



Pick of the week

Caplin Point Laboratories Ltd

NSE Symbol	CAPLIPOINT
BSE Ticker	524742
Cur. Price (Rs)	1768
Face Value (Rs)	2/-
Target Price (Rs)	2300
Holding Time	10 months
Stop Loss (Rs)	1450
Risk perceived	Medium
Stock Category	Growth
Rec. Weightage	4%
Book Value (Rs)	304.65
Promoter Stake	70.56%

Caplin Point is a fast growing, fully integrated Pharmaceutical company with a dominant presence in Latin America, Francophone Africa and a growing presence in the Regulated markets such as USA and EU.

The company was established in 1990 to manufacture a range of ointments, creams and other external applications. Caplin is a technology and research-led marketing company. Product portfolio includes mix of generics, branded generics and specialty molecules and injectables.

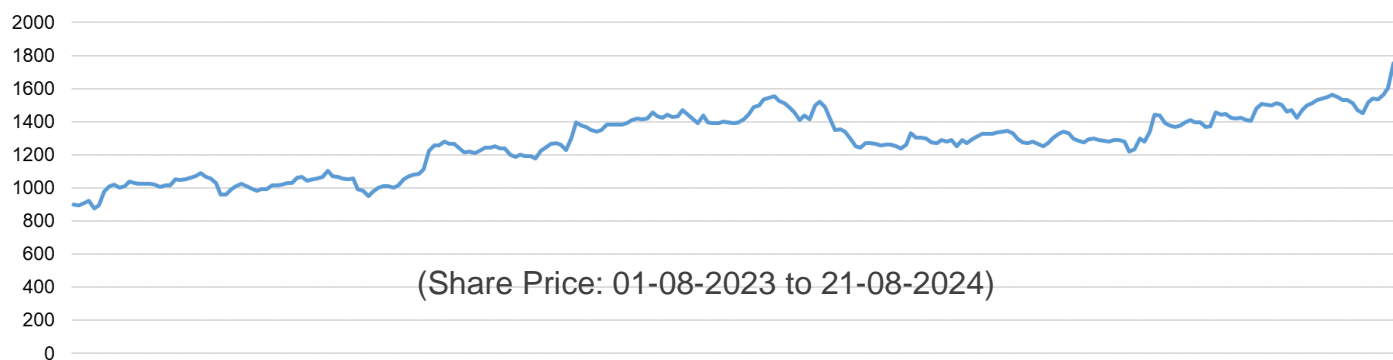
The Company focused on the emerging markets of Latin America, Caribbean, Francophone and Southern Africa and is today one of the leading suppliers of Pharmaceuticals in

(Continued on page 2)

Financial Highlights (Consolidated)

	03/'20	03/'21	03/'22	03/'23	03/'24	06/'23*	06/'24*
Revenue	863.20	1061.29	1269.41	1466.73	1694.10	395.32	458.96
Other Income	41.33	23.54	38.75	55.98	66.94	12.04	18.56
Interest	-0.32	-1.59	-0.70	-0.78	-0.78	-0.28	-0.05
Depreciation	-31.62	-36.97	-46.90	-44.99	-53.44	-11.38	-15.96
Tax	-54.38	-62.18	-77.37	-74.36	-103.01	-22.76	-29.46
Net Profit	215.08	251.44	308.45	376.99	461.42	104.23	124.92
Equity Capital	15.13	15.13	15.16	15.18	15.19	15.19	15.20
EPS	28.43	33.24	40.69	49.67	60.75	13.72	16.44
CEPS	32.61	38.12	46.88	55.60	67.79	15.22	18.54
OPM%	34.92	33.18	34.14	33.89	36.52	35.07	37.13
NPM%	24.92	23.69	24.30	25.70	27.24	26.37	27.22
Dividend	125%	150%	200%	225%	250%	-	-

The latest Face Value and Equity Capital are used for per-share ratios. / * 3 months / Rs in crores / Items deducted from Revenue to find Net Profit are marked negative.



(Continued from page 1)

these regions, with over 4000 product licenses across the globe.

Caplin Point has delivered consistent high quality growth in cashflows, Profitability and Revenues over the last 15 years.

The company listed on Forbes “Asia’s 200 Best Under a Billion” list for 2024. Company has appeared for the seventh time on this list (2014, 2015, 2016, 2021, 2022, 2023 and 2024) and was awarded “The Emerging Company of 2018” by Economic Times Family Business Awards.

Recently, its subsidiary Caplin Steriles Limited, has been granted final approval from the USFDA for its Abbreviated New Drug Application Timolol Maleate Ophthalmic Solution USP, 0.5% (Eye drops), a generic therapeutic equivalent version of TIMOPTIC, from Bausch and Lomb Inc.

Investment rationale

It has healthy Reserves at 151 times Equity Capital and a regular Dividend paying company with decent payout. It has a small equity

capital compared 112 times Turnover. It is debt-free company.

During the last 5 years Sales grew at a healthy compound rate of 18% & EPS at 21%. Steadily rising Depreciation @14% CAGR from last five years is a testimony to its regular expansions and modernization. Keeping in mind the sustained demand for its products we have assumed the growth in Sales and EPS to continue at last five year CAGR of 18% & 21% for the current and next 2 years. Thus for the year FY25 we expect the company to deliver an EPS of about Rs 73.

The ruling share price discounts the last year EPS of Rs 60.75 by 29 times. Considering the strong balance sheet, investor friendly management, debt free status and healthy overall growth on all parameters the stock deserves a PEG ratio of 1.50. The target price has been set accordingly.

Flipside: The Pharma sector in general is not doing well.

Shares are regularly traded on BSE and NSE with aggregate 30 days average volumes of about 1.6 lac shares per day.*

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Terms used in research report

Book Value

Book value is the net value of a company's assets after subtracting its liabilities. It is a measure of the company's equity and is calculated by subtracting total liabilities from total assets.

BSE/NSE

BSE stands for Bombay Stock Exchange. NSE stands for National Stock Exchange

CAGR

CAGR stands for Compound Annual Growth Rate. It is a measure used to determine the average annual growth rate of an investment or business over a specific period, taking into account compounding effects.

CEPS

CEPS stands for Cash Earning Per Share. While Depreciation is subtracted from the operating profit to calculate the net profit, it's important to recognize that the depreciation amount remains available to the company for its utilization in practice. CEPS is calculated by dividing the sum of Depreciation and Net Profit by the number of outstanding shares. CEPS gives a better measure to gauge the cash profit per share.

EPS

EPS stands for Earnings Per Share. It is a financial metric that measures the profitability of a company by dividing its net earnings or profit by the number of outstanding shares. EPS represents the portion of earnings allocated to each share of common stock.

Face Value

Face Value refers to the nominal or par value assigned to a share of stock at the time of issuance. It is typically a small amount (e.g., Rs1, Rs2, Rs5, or Rs10). The face value does not necessarily reflect the market price or the actual value of the stock.

NPM

NPM stands for Net Profit Margin. It is a financial ratio that measures the profitability of a company by calculating the percentage of net profit generated relative to its total revenue.

OPM

OPM stands for Operating Profit Margin. It is a financial ratio that measures the profitability of a company's core operations by calculating the percentage of operating profit generated relative to its total revenue.

PE

PE stands for Price-to-Earnings ratio. It is a financial metric used to assess the relative value of a company's stock by comparing its current stock price to its earnings per share.

(Continued on page 4)

Terms used in research report

(Continued from page 3)

PEG

PEG ratio stands for Price/Earnings to Growth ratio. It is a financial metric used to assess the valuation of a company's stock in relation to its expected earnings growth. The PEG ratio takes into account the company's price-to-earnings (P/E) ratio and its projected earnings growth rate.

Risk

Risk refers to the potential for the value of a stock to fluctuate or experience losses due to various factors such as market conditions, economic events, company-specific risks, or unforeseen circumstances. Every stock is categorized into one of three risk levels: High, Average, or Low. These risk levels are determined based on their correlation to the broader market indices, such as the BSE Sensitive index and NSE Nifty 50 index. Low risk is assigned to stocks with a beta value below 0.75, Medium risk to stocks with a beta value between 0.75 and 1.25, and High risk to stocks with a beta value exceeding 1.25.

ROCE

ROCE stands for Return on Capital Employed. It is a financial metric that measures the profitability and efficiency of a company by comparing its operating profit to the capital employed in the business.

ROE

ROE stands for Return on Equity. It is a financial metric that measures the profitability and efficiency of a company by calculating the percentage of net income generated relative to its shareholders' equity.

Stock Category

Stocks are categorized as Value or Growth. Value stocks are undervalued companies with stable cash flows, while growth stocks are companies expected to have above-average earnings or revenue growth. Value stocks offer stability and potential income, while growth stocks offer higher potential for capital appreciation. The choice depends on investment goals and risk tolerance.

Stop Loss

Stop loss refers to a predetermined price level set by an investor to automatically sell a security if it reaches or falls below that level. It is a risk management tool designed to limit potential losses by triggering a sale order when the price reaches a specified threshold.

Weightage

Stock weightage/allocation in a portfolio means determining the proportion of the portfolio's value invested in different stocks to achieve diversification and meet investment objectives. Factors considered include the potential impact of stock price movements, scenarios likelihood, investment duration, and the probability of achieving targeted EPS growth. ✱

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Recommendations given in this report have been researched and prepared by Anil Kumar Asnani (SEBI Reg. - IN-H000000420). He has experience of 34 years into stock investments and author of book 'Way To Billionaire'. By qualification he is BE, MBA (Finance), ERA (ICFAI, Hyderabad) and Ph.D.

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(Continued on page 8)

Disclosures (continued)

(Continued from page 7)

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- Communication preferences and feedback.
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- Complying with legal obligations and regulatory requirements.
- Sending you marketing communications if you have opted to receive them.
- Protecting against fraud, unauthorized access, or any other misuse of our services.

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We implement reasonable security measures to protect the confidentiality and integrity of your personal information. However, please note that no method of transmission or storage can be guaranteed as 100% secure.

(Continued on page 11)

Privacy Policy (continued)

(Continued from page 10)

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(Continued on page 13)

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(Continued from page 12)

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