



**DALAL & BROACHA**  
STOCK BROKING PVT. LTD.

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## Event update@ Dalal & Broacha

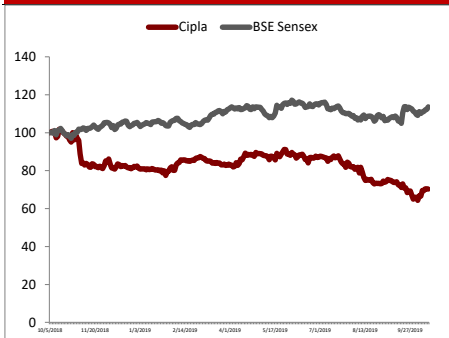
### BUY

Current Price	445
<b>Target Price</b>	<b>570</b>
Upside/Downside	28%
52 Week Range	655/403

### Key Share Data

Market Cap (Rs.bn)	360.2
Market Cap (US\$ mn)	5145
No of o/s shares (mn)	805.11
Face Value	2
Monthly Avg.vol (BSE+NSE) Nos'000	2507
BSE Code	500087
NSE Code	CIPLA
Bloomberg	CIPLA IN

### Price performance



% Shareholding	Jun-19	Mar-19
Promoters	36.70	36.70
FII	24.98	25.96
DII	11.78	10.27
Others	26.54	27.07
<b>Total</b>	<b>100</b>	<b>100</b>

Cipla acquired ELORES from Venus Remedies. We believe the acquisition will give an opportunity for scale up, Cipla being the third largest player in the Indian market, with a wider distribution network of retailers and hospitals. Cipla is the market leader in anti-microbial anti infectives in India. We believe **ELORES** will add value to Cipla's product basket.

In FY19, anti infectives comprise 15% of Cipla's India business at Rs 1000 crs de-growing at 24%. In H1FY20, India business has grown at 9% due to good monsoon in the current year.

**We maintain our BUY rating on the stock.**

### ELORES acquisition opportunity for scale up

- Cipla has acquired ELORES from Venus Remedies for an undisclosed sum.
- ELORES is a combination of Ceftriaxone, Sulbactam and Disodium EDTA. It is used in the treatment of anti-microbial critical care infections, caused by gram negative bacteria.
- As per the FY19 Annual Report of Venus Remedies, the company presented the results of Phase III trials of ELORES at ID Week, USA the largest global event for infectious diseases.
- Globally 10 mn deaths are due to anti-microbial infections.
- Venus has been supplier to institutions. Now with Cipla at the helm, the product can expand through a wider network in both retail as well as hospitals.
- Cipla is currently the market leader in other anti-microbial segment within anti infectives, servicing 20 mn patients annually.
- Ceftriaxone is the fastest moving product amongst Cephalosporins, with a market size of Rs 800-1200 crs, comprising 10% of the anti infectives market.
- There are few players in the market namely Abbott Healthcare, Unichem and other small players.
- The pricing for injections as well as vials ranges from Rs 15-20 per unit.

### Outlook & Valuation

We believe the ELORES acquisition will add value to Cipla's product basket. The increasing demand for the product and Cipla's wide reach in the Indian market will enable market expansion.

At CMP, Cipla trades at 18x FY21E EPS of Rs 23.7.

**We maintain our BUY rating on Cipla.**

### Key Financials

Year	Sales	% Growth	EBIDTA	OPM (%)	PAT	% Growth	EPS	PE (x)	RoE (%)	RoCE (%)
FY17A	146,302.5	6.1	21,955.3	15.0	7,261.3	(46.6)	9.0	46.3	5.8	4.9
FY18A	152,192.5	4.0	28,263.8	18.6	14,105.3	94.3	17.5	23.9	9.9	7.8
FY19A	163,624.1	7.5	30,973.1	18.9	14,571.8	3.3	18.1	23.1	9.7	8.6
FY20E	167,504.9	2.4	31,293.2	18.7	16,066.9	10.3	19.9	21.0	9.8	8.4
FY21E	185,095.3	10.5	35,053.3	18.9	19,110.2	18.9	23.7	17.6	10.6	9.3



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