


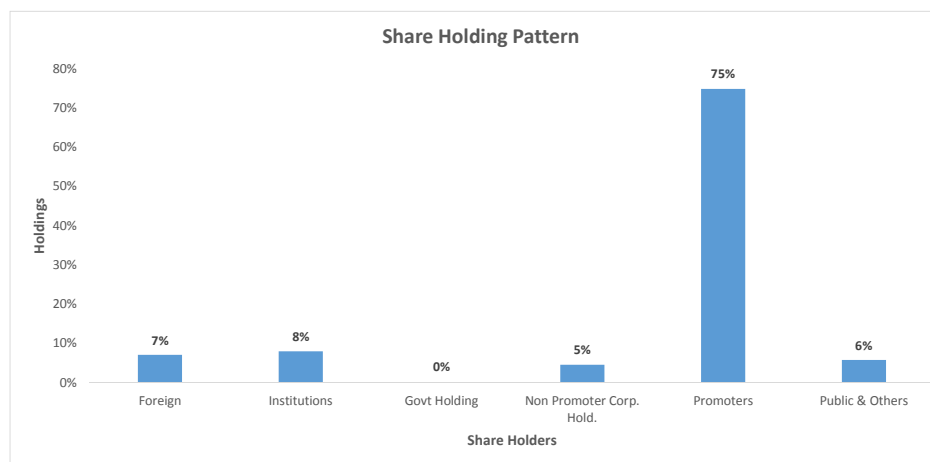
<h1>Research Report</h1>	 <p>Spearhead FinServe PRIVATE LIMITED A subsidiary of Spearhead Services Pvt Ltd</p>																		
<h2>Cadila Healthcare</h2>	<table> <tr> <td>Recommendation</td><td>Accumulate</td></tr> <tr> <td>Current Market Price</td><td>1639</td></tr> <tr> <td>Target</td><td>1862</td></tr> <tr> <td>Accumulation Price Band</td><td>1630 - 1640</td></tr> <tr> <td>Time Frame</td><td>6 months</td></tr> <tr> <td>Derivative Segment</td><td>Yes</td></tr> </table>	Recommendation	Accumulate	Current Market Price	1639	Target	1862	Accumulation Price Band	1630 - 1640	Time Frame	6 months	Derivative Segment	Yes						
Recommendation	Accumulate																		
Current Market Price	1639																		
Target	1862																		
Accumulation Price Band	1630 - 1640																		
Time Frame	6 months																		
Derivative Segment	Yes																		
<h3>Industry : Pharmaceuticals</h3>	<table> <tr> <td colspan="2">Quick Glance</td></tr> <tr> <td>Share Capital (Rs Cr)</td><td>102.40</td></tr> <tr> <td>Market Cap (Rs Cr)</td><td>33,564.00</td></tr> <tr> <td>Enterprise Value (Rs Cr)</td><td>34,613.80</td></tr> <tr> <td>Face Value (in Rs)</td><td>5.00</td></tr> <tr> <td>52 Week High/ Low (in Rs)</td><td>1760.00/805.40</td></tr> </table>	Quick Glance		Share Capital (Rs Cr)	102.40	Market Cap (Rs Cr)	33,564.00	Enterprise Value (Rs Cr)	34,613.80	Face Value (in Rs)	5.00	52 Week High/ Low (in Rs)	1760.00/805.40						
Quick Glance																			
Share Capital (Rs Cr)	102.40																		
Market Cap (Rs Cr)	33,564.00																		
Enterprise Value (Rs Cr)	34,613.80																		
Face Value (in Rs)	5.00																		
52 Week High/ Low (in Rs)	1760.00/805.40																		
<h3>Company Overview</h3> <p>*Incorporated in the year 1952, Cadila Healthcare is the flagship company of Zydus Cadila group.</p> <p>*Headquartered in Ahmedabad, and with a global presence across four continents and 25 emerging markets the company is engages in the development, manufacturing and marketing of a wide range of products from API to formulations, animal health products and cosmeceuticals etc.</p> <p>*As a leading player in the cardiovascular, gastrointestinal and women's healthcare segments, the group also has strong presence in respiratory, pain management, CNS, anti-infectives, oncology, neurosciences, dermatology and nephrology segments.</p>	<table> <tr> <td colspan="2">Financials</td></tr> <tr> <td>EPS (Rs)</td><td>40.84</td></tr> <tr> <td>Book Value (Rs)</td><td>177.28</td></tr> <tr> <td>P/E</td><td>40.13</td></tr> <tr> <td>P/BV</td><td>9.25</td></tr> <tr> <td>ROE</td><td>24.32</td></tr> <tr> <td>ROCE (%)</td><td>18.40</td></tr> <tr> <td>Dividend Yield (%)</td><td>0.55</td></tr> <tr> <td>Debt - Equity</td><td>0.39</td></tr> </table>	Financials		EPS (Rs)	40.84	Book Value (Rs)	177.28	P/E	40.13	P/BV	9.25	ROE	24.32	ROCE (%)	18.40	Dividend Yield (%)	0.55	Debt - Equity	0.39
Financials																			
EPS (Rs)	40.84																		
Book Value (Rs)	177.28																		
P/E	40.13																		
P/BV	9.25																		
ROE	24.32																		
ROCE (%)	18.40																		
Dividend Yield (%)	0.55																		
Debt - Equity	0.39																		
<h3>Industry Overview</h3> <p>* The global pharmaceutical market is estimated to be worth USD 1 trillion in 2013 is expected to be worth more than USD 1 trillion in 2014. It is expected to grow at a CAGR of 6% to reach USD 1.2 trillion by 2016 .This growth will be largely contributed by what is called the 'pharmerging' markets, generics and the biologics space.</p> <p>* However, The Indian Pharma Industry witnessed a slowdown in the last year due to implementation of new pricing policy and trade issues related thereto, but are expected to bounce back provided the macro-economic factors remain favorable.</p> <p>* The Indian Pharmaceuticals posted another healthy quarter driven by US and ROW markets, accompanied by growth in the sector supported by revival of domestic formulation market.</p> <p>* The US market continues to grow robustly as Indian pharmaceuticals players focus on niche launches and limited competition product portfolio</p> <p>* The generic market in Japan is expected to grow by 30% - 35% by volumes till 2017 due to Government push for generics, with an</p>	<table> <tr> <td colspan="2">Highlights</td></tr> <tr> <td>Debt (Rs Cr)</td><td>2,264.60</td></tr> <tr> <td>Reserves (Rs Crs)</td><td>3,336.60</td></tr> <tr> <td>FII Holdings (%)</td><td>6.38</td></tr> <tr> <td>MF Holdings (%)</td><td>3.97</td></tr> <tr> <td>Free Float Market Capitalization (Rs Cr)</td><td>8,455.61</td></tr> <tr> <td>Beta</td><td>0.27</td></tr> <tr> <td>Avg Volume Per day (no. of shares)</td><td>189,147</td></tr> <tr> <td>Avg Volume Per Month (no. of shares)</td><td>2,602,298</td></tr> </table>	Highlights		Debt (Rs Cr)	2,264.60	Reserves (Rs Crs)	3,336.60	FII Holdings (%)	6.38	MF Holdings (%)	3.97	Free Float Market Capitalization (Rs Cr)	8,455.61	Beta	0.27	Avg Volume Per day (no. of shares)	189,147	Avg Volume Per Month (no. of shares)	2,602,298
Highlights																			
Debt (Rs Cr)	2,264.60																		
Reserves (Rs Crs)	3,336.60																		
FII Holdings (%)	6.38																		
MF Holdings (%)	3.97																		
Free Float Market Capitalization (Rs Cr)	8,455.61																		
Beta	0.27																		
Avg Volume Per day (no. of shares)	189,147																		
Avg Volume Per Month (no. of shares)	2,602,298																		
<h3>Key Highlights</h3> <p>* In the domestic formulations market, the company launched 16 products, including the extensions of which 6 products were the first to be launched in India.</p> <p>* The company has moved up two positions to 4th rank from 6th rank in the dermaceutical segment.</p>																			
<h3>Key Risks</h3> <p>* Delay in USFDA approvals.</p> <p>* Regulatory approvals.</p> <p>* Too many revenue heads, struggling to cope up with margin pressure, higher acute presence in the domestic formulations</p>																			

Financial Highlights

Income Statement (Annual)					
Particulars (Rs. Cr)	2014	2013	2012	2011	2010
Net Sales	7,224.00	6,357.70	4,827.40	4,197.20	3,626.90
Operating Profit	1,200.10	1,125.10	634.8	580.5	778.3
Operating Profit Margin	16.61	17.70	13.15	13.83	21.46
Depreciation	127.40	113.79	108.23	96.85	90.04
Interest	90.20	168.70	182.80	77.60	79.50
Other Income	33.50	37.00	489.00	454.10	23.00
PBT	942.2	808.7	794.2	845.5	591.4
APAT	836.2	689.9	681.2	736.1	528.9
PAT Margin (%)	11.58	10.85	14.11	17.54	14.58
Earnings Per Share	40.84	33.69	33.27	35.95	38.75

Balance Sheet					
Particulars (Rs. Cr)	2014	2013	2012	2011	2010
Equity Share Capital	102.40	102.40	102.40	102.40	68.20
Reserves and Surplus	3,336.60	2,842.10	2,474.30	2,025.10	1,516.40
Net Worth	3,439.00	2,944.50	2,576.70	2,127.50	1,584.60
Deferred Tax Liability :	-	-	-	-	-
Long Term Debt	1,049.80	1,432.00	1,129.90	916.60	944.40
ShortTerm Debt	1,214.80	1,251.10	879.50	163.20	112.30
Total Debt	2,264.60	2,683.10	2,009.40	1,079.80	1,056.70
Current Liabilities	1,769.80	1,313.50	1,352.10	1,017.10	790.30
Total Provisions	368.80	311.80	294.70	221.40	202.30
Total Liabilities	5,847.90	5,746.90	4,732.40	3,372.80	2,786.90
Gross Block	4,138.00	3,872.60	3,409.20	2,737.30	2,478.80
Net Fixed Assets	3,123.80	3,025.60	2,745.30	1,737.90	1,605.40
Investments	86.60	114.50	24.20	20.70	20.70
Current Assets	3,884.60	3,496.50	2,744.80	2,091.10	1,706.10
Deferred Tax Asset :	-	-	-	-	-
Receivables	1,133.70	955.10	792.90	635.20	447.00
Inventories	1,367.50	1,213.60	992.00	766.40	707.00
Cash	548.80	583.80	426.30	85.80	69.60
Total Assets	5,847.90	5,746.90	4,732.40	3,372.80	2,786.90

Income Statement (Quarterly)								
Particulars (Rs. Cr)	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	1,916.33	1,838.04	1,698.25	1,607.45	1,565.76	1,561.02	1,512.50	1,516.10
Operating Profit	305.77	245.69	208.78	239.23	239.83	205.39	187.40	302.18
Operating Profit Margin	15.96	13.37	12.29	14.88	15.32	13.16	12.39	19.93
Depreciation	52.78	49.57	51.76	46.56	46.56	49.61	43.23	43.43
Interest	24.04	18.98	19.33	27.84	31.56	47.89	40.5	45.39
Other Income	13.13	12.78	12.23	12.53	8.73	17.06	6.46	9.51
PBT	281.18	236.02	201.68	223.92	217	174.56	153.36	266.3
APAT	239.19	185.97	183.37	195.62	262.46	102.91	95.14	194.79
PAT Margin (%)	12.48	10.12	10.80	12.17	16.76	6.59	6.29	12.85
Earnings Per Share	11.68	9.08	8.96	9.55	12.82	5.03	4.65	9.51

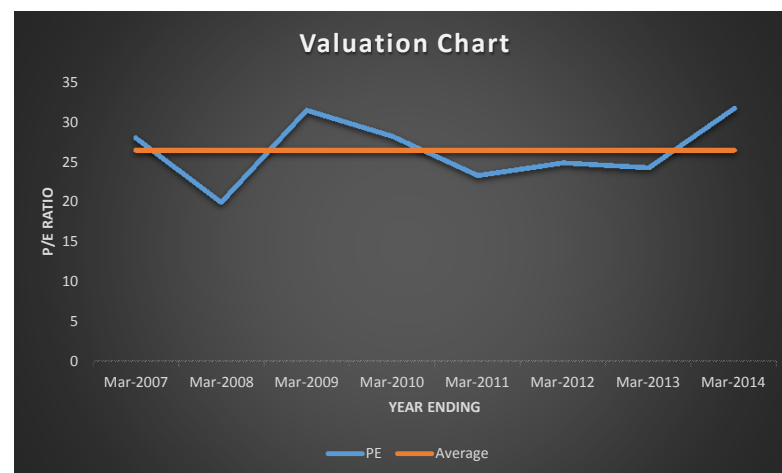
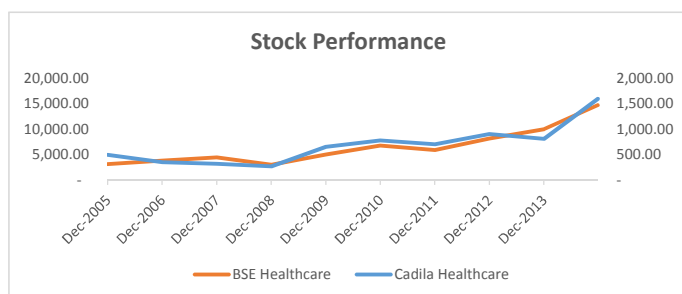


Key Financial Indicators						
Particulars	Units	2014	2013	2012	2011	2010
Revenue	Crs	7,224.00	6,357.70	4,827.40	4,197.20	3,626.90
EBITDA Margins	%	16.61	17.70	13.15	13.83	21.46
PAT	Crs	836.20	689.90	681.20	736.10	528.90
PAT Margins	%	11.58	10.85	14.11	17.54	14.58
Revenue Growth	%	13.63	31.70	15.01	15.72	22.48
EBITDA Growth	%	6.67	77.24	9.35	(25.41)	27.59
PAT Growth	%	21.21	1.28	(7.46)	39.18	69.85
Gearing	times	0.39	0.57	0.43	0.27	0.37
ROCE	%	18.40	17.36	21.30	27.96	27.45
ROE	%	24.32	27.60	26.44	34.60	33.38

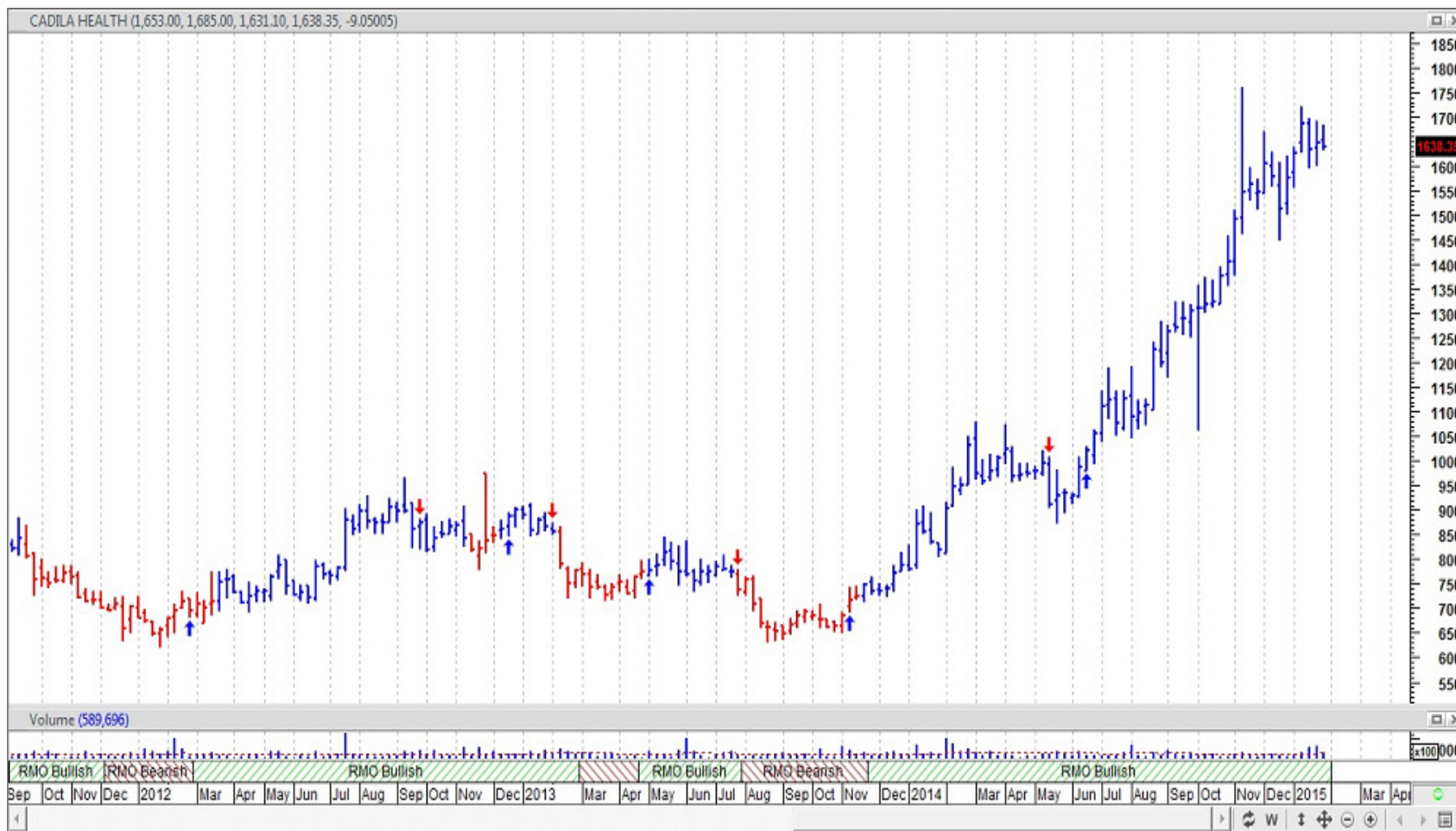
Peer Comparison				
Particulars	Units	Cadila	Lupin	Divi's Labs
Revenue	Rs Cr	7,224.00	6,357.70	2,532.25
EBITDA Margins	%	16.61	17.70	43.58
PAT	Rs Cr	836.20	689.90	719.72
PAT Margins	%	11.58	10.85	31.27
Gearing	%	0.39	0.57	0.01
EPS	Rs / Share	40.84	65.29	59.14
PE	times	40.13	19.76	31.39
P/BV	times	9.25	9.48	7.20
ROCE	%	18.40	17.36	35.84
ROE	%	24.32	27.60	23.72
EV/EBITDA	times	25.66	12.61	16.45

Stock Performance vis-a-vis Index

Particulars	Return(%)	
	YTD	QTD
Cadila Healthcare	2%	2%
CNX Pharma	7%	7%



Technical Outlook



Disclaimer

This report is for the personal information of the authorised recipient and does not constitute to be any investment, legal or taxation advice to you. Spearhead FinServe Pvt Ltd is not soliciting any action based upon it. This report is not for public distribution and has been furnished solely for your information and should not be reproduced or redistributed to any other person in any form. The report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon such. Spearhead FinServe Pvt Ltd or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any inadvertent error in the information contained in this report. Spearhead FinServe Pvt Ltd or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations. This information is subject to change without any prior notice. Spearhead FinServe Pvt Ltd reserves the right to make modifications and alterations to this statement as may be required from time to time. Nevertheless, Spearhead FinServe Pvt Ltd is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.