

In-line quarter; complex gx to drive growth ahead

Cipla reported Q1FY23 result with overall sales declined 2.3% YoY to Rs 53.7 bn, led by India sales declined 8% YoY on high base (ex-Covid grew 9% YoY). US sales declined 3% QoQ to USD 155 mn (+10% YoY) by traction in gLanreotide and respiratory products (Albuterol, gBrovana and gMigranal). Gross margin was steady YoY at 62% on better sales mix. Muted staff (4% YoY) and other expenses (8% YoY) led to EBITDA of Rs 11.4 bn (-15% YoY on high Covid base), with margin at 21.3% (-318 bps YoY and +322 bps QoQ). PAT for the quarter stood at Rs6.9bn declined by 15% YoY. We see stable market share for gAlbuterol at ~10%, and gRevlimid, gAdvair and gAbraxane launches would keep the US traction healthy beyond H2FY23E. We believe the inhaler story continues, and future peptide launches in US looks interesting. We continue to remain positive on the stock and recommend ADD with a revised TP of Rs1,040 (24x FY24 EPS of Rs43.2).

India segment de-grew 8%YoY on higher base

India business de-grew 8% YoY (ex-covid growth is 9%), led by sustained momentum across therapies in core portfolio driven by pricing and new launches. Management remains optimistic on outperforming the IPM in mid-term. Consumer health business and trade generics segment are doing well.

US business outlook remains strong beyond H2FY23

US generics business revenue grew 10% YoY to USD155mn (21% of sales). The management is optimistic on sustain this run-rate in the coming quarters supported by new product launches in respiratory and peptides. The Market share stood at ~10% for Albuterol and ~30% for Arformoterol. The management expects better quarterly revenue trajectory, with higher niche launches from H2FY23E – aRevlimid, gAbraxane and gAdvair. The company is actively exploring partnerships for the other CNS asset. gAdvair approval is likely in H2FY23E; the company is now awaiting the agency's response. gAbraxane the company recently provided FDA with more data and remains confident on H2FY23 approval.

Making sustainable business by FY25

The management has set forward targets for FY25. This include 1) expanding the US complex generic basket with scale up of existing drug and launch of new drugs in respiratory and peptides. 2) Maintaining leadership in SA and Indian markets. 3) Expanding share of consumer business to 10% 3) Sustainable growth through organic and inorganic opportunities 4) Sustaining RoIC at 18-20% by reinvesting in business.

Valuation and view

With India business continue to post stable growth ahead, US business is expected to post faster ramp-up starting 2HFY23, with new launches like aAbraxane, gAdvair and gRevlimid. Considering lower R&D spend, given that major trials have been completed, along with consistent cost optimization, we expect better earnings trajectory. We look forward to (1) opportunities from inhaler – gAdvair filed in May 2020; (2) biosimilar product filings; (3) China market entry, focused on respiratory segment – more of H2FY22 opportunity. We recommend ADD on the stock and value it at 24x FY24E EPS of Rs43.2. At CMP of Rs978, the stock trades at 26.7x FY23E EPS of Rs36s.7 and 22.6x FY24E EPS of Rs43.2

Financial and valuation summary

YE Mar (Rs mn)	1QFY23A	1QFY22A	YoY (%)	4QFY22A	QoQ (%)	FY22A	FY23E	FY24E
Revenues	53,179	54,707	(2.8)	52,239	1.8	216,230	233,337	254,857
EBITDA	11,434	13,459	(15.0)	7,497	52.5	45,524	49,880	57,556
EBITDA margin (%)	21.3	24.5	-130bps	14.3	30bps	20.9	21.2	22.4
Adj. Net profit	6,864	8,393	(18.2)	4,196	63.6	26,985	29,582	34,866
Adj. EPS (Rs)	8.5	10.4	(18.2)	5.2	63.6	33.4	36.7	43.2
EPS growth (%)						12.2	9.6	17.9
PE (x)						29.2	26.7	22.6
EV/EBITDA (x)						1.5	15.1	12.7
PBV (x)						3.8	3.4	2.9
RoE (%)						13.8	13.3	13.8
RoCE (%)						13.3	13.1	13.7

Source: Company, Centrum Broking

Please see Disclaimer for analyst certifications and all other important disclosures.

Result Update

India I Pharma & Healthcare

01 August, 2022

ADD

Price: Rs978
Target Price: Rs1,040
Forecast return: 6%

Institutional Research

Market Data

Bloomberg:	CIPLA IN
52 week H/L:	1,083/850
Market cap:	Rs788.8bn
Shares Outstanding:	807.0mn
Free float:	66.4%
Avg. daily vol. 3mth:	1,725,638

Source: Bloomberg

Changes in the report

Rating:	ADD; changed from BUY
Target price:	Rs1,040; down from Rs1,140
EPS:	FY23E: Rs36.7; -10.6% FY24E: Rs43.2; -12.2%

Source: Centrum Broking

Shareholding pattern

	Jun-22	Mar-22	Dec-21	Sep-21
Promoter	33.6	33.6	36.1	36.1
FIIs	27.6	26.6	24.4	24.8
DIIIs	17.1	17.7	17.6	17.4
Public/other	21.6	22.0	21.9	21.7

Source: BSE

Centrum estimates vs Actual results

YE Mar (Rsmn)	Centrum Q1FY23	Actual Q1FY23	Variance (%)
Revenue	57,923	53,179	-8.2
EBITDA	10,646	11,434	7.4
EBITDA margin (%)	18.3	21.3	300bps
Tax rate (%)	27.0	27.5	
Adj. net profit	6,078	6,864	12.9

Source: Bloomberg, Centrum Broking



Alka Katiyar

Research Analyst, Pharma & Healthcare
+91-22-4215 9543
alka.katiyar@centrum.co.in

Pharma & Healthcare

Thesis Snapshot

Estimate revision

YE Mar (Rs mn)	FY22E New	FY22E Old	% chg	FY23E New	FY23E Old	% chg
Revenue	2,33,337	2,40,554	-3.0	2,54,857	2,74,721	-7.2
EBITDA	49,880	54,967	-9.3	57,556	65,155	-11.7
EBITDA margin %	21.2	22.9	-171bps	22.4	23.7	-130bps
Adj. PAT	29,582	33,042	-10.5	34,866	39,684	-12.1
Diluted EPS (Rs)	36.7	41	-10.6	43.2	49.2	-12.2

Source: Centrum Broking

Cipla versus NIFTY 50

	1m	6m	1 year
CIPLA IN	3.0	3.3	6.2
NIFTY 50	10.1	(1.3)	10.0

Source: Bloomberg, NSE

Key assumptions

Y/E Mar	FY23E	FY24E
Revenue growth %	7.9	9.2
Material cost (%)	39.2	38.1

Source: Centrum Broking

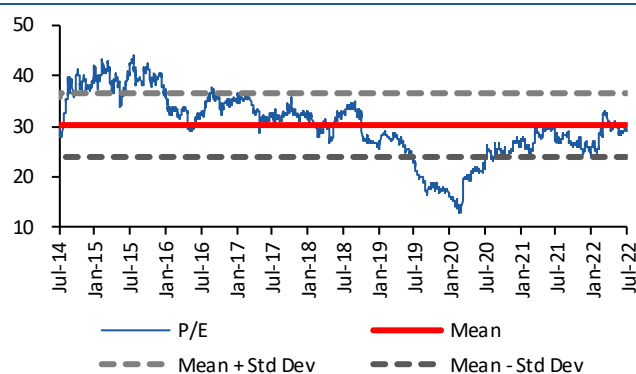
Valuations

We recommend ADD on the stock and value it at 24x FY24E EPS of Rs43.2. At CMP of Rs978, the stock trades at 26.7x FY23E EPS of Rs36.7 and 22.6x FY24E EPS of Rs43.2.

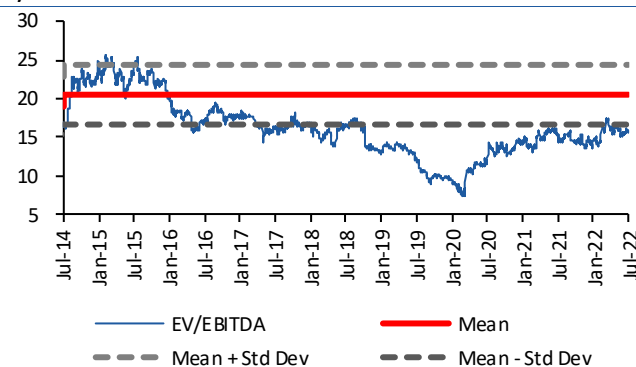
Valuations

EPS FY24E	Rs 43.2
Multiple	24x
Arrived TP	Rs 1,040

P/E mean and standard deviation



EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Broking

Exhibit 1: Key Con-call Metrics

Metric	Q4FY22	Q1FY23
India	India business grew 21% YoY	India business grew 8.4% YoY on high base
North America	US business reported a revenue of USD160mn	US business reported a revenue of USD155mn and saw 3% QoQ de-growth.
South Africa	South Africa business grew 9.6% YoY, with private and OTC business	South Africa business de-grew by 10.4% YoY, on account of slow growth in private primary sales in South Africa
R&D	The R&D investment for Q4 was Rs3.2bn, at 6% of revenue.	The R&D investment for Q1 was Rs2.7bn, at 5.2% of revenue.
Launches	Healthy launch pipeline for FY22; H2FY23 to have a robust pipeline including gAdvair, gAbraxane, and gRevlimid.	Healthy launch pipeline for FY22; H2FY23 to have a robust pipeline including gAdvair, gAbraxane, and gRevlimid.

Source: Company, Centrum Broking

Concall Highlights

Overall Highlights

- Overall income from operations de-grew by 2.8% YoY to Rs53.2bn, dent on the growth was mainly on a high base
- Gross margin was at 62% on better sales mix
- Muted staff cost (4% YoY) and other expenses (8% YoY) led to EBITDA of Rs 11.4 bn (-15% YoY on high Covid base), with margin at 21.3% (-318 bps YoY and +322 bps QoQ).
- R&D spend was up 4% YoY to Rs2.7bn at 5.2% of sales

India Business

- India sales declined 8% YoY on high base, ex-covid growth was at 9% led by sustained momentum across therapies in core portfolio driven by pricing and new launches.
- Trade generic witnessed healthy traction in flagship brands, continued channel engagement and 16 new launches including anti-diabetic and ophthalmic products.
- Field force expanding over the last few quarters. It will continue to add field force but may not be in large numbers; expansion is mainly regional focused.
- The mix between prescription and generic business favours prescription.
- Consumer health business reported good traction in anchor brands as well as brands transferred from trade generics business. Endura Mass acquisition was to expand Cipla's wellness portfolio by foraying into new category of nutritional supplements. Expects with Endura Mass, domestic consumer business under Cipla Health to achieve annualized revenue of Rs 6 bn

North America Business

- The North America business grew healthy by 15.5% YoY to Rs11.9bn.
- US business: US sales declined 3% QoQ to USD 155 mn (+10% YoY) by traction in gLanreotide and respiratory products (Albuterol, gBrovana and gMigranal).
- Lanreotide, a peptide product which is expected to reach mid-teen market share by FY23 end. The company currently has 5 peptide products in pipeline and expects 1 launch by FY23, 2 additional launches expected by FY24 end.
- Expect gRevlimid approval in near-term
- US new launches are on track and expects complex generics launches from H2FY23 onwards.
- On Abraxane, it expects approval in late H2FY23 and USFDA plant inspection expected to happen soon.
- Advair responded to all queries and plant inspection completed and concluded with 2 observations for which the company has already responded; expects approval in early H2FY23. No incremental competition in the market as one of the competition (Lannett) review process will get delayed due to CRL.
- Albuterol continues to see pricing pressure; however, it will be marginally in range.
- US pipeline consists of 10-15 products across respiratory, complex generic and peptide injectables where most products are limited competition with 2-3 players, few products are with sales potential upwards of USD35-50mn for the company.

EM and SAGA

- SAGA de-grew -5.9% YoY, primary sales with recovery expected in Q2; strong secondary demand with SA private outperforming market
- In secondary terms, strong demand continues with South Africa private business continuing to outperform market
- International business (Europe + Emerging Market) reported growth of 23.7% to Rs5.8bn
- API business de-grew 55.3% YoY to Rs3.2bn.

Outlook & Guidance

- Tailwinds for the company include pricing improvement, product mix improvement, and cost improvement, along with launch momentum. These would lead to improvement in gross margins.
- H2FY23E would be packed with key big ticket launches such as gAdvair, gAbraxane and gRevlimid for the US market.
- Scaling up businesses (branded and generic) across all geographies.
- Prioritizing key launches, with focused execution in collaboration with regulatory authorities.
- Continuing to operate facilities globally, with the highest levels of compliance and control.
- Constantly building capabilities and talent for transformational business outcomes.
- Turning adversity into opportunity by continued focus on digital adoption and cost re-imagination across businesses.
- Cipla expects R&D spend to be higher in the coming quarters as one respiratory product is in the clinical trials stage. R&D expense as a % of total sales is expected to be in the 5.5-6% range.
- EBITDA margin is expected to be ~21-22% in FY23.

Exhibit 2: Quarterly Financials

YE March (Rs bn)	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Revenues	42,769	49,726	51,542	45,849	54,707	54,858	54,429	52,239	53,179
Materials cost	15,895	19,465	19,935	18,224	20,688	21,367	21,434	21,467	20,244
% of revenues	37.2%	39.1%	38.7%	39.7%	37.8%	38.9%	39.4%	41.1%	141.1%
Employee cost	7,719	8,209	8,444	8,147	8,873	8,778	8,724	8,924	9,557
% of revenues	18.0%	16.5%	16.4%	17.8%	16.2%	16.0%	16.0%	17.1%	117.1%
Others	9,361	10,943	11,000	11,731	12,023	12,791	12,321	14,715	12,517
% of revenues	21.9%	22.0%	21.3%	25.6%	22.0%	23.3%	22.6%	28.2%	128.2%
EBITDA	10,487	11,766	12,309	7,962	13,459	12,262	12,310	7,497	11,434
EBITDA margin (%)	24.5%	23.7%	23.9%	17.4%	24.6%	22.4%	22.6%	14.3%	114.3%
Depreciation & amortisation	2,690	2,651	2,484	2,852	2,611	2,531	2,475	2,903	2,544
Interest expenses	460	393	479	275	296	380	207	181	178
Other income	655	535	869	601	649	607	913	640	1034
Exceptional items	-	-	-	-	1,246	-	-	(575)	-
PBT	7,992	9,257	10,215	5,437	9,955	9,958	10,541	5,053	9,746
Taxes	2,278	2,638	2,690	1,282	2,837	2,838	2,952	1,286	2,680
Effective tax rate (%)	28.5%	28.5%	26.3%	23.6%	28.5%	28.5%	28.0%	14.1%	114.1%
PAT	5,714	6,619	7,525	4,155	7,118	7,120	7,590	3,767	6,864
Minority/Associates	65	58	26	-21	29	-6	-304	147	202
Reported PAT	5,779	6,677	7,551	4,134	7,147	7,114	7,286	3,621	6,864
Adjusted PAT	5,779	6,654	7,481	4,134	8,078	7,114	7,286	4,115	6,864

Source: Company, Centrum Broking

Exhibit 3: Revenue Break-up

(Rs mn)	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	FY22	FY23E	YoY (%)	FY24E	YoY (%)
North America	11,990	10,380	15.5	12,090	(0.8)	44,310	48,246	8.9	52,115	8.0
SAGA	7,880	8,370	(5.9)	9,530	(17.3)	36,770	47,400	28.9	51,286	8.2
International markets (EM_EU)	7,200	5,820	23.7	7,320	(1.6)	28,740	24,135	(16.0)	26,548	10.0
Exports Formulations	27,070	24,570	10.2	28,940	(6.5)	1,09,820	1,19,781	9.1	1,29,950	8.5
Domestic Formulations	24,830	27,100	(8.4)	21,830	13.7	98,280	1,05,160	7.0	1,15,676	10.0
API	1,350	3,020	(55.3)	1,370	(1.5)	7,600	8,284	9.0	9,030	9.0
Others	510	360	41.7	460	10.9	1,930	2,123	10.0	2,335	10.0
Grand Total	53,760	55,050	(2.3)	52,600	2.2	2,17,630	2,35,347	8.1	2,56,990	9.2

Source: Company, Centrum Broking

P&L					
YE Mar (Rs mn)	FY20A	FY21A	FY22A	FY23E	FY24E
Revenues	166,949	189,885	216,230	233,337	254,857
Operating Expense	139,260	149,072	172,106	185,467	199,434
Employee cost	30,270	32,518	35,299	40,834	44,600
Others	33,977	41,111	29,625	49,665	50,088
EBITDA	32,060	42,524	45,524	49,880	57,556
Depreciation & Amortisation	11,747	10,677	10,520	11,261	12,056
EBIT	20,314	31,848	35,005	38,619	45,499
Interest expenses	1,974	1,607	1,064	956	832
Other income	3,442	2,660	2,809	2,971	3,203
PBT	21,782	32,901	36,751	40,634	47,871
Taxes	6,312	8,888	9,338	10,565	12,446
Effective tax rate (%)	29.0	27.0	25.4	26.0	26.0
PAT	15,470	24,013	27,413	30,069	35,424
Minority/Associates	(5)	36	(427)	(487)	(559)
Recurring PAT	15,465	24,049	26,985	29,582	34,866
Extraordinary items	0	0	(1,821)	0	0
Reported PAT	15,465	24,049	25,164	29,582	34,866

Ratios					
YE Mar	FY20A	FY21A	FY22A	FY23E	FY24E
Growth (%)					
Revenue	4.5	13.7	13.9	7.9	9.2
EBITDA	3.5	32.6	7.1	9.6	15.4
Adj. EPS	1.2	55.5	12.2	9.6	17.9
Margins (%)					
Gross	76.4	75.2	75.1	75.4	74.8
EBITDA	18.7	22.2	20.9	21.2	22.4
EBIT	11.9	16.6	16.1	16.4	17.7
Adjusted PAT	9.0	12.6	11.6	12.6	13.6
Returns (%)					
ROE	10.1	14.1	13.8	13.3	13.8
ROCE	8.8	12.9	13.3	13.1	13.7
ROIC	7.4	12.2	12.6	12.3	13.7
Turnover (days)					
Gross block turnover ratio (x)	3.3	3.8	4.2	5.1	5.6
Debtors	86	70	58	59	63
Inventory	348	338	330	338	323
Creditors	176	162	151	171	179
Net working capital	170	172	174	211	235
Solvency (x)					
Net debt-equity	0.1	0.0	0.0	0.0	(0.1)
Interest coverage ratio	16.2	26.5	42.8	52.2	69.2
Net debt/EBITDA	0.6	0.0	(0.2)	(0.2)	(0.5)
Per share (Rs)					
Adjusted EPS	19.2	29.8	33.4	36.7	43.2
BVPS	195.5	227.2	258.3	291.8	332.7
CEPS	33.8	43.1	46.5	50.6	58.2
DPS	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0
Valuation (x)					
P/E	51.0	32.8	29.2	26.7	22.6
P/BV	5.0	4.3	3.8	3.4	2.9
EV/EBITDA	1.6	0.8	1.5	15.1	12.7
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY20A	FY21A	FY22A	FY23E	FY24E
Equity share capital	1,613	1,613	1,614	1,614	1,614
Reserves & surplus	156,018	181,652	206,803	233,812	266,778
Shareholders fund	157,630	183,265	208,417	235,426	268,392
Minority Interest	2,943	2,591	2,757	2,757	2,757
Total debt	28,164	15,375	11,562	9,562	7,562
Non Current Liabilities	4,777	4,754	1,517	2,944	3,168
Def tax liab. (net)	3,652	2,966	2,440	2,440	2,440
Total liabilities	197,166	208,951	226,692	253,127	284,318
Gross block	51,281	49,563	51,644	45,675	45,694
Less: acc. Depreciation	0	0	0	0	0
Net block	51,281	49,563	51,644	45,675	45,694
Capital WIP	4,210	5,708	3,829	4,500	3,750
Net fixed assets	105,074	104,844	104,495	95,384	92,328
Non Current Assets	9,945	10,343	15,684	19,380	24,457
Investments	4,545	4,237	3,556	3,556	3,556
Inventories	43,776	46,692	53,502	56,825	60,433
Sundry debtors	38,913	34,457	34,244	42,342	46,247
Cash & Cash Equivalents	10,039	14,012	19,285	20,926	38,009
Loans & advances	56	26	36	32	35
Other current assets	24,278	36,908	40,208	54,585	60,257
Trade payables	22,818	20,668	25,081	30,526	34,447
Other current liab.	7,160	12,478	7,025	9,373	6,553
Provisions	9,482	9,422	12,213	3	3
Net current assets	77,602	89,527	102,956	134,807	163,977
Total assets	197,166	208,951	226,692	253,127	284,318

Cashflow					
YE Mar (Rs mn)	FY20A	FY21A	FY22A	FY23E	FY24E
Profit Before Tax	21,782	32,901	34,929	40,634	47,871
Depreciation & Amortisation	11,747	10,677	10,520	11,261	12,056
Net Interest	1,974	1,607	1,064	956	832
Net Change – WC	5,043	2,035	(3,799)	(34,377)	(16,940)
Direct taxes	(6,913)	(9,574)	(9,658)	(10,565)	(12,446)
Net cash from operations	33,632	37,646	33,055	7,909	31,372
Capital expenditure	(13,327)	(9,714)	(8,864)	(2,150)	(9,000)
Acquisitions, net	0	0	0	0	0
Investments	10,831	(12,390)	(7,389)	0	0
Others	(62)	781	(633)	0	0
Net cash from investing	(2,557)	(21,323)	(16,887)	(2,150)	(9,000)
FCF	31,075	16,323	16,168	5,758	22,372
Issue of share capital	276	113	1	0	0
Increase/(decrease) in debt	(14,998)	(12,790)	(3,813)	(2,000)	(2,000)
Dividend paid	(6,642)	(537)	(6,110)	0	(1,899)
Interest paid	(1,974)	(1,607)	(1,064)	(956)	(832)
Others	(3,886)	2,471	90	(1,161)	(559)
Net cash from financing	(27,224)	(12,350)	(10,896)	(4,117)	(5,290)
Net change in Cash	3,851	3,973	5,272	1,641	17,082

Source: Company, Centrum Broking

Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the foregoing limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of Centrum Broking and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors

or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

Centrum and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. Centrum and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declarations given by them, Mr. Alka Katiyar, research analyst and and/or any of their family members do not serve as an officer, director or any way connected to the company/companies mentioned in this report. Further, as declared by them, they are not received any compensation from the above companies in the preceding twelve months. They do not hold any shares by them or through their relatives or in case if holds the shares then will not to do any transactions in the said scrip for 30 days from the date of release such report. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance.

While we would endeavour to update the information herein on a reasonable basis, Centrum, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum from doing so.

Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Centrum policies, in circumstances where Centrum is acting in an advisory capacity to this company, or any certain other circumstances. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Centrum Broking Limited or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market.

Ratings definitions

Our ratings denote the following 12-month forecast returns:

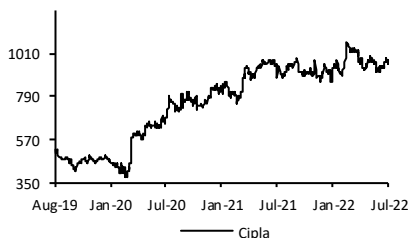
Buy – The stock is expected to return above 15%.

Add – The stock is expected to return 5-15%.

Reduce – The stock is expected to deliver -5-+5% returns.

Sell – The stock is expected to deliver <-5% returns.

Cipla



Source: Bloomberg

Disclosure of Interest Statement

1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL and a SEBI registered Portfolio Manager.	
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.	
3	Registration status of CBL:	CBL is registered with SEBI as a Research Analyst (SEBI Registration No. INH000001469)	
			Cipla
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest		No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.		No
6	Whether the research analyst or his relatives has any other material conflict of interest		No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received		No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report		No
9	Whether Research Analysts has served as an officer, director or employee of the subject company		No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.		No
11	Whether it or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months;		No
12	Whether it or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;		No
13	Whether it or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;		No

Member (NSE and BSE). Member MSEI (Inactive)**Single SEBI Regn. No.: INZ000205331****Depository Participant (DP)**

CDSL DP ID: 120 – 12200

Single SEBI Regn. No.: IN-DP-537-2020

PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Research Analyst

SEBI Registration No. INH000001469

Mutual Fund Distributor

AMFI REGN No. ARN- 147569

Website: www.centrum.co.in**Investor Grievance Email ID:** investor.grievances@centrum.co.in**Compliance Officer Details:**

Ajay S Bendkhale

(022) 4215 9000/9023; Email ID: compliance@centrum.co.in

Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)**Registered Office Address**Bombay Mutual Building,
2nd Floor, Dr. D. N. Road,
Fort, Mumbai - 400 001**Corporate Office & Correspondence Address**Centrum House
6th Floor, CST Road, Near Vidya Nagari Marg, Kalina, Santacruz (E), Mumbai
400 098.
Tel: (022) 4215 9000 Fax: +91 22 4215 9344