

## Cadila Healthcare

### Performance Highlights

Y/E March (₹ cr)	2QFY2017	1QFY2017	% chg (qoq)	2QFY2016	% chg (yoy)
<b>Net sales</b>	<b>2,336</b>	<b>2,216</b>	<b>5.4</b>	<b>2,267</b>	<b>3.1</b>
Other income	40	86	(53.0)	140	(71.0)
Gross profit	1493	1442	3.5	1468	1.7
Operating profit	499	453	10.2bp	460	8.5bp
<b>Adj. Net profit</b>	<b>338</b>	<b>356</b>	<b>(5.3)</b>	<b>475</b>	<b>(29.0)</b>

Source: Company, Angel Research

For 2QFY2017, Cadila Healthcare posted lower than expected results with sales at ₹2,336cr (vs. ₹2,737cr expected vs. ₹2,267cr in 2QFY2016), a yoy growth of 3.1%. On the operating front, the EBITDA margin came in at 21.4% (vs. 21.7% expected vs. 20.3% in 2QFY2016). The dip in the OPM was saved in spite of an underperformance on the sales front as the GPM improved to 63.9% (vs. 64.8% in 2QFY2016). The Adj. net profit came in at ₹338cr (vs. ₹461cr expected vs. ₹475cr in 2QFY2016), a yoy de-growth of 29.0%. **We maintain our Neutral rating on the stock.**

**Results lower than expected:** Company posted sales of ₹2,336cr (vs. ₹2,737cr expected vs. ₹2,267cr in 2QFY2016), a yoy growth of 3.1%. The dip in sales was owing to the USA business (₹848.3cr) posting a yoy dip of 13.9%. On the operating front, the EBITDA margin came in at 21.4% (vs. 21.7% expected vs. 20.3% in 2QFY2016). The dip in the OPM was saved in spite of an underperformance on the sales front as the GPM improved to 63.9% (vs. 64.8% in 2QFY2016). The Adj. net profit came in at ₹338cr (vs. ₹461cr expected vs. ₹475cr in 2QFY2016), a yoy de-growth of 29.0%.

**Outlook and valuation:** We expect Cadila's net sales to post 14.1% CAGR to ₹12,318cr and EPS to report 13.4% 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>10,429</b>	<b>12,318</b>
% chg	20.4	11.4	10.1	18.1
<b>Net profit</b>	<b>1,159</b>	<b>1,524</b>	<b>1,728</b>	<b>1,961</b>
% chg	41.5	31.5	13.4	13.5
<b>EPS</b>	<b>11.3</b>	<b>14.9</b>	<b>16.9</b>	<b>19.2</b>
EBITDA margin (%)	18.8	21.2	22.6	22.0
P/E (x)	34.5	26.2	23.1	20.4
RoE (%)	30.1	31.7	28.5	25.7
RoCE (%)	20.2	23.1	23.1	22.7
P/BV (x)	9.5	7.6	6.0	4.8
EV/Sales (x)	4.9	4.4	3.8	3.1
EV/EBITDA (x)	26.0	20.5	17.0	14.3

Source: Company, Angel Research; Note: CMP as of November 4, 2016

## NEUTRAL

CMP	₹390
Target Price	-
Investment Period	-

#### Stock Info

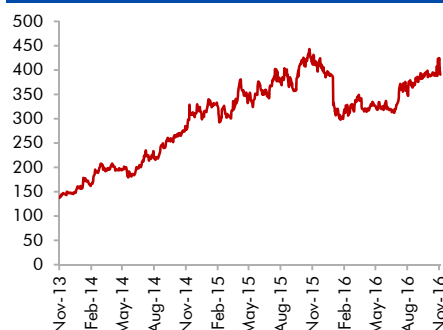
Sector	Pharmaceutical
Market Cap (₹ cr)	39,967
Net debt (₹ cr)	1,550
Beta	0.6
52 Week High / Low	437 / 296
Avg. Daily Volume	136,696
Face Value (₹)	1
BSE Sensex	27,274
Nifty	8,434
Reuters Code	CADI.BO
Bloomberg Code	CDH@IN

#### Shareholding Pattern (%)

Promoters	74.8
MF / Banks / Indian Fls	9.2
FII / NRIs / OCBs	10.4
Indian Public / Others	5.6

Abs.(%)	3m	1yr	3yr
Sensex	(1.0)	3.2	29.1
Cadila	14.3	(6.2)	182.2

#### 3-Year Daily Price Chart



Source: Company, Angel Research

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**Exhibit 1: 2QFY2017 performance (Consolidated)**

Y/E March (₹ cr)	2QFY2017	1QFY2017	% chg (qoq)	2QFY2016	% chg (yoy)	1HFY2017	1HFY2016	% chg
<b>Net Sales</b>	<b>2,336</b>	<b>2,216</b>	<b>5.4</b>	<b>2,267</b>	<b>3.1</b>	<b>4,553</b>	<b>4,534</b>	<b>0.4</b>
Other Income	40	86	(53.0)	140	(71.0)	126	244	(48.2)
<b>Total Income</b>	<b>2,377</b>	<b>2,302</b>	<b>3.2</b>	<b>2,407</b>	<b>(1.2)</b>	<b>4,679</b>	<b>4,777</b>	<b>(2.1)</b>
Gross profit	1493	1442	3.5	1468	1.7	2935	2977	(1.4)
<b>Gross margin (%)</b>	<b>63.9</b>	<b>65.1</b>		<b>64.8</b>		<b>64.5</b>	<b>65.7</b>	
Operating profit	499	453	10.2	460	8.5	952	986	(3.4)
<b>Operating Margin (%)</b>	<b>21.4</b>	<b>20.4</b>		<b>20.3</b>		<b>20.9</b>	<b>21.8</b>	
Financial Cost	19	14	33.6	12	57.1	33	25	31.3
Depreciation	86	84	2.5	69	25.0	171	142	20.6
PBT	435	441	(1.5)	519	(16.2)	875	1064	(17.7)
Tax	107	97	10.6	72	49.0	203	150	36.1
<b>Adj. PAT before Extra-ordinary item</b>	<b>328</b>	<b>344</b>	<b>(4.8)</b>	<b>468</b>	<b>(29.9)</b>	<b>672</b>	<b>914</b>	<b>(26.5)</b>
Exceptional loss/(gain)	(9)	6		0		37	39	
Minority	18	18	(3.3)	8		15	17	
<b>Reported PAT</b>	<b>338</b>	<b>343</b>	<b>(1.6)</b>	<b>475</b>	<b>(28.9)</b>	<b>694</b>	<b>935</b>	<b>(25.8)</b>
<b>Adj. PAT</b>	<b>338</b>	<b>356</b>	<b>(5.3)</b>	<b>475</b>	<b>(29.0)</b>	<b>694</b>	<b>938</b>	<b>(26.0)</b>
<b>EPS (₹)</b>	<b>3.3</b>	<b>3.5</b>		<b>4.6</b>		<b>6.8</b>	<b>9.2</b>	

Source: Company, Angel Research

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

(₹ cr)	Actual	Estimates	Variance
<b>Net Sales</b>	<b>2,336</b>	<b>2,737</b>	<b>(14.6)</b>
Operating profit	499	593	(15.8)
Tax	107	97	10.6
<b>Net profit</b>	<b>338</b>	<b>461</b>	<b>(26.7)</b>

Source: Company, Angel Research

**Revenue lower than our expectation**

In INR terms, the consolidated revenues came in at ₹2,336cr (vs. ₹2,737cr expected vs. ₹2,267cr in 2QFY2016), a growth of 3.1% yoy, mainly subdued on back of pressure on the US generic market.

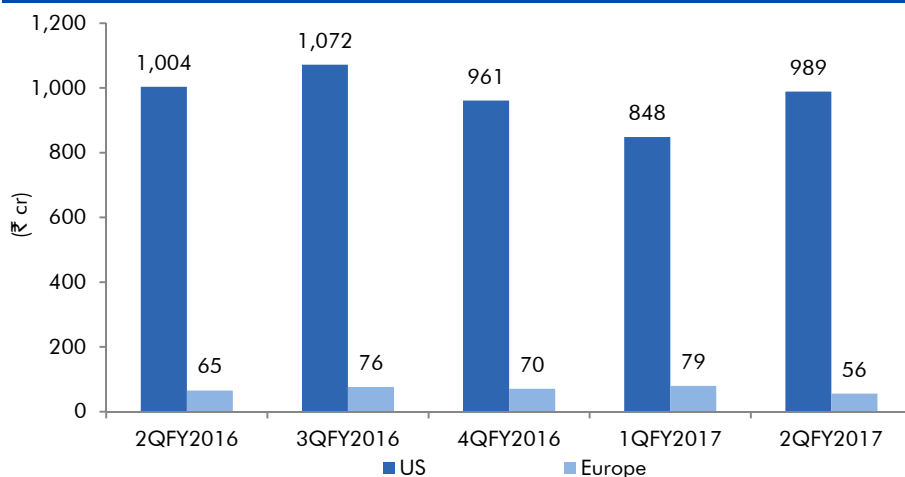
The Formulation business sales (₹1,988cr, up 3.2% yoy) mainly lead by the US (₹988.8cr, 1.5% dip yoy), Indian Formulation (₹820.9cr, a yoy growth 8.8%), Emerging market Formulation (₹113cr, a yoy dip of 3.2%) and Latin America formulation (₹65.6cr, a yoy growth of 24.6%). The other Business & Alliances (₹398.5cr) grew by 4.0% yoy. Europe Formulation (₹55.7cr, a yoy dip of 14.1%), Consumer Wellness (₹111.9cr, a yoy growth of 7.6%), Animal Healthcare (₹122.5cr, a yoy growth of 51.9%), API (₹83.2cr, a yoy dip of 7.4%) and Alliances (₹25.2cr, a yoy dip of 42.5%).

US business de-grew by 1.5% yoy and 17% qoq, mainly attributable to Asacol HD AG, which was launched in August 2016, partially offset by continued pressure on HCQS. The company expects seven ANDA approvals in 2HFY2017, which should help drive the growth. The company launched 4 new products in the US in 2QFY2017 and received 1 product approval, during the quarter. Cumulatively, the company has received 107 ANDA approvals till date. Additionally, Cadila filed 4

ANDAs in 2QFY2017; cumulatively, the company has filed 279 ANDAs in the US market.

Latam business was the only bright spot as revenues increased by ~24%yoy to ₹65.6cr in 2QFY2017. Growth was aided by 12.5% price hike undertaken in April 2016.

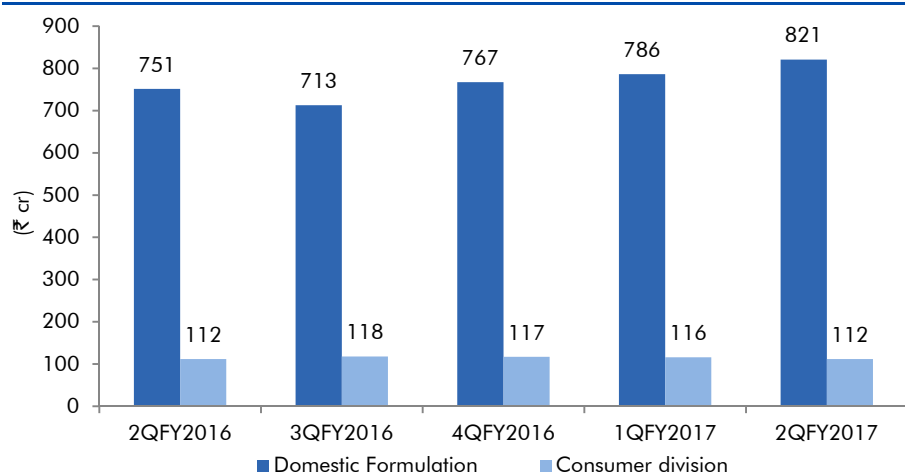
### Exhibit 3: Sales trend in the US and Europe



Source: Company, Angel Research

The growth in the domestic market (~48% of sales) was of 10.7% yoy, mainly led by Animal health & Others (₹1,225cr) which grew by 51.9%; while formulations (₹820.9cr) grew by 8.8% yoy. API (₹83.2cr), on the other hand, de-grew by 7.4% yoy.

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

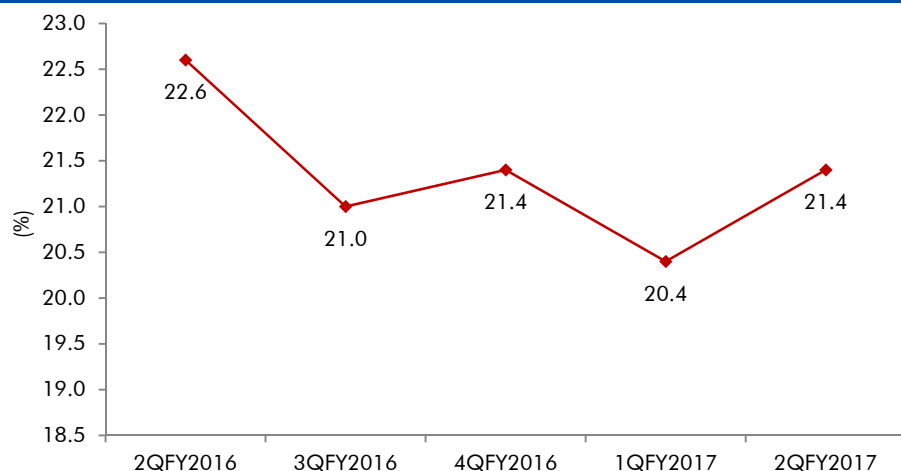


Source: Company, Angel Research

### OPM mostly in line with expectation

On the operating front, the EBITDA margin came in at 21.4% (vs. 21.7% expected vs. 20.3% in 2QFY2016). The dip in the OPM was contained as the GPM improved from 63.9% (vs. 64.8% in 2QFY2016). R&D expenditure, during the quarter, came in at 6.5% (vs. 7.3% of sales in 2QFY2016).

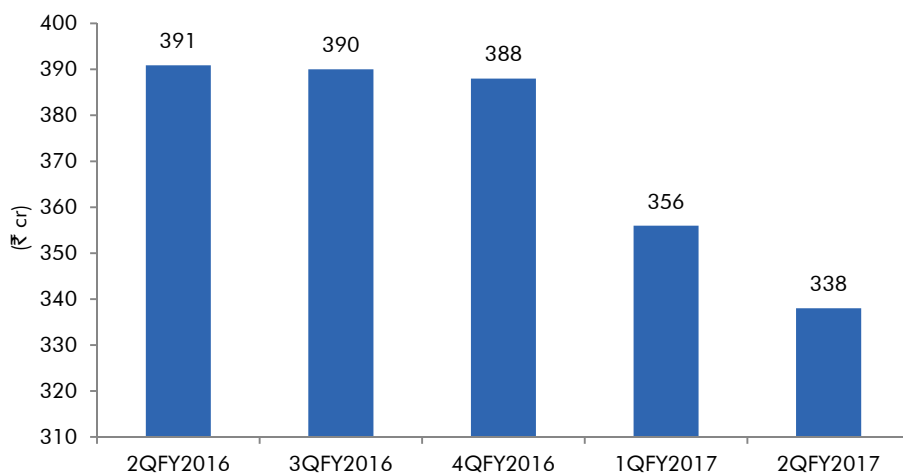
**Exhibit 5: OPM trend**



Source: Company, Angel Research

**Net profit down 29.0% yoy:** Consequently, the Adj. PAT came in at ₹338cr (vs. ₹460.7cr expected vs. ₹390.9cr in 2QFY2016), yoy de-growth of 29.0%. Other reason in the dip in the net profit was the other income which came in at ₹40.4cr (vs. ₹140cr in 2QFY2016), a yoy dip of 71.0%.

**Exhibit 6: Adjusted Net profit trend**



Source: Company, Angel Research

**Concall takeaways**

- Effective tax rate to remain at 22%-25% levels in FY2017E.
- Remediation process at Moraiya completed; waiting for inspection from USFDA.
- R&D as a percentage of sales to be at 7-8% in FY2017.
- ~30% of domestic portfolio is under DPCO.
- Plans to file ~40 ANDAs in US annually.

## 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 9.6%.

**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 17.5% over FY2016-18E.

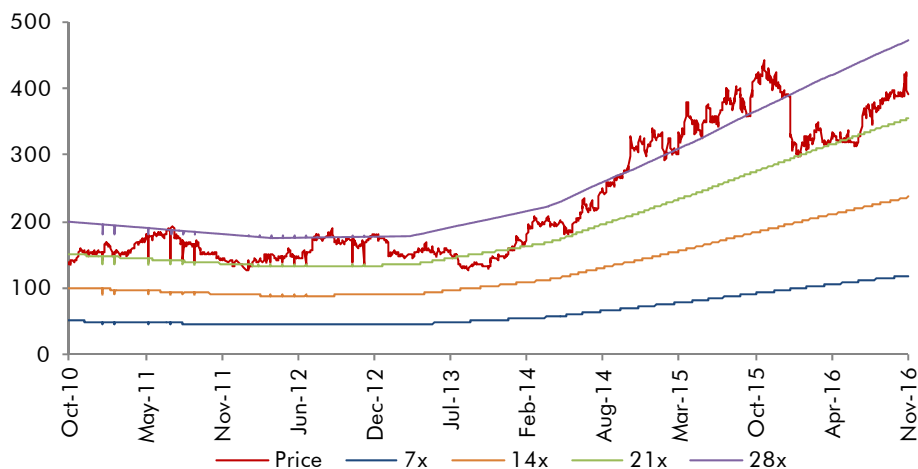
## Outlook and valuation

We expect Cadila's net sales to post 14.1% CAGR to ₹12,318cr and EPS to report 13.4% 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 (%)	10.0	15.0
Exports growth (%)	10.0	20.0
Growth in employee expenses (%)	14.7	18.1
Operating margins (excl tech. know-how fees) (%)	22.6	22.0
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	656	-	-	21.6	2.9	13.4	(10.8)	27.5	25.3
Aurobindo Pharma	Accumulate	727	877	20.7	15.4	2.5	10.7	18.1	22.5	26.1
<b>Cadila Healthcare</b>	<b>Neutral</b>	<b>390</b>	<b>-</b>	<b>-</b>	<b>20.4</b>	<b>3.1</b>	<b>14.3</b>	<b>13.4</b>	<b>22.7</b>	<b>25.7</b>
Cipla	Neutral	545	-	-	20.0	2.5	13.8	20.4	13.5	15.2
Dr Reddy's	Neutral	3,077	-	-	21.5	2.8	12.4	1.7	16.2	15.9
Dishman Pharma	Neutral	227	-	-	20.1	2.3	9.9	3.1	10.3	10.9
GSK Pharma	Neutral	2,775	-	-	46.7	6.0	42.1	15.9	33.7	30.6
Indoco Remedies	Neutral	276	-	-	17.7	2.1	11.3	31.5	19.1	19.2
Ipca labs	Accumulate	583	613	5.1	29.6	2.0	13.4	36.5	8.8	9.4
Lupin	Buy	1,421	1,809	27.3	20.5	3.9	12.6	17.2	24.4	20.9
Sanofi India*	Neutral	4,276	-	-	25.3	3.4	18.2	21.2	24.9	28.4
Sun Pharma	Buy	653	944	44.6	19.9	3.9	12.6	22.0	33.1	18.9

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>10,626</b>	<b>12,550</b>
Less: Excise duty	129	148	161	190	197	232
<b>Net sales</b>	<b>6,155</b>	<b>7,060</b>	<b>8,497</b>	<b>9,469</b>	<b>10,429</b>	<b>12,318</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>10,797</b>	<b>12,686</b>
% chg	20.8	13.6	19.8	13.7	9.8	17.5
Total expenditure	5,232	6,024	6,896	7,457	8,070	9,602
Net raw materials	2,320	2,714	3,197	3,277	3,650	4,434
Other mfg costs	387	443	534	595	699	774
Personnel	903	1,071	1,209	1,334	1,530	1,807
Other	1,622	1,796	2,107	2,252	2,190	2,587
<b>EBITDA</b>	<b>923</b>	<b>1,036</b>	<b>1,601</b>	<b>2,012</b>	<b>2,360</b>	<b>2,715</b>
% chg	1.4	12.3	54.6	25.6	21.9	15.1
(% of Net Sales)	15.0	14.7	18.8	21.2	22.6	22.0
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>1,966</b>	<b>2,277</b>
% chg	(1.7)	12.8	57.4	30.1	20.4	15.8
(% of Net Sales)	12.0	11.8	15.5	18.1	18.9	18.5
Interest & other charges	169	90	68	49	84	84
Other income	37	51	55	94	94	94
(% of PBT)	5	5	4	4	4	4
<b>Recurring PBT</b>	<b>811</b>	<b>959</b>	<b>1,456</b>	<b>2,124</b>	<b>2,344</b>	<b>2,655</b>
% chg	2.1	18.3	51.8	45.9	10.4	13.2
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>2,344</b>	<b>2,655</b>
Tax	119.5	106.0	259.4	571.1	586.1	663.6
(% 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>1,758</b>	<b>1,991</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>1,728</b>	<b>1,961</b>
<b>ADJ. PAT</b>	<b>655</b>	<b>819</b>	<b>1,159</b>	<b>1,524</b>	<b>1,728</b>	<b>1,961</b>
% chg	0.8	25.0	41.5	31.5	13.4	13.5
(% 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	6,690	8,364
<b>Shareholders funds</b>	<b>3,040</b>	<b>3,439</b>	<b>4,252</b>	<b>5,352</b>	<b>6,793</b>	<b>8,467</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>9,186</b>	<b>10,892</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	730
<b>Current assets</b>	<b>3,191</b>	<b>3,391</b>	<b>4,105</b>	<b>4,205</b>	<b>6,033</b>	<b>7,972</b>
Cash	582	549	670	695	2,002	3,271
Loans & advances	279	341	334	335	336	337
Other	2,330	2,501	3,102	3,174	3,695	4,364
<b>Current liabilities</b>	<b>1,426</b>	<b>1,912</b>	<b>2,081</b>	<b>2,196</b>	<b>2,824</b>	<b>3,335</b>
<b>Net Current assets</b>	<b>1,765</b>	<b>1,480</b>	<b>2,024</b>	<b>2,008</b>	<b>3,209</b>	<b>4,637</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>9,186</b>	<b>10,892</b>



**Cash Flow Statement (Consolidated)**

Y/E March (₹ cr)	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
Profit before tax	811	942	1,445	2,124	2,344	2,655
Depreciation	183	201	287	302	393	439
(Inc)/Dec in Working Cap.	(223)	168	(565)	(78)	141	(28)
Less: Other income	37	51	55	94	94	94
Direct taxes paid	119	106	259	571	586	664
<b>Cash Flow from Operations</b>	<b>614</b>	<b>1,154</b>	<b>853</b>	<b>1,683</b>	<b>2,198</b>	<b>2,308</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)	(33)	(198)
<b>Cash Flow from Financing</b>	<b>322</b>	<b>(877)</b>	<b>(122)</b>	<b>(697)</b>	<b>(335)</b>	<b>(483)</b>
Inc./Dec.) in Cash	116	(33)	121	25	1,307	1,269
<b>Opening Cash balances</b>	<b>467</b>	<b>582</b>	<b>549</b>	<b>670</b>	<b>695</b>	<b>2,002</b>
<b>Closing Cash balances</b>	<b>582</b>	<b>549</b>	<b>670</b>	<b>695</b>	<b>2,002</b>	<b>3,271</b>

### Key Ratios

Y/E March	FY2013	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Valuation Ratio (x)</b>						
P/E (on FDEPS)	61.0	48.8	34.5	26.2	23.1	20.4
P/CEPS	47.6	39.1	27.6	21.8	18.8	16.6
P/BV	13.1	11.6	9.4	7.5	5.9	4.7
Dividend yield (%)	1.9	1.9	1.9	1.9	1.9	1.9
EV/Sales	6.8	5.8	4.9	4.4	3.8	3.1
EV/EBITDA	45.8	39.8	25.6	20.2	16.7	14.0
EV / Total Assets	6.9	6.8	5.9	5.2	4.3	3.5
<b>Per Share Data (₹)</b>						
EPS (Basic)	6.4	8.0	11.3	14.9	16.9	19.2
EPS (fully diluted)	6.4	8.0	11.3	14.9	16.9	19.2
Cash EPS	8.2	10.0	14.2	17.9	20.8	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	66.4	82.7
<b>Dupont Analysis</b>						
EBIT margin	12.0	11.8	15.5	18.1	18.9	18.5
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	21.3	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	0.1	0.0
Operating ROE	17.7	20.1	25.8	25.2	23.9	23.8
<b>Returns (%)</b>						
ROCE (Pre-tax)	13.2	13.8	20.2	23.1	23.1	22.7
Angel ROIC (Pre-tax)	19.5	20.6	31.3	33.6	35.6	39.4
ROE	23.3	25.3	30.1	31.7	28.5	25.7
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	1.8	1.8	2.1	2.0	2.0	2.0
Inventory / Sales (days)	66	69	61	56	73	83
Receivables (days)	54	57	57	45	59	67
Payables (days)	42	55	46	45	57	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	0.0	(0.1)
Net debt to EBITDA	2.3	1.7	1.0	0.7	0.0	(0.4)
Interest Coverage (EBIT / Int.)	4.4	9.3	19.4	35.2	24.4	27.0

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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)