3	172.8	201.6
Net sales	6,317	6,848	8,087	9,753	11,233	13,106
Other operating income	7	173	193	348	348	348
<b>Total operating income</b>	<b>6,324</b>	<b>7,021</b>	<b>8,279</b>	<b>10,100</b>	<b>11,580</b>	<b>13,454</b>
% chg	12.4	11.0	17.9	22.0	14.7	16.2
Total expenditure	4,955	5,362	6,081	7,967	9,241	10,575
Net raw materials	2,775	2,739	2,953	3,875	4,381	4,928
Other mfg costs	635	705	641	827	951	1,094
Personnel	566	773	1,036	1,543	1,929	2,276
Other	979	1,145	1,451	1,722	1,981	2,278
<b>EBITDA</b>	<b>1,362</b>	<b>1,486</b>	<b>2,005</b>	<b>1,786</b>	<b>1,991</b>	<b>2,531</b>
% chg	26.9	9.1	35.0	(11.0)	11.5	27.1
(% of Net Sales)	21.6	21.7	24.8	18.3	17.7	19.3
Depreciation & amortisation	273	312	330	373	454	496
<b>EBIT</b>	<b>1,089</b>	<b>1,174</b>	<b>1,675</b>	<b>1,413</b>	<b>1,538</b>	<b>2,035</b>
% chg	20.2	7.8	42.7	(15.6)	8.8	32.3
(% of Net Sales)	17.2	17.1	20.7	14.5	13.7	15.5
Interest & other charges	25	38	34	146	40	35
Other Income	97	176	235	266	266	266
(% of PBT)	8.3	11.9	11.4	14.1	12.6	10.2
<b>Recurring PBT</b>	<b>1,167</b>	<b>1,485</b>	<b>2,069</b>	<b>1,881</b>	<b>2,111</b>	<b>2,613</b>
% chg	(5.2)	27.2	39.3	(9.1)	12.3	23.8
Extraordinary expense/(Inc.)	4.9	36.9	(26.7)	-	-	-
<b>PBT (reported)</b>	<b>1,162</b>	<b>1,448</b>	<b>2,095</b>	<b>1,881</b>	<b>2,111</b>	<b>2,613</b>
Tax	195.4	306.5	544.3	463.4	527.8	653.3
(% of PBT)	16.8	21.2	26.0	24.6	25.0	25.0
<b>PAT (reported)</b>	<b>967</b>	<b>1,141</b>	<b>1,551</b>	<b>1,417</b>	<b>1,583</b>	<b>1,960</b>
Add: Share of earnings of asso.	22	3	(6)	(12)	(12)	(12)
Less: Minority interest (MI)	-	-	-	16	16	16
Prior period items	-	-	-	-	-	-
<b>PAT after MI (reported)</b>	<b>990</b>	<b>1,144</b>	<b>1,545</b>	<b>1,388</b>	<b>1,555</b>	<b>1,932</b>
<b>ADJ. PAT</b>	<b>993</b>	<b>1,173</b>	<b>1,524</b>	<b>1,388</b>	<b>1,555</b>	<b>1,932</b>
% chg	(1.3)	18.1	30.0	(8.9)	12.0	24.2
(% of Net Sales)	15.7	16.7	19.1	14.2	13.8	14.7
<b>Basic EPS (₹)</b>	<b>12.4</b>	<b>14.6</b>	<b>19.0</b>	<b>17.3</b>	<b>19.4</b>	<b>24.1</b>
<b>Fully Diluted EPS (₹)</b>	<b>12.4</b>	<b>14.6</b>	<b>19.0</b>	<b>17.3</b>	<b>19.4</b>	<b>24.1</b>
% chg	(1.3)	18.1	30.0	(8.9)	12.0	24.2

**Balance sheet (Consolidated)**

Y/E March (₹ cr)	FY2011	FY2012	FY2013	FY2014	FY2015E	FY2016E
<b>SOURCES OF FUNDS</b>						
Equity share capital	161	161	161	161	161	161
Preference Capital	-	-	-	-	-	-
Reserves & surplus	6,506	7,478	8,858	9,890	11,257	13,001
<b>Shareholders funds</b>	<b>6,666</b>	<b>7,639</b>	<b>9,019</b>	<b>10,050</b>	<b>11,418</b>	<b>13,161</b>
Minority interest	-	-	-	50	50	50
Total loans	571.9	29.2	966.9	1,247.9	800.0	700.0
Other long term liabilities		30.0	30.0	32.6	32.6	32.6
Long Term Provisions	0.9	31.2	50.4	77.4	77.4	77.4
Deferred tax liability	213.1	233.2	280.5	309.0	309.0	309.0
<b>Total liabilities</b>	<b>7,452</b>	<b>7,963</b>	<b>10,347</b>	<b>11,767</b>	<b>12,686</b>	<b>14,330</b>
<b>APPLICATION OF FUNDS</b>						
Gross block	4,241	4,626	5,318	6,183	6,783	7,383
Less: acc. depreciation	1,146	1,411	1,708	2,180	2,634	3,129
<b>Net block</b>	<b>3,094</b>	<b>3,215</b>	<b>3,610</b>	<b>4,003</b>	<b>4,150</b>	<b>4,254</b>
Capital work-in-progress	285	371	378	442	442	442
Goodwill	-	-	-	2,493	2,493	2,493
<b>Investments</b>	<b>591</b>	<b>1,269</b>	<b>2,532</b>	<b>709</b>	<b>709</b>	<b>709</b>
Long Term Loans and Adv.	407	378	363	301	347	405
Current assets	4,220	4,116	4,775	5,340	6,455	8,256
Cash	96	90	143	175	502	1,310
Loans & advances	1,162	568	573	596	674	786
Others	2,962	3,458	4,058	4,569	5,279	6,160
Current liabilities	1,145	1,387	1,311	1,634	1,910	2,228
<b>Net current assets</b>	<b>3,075</b>	<b>2,729</b>	<b>3,464</b>	<b>3,706</b>	<b>4,546</b>	<b>6,028</b>
Mis. Exp. not written off	-	-	-	112	-	-
<b>Total assets</b>	<b>7,452</b>	<b>7,963</b>	<b>10,347</b>	<b>11,767</b>	<b>12,686</b>	<b>14,330</b>

**Cash flow statement (Consolidated)**

Y/E March (₹ cr)	FY2011	FY2012	FY2013	FY2014	FY2015E	FY2016E
Profit before tax	1,162	1,448	2,095	1,881	2,111	2,613
Depreciation	273	312	330	373	454	496
(Inc)/Dec in Working Capital	(295)	370	(667)	(149)	(558)	(732)
Direct taxes paid	301	275	518	431	510	832
<b>Cash Flow from Operations</b>	<b>840</b>	<b>1,855</b>	<b>1,241</b>	<b>1,673</b>	<b>1,497</b>	<b>1,545</b>
(Inc.)/Dec.in Fixed Assets	(944)	(472)	(698)	(930)	(600)	(600)
(Inc.)/Dec. in Investments	(344)	(678)	(1,263)	1,824	-	-
Other income	-	-	-	-	-	-
<b>Cash Flow from Investing</b>	<b>(1,289)</b>	<b>(1,150)</b>	<b>(1,961)</b>	<b>894</b>	<b>(600)</b>	<b>(600)</b>
Issue of Equity	-	-	-	-	-	-
Inc./Dec.) in loans	568	(482)	957	311	(448)	(100)
Dividend Paid (Incl. Tax)	(225)	(187)	(188)	(188)	(188)	(188)
Others	161	(42)	4	19	(16)	(16)
<b>Cash Flow from Financing</b>	<b>503</b>	<b>(711)</b>	<b>773</b>	<b>142</b>	<b>(652)</b>	<b>(304)</b>
Inc./Dec.) in Cash	55	(6)	53	2,709	245	641
<b>Opening Cash balances</b>	<b>63</b>	<b>96</b>	<b>90</b>	<b>143</b>	<b>175</b>	<b>502</b>
<b>Closing Cash balances</b>	<b>96</b>	<b>90</b>	<b>143</b>	<b>175</b>	<b>502</b>	<b>1,310</b>

**Key Ratio**

Y/E March	FY2011	FY2012	FY2013	FY2014	FY2015E	FY2016E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	50.5	42.7	32.9	36.1	32.2	25.9
P/CEPS	39.7	34.4	26.7	28.5	24.9	20.6
P/BV	7.5	6.6	5.6	5.0	4.4	3.8
Dividend yield (%)	0.4	0.3	0.3	0.3	0.3	0.3
EV/Sales	7.9	7.3	6.3	5.2	4.5	3.8
EV/EBITDA	36.8	33.5	25.2	28.5	25.2	19.4
EV / Total Assets	6.7	6.2	4.9	4.3	4.0	3.4
<b>Per Share Data (₹)</b>						
EPS (Basic)	12.4	14.6	19.0	17.3	19.4	24.1
EPS (fully diluted)	12.4	14.6	19.0	17.3	19.4	24.1
Cash EPS	15.7	18.1	23.4	21.9	25.0	30.2
DPS	2.8	2.0	2.0	2.0	2.0	2.0
Book Value	83.0	95.1	112.3	125.2	142.2	163.9
<b>Dupont Analysis</b>						
EBIT margin	17.2	17.1	20.7	14.5	13.7	15.5
Tax retention ratio	83.2	78.8	74.0	75.4	75.0	75.0
Asset turnover (x)	0.9	0.9	0.9	0.9	1.0	1.1
ROIC (Post-tax)	13.5	12.5	14.0	10.1	10.0	12.4
Cost of Debt (Post Tax)	7.2	10.1	5.0	9.9	2.9	3.5
Leverage (x)	0.0	0.0	0.0	0.1	0.0	1.0
Operating ROE	13.7	12.5	14.4	10.1	10.0	21.4
<b>Returns (%)</b>						
ROCE (Pre-tax)	16.1	15.2	18.3	12.8	12.6	15.1
Angel ROIC (Pre-tax)	17.5	16.1	19.3	15.3	17.2	21.0
ROE	15.8	16.4	18.3	14.6	14.5	15.7
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	1.8	1.6	1.7	1.8	1.8	1.9
Inventory / Sales (days)	99	104	93	95	90	99
Receivables (days)	88	83	71	60	69	75
Payables (days)	60	57	46	41	44	45
WC cycle (ex-cash) (days)	175	146	131	124	119	119
<b>Solvency ratios (x)</b>						
Net debt to equity	0.1	(0.0)	0.1	0.1	0.0	(0.0)
Net debt to EBITDA	0.3	(0.0)	0.4	0.6	0.1	(0.2)
Interest Coverage (EBIT / Int.)	-	-	-	-	-	-

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### Disclosure of Interest Statement

Disclosure of Interest Statement	Cipla
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

### Ratings (Returns):

Buy (&gt; 15%)

Reduce (-5% to -15%)

Accumulate (5% to 15%)

Sell (&lt; -15%)

Neutral (-5 to 5%)