

# Cadila Healthcare

Refer to important disclosures at the end of this report

## Modest operational beat; downgrade to Hold

- Cadila's revenue was in line with our estimates but EBITDA beat our estimates by 7%. The beat was driven by lower-than-expected other expenses, partially offset by lower gross margin. Adj. PAT of Rs7.5bn beat our estimates by 60% due to recognition of DTA.
- We downgrade the stock to Hold as we believe current price amply captures medium-term upside. We maintain our TP of Rs655 which represents 20x on our core FY23E EPS and Saroglitazar NPV of Rs90 and Covid vaccine NPV of Rs50.
- We cut our core earnings estimates for FY22 and FY23 by 2%/3% to reflect the weakness in the US business. Our revenue estimates are lowered to reflect the divestiture of animal health business starting from Q2FY22 and lower US revenue.
- We raise our Covid vaccine NPV to Rs50 per share from Rs45 per share earlier, as we refine our pricing and margin assumptions depending on the channel such as government, private market and export market.

**Good segmental performance except for US:** India formulations business grew 15% yoy without much contribution from the Covid portfolio. Europe posted decent revenue growth of 8% yoy. Other segment such as EM + LATAM posted strong growth of 46% yoy. Consumer and Animal health grew 22-25% yoy. API sales rebounded sharply and grew 20% yoy. US was the only segment to post a decline in revenue (-14% yoy and -6% qoq). Management attributed the decline to: 1) decline in total Rx in Asacol, and 2) price erosion.

**Guidance reaffirmed:** Management reaffirmed US product launch guidance of 30+ products, with an aspirational target of 40-45 launches. Management also reaffirmed core business margin trajectory of ~22%+.

**Specialty portfolio on track:** The company has received green light from the USFDA to conduct Saroglitazar Phase-3 trial for PBC and Phase-2b trial for NASH. The PBC trial will be conducted in 192 patients and will start in August with probable filing in CY23 and launch in FY25. Meanwhile, the company also expects a read-out from its Phase 2 trial for NAFLD indication in Q3FY22. We maintain our NPV calculation for PBC and NASH indication at Rs90 per share.

**Weakness in Asacol prompted earnings revision:** According to Bloomberg data, Asacol Total Rx have gone down by ~13% yoy in Q4, while Cadila has maintained its market share. A similar trend is also visible in April, suggesting another soft quarter for the US business. Asacol is the company's most profitable product with estimated earnings contribution of ~Rs8 per share. To reflect for the softness in total Rx, we have lowered our FY22 and FY23 earnings estimates by 2% and 3%, respectively.

**Revise vaccine NPV modestly upward:** We raise our Covid vaccine NPV to Rs50 per share from Rs45 per share earlier. Our vaccine model for adults and adolescents suggests Cadila's capacity of ~10mn doses/month will be likely absorbed in the domestic market at least for the next one year. Of the total production of ~100mn doses in FY22, 30mn could be purchased by the central govt. at Rs150 per dose, while the rest could be sold at Rs300 per dose in the private market and Rs500 per dose in the export market.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Pharmaceuticals \(Page 10\)](#)

### Financial Snapshot (Consolidated)

(Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	142,531	151,022	187,239	227,396	252,010
EBITDA	27,420	33,410	43,179	58,904	63,627
EBITDA Margin (%)	19.2	22.1	23.1	25.9	25.2
APAT	14,406	23,387	28,051	40,812	45,064
EPS (Rs)	14.1	22.8	27.4	39.9	44.0
EPS (% chg)	(22.1)	62.3	19.9	45.5	10.4
ROE (%)	12.3	17.6	17.4	21.2	19.5
P/E (x)	44.5	27.4	22.9	15.7	14.2
EV/EBITDA (x)	25.5	19.9	15.0	10.6	9.3
P/BV (x)	6.2	4.9	4.1	3.3	2.7

Source: Company, Emkay Research

CMP	Target Price
Rs 627 as of (February 7, 2021)	Rs 655 (■) 12 months
Rating	Upside
HOLD (▼)	4.5 %

### Change in Estimates

EPS Chg FY22E/FY23E (%)	-2%/-3%
Target Price change (%)	-
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

EPS Estimates		
	FY22E	FY23E
Emkay	27.4	39.9
Consensus	20.6	22.6
Mean Consensus TP (12M)	Rs 530	

### Stock Details

Bloomberg Code	CDH IN
Face Value (Rs)	1
Shares outstanding (mn)	1,024
52 Week H/L	674 / 333
M Cap (Rs bn/USD bn)	642 / 8.84
Daily Avg Volume (nos.)	8,968,136
Daily Avg Turnover (US\$ mn)	69.2

### Shareholding Pattern Mar '21

Promoters	74.9%
FIIIs	5.2%
DIIIs	11.3%
Public and Others	8.6%

### Price Performance

(%)	1M	3M	6M	12M
Absolute	11	44	39	86
Rel. to Nifty	6	36	18	13

### Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

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## Story in Charts

### Exhibit 1: Cadila's core earnings is expected to grow at a CAGR of 7% through FY24E

Segment revenues (Rs mn)	FY20	FY21	FY22e	FY23e	FY24e
Core	142,531	151,022	161,739	175,796	191,010
Specialty	0	0	0	0	0
Vaccine	0	0	25,500	51,600	61,000
Total	142,531	151,022	187,239	227,396	252,010
YoY growth	-	6%	24%	21%	11%

Segment EBITDA (Rs mn)	FY20	FY21	FY22e	FY23e	FY24e
Core	28,120	33,410	35,583	39,554	42,977
Specialty	0	0	-3,750	-6,000	-14,100
Vaccine	0	0	11,000	25,350	34,750
Total	28,120	33,410	42,833	58,904	63,627
YoY growth	-	19%	28%	38%	8%

Segment EBITDA margin	FY20	FY21	FY22e	FY23e	FY24e
Core	19.7%	22.1%	22.0%	22.5%	22.5%
Specialty					
Vaccine			43.1%	49.1%	57.0%
Total	19.7%	22.1%	22.9%	25.9%	25.2%
YoY change		239bps	75bps	303bps	-66bps

Segment EPS (Rs)	FY20	FY21	FY22e	FY23e	FY24e
Core	14.6	22.8	21.6	25.1	28.1
Sp	0.0	0.0	-2.9	-4.6	-10.7
Vaccine	0.0	0.0	8.7	19.3	26.7
Total	14.6	22.8	27.4	39.9	44.0
YoY growth	-	56%	19%	47%	10%

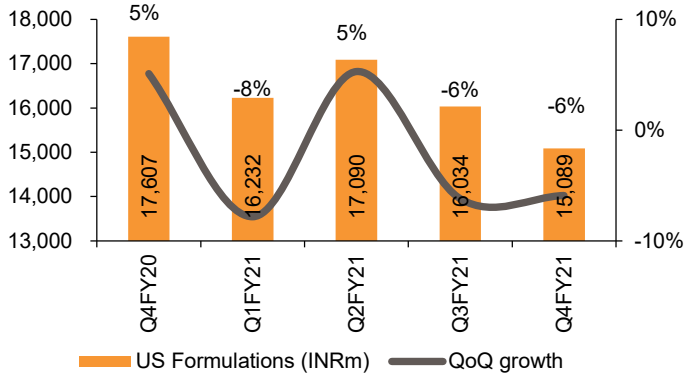
Source: Company, Emkay Research

### Exhibit 2: We estimate Zycov-D NPV of Rs50/share

	FY22	FY23	FY24
Total vaccine doses sold	100	150	150
Doses supplied to govt	30	0	0
Doses sold in private market	70	117	70
Doses sold in export market		33	80
Govt of India price	150	150	150
Private market price	300	300	300
Export market	500	500	500
Govt of India revenue	4500	0	0
Private market revenue	21000	35100	21000
Export market revenue	0	16500	40000
Total revenue	25500	51600	61000
Manufacturing cost per dose	75	75	75
Other cost per dose for private market and export	100	100	100
Total costs	14500	26250	26250
EBITDA	11000	25350	34750
EBITDA margin	43%	49%	57%
Tax rate	25%	25%	25%
FCF	8,250	19,013	26,063
NPV of FCF	50,956		
NPV per share	50		

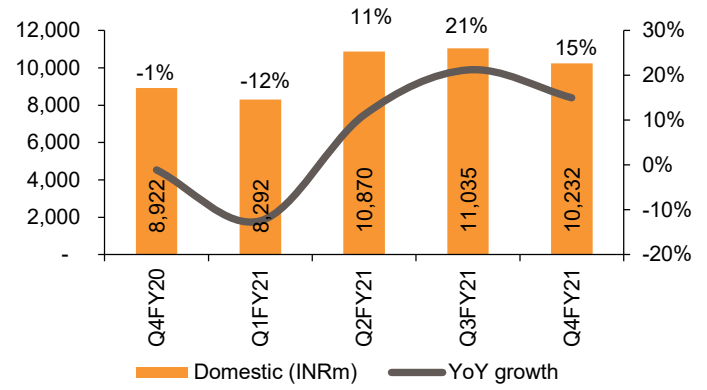
Source: Company, Emkay Research

**Exhibit 3: US business saw a dip in revenue sequentially**



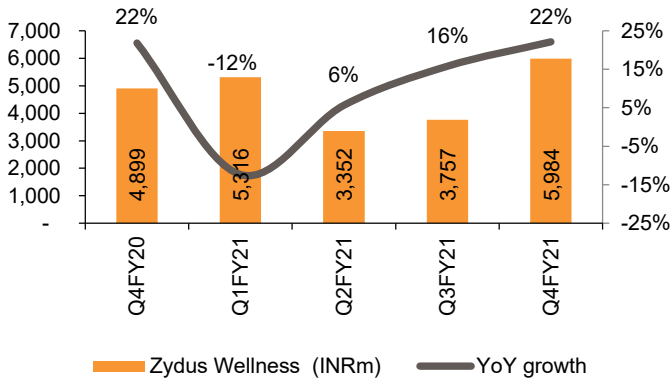
Source: Company, Emkay Research

**Exhibit 4: Domestic revenue grew 15% yoy**



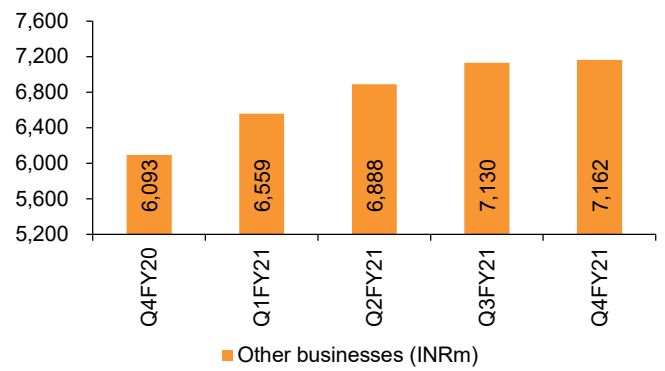
Source: Company, Emkay Research

**Exhibit 5: Consumer business recorded strong growth at 22% yoy**



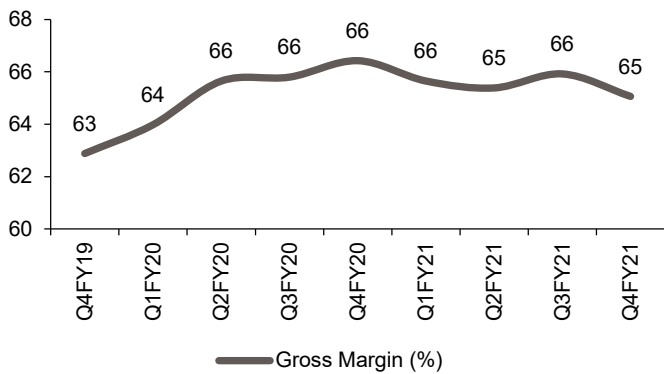
Source: Company, Emkay Research

**Exhibit 6: Cadila's other businesses were flat sequentially**



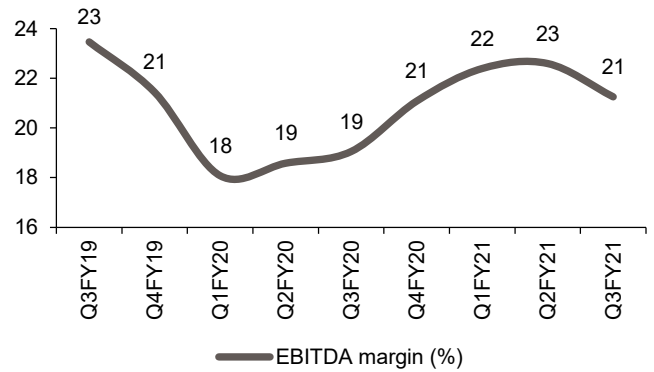
Source: Company, Emkay Research

**Exhibit 7: Gross margins declined marginally on a qoq basis**



Source: Company, Emkay Research

**Exhibit 8: EBITDA margins also dipped sequentially**



Source: Company, Emkay Research

**Exhibit 9: Quarterly Snapshot**

Particulars (Rs mn)	4QFY21	4QFY20	YoY (%)	3QFY21	QoQ (%)	4QFY21E	Var (%)
<b>Total revenue</b>	<b>38,467</b>	<b>37,521</b>	3	<b>37,956</b>	1	<b>38,057</b>	1
COGS	13,440	12,597	7	12,935	4	12,939	4
% of revenues	34.9	33.6	137	34.1	86	34.0	94
Personnel exp	6,209	6,090	2	6,286	(1)	6,279	(1)
% of revenues	16.1	16.2	(9)	16.6	(42)	16.5	(36)
Other & R&D	10,265	10,922	(6)	10,666	(4)	10,846	(5)
% of revenues	26.7	29.1	(242)	28.1	(142)	28.5	(181)
<b>EBITDA</b>	<b>8,553</b>	<b>7,912</b>	8	<b>8,069</b>	6	<b>7,992</b>	7
<b>EBITDAM (%)</b>	<b>22.2</b>	<b>21.1</b>	115	<b>21.3</b>	98	<b>21.0</b>	123
D&A	1,886	1,785	6	1,804	5	1,820	4
<b>EBIT</b>	<b>6,667</b>	<b>6,127</b>	9	<b>6,265</b>	6	<b>6,171</b>	8
<b>EBITM (%)</b>	<b>17.3</b>	<b>16.3</b>	100	<b>16.5</b>	83	<b>16.2</b>	112
Other income	-403	443	(191)	275	(247)	190	(312)
Interest cost	233	825	(72)	268	(13)	358	(35)
<b>PBT</b>	<b>6,031</b>	<b>5,745</b>	5	<b>6,272</b>	(4)	<b>6,003</b>	0
Tax	(2,016)	1,085	(286)	1,147	(276)	1,321	(253)
% Tax rate	(33.4)	18.9		18.3		22.0	(5,543)
Minorities / Associates	(526)	(216)	144	147		60	(976)
<b>Adjusted Net profit</b>	<b>7,521</b>	<b>4,444</b>	69	<b>5,272</b>	43	<b>4,742</b>	59
Exceptional items	-731	-525		0		0	na
Reported Net profit	6,790	3,919	73	5,272	29	4,742	43

Source: Company, Emkay Research

**Exhibit 10: Segmental Breakdown**

Particulars (Rs mn)	4QFY21	4QFY20	YoY (%)	3QFY21	QoQ (%)	4QFY21E	Var (%)
US formulations	15,089	17,607	(14)	16,034	(6)	16,129	(6)
Europe	626	582	8	614	2	641	(2)
Emerging markets + Lat Am	2,499	1,717	46	2,932	(15)	2,012	24
India	10,232	8,922	15	11,035	(7)	9,993	2
API	1,395	1,163	20	1,320	6	1,463	(5)
Consumer	5,984	4,899	22	3,757	59	5,487	9
Animal Health	1,501	1,199	25	1,634	(8)	1,259	19
Others	1,141	1,432	(20)	630	81	1,074	6

Source: Company, Emkay Research

**Exhibit 11: Actual vs. Estimates (Q4FY21)**

(Rs mn)	Actual	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Revenues	38,467	38,057	38,524	1.1%	-0.1%	Revenue largely in line
EBITDA	8,553	7,992	8,199	7.0%	4.3%	Lower other expenses lead to EBITDA beat
EBITDA margin	22%	21%	21.3%	123bps	95bps	
Adj. PAT	7,521	4,742	4,963	58.6%	51.5%	Recognition of deferred tax asset led to PAT beat

Source: Company, Emkay Research

## Changes in estimates

Exhibit 12: Revision in core earnings estimates

Y/E, Mar (Rs mn)	FY22E			FY23E			FY24E
	Earlier	Revised	% Change	Earlier	Revised	% Change	Revised
Revenues	171,546	161,739	-6%	187,303	175,796	-6%	191,010
EBITDA	36,453	35,583	-2%	40,645	39,554	-3%	42,977
EBITDAM (%)	21.3%	22.0%	75bps	21.7%	22.5%	80bps	22.5%
APAT	22,548	22,148	-2%	26,461	25,698	-3%	28,755
EPS (Rs)	22.0	21.6	-2%	25.8	25.1	-3%	28.1

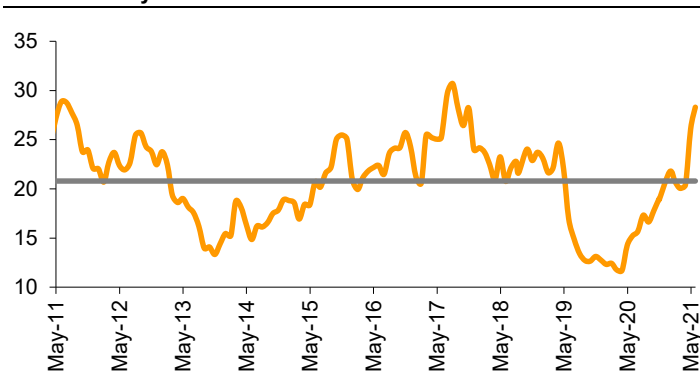
Source: Emkay Research

Exhibit 13: Emkay vs. Consensus

Y/E, Mar (Rs mn)	FY22E			FY23E		
	Emkay	Consensus	% Variation	Emkay	Consensus	% Variation
Revenues	161,739	163,226	-1%	175,796	176,879	-1%
EBITDA	35,583	35,532	0%	39,554	38,479	3%
EBITDAM (%)	22.0%	21.8%	23bps	22.5%	21.8%	75bps
APAT	22,148	21,458	3%	25,698	23,768	8%
EPS (Rs)	21.6	21.0	3%	25.1	23.2	8%

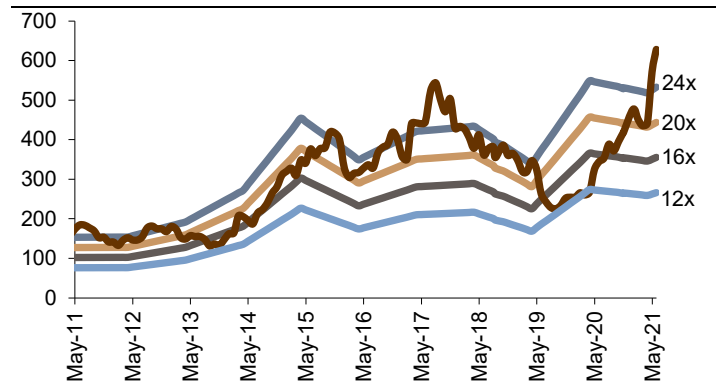
Source: Emkay Research

Exhibit 14: 1-year forward PE



Source: Emkay Research

Exhibit 15: PE Band



Source: Emkay Research

## Con-call takeaways

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- Balance sheet strengthened by reduction in debt and equity capital raise; net debt/EBITDA of 1.06x is the lowest in the past five years.
- **US business:** Cadila launched 13 products in Q4 and 30 products in FY21. It received approvals for 35 products and has filed 22 ANDAs in FY21. Lower offtake of Asacol, coupled with pricing pressure on base business, impacted US generics business. Asacol softness is expected to continue in Q1FY22 as well. The company has successfully in-licensed ~20 products during the year with 7 in Q4.
- Resolution of Moraiya facility is critical to ramp up its transdermal portfolio. The company expects to launch 4 important products once it receives clearance for the facility.
- India business is recovering, led by steady improvement in demand and a significant shift in interaction between doctors and pharmaceutical companies through online platforms. Management expects the trend to sustain going forward.
- Management expects to initiate Phase 2b trial next month for Saroglitazar for NASH indication. In addition, it expects to initiate Phase 2b/3 trials for PBC by August with 192 patients across 100 global sites. Management expects to file NDA for Saroglitazar for PBC CY23-end and expects to potentially launch the molecule some time in FY25.
- Management expects to receive emergency use authorization (EUA) for its vaccine ZyCoV-D by June-end after achieving its interim event endpoint of 79 participants. It expects to receive data in the next 10 days on the abridged studies of its 2-dose regimen.
- Cadila expects to start manufacturing 10mn doses of the vaccine per month after receiving EUA. Subsequently, it expects to augment its production to 25-30mn doses in the next 5-6 months.
- Management launched its 1<sup>st</sup> biosimilar Rituximab in Russia. The entry in the Russian market opens up opportunities for the company in CIS regions.
- R&D expenses will be maintained at 8% of the revenue, going forward.

**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
<b>Net Sales</b>	<b>142,531</b>	<b>151,022</b>	<b>187,239</b>	<b>227,396</b>	<b>252,010</b>
<b>Expenditure</b>	<b>115,111</b>	<b>117,612</b>	<b>144,060</b>	<b>168,492</b>	<b>188,382</b>
<b>EBITDA</b>	<b>27,420</b>	<b>33,410</b>	<b>43,179</b>	<b>58,904</b>	<b>63,627</b>
Depreciation	6,965	7,248	7,462	7,364	7,654
<b>EBIT</b>	<b>20,455</b>	<b>26,162</b>	<b>35,718</b>	<b>51,540</b>	<b>55,973</b>
Other Income	1,139	372	711	990	1,859
Interest expenses	3,418	1,635	920	869	789
<b>PBT</b>	<b>18,176</b>	<b>24,899</b>	<b>35,508</b>	<b>51,661</b>	<b>57,043</b>
Tax	3,780	1,472	7,812	11,365	12,549
Extraordinary Items	(2,640)	(2,051)	0	0	0
Minority Int./Income from Assoc.	10	(40)	355	517	570
<b>Reported Net Income</b>	<b>11,766</b>	<b>21,336</b>	<b>28,051</b>	<b>40,812</b>	<b>45,064</b>
<b>Adjusted PAT</b>	<b>14,406</b>	<b>23,387</b>	<b>28,051</b>	<b>40,812</b>	<b>45,064</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity share capital	1,024	1,024	1,024	1,024	1,024
Reserves & surplus	102,733	128,899	153,722	190,956	232,495
<b>Net worth</b>	<b>103,757</b>	<b>129,923</b>	<b>154,746</b>	<b>191,980</b>	<b>233,519</b>
<b>Minority Interest</b>	<b>13,347</b>	<b>19,373</b>	<b>19,018</b>	<b>18,501</b>	<b>17,931</b>
<b>Loan Funds</b>	<b>75,333</b>	<b>41,647</b>	<b>39,596</b>	<b>36,415</b>	<b>29,988</b>
Other Liabilities	4,922	4,843	4,843	4,843	4,843
<b>Total Liabilities</b>	<b>192,437</b>	<b>190,943</b>	<b>213,360</b>	<b>246,897</b>	<b>281,438</b>
<b>Net block</b>	<b>61,937</b>	<b>63,332</b>	<b>61,949</b>	<b>64,585</b>	<b>66,931</b>
<b>Investment</b>	<b>19,992</b>	<b>34,890</b>	<b>34,890</b>	<b>34,890</b>	<b>34,890</b>
<b>Current Assets</b>	<b>87,154</b>	<b>87,160</b>	<b>122,120</b>	<b>164,723</b>	<b>205,273</b>
Cash & bank balance	9,649	8,883	24,756	46,477	74,228
Other Current Assets	12,983	14,642	16,852	20,466	22,681
<b>Current liabilities &amp; Provision</b>	<b>44,429</b>	<b>47,904</b>	<b>59,065</b>	<b>70,767</b>	<b>79,121</b>
<b>Net current assets</b>	<b>42,725</b>	<b>39,256</b>	<b>63,056</b>	<b>93,957</b>	<b>126,153</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>192,437</b>	<b>190,943</b>	<b>213,360</b>	<b>246,897</b>	<b>281,438</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
<b>PBT (Ex-Other income)</b>	<b>17,037</b>	<b>24,527</b>	<b>34,797</b>	<b>50,671</b>	<b>55,183</b>
Depreciation & Amortisation	6,965	7,248	7,462	7,364	7,654
Chg in working cap	1,294	1,868	(7,927)	(9,180)	(4,445)
<b>Operating Cashflow</b>	<b>26,453</b>	<b>33,766</b>	<b>27,796</b>	<b>38,876</b>	<b>47,203</b>
Capital expenditure	(8,888)	(8,469)	(9,000)	(10,000)	(10,000)
<b>Free Cash Flow</b>	<b>17,565</b>	<b>25,297</b>	<b>18,796</b>	<b>28,876</b>	<b>37,203</b>
Investments	0	0	2,921	0	0
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>(8,888)</b>	<b>(8,469)</b>	<b>(6,079)</b>	<b>(10,000)</b>	<b>(10,000)</b>
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	(3,489)	(22,241)	(2,051)	(3,181)	(6,427)
Dividend paid (incl tax)	(8,569)	(15)	(3,583)	(4,095)	(4,095)
Other Financing Cash Flow	(1,235)	(76)	711	990	1,859
<b>Financing Cashflow</b>	<b>(14,409)</b>	<b>(24,245)</b>	<b>(5,844)</b>	<b>(7,154)</b>	<b>(9,452)</b>
<b>Net chg in cash</b>	<b>3,156</b>	<b>1,052</b>	<b>15,873</b>	<b>21,721</b>	<b>27,751</b>
Opening cash position	6,493	9,649	10,701	26,574	48,295
<b>Closing cash position</b>	<b>9,649</b>	<b>8,883</b>	<b>24,756</b>	<b>46,477</b>	<b>74,228</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
EBITDA Margin	19.2	22.1	23.1	25.9	25.2
EBIT Margin	14.4	17.3	19.1	22.7	22.2
Effective Tax Rate	20.8	5.9	22.0	22.0	22.0
Net Margin	10.1	15.5	14.8	17.7	17.7
ROCE	10.9	14.0	18.1	22.9	22.9
ROE	12.3	17.6	17.4	21.2	19.5
RoIC	11.4	14.7	19.8	27.2	27.2

<b>Per Share Data (Rs)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
EPS	14.1	22.8	27.4	39.9	44.0
CEPS	20.9	29.9	34.7	47.1	51.5
BVPS	101.4	126.9	151.2	187.5	228.1
DPS	3.6	3.6	3.6	3.6	3.6

<b>Valuations (x)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
PER	44.5	27.4	22.9	15.7	14.2
P/CEPS	30.0	20.9	18.1	13.3	12.2
P/BV	6.2	4.9	4.1	3.3	2.7
EV / Sales	4.9	4.4	3.5	2.7	2.3
EV / EBITDA	25.5	19.9	15.0	10.6	9.3
Dividend Yield (%)	0.6	0.6	0.6	0.6	0.6

<b>Gearing Ratio (x)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Net Debt/ Equity	0.6	0.2	0.0	(0.1)	(0.2)
Net Debt/EBIDTA	2.1	0.7	0.1	(0.3)	(0.8)
Working Cap Cycle (days)	84.7	73.4	74.7	76.2	75.2

<b>Growth (%)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Revenue	8.3	6.0	24.0	21.4	10.8
EBITDA	(7.8)	21.8	29.2	36.4	8.0
EBIT	(13.9)	27.9	36.5	44.3	8.6
PAT	(36.4)	81.3	31.5	45.5	10.4

<b>Quarterly (Rs mn)</b>	<b>Q4FY20</b>	<b>Q1FY21</b>	<b>Q2FY21</b>	<b>Q3FY21</b>	<b>Q4FY21</b>
Revenue	37,521	36,399	38,200	37,956	38,467
EBITDA	7,912	8,154	8,634	8,069	8,553
<b>EBITDA Margin (%)</b>	<b>21.1</b>	<b>22.4</b>	<b>22.6</b>	<b>21.3</b>	<b>22.2</b>
PAT	4,351	4,540	4,734	5,272	6,790
<b>EPS (Rs)</b>	<b>4.2</b>	<b>4.4</b>	<b>4.6</b>	<b>5.1</b>	<b>6.6</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Mar-20</b>	<b>Jun-20</b>	<b>Sep-20</b>	<b>Dec-20</b>	<b>Mar-21</b>
Promoters	74.9	74.9	74.9	74.9	74.9
FIs	4.4	4.6	4.4	5.2	5.2
DIs	12.9	12.6	12.5	11.7	11.3
Public and Others	7.8	8.0	8.2	8.2	8.6

Source: Capitaline

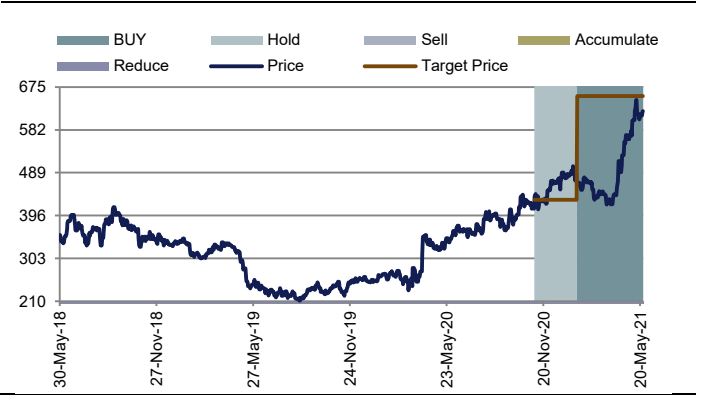


## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
12-May-21	647	655	12m	Buy	Kunal Dhamesha
13-Apr-21	490	655	12m	Buy	Kunal Dhamesha
24-Mar-21	431	655	12m	Buy	Kunal Dhamesha
12-Mar-21	443	655	12m	Buy	Kunal Dhamesha
14-Feb-21	468	655	12m	Buy	Kunal Dhamesha
07-Feb-21	475	655	12m	Buy	Kunal Dhamesha
22-Jan-21	461	655	12m	Buy	Kunal Dhamesha
12-Jan-21	490	430	12m	Hold	Kunal Dhamesha
16-Dec-20	469	430	12m	Hold	Kunal Dhamesha
03-Nov-20	438	430	12m	Hold	Kunal Dhamesha

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – Pharmaceuticals

**Analyst: Dr. Kunal Dhamesha**

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### Sector

Pharmaceuticals

### Analyst bio

Dr. Kunal Dhamesha holds an MBA from IIM Lucknow and completed his MBBS from B.J. Medical College. As an equity analyst he has tracked multiple healthcare verticals for 8+ years. His team currently covers 7 stocks.

### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
<b>Pharmaceuticals</b>	<b>3.19</b>	<b>3.18</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>
Aurobindo Pharma	0.33	0.37	13%	4	11.71
Cadila Healthcare	0.18	0.31	66%	12	9.61
Cipla	0.55	0.63	14%	8	19.72
Dr. Reddy's Lab	0.74	0.79	7%	5	24.71
Ipca Lab	0.18	0.16	-9%	-2	5.04
Lupin	0.33	0.31	-6%	-2	9.74
Sun Pharma	0.87	0.62	-29%	-26	19.39
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.07</b>

Source: Emkay Research

\* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

### Sector portfolio NAV

	Base					Latest
	1-Apr-19	29-May-20	25-Nov-20	24-Feb-21	26-Apr-21	26-May-21
EAP - Pharmaceuticals	100.0	121.7	152.5	156.7	176.4	189.1
BSE200 Neutral Weighted Portfolio (ETF)	100.0	117.4	138.2	146.5	163.1	175.4

\*Performance measurement base date 1<sup>st</sup> April 2019

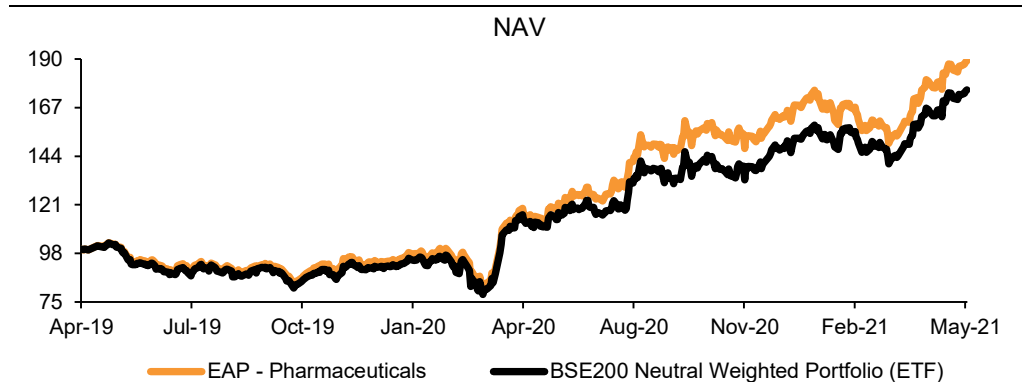
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Pharmaceuticals	7.2%	20.7%	24.0%	55.4%
BSE200 Neutral Weighted Portfolio (ETF)	7.6%	19.7%	27.0%	49.4%

Source: Emkay Research

### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 28 May 2021 10:03:26 (SGT)

Dissemination Date: 28 May 2021 10:04:26 (SGT)

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