

Pick of the week



Cipla

Recommendation

Buy

Time Period

12 Months

Current Price

₹760

Target Price

₹950

Potential Upside

25%

Investment Argument

- Cipla continued its strong performance (exceeding our estimates) in 3QFY21, led by strong domestic growth and continued cost controls.
- Company's respiratory franchise in the US is led by continued ramp-up in Proventil, which has now achieved 12% market share in total albuterol market.
- Progress on other inhalation launches including Advair (potential launch in FY23), Qvar (FY24 launch), another partnered inhalation and Revlimid settlement provide strong visibility in the US over FY22-24.
- On the domestic front, One India strategy is progressing well with strong traction across consumer brands and we expect domestic growth to be aided by recovery in the base business even as benefits from Covid portfolio abate.
- **With incremental respiratory launches and continued execution in domestic, we believe Cipla is well-positioned to deliver robust earnings growth over the medium term. We have BUY rating with fair value of Rs.950, based on FY23E earnings.**

Note: The above is a brief note on the company, based on the inputs of KIE research report dated 31st January 2021, which is available on our website

at: <https://www.kotaksecurities.com/kswweb/ResearchCall/Fundamental>.

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