SUMMER INTERNSHIP REPORT

Final Report

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Submitted to:

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Company Name: Cadila Pharmaceuticals Ltd.

Project Title: Financial Research and Analysis

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Purpose of report: To do the financial research of companies to better understand their current financial health, their future potential to grow and the effect of their actions on the markets.

Prepared for: Institute of Management, Nirma University

Submitted to: Prof. Tejas Modi

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Abstract

Hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance, and medical equipment are all part of the Indian healthcare business. The sector is expanding at a rapid pace as a result of improved coverage, services, and increased spending by both public and private actors.

Since 2016, the healthcare industry has grown at a compound annual growth rate (CAGR) of about 22%. Healthcare has grown to be one of the most important areas of the Indian economy, both in terms of income and jobs. In 2015, the sector was the fifth-largest employer, directly employing 47 lakh people. According to National Skill Development Corporation (NSDC) forecasts, healthcare can create 27 lakh new employment in India between 2017 and 22 – more than 500,000 new jobs each year.

According to National Skill Development Corporation (NSDC) forecasts, healthcare can create 27 lakh new employment in India between 2017 and 22 – more than 500,000 new jobs each year. Niti Aayog, while outlining the many investment prospects in India's healthcare sector, has stated that investors can take advantage of the favourable climate to engage in the country's healthcare business, which is anticipated to grow to $372 billion by 2022.

In terms of pharmaceuticals, India has the chance to increase local production, thanks to new government initiatives with performance-based incentives as part of the Aatmanirbhar Bharat project. Furthermore, patents worth $251 billion are anticipated to expire internationally between 2018 and 2024, offering a profitable opportunity for the country's pharmaceutical sector.

The growth of private players into Tier II and Tier III cities in the hospital market presents an appealing investment opportunity. According to Invest India's Investment Grid, there are over 600 investment possibilities in the country's hospital/medical infrastructure subsector totaling $32 billion (Rs 2.3 lakh crore).

<u>Part-A</u> Cadila Pharmaceutical Limited

About Cadila

Introduction:

Cadila Pharmaceuticals Ltd. is a subsidiary of the IRM Group and one of India's largest privately held pharmaceutical companies. It is located in Ahmedabad, Gujarat. For the past six decades, the firm has been discovering and manufacturing low-cost medications for patients all around the world.

Cadila Pharmaceuticals' production facilities have been authorized by international agencies such as WHO-GMP, UK-MHRA, USFDA-API, TGA-Australia, and AIFA-Italy. Foreign activities of the corporation encompass 58 countries in the Americas, Japan, Asia, the Commonwealth of Independent States, and Africa.

Cadila Pharmaceuticals Ltd. is a pharmaceutical industry pioneer, demonstrating how cutting-edge research may be combined with ethical business practises to achieve the alchemy of optimal health results for everybody. Cadila Pharmaceuticals places R&D at the heart of all of its projects, whether they be in biotechnology, APIs, formulations, plant tissue culture, or phytochemistry.
Cadila Pharmaceuticals has formulation production facilities in Dholka, Gujarat, Samba, Jammu, and Addis Abeba, Ethiopia, as well as two API production facilities in Ankleshwar, Gujarat (Gujarat). The Dholka manufacturing plant and the API unit in Ankleshwar, Gujarat, are both US-FDA-certified, whilst the Ethiopian manufacturing plant is WHO-certified.

Vision:

The business's mission is to be a leading pharmaceutical firm in India and a key worldwide player by offering high-quality, cost-effective, and innovative medications and treatment options.

Mission:

- Discover, develop, and commercially sell pharmaceutical products for illness prevention, diagnosis, treatment, and cure.

- Deliver complete customer satisfaction and attain global leadership in selected markets, goods, and services via technological excellence based on world-class research and development.

History:

1952	Cadila begins manufacturing.
1967	Cadila relocates to its own plant, with full-fledged activities encompassing Production, Marketing, and R&D.
1982	Karnavati Engineering Limited (KEL), Kadi, Cadila's machinery manufacturing arm, begins operations.
1999	Cadila Pharmaceuticals Ltd. enters the US market through the formation of CPL Inc.
2013	Cadila Pharmaceuticals introduces Mycidac-C, the world's first innovative and economical treatment for patients suffering from lung cancer.

Products and Services offered by the company:

- **Formulations** like Abiraterone acetate 250 mg, Aceclofenac I.P. 100 mg and many more.
- **Active Pharmaceutical Ingredients (API)** like Atomoxetine HCL, Glyburide and many more.
- **Contract Research Operation** which provides a series of pre-clinical and clinical trials for drug development in over 45 therapeutic categories, including cardiovascular, gastrointestinal, anti-infectives, antibiotics, respiratory, anti-diabetics, and so on..

Cadila Pharmaceuticals is India's exclusive manufacturer of natural Streptokinase and Hyaluronic Acid medications. Rabeprazole IV ('Rabeloc') was also introduced for the first time in the globe by the corporation. In 2009, Cadila Pharmaceuticals introduced Risorine, the world's first boosted-Rifampicin fixed-dose formulation for the treatment of TB, and Polycap, the world's first medication combination for the prevention of cardiovascular illnesses.

Formulations

It contains about 850 items that address the majority of human issues. Its production factories are located in Dholka (Guj.), Samba (J&K), and Addis Abeba (Ethiopia), and it produces both sterile and non-sterile goods.

Contract Research Operation

Cadila has a Contract Research Operation (CRO) facility in Dholka that offers a variety of pre-clinical and clinical testing services. A CRO is a facility where medications for its clients are developed and modified. It includes testing ranging from pre-clinical, BA-BE, Phase II, to Phase IV studies.

Alliances

Cadila has affiliations with a variety of national and international organisations, including Apollo hospitals, Stemcyte, Novavax, and others. These collaborations are mostly for the formulation of certain medicines. Because their combined resources are employed in a project, these cooperation resulted in superior results for both firms.

Customers

Cadila Pharmaceuticals' client base comprises patients, although also has a huge consumer base due to the IRM group. It is both a B2C and a B2B company. Its items are distributed to clients via distribution channels, such as wholesale to retail and ultimately to customers. Because medications have fewer alternatives, it serves to both rural and urban consumers.

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➢ Company’s performance

From a small revenue of Rs. 250 crores in 1995, the group has grown significantly and now has a turnover of over Rs. 14,253 crores in FY20.
Cadila Pharma continues to develop with an unwavering commitment to solve unmet healthcare needs, according to its brand promise of being devoted to life in all its aspects. Simultaneously, it recommits to its objective of promoting healthier, happier communities across the world.

Business in the United States accounts for 45 percent of revenues

- Ranked fourth among US generic businesses , with revenues increasing from $211 million in FY11 to $828 million in FY20.
- Has received the most ANDA approvals in the previous four years, with a total of 337 ANDA approvals, 117 DMF submissions, and 190+ marketed goods
- Has a robust pipeline of complicated generics, including injectables, orphan medicines, and specialty pharmaceuticals, targeting a $119 billion market.
- Over the next three years, the company intends to submit 40 ANDAs and one NDA.
- R&D accounts for 7-8% of sales.

India accounts for 27% of total income.

The fourth largest business, with a 4.2 percent market share, has 12 brands in the top 300 and 9 brands with revenues over $100 million.

Among the top three businesses in respiratory, pain, gynaecology, nephrology, and cancer.

Consumer wellness accounts for 12% of sales.

This segment included sugar-free sales, which increased fast from 152 Cr in FY08 to 452 Cr in FY13, after which growth slowed and reached 490 Cr in FY18. Zydus subsequently purchased four Heinz brands (Glucon-D, Complan, Nycil, and Sampriti Ghee) in 2018 for 4595 Cr, increasing revenues to 1738 Cr in FY20.

Biosimilars, novel medications and vaccine

- Biosimilars, novel medications, and vaccines
- Has a portfolio of 21 biosimilar compounds that it intends to sell in emerging regions including India.
- Saroglitazar was the world's first medication to be authorised by the DCGI for the treatment of nonalcoholic steatohepatitis (NASH). The US Food and Drug Administration has awarded it fast track status to treat primary biliary cholangitis. DCGI also authorised Saroglitazar Magnesium as an add-on therapy with Metformin for the treatment of Type II Diabetes Mellitus.
- The largest integrated biologics and vaccines portfolio in Indian pharma, with a broad product basket that includes 12 or more vaccines. Cadila is also working on ZyCoV-D, a vaccine for COVID.

Major Competitors

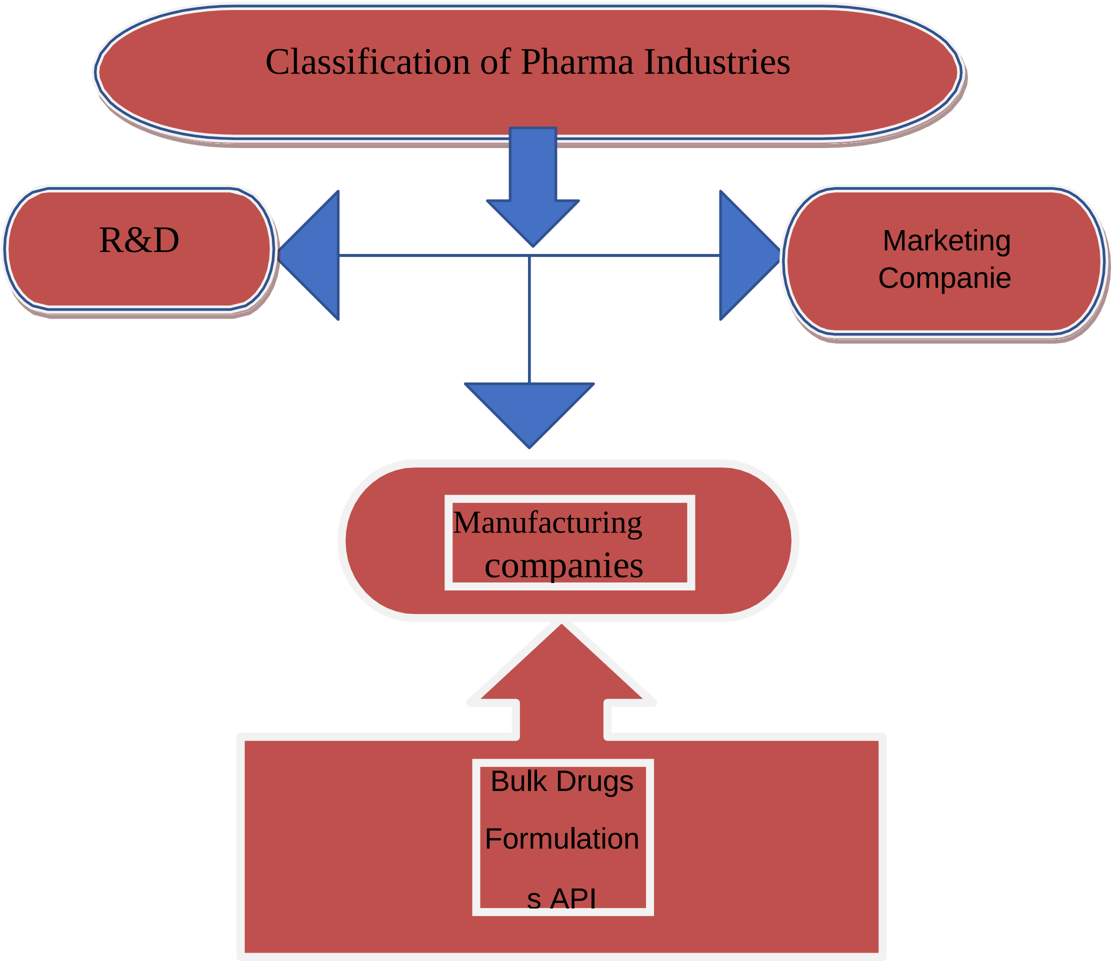
The Cadila pharmaceutical has many competitors and among them the major ones are Intas, Solara and SunPharma.

Intas pharmaceutical, It was formed in 1984 and is likewise an Indian corporation with its headquarters in Ahmedabad. It has 13 production sites, 10 of which are in India and the others in the United States and Mexico. Its primary concentration is on biopharmaceuticals, and it has international activities. It has a presence in over 85 countries. Intas is also trying to lower entry barriers through technologies such as Biosimilar and New Chemical Entities, which target cancer and neurological illnesses.

Solara Active Pharma, API production is the core of this company, which is based in Puducherry. It was created in 2017 by the merger of two demerged businesses, Strides Pharma Science Limited (formerly known as Strides Shasun Ltd.) and Sequent Science Ltd. It includes 5 API production facilities and 2 R&D facilities with over 140 scientists. It is present on a global scale in over 75 sectors. In addition to API production, it also offers contract research and manufacturing services.

Sun Pharma Ltd., located in Mumbai, is a Gujarat-based Indian multinational corporation formed in 1983 by Dilip Shangvi. It includes 14 API production sectors as well as 30 formulation centres. It employs around 2000 people worldwide. It is one of the top ten pharmaceutical companies in the world..

Pharmaceutical Industry



Industry Overview

Because Indian pharmaceutical businesses are extremely efficient, India is the leading source of generic pharmaceuticals, accounting for 50% of worldwide demand, and providing around 80% of antiretroviral treatments used to battle AIDS. However, India imports 70% of its API from China, and the country is attempting to become self-sufficient in this area.

By 2025, the Indian pharmaceutical sector is anticipated to be worth US$ 100 billion, while the medical device market would be worth US$ 25 billion. Pharmaceutical exports accounted for $19.14 billion of India's total exports. India accounts for 30% of the US generic market in terms of volume and 10% in terms of value. The biotechnology sector in India is anticipated to develop at a CAGR of 30%.

Highlights of Indian Pharmaceutical Industry

- India is the world's largest provider of generics, accounting for 20% of the worldwide market.
- It is also the world's third largest market for APIs (active pharmaceutical ingredients) and Asia's fourth largest medical device market.
- 3000 pharmaceutical firms
- There are 10500 manufacturing facilities.
- The domestic pharma sector in India provides 2% of the global industry in terms of value and 10% in terms of volume.

Growth Enablers of Indian Market

- Increase in Per Capita Income
- Growth in Health Insurance
- Cases of Chronic Illness
- Governments work hard to make medications available to the rural market, as well as to low-income individuals.
- Changes in lifestyle and consumption patterns, as well as increased medical knowledge.

Overall Global trend-

Telemedicine

The healthcare industry is witnessing some disruptions like other sectors due to technology. There is advent of m-health (mobile health) apps which challenge the traditional system of healthcare services where patients used to go to the doctors and then buy medicines prescribed by the doctor from the nearest pharmacy.

This process has completely gone online with such m-health apps. The patient gets consultation and prescription at home and uploads the electronic prescription and receives the delivery of the medicine. However, the government was reluctant about this sector as the drugs market is highly regulated by the government through Indian Drugs and Cosmetics Act 1940 as it involves the lives of the people and there were no regulations for this telemedicine market.

The health tech business is estimated to be worth US$ 21 billion by 2025, accounting for only 3.3 percent of the entire healthcare sector. As a result, this industry has a lot of promise and opportunity.

Data and AI driven predictive analysis

During the epidemic, there has been a tremendous increase in the volume of health data collected. When the advantages to individual well-being are clearly stated, people are willing to give personal information. Track-and-trace programmes have made a significant contribution to keeping infection levels under control. The coronavirus pandemic has had a significant impact on the healthcare business, which many people are unaware of. Because patients were not prepared to visit hospitals for medical treatments and operations, healthcare practitioners and organisations suffered losses.

There is still some hesitancy, and individuals are being extremely cautious in selecting the hospital's foundation for COVID-19 preventive measures. This increases the need for Artificial Intelligence-powered prediction systems to optimise the use of existing resources even in times of crisis. Not just hospitals, but also medical insurance companies, are anticipated to spend more in predictive analytics in 2021 in order to be prepared for unforeseen hazards

Augmented Reality

Augmented reality is popular across various industries, but it is especially effective in healthcare. AR is quickly becoming one of the most powerful uses in medical education. Doctors may use augmented reality to monitor diagnosis and treatments directly in front of them, allowing them to learn new abilities and broaden their expertise. AR can also help to address the global lack of skilled experts by educating many providers at once. Consider a doctor being able to have therapy choices display on a screen as he examines various diseases, or having development charts appear around a child during a check-up. Instead of doctors needing to spend more time reading research to hone their abilities, the knowledge they require may be obtained more quickly.

Smart Medical Devices

In the projected period of 2021 to 2028, the smart medical devices market is predicted to expand. According to Data Bridge Market Research, the market is anticipated to expand at a CAGR of 20.1 percent from 2021 to 2028, reaching USD 126,409.49 million by 2028 from USD 30,084.95 million in 2020. The increasing adaptability of smart phones and smart phone compatible medical equipment is the primary force pushing the market throughout the projected period.

Smart medical gadgets are crucial medical instruments that doctors employ to monitor the vital physiological characteristics of various illnesses. These smart gadgets are designed to improve patient care quality by monitoring real-time data and sending it to physicians via a linked device.

The usage of smart medical devices offers numerous advantages, including the ability to save time and money on hospital visits, allowing individuals to become more conscious of their health and fitness. Smart medical gadgets are becoming increasingly popular across the world, particularly in emerging economies.

Government Initiatives

- The government has established 'Pharma Vision 2020' to encourage the production of end-to-end medicines. It has also shortened the approval process for new facilities in order to encourage investment.
- Because of the growth of online pharmacies, the government has put up an electronic platform to oversee them and prevent fraud.
- The government boosted its health-care spending (as a percentage of GDP) from 1.2 percent in 2014-15 to 1.5 percent in 2018-19.
- The government has also earmarked $4.88 billion to the National Health Mission, which will help both rural and urban residents. Pradhan Mantri Ayushman Bharat The Jan Arogya Yojana (AB-PMJAY) got US$ 915.72 million.

Growth of Cadila

- Cadila's founder, Mr Indravadan Modi, was instrumental in the formulation of the 1986 Drug Policy.
- Cadila introduced the world's first IMMUVAC, a unique immunomodulator, in 2000, and in 2004, it introduced the world's first Parental Formulation of Rabeprazole (Rabeloc I.V.) and Investigational New Drug (IND) with the USFDA for pulmonary tuberculosis.
- It has also introduced Mydiac-C, the world's first inexpensive medication for patients suffering from lung cancer, as well as NEVA HIV, the world's first whole blood fast HIV diagnostic kit.

Organisational Culture

Cadila's position as a pioneer in medicine manufacture and distribution at reasonable prices demonstrates how much it values human life. It also represents the importance of Cadila's 300 scientists, who work tirelessly to make Cadila a world leader and to make the world a better place with cheap medications.

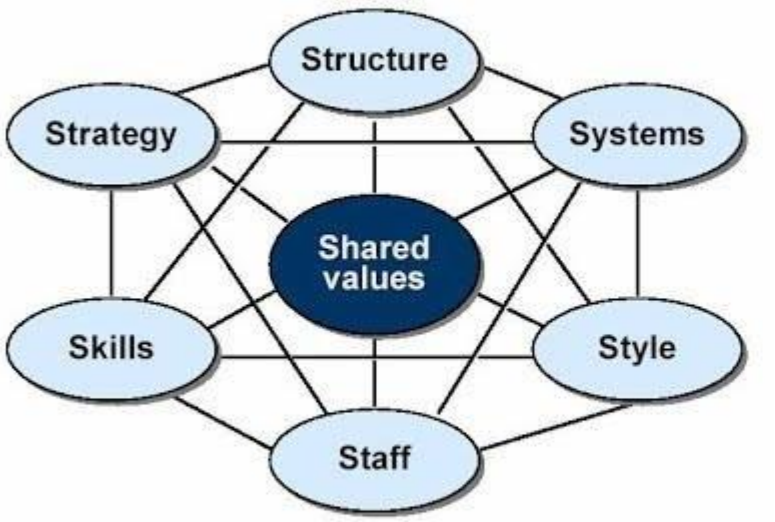
Cadila strives to create an atmosphere that fosters talent and promotes progress. It organises a few events as well as several extracurricular activities such as sports and social development. It has two CSR businesses, Kaka-Ba and Kala Budh Charitable Trust, that encourage workers to volunteer.

Comparison with Peers (SWOT)

Company	Strengths	Weakness	Opportunities	Threats
Cadila Pharmaceuticals Ltd.	Cadila has a robust and diverse product portfolio, as well as a very efficient R&D staff, which has allowed them to be first in the release of several medications.	Its production facilities have been scrutinised due to their lack of modernization.	Favorable macroeconomic conditions for India and the rest of the globe will assure the expansion of pharmaceutical products, and because its reach is so broad, it will undoubtedly profit from these circumstances.	**The government limits the pricing of pharmaceutical items, which poses a significant danger to their profitability.**
Intas	Unlike its competitors, it concentrates on biopharmaceuticals and has grown its company on that basis.	Biopharmacy is a highly complicated industry that necessitates large investments and highly experienced workers. When compared to its competitors, it places less emphasis on R&D.	The potential of bio-pharma products to heal a wide range of serious ailments has enhanced their popularity.	**The combination of high expenses and government requirements poses a concern. Furthermore, large firms are joining this area due to its promising future prospects.**
Solara Active Pharma	Its primary strength as a pure-play API firm is its capacity to create APIs on a big scale	When compared to worldwide peers, cost efficiency has not been realised.	Covid-19 has provided it with a chance since India wants to rely on itself, and India has been importing around 70% of APIs from China.	**Continuous improvement of global manufacturing standards raises costs.**
Sun Pharma	**By market share, the largest corporation in India.** **The fourth-largest specialised generic business in the world**	**A specialty endeavour necessitates a significant initial expenditure, which has an impact on short-term profitability.**	**In the developed market, the contribution of specialised items is projected to grow.**	**Challenging Pricing environment and quicker medication clearance by the USFDA**

7-S framework

Mckinsey's 7-S framework enables an organisation to know whether its important elements are aligned to each other are not. There are 7 key elements in this framework:



These elements are further divided into hard and soft elements

Hard Elements	Soft Elements
Strategy	**Shared**
Structure	**Values**
System	**Skills**
	Style
	Staff

Organizational charts and systems are examples of hard elements, whereas soft elements are examples of soft components.

Shared Principles are at the heart of this framework since every organisational action should be in line with the company's fundamental values. Cadila's key principles are authenticity, responsibility, and dependability. They try to produce high-quality medicines at reasonable rates. Their patients are the ultimate benefactors of their efforts.

Cadila has evolved from a $100 million firm to a $2,000 million corporation, making it one of India's largest private pharmaceutical companies. It has reached these heights primarily as a result of strategic collaborations with several firms both inside and outside of India. It is stratified.

Its approach also focuses on the development of innovative, low-cost medicines. As a result, its approach is consistent with its basic principles.

It also provides training to its staff in order for them to have a better grasp of industry developments. It places a high value on research and, as a result, incorporates talented scientists on its staff.

The strong alliance of these components has resulted in the company's exponential expansion.

Competitive position in the industry

Porter's five forces

Bargaining power of suppliers (low)

There are numerous suppliers and switching cost is low.

Raw material cost consists of more than 50% of the total costs

Bargaining power of Buyers(low)

Price sensitivity is less and the consumer has no choice but to buy what has been prescribed by the doctor.

The market is highly

Fragmented.

Industry Competition high

There is high growth prospect and there are many small players

The working capital requirement is quite high and due to economies of scale fixed cost is low

Threat to New Entrants

(Medium)

The Government regulation is high in terms of price and quality and thus new entry is not easy.

Threat of Substitutes(low)

Substitutes are not easily available. Every branch is different like Ayurveda, Homeopathy, etc.

According to Porter's five forces, the industry is competitive, and Cadila faces stiff competition. The prospect of new entrants is not present; nevertheless, Cadila will face stiff competition from current firms. To gain a competitive advantage, the firm must prioritise research and development. Because the sector is so competitive, only the first to market will have an edge. If the firm does not take advantage of the early opportunity, it would lose its competitive position.

Cadila has a considerable market presence both nationally and worldwide. It has attained this position as a result of its emphasis on research and development. It will undoubtedly outperform the competition and develop faster than its competitors since it concentrates on a diverse variety of goods ranging from formulations to contract research services.

Problem areas and its Probable solution

- Cadila also makes API, however, like the rest of the business, it relies on China for many of its APIs. The firm will now suffer for a few quarters as a result of the covid-19 epidemic. However, as time passes, things will return to normal, which may lead to new chances for the firm as it attempts to become self-sufficient. Cadila will undoubtedly profit from the government's emphasis on self-sufficiency.

- Another issue that the firm may encounter is maintaining international quality standards. Cadila had already gotten a warning from the US FDA for failing to maintain adequate quality standards in its Ankleshwar facility. The firm must guarantee that as its goods progress, it does not compromise its quality standards. Cadila maintains strong quality requirements for its goods, but these criteria must also be met during the production process. Residents in the vicinity of Ankleshwar have complained about unpleasant odours. Cadila's authorization to export its medication to the United States may be revoked as a result of this. Cadila must use environmentally friendly production processes to address this issue.

- The whole pharmaceutical industry is dealing with compliance difficulties. The Indian government limits the prices of several medications, reducing the firms' profits. Cadila is likewise affected by this problem because it manufactures a wide range of necessary and non-essential medicines. To address this issue, Cadila, with the assistance of other pharmaceutical firms, may persuade the government to limit the price of necessary medications exclusively, which will benefit the whole pharmaceutical industry. India has the potential to become a global pharmaceutical centre. The entire Pharma Industry can profit from the government's backing.

- Significant volatility in the currency market, particularly for developing market currencies, may have a negative influence on growth recorded for a certain time.

Part-B Project Work

Nature of Project: -

- The projects that are provided by the Cadila Pharmaceuticals is to mainly understand the financial management of the company, how the finance department of a company works and what are the different tools that can be used to work efficiently in the finance department. And how the financial decisions of the company have an implication in the future of the company and also on the markets.

  The research was focused to fill the informational and analysis gaps that were present in the company database. Following points were addressed:

  - Understanding the pharmaceutical market and its changing patterns.
  - Conducting financial analysis of competitors' companies to ascertain company performance.
  - Researching and evaluating possible businesses that Cadila could be interested in collaborating in the future.
  - Understanding the impact of company's financial performance on its share price (competitors' company).
  - Ascertain the business valuation of the potential partners (Venky's in this reference) company to understand the company's performance and market standing better.

- Various projects are given by the company like **Employee value addition** program of the company, **Business Valuation** of a company, **Fair value of a company's share** using DCF method, **PE Comparison** of company its peers in the industry, the **reaction of markets to the financial result** of the company and **GST Implications** on Non-Taxable and Taxable Supplies and ITC Reversal on the same. In this report we will briefly discuss all of these projects.

Objectives: -

- To better understand the company's management of finances
- How to work efficiently in a finance department

- Different tools that can be used when working in a finance department
- To understand the implications of the financial decisions of a company on its future.
- Understand how Financial Markets are connected with the company performance.

Utility: -

- Being a Finance Major, this internship would really help me when I step foot in the finance field and would give me a beforehand understanding of the finance department that I gained through this internship.

Methodology

Approach: -

- The approach of the project was dynamic because there were both quantitative and qualitative approach were used during the project.
- The quantitative data which is the financial reports and statements of the company were available through the financial statements and other third-party sites like screener.
- The qualitative part of the project that is to predict the future statements was something that was qualitative in nature and which required some expert opinions and other intellectual input.

Source of Data: -

- The source of data was secondary and the data I used was from the financial statements of the company that is freely available on the internet in the annual reports of the company as well as the third-party websites like screener etc.

Method of collection: -

- The method of collection of data was online through the company website as well as the Screener website.

Size of Samples: -

- The size of the data collected varies between 2 years historical financial data to 5 years of historical financial data, based on the requirements of the project.

Employee value addition project

Introduction

The first notable project besides the industry research was to come up with an idea that would contribute towards motivating the company employees. The project was submitted in the format of a presentation and was completed with an audio-video presentation of the same.

The main aim of this task was to add value to the lives of Cadila Pharmaceuticals' employees through quantitative and qualitative measures. The topic that I chose for the purpose was 'Dreams' which detailed why one shall never give up on their dreams and why is there a need for reframing the social structure to fit the professional life. The audio-video presentation was assigned as a part of the company's employee motivation programs.

The importance of having dreams and working towards achieving them is immeasurable, thus one must find ways to motivate themselves in life. Therefore, the task was assigned to understand the crucial nature of work-life balance, personal growth and psychological wellbeing of an employee.

Business Valuation

Introduction

This project is geared toward calculating the company's market value or enterprise value (Venky's India Ltd.). This enterprise value will be utilized by potential/interested purchasers looking to buy Venky's business.

Purchasing Venky's will serve several purposes. The merger might be a horizontal merger in which the firm aims to enhance its manufacturing capacity. Vertical mergers occur when a business wishes to undertake forward or backward integration. There might be a variety of causes for the merging.

Data Presentation

(Rs in Crore)	2017	2018	2019	2020	2021	Average	2022	2023	2024	2025	2026	Exit
Revenue	2,476	2,686	3,043	3,261	3,117		3304.02	3502.26	3712.4	3935.14	4171.25	
Revenue Growth		8%	13%	7%	-4%	6%						
Total Operating Expenses	2,198	2,299	2,734	3,282	2,728		2918.96	3123.29	3341.92	3575.85	3826.16	
Expense Growth		5%	19%	20%	-17%	7%						
EBIT	278	387	309	-21	389		385.06	378.974	370.48	359.289	345.088	
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	
Add: Depreciation & Ammortization	28	28	29	34	35	30.8	30.8	30.8	30.8	30.8	30.8	
Minus: Net Capital Expenditure	-25.68	-46.85	-101.83	-83.66	-46	-60.804	-60.804	-60.804	-60.804	-60.804	-60.804	
Minus: Change in Working Capital	-8.78	-4.96	-37.12	43.37	-93	-20.098	-20.098	-20.098	-20.098	-20.098	-20.098	
						FCF	240.383	236.427	230.906	223.632	214.401	3758.88
NPV of FCF (Enterprise Value)	₹ 3,019.97											
Add: Cash & Cash Equivalents	48					EV/EBITDA Multiple	10					
Minus: Debt	178					Terminal Value						
Equity Value	₹ 2,889.97					EV/EBITDA	3758.88					
Shares outstanding	1.41											
Fair Value per share	₹ 2,049.62					FCF Formula	EBIT*(1-t)+Depreciation & Ammortization-Net capex-increase in working capital					
Market price of share (21st June)	2798											
Growth Forecast	-26.75%											

Analysis

Venky's India Ltd. has an enterprise value of Rs 3020 crores, according to the DCF method. This is the amount required to purchase the whole business of Venky's Ltd.

The DCF technique is more accurate since it considers both the company's past and future financial statements to arrive at the fair enterprise value.

Conclusion

Venky's India is a rising firm with enormous development potential. It has suffered a knock as a result of the COVID, but it is rebounding extremely effectively, as seen by its latest EPS and PE ratios.

Thus, purchasing Venky's is a viable choice for a firm wanting to increase its manufacturing capacity, improve its supply chain, or diversify its business and enter the animal healthcare market.

Fair Value of Share using DCF Method

Introduction

- Several approaches are used to determine the fair value of a company's share price. In this research, we utilised the Discounted cash flow approach (DCF) to determine the fair value of the Venky's India Ltd share price.

Methodology

- The DCF technique of estimating the fair value of a share price uses past financial data before projecting future statistics.
- We used four years of historical data to forecast the next five years.
- We examined the company's sales for the previous four years and then factored in growth. Then we used the average of the past four years' growth rates and raised future sales by using that growth rate as a basis. The same is true for expenditures.
- EBIT (Earnings before interest and tax) is computed after estimating revenue and oper ating expenditures.
- The tax rate is kept constant at 35%.
- To obtain more accurate cash flows, we must add back depreciation and amortisation, as well as deduct net capital expenditure and changes in working capital.
- We then determined the terminal value by combining the EV/EBITDA numerous ideas. The firms' free cash flows are then computed using the formula: EBIT*(1-t)+Depreciation & Amortization-Net capex-increase in working capital.
- The NPV of the free cash flows is then computed using the WACC as a starting point. The equity value is calculated by adding the cash and subtracting the debt from the NPV of FCF.
- The equity value is then divided by the number of shares outstanding in the firm to arrive at the fair value of the share.
- That value is then compared to the current market price to determine if the stock price is cheap or overpriced.

Data Presentation

Forecasted Statement: -

(Rs in Crore)	2017	2018	2019	2020	2021	Average	2022	2023	2024	2025	2026
Revenue	2,476	2,686	3,043	3,261	3,117		3304.02	3502.26	3712.4	3935.14	4171.25
Revenue Growth		8%	13%	7%	-4%	6%					
Total Operating Expenses	2,198	2,299	2,734	3,282	2,728		2918.96	3123.29	3341.92	3575.85	3826.16
Expense Growth		5%	19%	20%	-17%	7%					
EBIT	278	387	309	-21	389		385.06	378.974	370.48	359.289	345.088
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%
Add: Depreciation & Ammortization	28	28	29	34	35	30.8	30.8	30.8	30.8	30.8	30.8
Minus: Net Capital Expenditure	-25.68	-46.85	-101.83	-83.66	-46	-60.804	-60.804	-60.804	-60.804	-60.804	-60.804
Minus: Change in Working Capital	-8.78	-4.96	-37.12	43.37	-93	-20.098	-20.098	-20.098	-20.098	-20.098	-20.098

Calculation of Terminal Value of FCF: -

EV/EBITDA Multiple	10
Terminal Value	
EV/EBITDA	3758.88

EBIT*(1-t) + Depreciation & Amortization - Net capex-increase in FCF Formula = working capital

WACC Calculation: -

Cost of Equity	**9.75%**	
Equity Risk Premium	6.10%	**Market risk premium**
(*) Beta	0.73	**Beta of Stock Price**
(+) Risk Free Rate	1.10%	**Coupon of 10-year govt coupon**
Cost of Debt	**15.73%**	**Interest rate**
Tax Rate	**35%**	**65%**
WACC	**9.82%**	
Percent of Equity	61.68%	
Percent of Debt	**38.32%**	

Fair Value Calculation: -

NPV of FCF (Enterprise Value)	**₹ 3,019.97**
Add: Cash & Cash Equivalents	**48**
Minus: Debt	**178**
Equity Value	**₹ 2,889.97**
Shares outstanding	**1.41**
Fair Value per share	**₹ 2,049.62**
Market price of share (21st June)	**2798**
Growth Forecast	**-26.75%**

Analysis

- Based on the foregoing estimates, we can conclude that the share price of Venky's India ltd is 27 percent overpriced%.

- The share price is deemed to be overpriced since the stock's fair value, as determined by the DCF technique, is 2050 and the share is presently trading at about 2800. As a result, it is selling at a higher price than its cash flow-based fair value.

- As a result, we can claim that the stock is overpriced by about 26.75 percent and that it will decline by 26.75 percent in the future.

- However, these estimates do not account for a variety of aspects such as future qualitative perspective, COVID impact, and so on.

- The company's future qualitative forecast comprises the company's growth potential, debt financing, and future goals. It also involves the future of the industry in which the firm operates. All of these elements, which cannot be recorded in spreadsheets, have an impact on the price of the company's stock. If people believe in the company's future, it is fairly apparent that the company's share price will be far higher than the company's fair value.

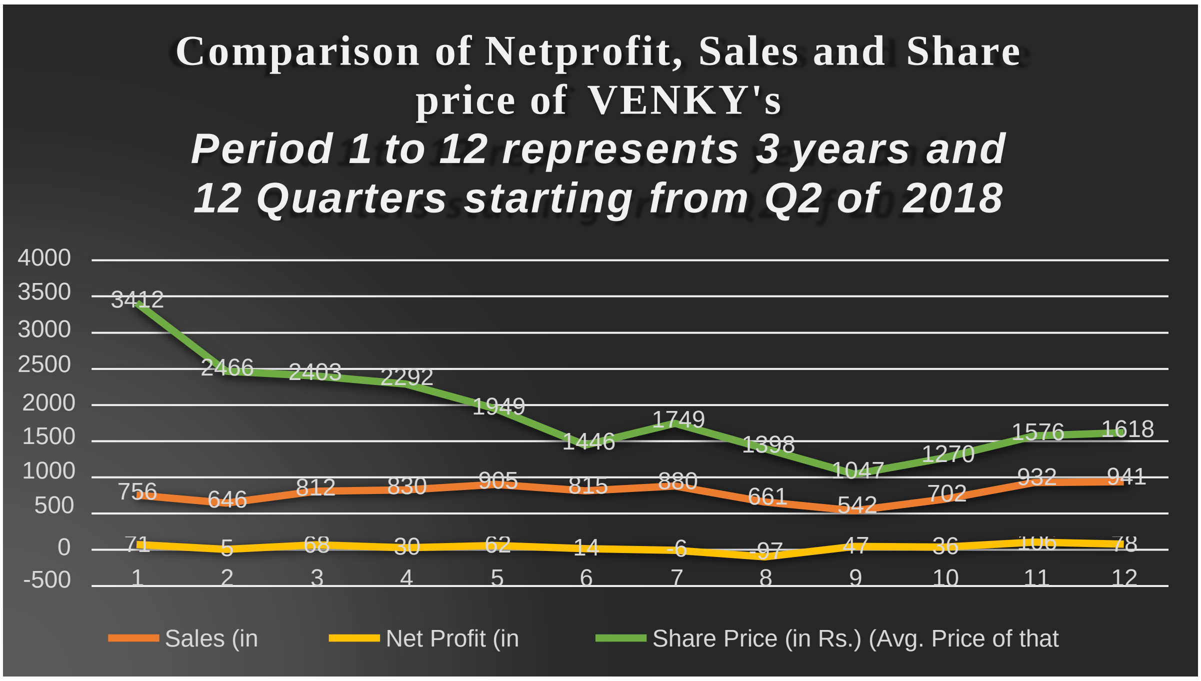
- In addition, when we thoroughly examined the COVID impact, we discovered that COVID caused the firm to earn less revenue in 2020-21, resulting in a compounding effect in the anticipated years and a drop in fair value. If sales had not been reduced and stayed constant, the growth possibility would have been approximately 12%, but due to the pandemic, the firm has suffered a blow and the fair value has fallen. However, the recovery will be positive, and thus the fair value will rise in the future years, along with the company's share price.

- As a result, we should not conclude if a stock is under or overpriced only on this premise; we should also evaluate other variables such as EPS, P/E ratio, and so on to determine whether a business is over or undervalued.

<u>Comparison of Netprofit, Sales and Share price of VENKY's</u>

Period 1 to 12 represents 3 years and 12 Quarters starting from Q2 of 2018

Year	***Quarter***	***Sales (in Cr.)***	***Net Profit (in Cr.)***	***Share Price (in Rs.) (Avg. Price of that Quarter)***
2018	Quarter 2	756	71	3412
	Quarter 3	646	5	2466
	Quarter 4	812	68	2403
2019	Quarter 1	830	30	2292
	Quarter 2	905	62	1949
	Quarter 3	815	14	1446
	Quarter 4	880	-6	1749
2020	Quarter 1	661	-97	1398
	Quarter 2	542	47	1047
	Quarter 3	702	36	1270
	Quarter 4	932	106	1576
2021	Quarter 1	941	78	1618



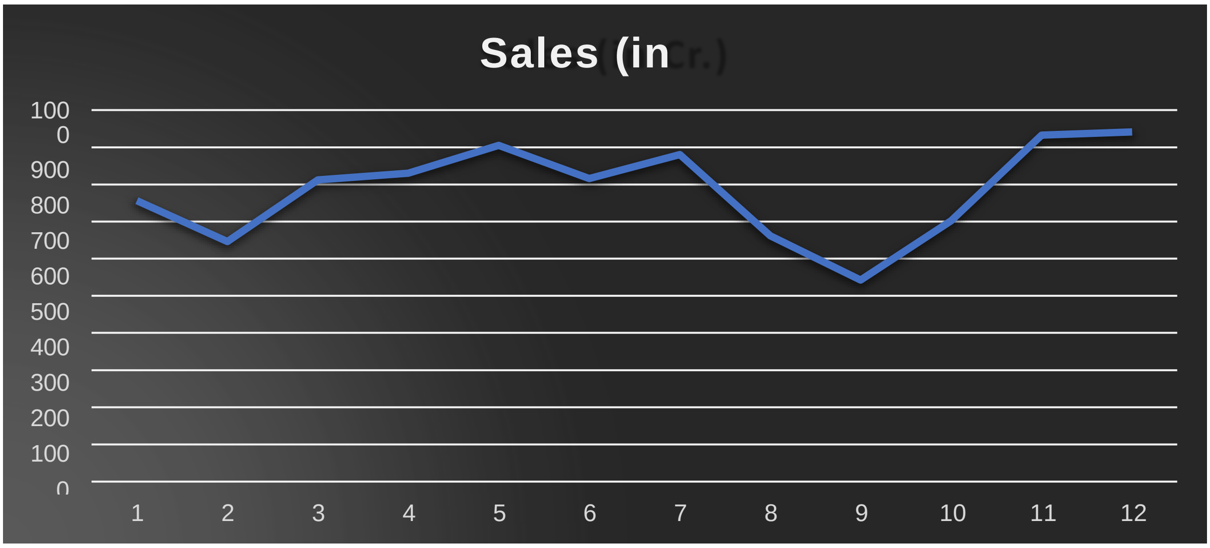
Overall Analysis

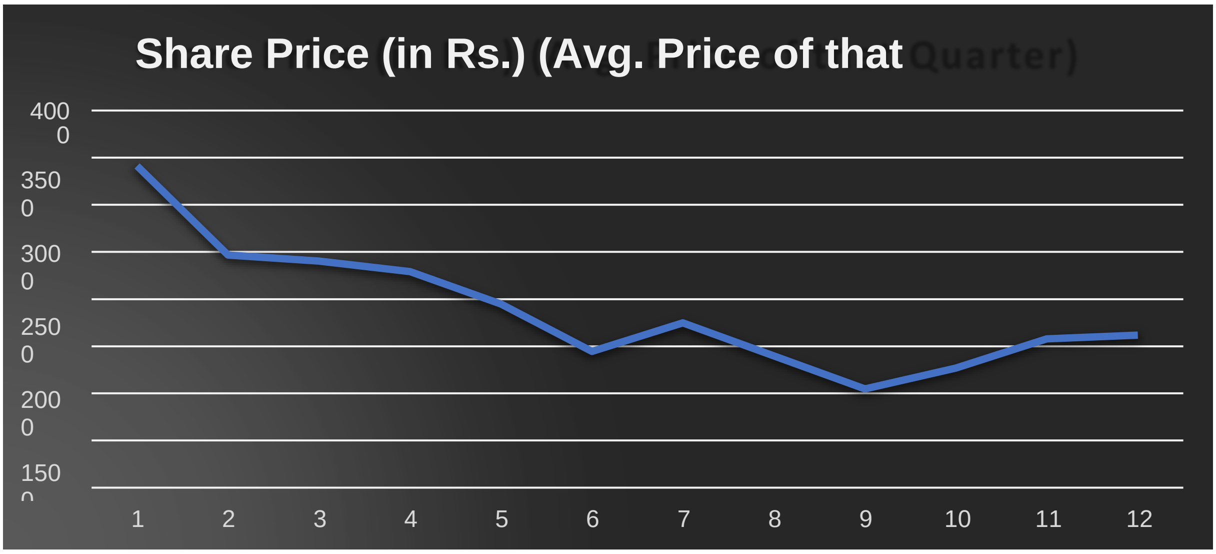
When we look at the entire analysis and all three variables in the charts, we can see that the share price has been highly sensitive to the company's income statement.

For four of the eleven quarters considered, the share price has tracked the trajectory of sales and net profit.

This indicates that the share price has fallen in tandem with the reduction in Net Profit and Sales in that quarter. For example, in Quarter 3 of 2018, we can see that the company's Sales and Net Profit have fallen, which has led in a decrease in the company's share price in that quarter. The same pattern was observed in the third quarter of 2019, as well as the first and fourth quarters of the year.

Sales and Share Price





Analysis

In certain quarters, sales were increasing while profits were dropping, and vice versa. This is due to the company's higher operational and interest expenditures in that specific quarter, which ate up revenues and resulted in lower earnings.

This has happened in 4 out of 11 quarters taken into account.

In the fourth quarter of 2019, both sales and share price grew, but profit decreased due to the company's increasing costs for expansion.

In Q2 and Q3 of 2020 we have seen the same.

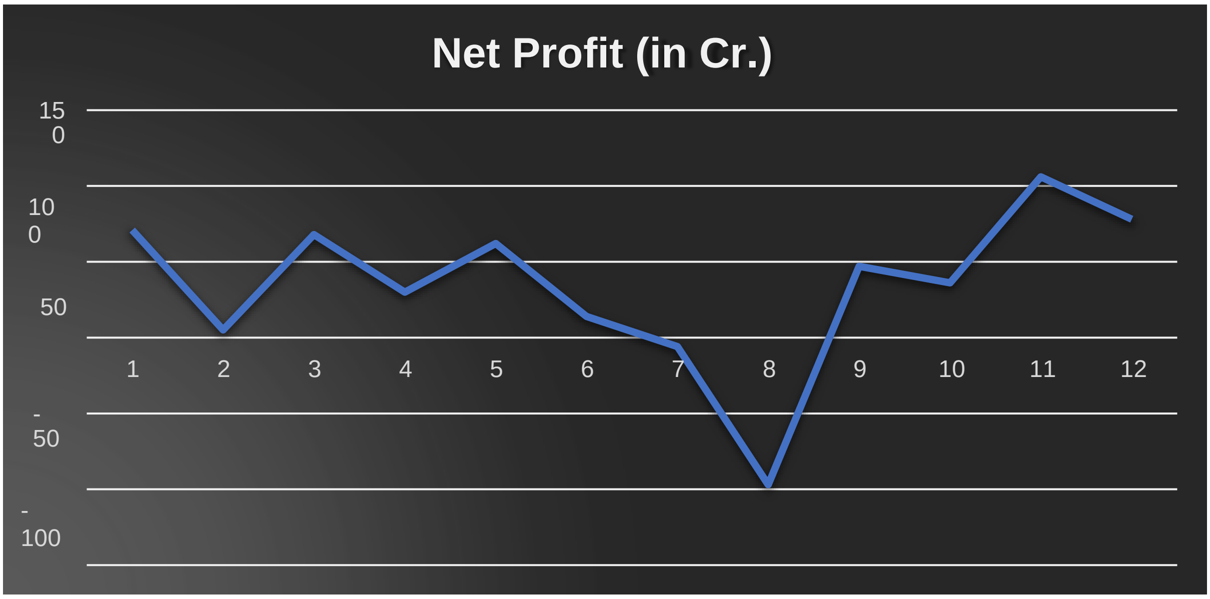
We noticed a fall in sales but a large gain in earnings in Q2 of 2020, however the share price decreased and followed the trend of sales. Profit was realized as a result of a considerable drop in operating expenditures, given the majority of expenses were incurred in previous quarters.

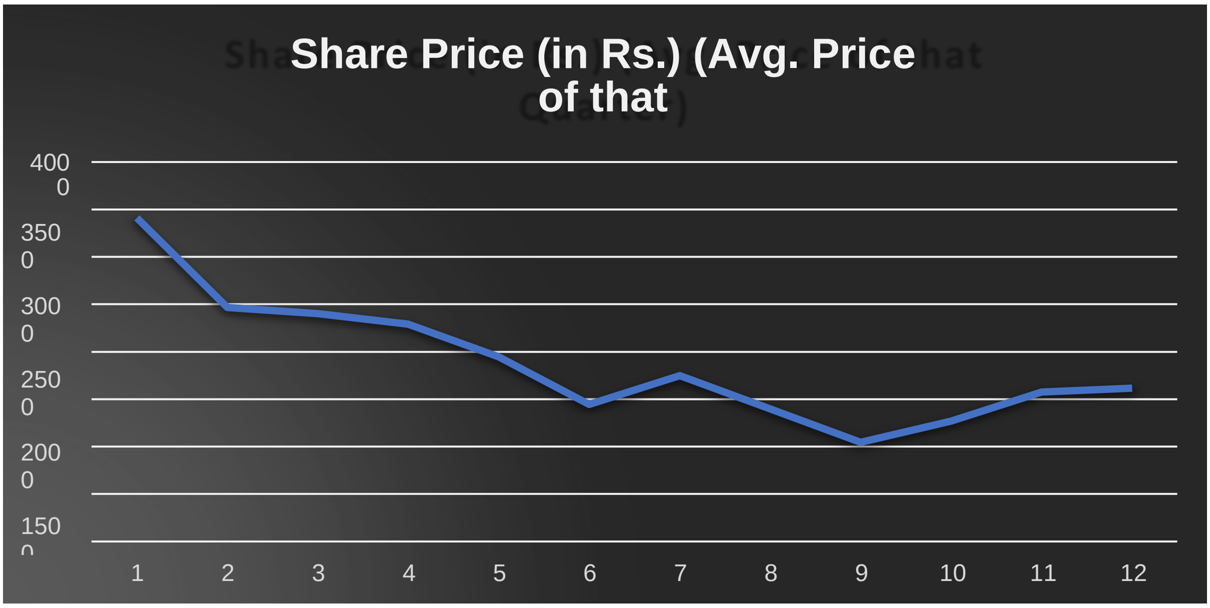
There was an increase in sales but a decrease in profit in the third quarter of 2020. However, the share price grew in line with the sales pattern. The drop in earnings was caused mostly by an increase in growth expenses as unlocking occurred and the COVID problem eased.

This was also seen in the Quarter 1 of the year 2021 and for the similar reasons.

This way we can see those 4 times the share price has followed the trend of sales and not profit.

Net Profit and Share Price





Analysis

In certain quarters, sales were down while net profit was up, and vice versa. Only one out of eleven quarters has the share price followed the trend of net profit. This indicates that it has grown with an increase in profit and dropped with a reduction in profit, even when sales are trending in the other direction.

This occurred in the first quarter of 2019, when the share price fell due to a substantial drop in earnings and just a minor gain in sales.

Conclusion:

We can observe that 8 out of 11 instances, the movement of the share price and the movement of sales were the same. As a result, we may conclude that the relationship between sales and share price is stronger than the relationship between net profit and share price.

This is because net profit does not always represent a firm's situation since net profit might be lower if the company is in the expansion stage and has varied operational and financing expenditures.

Sales, on the other hand, is a more true indicator of a company's position since growing sales indicate that consumers are embracing the firm's products and that the organization is able to create and continuously raise money. And with a growth in sales, we can conclude that the firm is functioning well, and so the share price has a stronger link with the company's sales than its net profit.

Certainly, the business's sales do not always accurately reflect the company's situation, which is determined by a variety of factors such as the products that the company sells, the future of the company's industry, the amount of debt that the company is carrying, and the management of the firm.

Thus, all the above things should be taken into consideration while investing and assessing a company.

P/E Ratio analysis

Introduction

The Price Earnings Ratio (P/E Ratio) denotes the relationship between a company's stock price and earnings per share (EPS). It is a popular ratio that gives investors a better idea of the company's worth. The price that must be paid per unit of current and future profits is reflected in the P/E ratio, which is the price that must be paid per unit of current and future earnings.

In essence, the price-to-earnings ratio reflects the dollar amount an investor may expect to invest in a company in order to get one dollar of earnings from that company. It shows how much investors are willing to pay for each dollar of profit. If a company is now trading at a P/E multiple of 20x, an investor is willing to pay $20 for $1 of current earnings.

As a result, firms with a high Price Earnings Ratio are usually seen as growth enterprises. This demonstrates that investors have higher expectations for future profit growth and are willing to pay a higher price for it. The disadvantage of having a high P/E ratio is that it indicates a volatile nature of the return, putting a lot of pressure on businesses to maintain stability. As a result, investing in growth stocks is more likely to be seen as a hazardous endeavor.

Companies with a low-Price Earnings Ratio, on the other hand, are frequently viewed as value stocks. It implies that they are undervalued. This price volatility offers an excellent opportunity for investors, pushing them to purchase the stock before the gap closes. When this happens, investors benefit because the stock price rises. Low P/E shares can be found in well-established companies that pay out reliable dividends.

Among the various ratios, the P/E is employed in the stock selection research process since it helps us to assess whether we are paying a reasonable price. Regardless of stock price, comparable businesses from the same industry are grouped together for comparison.

Venkys P/E Ratio

Venkys P/E ratio has been exhibiting small variations, indicating that the organization is now in the growth phase of its life cycle. The accompanying table shows that, despite a gain of 1.70 and a reduction of 4.48 in 2018 and 2019, the P/E ratio does not fall dramatically until 2020.

The negative 77.03 P/E ratio, which is driven by a negative EPS of 19.28, demonstrates the impact of Covid-19. The firm's operations have been substantially impacted by the global pandemic; nevertheless, it should be highlighted that the company has responded admirably, pushing the EPS and P/E ratio to 190.06 and 14.03, respectively.

Based on this fundamental information, we can infer that Venkys was able to adjust to the obstacles it experienced in 2019-2020 and is in a positive growth position in 2020-2021.

P/E ratio				
Year	**Basic EPS**	**Avg Share Price (NSE)**	**Avg Share Price (BSE)**	**P/E Ratio (BSE)**
2017	88.55	1672.13	1670.7	18.86730661
2018	141.77	2928.25	2917.12	20.57642661
2019	123.62	1994.2	1989.8	16.09610095
2020	-19.28	1487.42	1485.23	-77.03475104
2021	190.06	2181.86	2180.93	14.03

P/E Ratio Peer Comparison

Analysis: The fish and poultry business in India is expanding, but there are just a few publicly traded companies in the sector. The table below compares the P/E ratios of Simran Farms, Ovobel Foods, and Uniroyal Marine Exports to Venkys.

According to the data, Uniroyal Marine Exports has a fluctuating but highly appealing P/E ratio, rising from 15.02 to 480 in 2020. However, in keeping with the volatility of growth stocks, the firm fell to -403.17 the next year. While Uniroyal is the only business to have demonstrated such a surge in the 2019-2020 fiscal year, the following decrease reflects the lack of a consistent growth plan during the pandemic.

Venkys closely resembles Uniroyal in terms of steady increase in its P/E ratio. In their life cycles, the two firms appear to be at opposite extremes of the spectrum of growth and stability. Although Venkys' P/E ratio has not increased much over the previous five years, it has been able to maintain a comparable P/E ratio over the years. The firm has recovered successfully from its ratio decline, with a ratio of 14.03 after a -77.03 ratio in 2019-2020; Venkys is the only company with a positive P/E ratio in 2020-2021.

In terms of constant performance, we may infer that Venkys outperforms others in a peer-to-peer comparison.

Year	Venkys	Simran Farms	Ovobel Foods	Uniroyal Marine Exports
2017	18.86730661	17.53	-8.23	90
2018	20.57642661	12.42	5.03	36.18
2019	16.09610095	6.27	2.52	15.02
2020	-77.03475104	-0.47	6.6	480
2021	14.03	-383.24	-37.96	-403.17

P/E Ratio Industry comparison

Based on the available data, the P/E ratio comparison of Venkys and the industry it belongs to reveals that in 2019-2020, the business was unable to catch up with the industry P/E ratio of 14.2. Venkys' negative earnings per share have resulted in a negative P/E ratio that is more than 5 times lower than the industry average.

Venkys, on the other hand, closed the deficit in the next year with a ratio of 14.03 compared to the industry ratio of 20.3. The firm is doing well, but the results have not yet been matched. Venky's track record suggests a strong future potential, making it a good company to invest in.

Year	Venkys	Industry
2020	-77.03	14.2
2021	14.03	20.3

GST Implications on Non-Taxable and Taxable Supplies and ITC Reversal on the same

GST Introduction

Goods and Service Tax (GST) is levied on the supply of goods and services. Goods and Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition. GST is a single domestic indirect tax law for the entire country. Under the GST regime, the tax is levied at every point of sale. In the case of intra-state sales, Central GST and State GST are charged. Item goes through multiple change-of-hands along its supply chain: Starting from manufacture until the final sale to the consumer in the following stages:

- Purchase of raw materials
- Production or manufacture
- Warehousing of finished goods
- Selling to wholesalers
- Sale of the product to the retailers
- Selling to the end consumers

A biscuit producer purchases flour, sugar, and other ingredients. When sugar and flour are combined and baked into biscuits, the value of the inputs increases. The maker then sells these biscuits to a warehousing agency, who packs and labels enormous numbers of biscuits in cartons. This adds another layer of value to the biscuits. The warehouse agency then sells it to the merchant. The retailer packages the biscuits in lesser numbers and spends in their promotion, enhancing their worth. GST is charged on these value additions, which are the monetary values added at each stage to reach the ultimate sale to the end client.

There are three taxes applicable under this system: CGST, SGST & IGST.

- **CGST:** It is the tax collected by the Central Government on an intra-state sale (e.g., a transaction happening within Maharashtra)
- **SGST:** It is the tax collected by the state government on an intra-state sale (e.g., a transaction happening within Maharashtra)
- **IGST:** It is a tax collected by the Central Government for an inter-state sale (e.g., Maharashtra to Tamil Nadu)

GST Tax Slabs

Once the supply has been determined w.r.t taxability and its nature, a tax rate is applied to the total value of the supply as per its nature. Under GST act, there are different rates for different types of goods and services which are to be subjected to the items falling under each category. Let us take a look at these rates:

GOODS -

Tax Rate – 5%: Sugar, oil, spices, coffee, coal, fertilisers, tea, ayurvedic medications, agarbatti, sliced dry mango, cashew nuts, chocolates, handmade carpets, lifeboats, fish fillet, unbranded namkeen, and life-saving medicines are covered under this slab.

Railways, airlines, takeaway meals, AC and non-AC restaurants, hotel rooms with a rate less than Rs.7,500, and special flights for pilgrims are all included in this category.

Tax Rate – 12%: Cell phones, sewing machines, umbrellas, jewellery boxes, and processed goods such as frozen meat, fruit juices, butter, cheese, and ghee are all covered under this slab.

This category includes services such as business class aeroplane tickets and cinema tickets priced under Rs.100.
Tax Rate – 18%: Hair oil, safety glasses, pasta, pastries, ice cream, mineral water, hair shampoo, oil powder, water heaters, washing machines, detergent, scent sprays, leather clothing, cookers, oil powder, cutlery, binoculars, artificial flowers, wristwatches, suitcase, briefcase, shaving, after-shave, furniture, stationery items, mattress monitors, television screen, lithium-ion battery. This category includes services such as restaurants within hotels with tariffs greater than Rs. 7,500, actual hotel bills less than 7,500, and movie tickets greater than Rs. 100.

Tax Rate – 28%: Over 200 goods are included under this slab, including vehicles, cigarettes, durable consumer items, high-end bikes, pan masala, weighing machines, and cement.

This category includes services such as horse racing, casino gambling, and hotel stays that cost more than Rs. 7,500. Semi-polished and cut stones are taxed at a special rate of 0.25 percent.

Services –

Tax Rate 5%: This category includes small restaurants as well as transportation services such as trains and airlines, stand-alone AC and non-AC restaurants, and those that provide liquor, takeaway food, and restaurants in hotels with room tariffs less than INR 7,500 (no input credit for these restaurants). Special flights for pilgrims (Economy Class) are less than 5%.

Tax Rate 12%: Business class plane tickets will be subject to a 12% GST charge. The slab also covers cinema tickets for less than INR 100.

Tax Rate 18%: This tax will apply to restaurants situated within hotels with rates of INR 7,500 and higher, outdoor catering (input tax credit will be allowed), movie tickets priced over INR 100, real bill of hotel stay less than INR 7,500, IT and Telecom services, financial services, and branded clothes.

Tax Rate 28%: This category includes five-star hotels with actual hotel bills over INR 7,500, racing, cinema tickets, and betting on casinos and racing**.**

Tax Implications under the Pre-GST Era

l product to customers, such as 1 Shampoo free with the purchase of 3 Soaps, 1 Shirt free with the purchase of 3 Shirts, and so on. In this situation, the supplementary product is only available for free if the buyer purchases the basic product (in above case, 3 Soaps or 3 Garments).

During the pre-GST era, two taxes were levied on items.

- **Excise** - which was levied on manufacturing activities regardless of whether the items were sold or not.
- **VAT / CST** – which was levied on the selling activity. The transfer of title in commodities from one person to another for consideration was referred to as a sale. A transfer of ownership of goods without consideration was not deemed a sale and hence did not incur VAT / CST.

Issuance of	**Excise**	**VAT**
Free Samples	Samples are manufactured and excise was applicable on the same	Samples are not sold and hence VAT not applicable
Free Supplies	Free supplies are manufactured and excise was applicable on the same	VAT was applicable on consideration charged. Free supply had Zero consideration and hence no separate VAT was charged on the same

How has GST impacted tax collection and double taxation?

The establishment and execution of GST was a game changer for the Indian economy. It was a game changer since it brought the net price of all commodities and services under a single taxing structure. The following are some of the significant economic effects of GST:

One Nation One Tax: Prior to the introduction of GST, there were different levies at various points throughout the supply chain. However, because of the consistency in the tax system that has resulted from the establishment of the GST, it has been easier for taxpayers.

Increased Exports: As a result of GST, production costs have decreased, allowing for more competitiveness in pricing exports in the worldwide market.

More Competition: GST has reduced the cost of products and services, resulting in increased competition and a lower tax burden on the ultimate consumer. It has also assisted in broadening the scope of manufacturing.

Simple Structure: The unified taxation system has made tax calculation easier. It has saved a lot of time and effort to compute tax based on basic slabs rather than going through numerous tax systems.

GST Implications on taxable supplies:

In order for a supply to be subject to GST, two additional requirements must be met. These are: (i) the supply must be made by a taxable person, and (ii) the supply must be taxable. These two additional requirements are addressed further below:

Supply by a taxable person

A taxable person must make a GST-eligible supply. As a result, a supply between two non-taxable people is not a taxable supply under GST. The supplier is simply required to be a taxable person, but the receiver might be either taxable or non-taxable.

- **Taxable person:** A “taxable person” is someone who has registered or is required to register under section 22 or section 24. As a result, a person who is required to register but does not do so and stays unregistered is considered a taxable person. Similarly, a person who is not required to be registered but has voluntarily registered and has been registered is a taxable person.

Taxable Supply

A supply must be taxable in order to draw GST. A taxable supply is defined broadly as any supply of goods or services, or both, that is subject to tax under the GST Law. Exemptions may be granted to particular goods or services or to a specific range of persons/entities supplying them.

On example, if a manufacturer of pens acquires raw materials worth Rs. 10, which includes the 10% tax, the business would pay Rs. 1 in tax for raw materials worth Rs. 9. The producer then builds the pen, adds Rs. 5 in value, and sells it for Rs. 15, with the tax owed on the final product being Rs. 1.5. (10 percent). The prior Rs.1 tax may now be set off against this extra tax under the GST system, bringing the effective tax rate to Rs. 1.5 -1= Rs. 0.50.

This is how the GST system helps to decrease the tax cascading impact. Furthermore, because all indirect taxes have been consolidated under GST, the procedure has grown easier, as has the online GST return ecosystem.

ITC Reversal implications on taxable supplies:

For Taxable supplies, one must calculate the amount of Input Tax Credit that can be availed on the supply. Upon the assertation of the ITC amount, one may determine the amount that is to be reversed back to the government. For this purpose, the calculation of ITC can be completed under different categories. They are mentioned below:

Specific Credit: Under Specific Credit, ITC that may be directly attributed to a supply – whether taxable, non-taxable, or utilised for personal use.

Only the amount of ITC that is directly attributable to a specific taxable supply may be used. It is offered in the form of an electronic credit ledger.

Only when wrongfully availed, taxpayers must reverse the amount of ITC directly due to a specific supply that is non-taxable/used for personal use.

Common Credit: Amount of ITC that cannot be assigned to a single supply but is used to partially fund both taxable and non-taxable supplies/supplies used for personal consumption.

Taxpayers must identify and reverse the proportional ITC amount to the extent of non- taxable/personal consumption supply.

The remainder of the ITC is claimable.

Rule 42 (Reversal of ITC on inputs/input services): The ITC in respect of inputs or input services that are subject to the requirements of Sections 17(1) and 17(2), which are

- **partially utilised for business purposes and partly for other purposes, or**
- **partially used to make taxable supplies, including zero-rated goods, and partially used to make exempt supplies**

shall be ascribed to business purposes or the effecting of taxable supplies.

Rule 43 (Reversal of ITC on capital goods): Subject to the terms of section 16(3) [i.e. not claiming depreciation on the tax component of capital goods], the input tax credit in respect of capital goods attracts the requirements of sections 17(1) and 17(2), which are as follows:

- **partially utilised for commercial reasons and partly for other purposes, or**
- **partially used to make taxable supplies, including zero-rated goods, and partially used to make exempt supplies**

should be ascribed to commercial objectives or the making of taxable supply.

Rule 44 (Reversal of ITC in case of cancellation of GST registration or switches to composition scheme): For the purposes of paragraph (4) of section 18 or subsection (5) of section 29, the amount of inputs tax credit pertaining to inputs kept in stock, inputs included in semi-finished and completed goods kept in stock, and capital goods kept in stock shall be computed as follows:

- Input tax credit should be determined proportionally on the basis of the relevant invoices on which credit had been obtained by the registered taxable person on such inputs for inputs kept in stock and inputs included in semi-finished and completed items kept in stock; The input tax credit associated with the remaining usable life in months for capital goods held in stock should be computed on a pro-rata basis, with the useful life set at five years

Pharma Companies Tie up with the Online platforms providing pharma services

There are two types of E-pharmacies.

There are now two types of e-pharmacies.

- The marketplace model
- Existing licencing models

Under the market place paradigm, the online pharmacy is just a middleman between offline pharmacies and patients, and as such, it is governed by the IT Act. They don't have any of their own medications. The patient submits the doctor's prescription and then has the drug delivered from an offline pharmacy that is registered under the Act..

Under the current licence arrangement, the internet pharmacy must also register with the Act before it may distribute medications. These pharmacies have their own medication inventory.

Reluctance of Government

The government's aversion to e-pharmacies, particularly the market place model, stems from the reality that market place models are not to blame for poor medication quality.

- There is a considerable danger of self-medication with a forged prescription.
- There is a chance that illegal or habit-forming substances will be sold online.
- It is possible that the storage state (cold storage) will be disturbed during shipment.
- The selling of prohibited substances and narcotics poses a risk.
- It renders pharmaceutical vigilance useless.

There is also a jurisdictional issue with these apps. Assume a person from one state orders a medication from a pharmacy in another state. In such a case, if the pharmacy supplies low-quality medications, it is unclear which state authority should investigate the problem. The state governments are responsible for the pharmacies in their respective states under the Act. This, however, presents an issue with the online model.

Another point that requires confirmation is the prescription's legitimacy. These online pharmacies provide a refill feature where the medicine is automatically reordered if the patient selects that option. As a result, it is important to specify whether the prescription is valid for one week, one month, or one year.

Another concern is the protection of patient data. The information can be sold by internet pharmacies to pharmaceutical firms, insurance companies, and hospitals. There is a risk of such sensitive data being misused.

Because of the government's reluctance, these firms were formerly prohibited by the government.

Concerns of Online pharmacies

Following the prohibition on internet pharmacies, they petitioned the government to lift the restriction, arguing that their business model is similar to that of businesses such as OLA, Uber, and Swiggy, who are just intermediaries in the delivery of services. They contended that since OLA and Uber do not require licences, why should internet pharmacies? Finally, the government lifted the prohibition and agreed to develop draught regulations for such internet pharmacies. The government continues to require pharmacies to be licenced.

The Covid-19 brought some changes in the attitude of the government

With the advent of Covid-19, when patients were unable to visit their physicians in person, the government was forced to develop telemedicine laws so that patients may consult doctors from the comfort of their own homes.

The following are the telemedicine guidelines released on March 25, 2020:

- Telemedicine consultations can only be provided by medical practitioners who are registered under the IMC Act 1956.
- For consultations, registered medical practitioners (RMP) may employ text, video, or audio-enabled technologies.
- Telemedicine consultations should not be anonymous; both the patient and the doctor should be aware of each other's identities..
- RMPs must verify the patient's identity using the patient's name, age, address, email ID, phone number, registered ID, or any other form of identification.
- Before prescribing any medicine, RMPs must be certain of the patient's age. If in doubt, the practitioner may request evidence of the patient's age.
- If the patient initiates the telemedicine consultation, their agreement is inferred.
- If a physical examination is required for consultation, the RMPs should not be implemented until a physical examination can be scheduled.

Within three years of the guidelines' introduction, all registered medical practitioners (RMP) will be required to undergo an obligatory course. The Medical Council of India created the online programme.

List O includes over-the-counter medications and medicines used to treat common illnesses, and they can be given by any method of consultation, including SMS. Certain medications on “List B” can also only be prescribed following a follow-up or in-person consultation.

Meanwhile, List A contains medications that are quite safe and have a limited risk for misuse. These can only be prescribed during video consultations and in a follow-up appointment for a refill.

Schedule X of the Drugs and Cosmetics Act and Rules, as well as any Narcotics, Drugs, and Psychotropic Substances Act of 1985, cannot be dispensed via telemedicine.

Conclusion

Finance is a subject that I compare to the ocean. It is quite large and deep. Each of the assertions has its own meanings and implications.

These initiatives have helped me get closer to producing an accurate prediction and analysis based on the company's historical financials.

Although financials are not the only thing that drives a company, there are many qualitative elements that must be examined, such as the sector in which the firm operates, what the company's long-term goals are, corporate management and their history, and so on.

Thus, expertise and significant analytical abilities are required for an accurate projection of the company's future.

Recommendations

If a firm is aiming to be a long-term participant, it should focus on the reasons why it is underperforming and thoroughly analyse each quarter.
I would also propose that firms with extremely strong financials, i.e. cash-heavy corporations or companies with asset-acquiring capabilities, spend their cash or assets primarily in two areas. First, in CSR initiatives to aid in the growth and upliftment of society. The second way they might use their cash or asset acquisition capabilities is to finance new enterprises. This may be demonstrated to be a very advantageous investment made by a firm.

Part-C -Learnings from summer internship project

The summer internship assignment helped me improve and hone my analytical and decision-making skills. These abilities are essential for a Finance Manager since he must perform a great deal of analytical work and decision-making because he must work with statistics (quantitative data) and make qualitative decisions for the firm. This necessitates analytical and decision-making abilities, both of which I developed via this internship programme.

During my internship, I worked directly with the finance department, which allowed me to gain hands-on experience with corporate life while also identifying the talents needed to flourish in the corporate culture.

Overall, my internship experience has given me a glimpse of the corporate world and was a wonderful corporate experience.

Summer Internship Completion Certificate

CADILA PHARMACEUTICALS LIMITED

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CIN : U24231GJ1991PLC015132

01st July. 2021
Ahmedabad

SUMMER INTERNSHIP CERTIFICATE

This is to certify that **Ms. Satakshi Upadhyay** has successfully completed the summer internship program on **Financial Research & Analysis**. The duration of the internship was from the 01st of May'2021 to the 30th of June'2021 for a period of 61 days.

The internship program was mentored and guided under the supervision of ***Saurabh Shah.***

During this period we found her to be inquisitive, diligent and enthusiastic in all the assignments provided.

We wish her the very best in all future endeavors.

Yours Sincerely,
For Cadila Pharmaceuticals Ltd.

Johnson Mathew
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Bibliography

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4) https://inc42.com/buzz/covid-19-india-issues-telemedicine-guidelines-for-remote-consultations/
5) https://inc42.com/datalab/telemedicine-market-opportunity-in-indian-healthtech/
6) Crunchbase website for information regarding investors.
7) Screener and Tickertape website for the financials and stock price information.

Annexure 1

Name of App	Subscription Service	Package 1		Package 2	
		Price	Service	Price	Service
1) 1mg	Yes	₹ 249/ 6 months	1 Free Doctor Consultaton,Health Monitoring, Early Acess to sale period, free delivery across India, 1 free lab test(Complete Blood Count test/Diabetes Screening test)		
2) Practo	Yes	₹ 349/ month	Unlimited consultations with any specialities	₹ 1999/ 6 months	Unlimited Consultations with any speciality
3) Mfine	Yes	₹ 499/ month	60% off on all consultations, free follow-up upto 5 days at hospital or online, covers upto 6 members of family	₹ 899/ 6 months	60% off on all consultations, free follow-
4) Netmeds	Yes	₹ 299/6 months	Free unlimited consultations, Additional 10% off on lab tests, Basic Health Check Up, Priority Processing, Free delivery, 2.5% NMS cash on all prepaid orders (Max 100)	₹ 499/ year	Free unlimited consultations, Additional 10% off on lab tests, Basic Health Check Up, Priority Processing, Free delivery, 2.5% NMS cash on all prepaid orders (Max 100)
5) DocsApp	Yes	₹ 999/ month	Unlimited free consultation for any health problem, free for full family	₹ 1999/ year	Unlimited free consultation for any health problem, free for full family, discounts on lab tests and medicines
6) PharmEasy	Yes	₹ 149/ 3 months	Free doctor consultaions	₹ 279/ 6 months	Free doctor Consultaions
7) MyUpchar	Yes	₹ 99/ year	Free delivery of mediciens, 5% cashback on mediciens order and lab tests, free online consultations, valid for 6 members of a family		
8) DoctorInsta	Yes	₹ 2499/ year	Unlimited Consultations for family		
9) MyMedic	Yes	₹ 299/ month	Unlimited free General Physician Consultation, 20% off on specialist consultation, 20-40% dis off on laboratory	₹ 1499/ 6 months	4 free predefined lab tests, 1 free General Physician consultation, 2 free Physical expert consultation, 3 free Nutritionist Consultation
10) iCliniq	Yes	₹ 1999/ 6 months or ₹ 2999 for 1 year	Primary Care consultation/ Peadiatric Health and Wellness/Diet and Wellness	₹ 4999/ 6 month or ₹ 7999 for a year	Emotinonal Wellness
11) Doxtro	Yes	₹ 499/3 months	Unlimited free consultations for entire family, Up to 40 % discount on medicine order and lab tests	₹ 999/ 1 year	Unlimited free consultations for entire family, Up to 40 % discount on medicine order and lab tests
12) DocOnline	Yes	₹ 399/ month	Unlimited Consultations for family as well, Medicine delivery free		
13) Asha Didi	Yes	₹ 8500 / year	Unlimited consultation for the family 4		
14) LifCare	Yes	₹ 999/ year	25% off on everyorder for a year		
15) MediMetry	Yes				
16) Lybrate	No				
17)MediBuddy	No				
18) HealthKart	No				
19) SastaSundar	No				
20) DocPrime	No				
21) CrediHealth	No				

THE END