

New recommendations						Time Frame: 6 Months
Date	Scrip	I-Direct Code	Buying Range	Target	Stoploss	Upside (%)
16-Jul-20	Cipla	CIPLA	645-667	750.00	595.00	15.0%

Open recommendations							Time Frame: 6 Months
Date	Scrip	Avg Rec Price	Target	Stoploss	CMP	Return till date (%)	
15-Jul-20	Tata Consultancy Services	2,220.00	2,550.00	2,060.00	2,233.00	1%	
8-Jul-20	Axis Bank	442.00	508.00	410.00	432.00	-2%	
24-Jun-20	Titan Company	1,013.00	1,185.00	928.00	960.00	-5%	
24-Jun-20	Asian Paints	1,755.00	2,020.00	1,580.00	1,694.00	-3%	
10-Jun-20	Lupin	916.00	1,080.00	835.00	880.00	-4%	
2-Jun-20	Bata India	1,408.00	1,625.00	1,270.00	1,291.00	-8%	
1-Jun-20	Proctor&Gamble Health	4,200.00	5,090.00	3,570.00	4,035.00	-4%	
1-Jun-20	Pidilite Industries	1,470.00	1,670.00	1,320.00	1,362.00	-7%	

All the recommendations are in Cash segment

July 17, 2020

## Open Recommendations

### Momentum Picks

Scrip	Action
Coromandel	Buy

Duration: 14 Days

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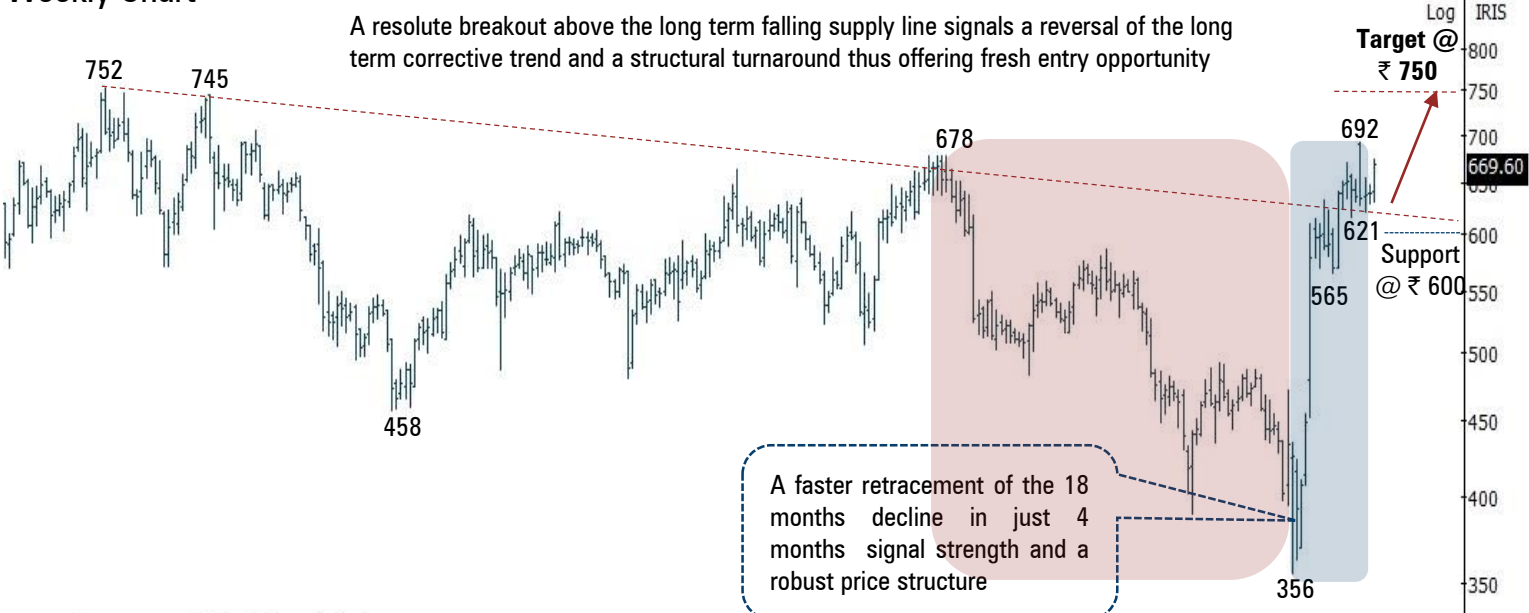
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# Cipla Ltd (CIPLA): Long term supply line breakout highlights reversal of corrective trend, structural turnaround...

<b>Rec. Price</b>	<b>645.00-667.00</b>	<b>Target</b>	<b>750.00</b>	<b>Stop loss</b>	<b>595.00</b>	<b>Upside</b>	<b>15%</b>
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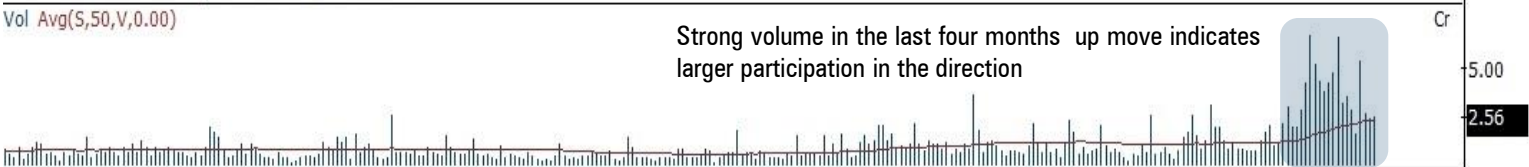
## Weekly Chart

A resolute breakout above the long term falling supply line signals a reversal of the long term corrective trend and a structural turnaround thus offering fresh entry opportunity

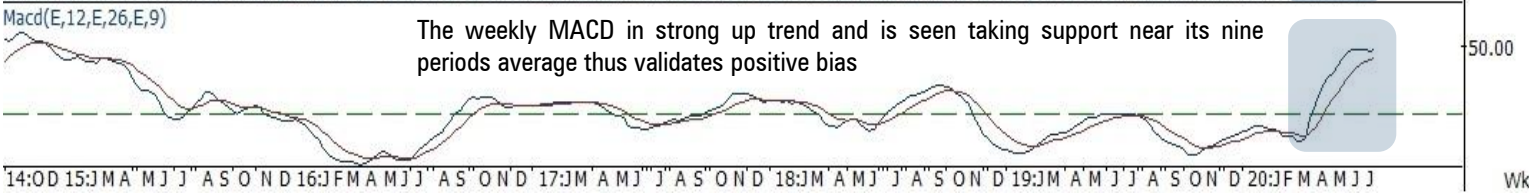


A faster retracement of the 18 months decline in just 4 months signal strength and a robust price structure

Strong volume in the last four months up move indicates larger participation in the direction



The weekly MACD in strong up trend and is seen taking support near its nine periods average thus validates positive bias



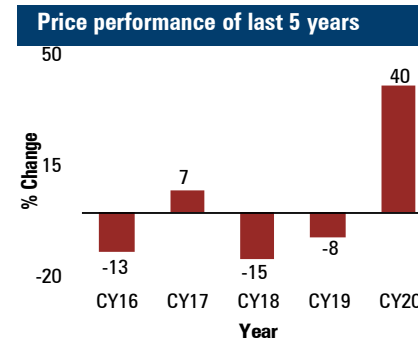
- The stock generated a resolute breakout above the long term supply line joining the highs of CY15 (₹ 752) CY18 (₹ 678) currently at ₹ 610, signalling reversal of the long term corrective trend and a structural turnaround. Going ahead, we expect the stock to outperform in the pharma space, thus offering a fresh entry opportunity
- Structurally, it has witnessed a faster retracement of the last 18 month's decline from ₹ 678 to 356 in just four months. A faster retracement in less than half the time interval signals a robust price structure
- The stock has support at ₹ 600-610 levels as it is the confluence of the recent long term trend line breakout area and 61.8% retracement of the previous up move (₹ 565 to 692)
- The weekly MACD is in a strong up trend and is seen taking support near its nine period's average, thus validating positive bias
- Based on the above technical observations, we expect the stock to head towards ₹ 750 levels as it is the price parity with previous up move ₹ 565 to 692 as projected from recent low of ₹ 621 signalling upside towards ₹ 750 levels

- Founded by Dr KA Hamied way back in 1935, Cipla is one of the oldest ventures set up by an Indian in the pre-independence era. With 46 manufacturing facilities spread across the world, Cipla has a gamut of therapeutic offerings ranging from simple anti-infectives to complex oncology products. The product basket includes ~1500+ products encompassing almost all therapies and over 50 dosage forms
- Formulation exports comprise ~54% of FY20 revenues. The company is focusing on front-end model, especially for the US, along with a gradual shift from loss making HIV and other tenders to more lucrative respiratory and other opportunities in the US and EU. We expect export formulation sales to grow at 10.9% CAGR to ₹ 11377 crore in FY20-22E. Key drivers will be a launch of inhalers (drug-device) and other products in developed markets
- With ~5% market share, Cipla is the third largest player in the domestic formulations market. The acute, chronic and sub-chronic revenues for the company are at 41%, 45% and 14%, respectively. Domestic formulations comprise ~39% of total FY20 revenues. It commands ~21% market share by value in the respiratory segment. We expect domestic formulations to grow at 12% CAGR in FY20-22E to ₹ 8288 crore driven by improved productivity of the newly inducted field force and product launches besides realignment of the portfolio in sync with its 'One-India' portfolio rationalisation exercise
- We continue to focus on the management's long-drawn strategy of targeting four verticals viz. One-India, South Africa & EMs, US generics & specialty and lung leadership. Recent first generic approval by USFDA for Albuterol sulphate (Proventil HFA) amid rise in demand for Albuterol products in the ongoing Covid-19 pandemic are a vindication for its lung leadership quest. While US focus will be on specialty including hospitals, value accretive generics, India focus will be on branded (Bx), trade generics (Tx). On the Africa front, Cipla continues to rebase its business model towards private business in the backdrop of shrinking tender opportunities. Another key aspect to watch would be R&D recalibration. Across the board transformation from tenderised model to private model in exports market and towards rapid consumerisation of important Tx, Bx in India bode well to change the investors' perspective

Particulars	
Particular	Amount
Market Capitalisation	₹53762 crore
Debt (FY 20)	₹2816 crore
Cash (FY 20)	₹1004 crore
EV	₹55575 crore
52 week H/L (₹)	696/357
Equity capital	₹161.3 crore
Face value	₹2

Financials				
₹crore	FY19	FY20E	FY21E	FY22E
Revenue	16362.4	17132.0	18812.1	20776.6
EBITDA	3097.3	3206.0	3546.1	4228.2
EBITDA%	18.9	18.7	18.9	20.4
Net Profit	1496.1	1546.5	1855.5	2434.4

Valuation				
	FY19	FY20E	FY21E	FY22E
EPS (₹)	18.6	19.2	23.0	30.2
PE (x)	35.9	34.7	28.9	22.1
ROE (%)	10.0	9.8	10.8	12.6
ROCE (%)	10.9	12.0	13.0	15.4



## Summary Performance - Recommendations till date

Total Recommendations	538	Open	8
Closed Recommendations	530	Yield on Positive recommendations	17.0%
Positive Recommendations	388	Yield on Negative recommendations	-8.0%
Closed at cost	16		
Strike Rate	75%		

# Momentum Picks open recommendations

Date	Scrip Name	Strategy	Recommendations Price	Target	Stoploss	Time Frame
16-Jul-20	Coromandel International	Buy	760.00-775.00	855.00	721.00	14 Days

All the recommendations are in Cash segment

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# Price history of past three years

## Cipla

CIPLA [N694] 669.55, 4.80%  
Price



Source : [www.SpiderSoftwareIndia.Com](http://www.SpiderSoftwareIndia.Com)

- It is recommended to enter in a staggered manner within the prescribed range provided in the report
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- The recommendations are valid for six months and in case we intend to carry forward the position, it will be communicated through separate mail

## Trading portfolio allocation

- It is recommended to spread out the trading corpus in a proportionate manner between the various technical research products
- Please avoid allocating the entire trading corpus to a single stock or a single product segment
- Within each product segment it is advisable to allocate equal amount to each recommendation
- For example: The 'Momentum Picks' product carries 2 intraday recommendations. It is advisable to allocate equal amount to each recommendation

# Recommended product wise trading portfolio allocation

Product	Allocations		Number of Calls	Return Objective	Duration
	Product wise allocation	Max allocation In 1 Stock			
Momentum Picks-Intraday	10%	30-50%	2 Stocks	1-2%	Intraday
Momentum Picks-Positional	25%	8-10%	8-10 Per Month	5-8%	14 Days
Gladiator Stocks	35%	10-13%	Opportunity Based	15-20%	6 Months
Yearly Technical	25%	12-15%	7-9 Per Year	20-30%	1 Year
Cash	5%				
	100%				





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