

## Cipla Limited (Cipla) – BUY

### Result Update

Current Market Price (CMP)

**Rs. 787**

Target Price

**Rs. 950**

**Our price target of Rs.950 offers upside of 20.7% from current market price.**

### Rationale:

- Domestic leads sales growth; strong cost controls drive margin outperformance
- Strong execution in respiratory franchise positions Cipla well over medium term
- Raise FY22/23 earnings estimate by 2-3%; Stock trades at 15.8x FY23E earnings.
- Revise Fair Value to Rs950 (Rs915 earlier) as we roll forward to FY23E. BUY.

### Q3FY21 Result update:

#### **Positives:**

- Sales and profit for Q3FY21 exceeded our estimates by 5% & 24% respectively.
- Gross margins remained steady qoq at 61.4% benefitting from favorable mix.
- Cost optimization initiatives to provide strong support to margins & return ratios
- Cipla well-positioned to deliver robust earnings growth over the medium term.
- Proventil has now achieved 12% market share in total albuterol market.

#### **Negative:**

- Other income was boosted by one-time income on account of lenalidomide settlement.

[Click here](#)

For detailed report dated 31<sup>st</sup> Jan 2021. Note: CMP & valuation may differ due to difference in dates.



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