**Introduction to the Sector and its Performance Growth**

India is occupying a 20% share in global supply by volume and supplies 62% of global demand for vaccines. India is a prominent and rapidly growing presence in global pharmaceuticals. India accounts for around 10% of the world’s production by volume and 1.5% by value. India ranks 10th worldwide for production by value and 3rd by volume. The DOP under its ‘Pharma Vision 2020’ aims to make the country a hub for end-to-end drug discovery.

India manufactures more than 500 different Active Pharmaceutical Ingredients (APIs) and is the source of 60,000 generic brands across 60 therapeutic categories. The country has a strong network of over 10,500 manufacturing facilities and home to more than 3,000 pharma companies. The domestic pharmaceutical market turnover is up 9.3% from 2018, reaching US$ 20.03 bn in 2019, growing as penetration of health insurance and pharmacies rises.

**Introduction about the CIPLA and its performance**

Cipla Limited is an Indian multinational that primarily develops medicines to treat arthritis, diabetes, respiratory, cardiovascular disease, and other medical conditions. Cipla limited is a pharmaceutical and biotechnology company headquartered in Mumbai, India. As of 2018, it was India's 42nd largest publicly traded company by market value. Its market capitalization is Rs. 530 billion (equivalently US$7.5 billion).

FY 18-19 revenue stands at H16,362 crores with 5 years CAGR of 10% has largely been driven by strong performance in home markets of India, North America new launches and acquisitions, and South Africa private market partly offset by challenges in Middle Eastern markets. Absolute EBITDA saw a CAGR of 10.1% over the last 5 years, owing to contribution from new businesses, improvement in the portfolio mix, new launches in North America partly impacted by higher R&D investments in recent years.

**Management Discussion and Analysis**

Cipla has always put patient's interests first while living its purpose of 'Caring for Life'. Driving access to quality medication to patients across the globe has been at the forefront of Cipla. The Company's high quality branded and generic medicines have made an unparalleled contribution to improving health in over 80 countries globally for over 83 years. Multiple generic products in global markets have been launched by Cipla. Cipla has taken several steps including choices on capital allocation to ensure it is designed to win in a challenging global environment.

The key therapeutic areas for Cipla will be Autoimmune, Oncology, Diabetology, and Cardiology. These therapeutic areas along with anti-HIV drugs and Respiratory are key components of the company's growth.

The Company made significant progress in its key priorities across businesses. The Company's focus on driving profitable growth helped deliver FY 18-19 PAT of H1,528 crores, highest amongst the last 6 years. The year also saw a significant ramp-up in Specialty investments towards building another sustainable engine of growth for the Company.

**Key Ratios**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Book Value Per Share Annual Rs | 136.5 | 147.7 | 161.4 | 181.1 | 190.4 |
| ROCE Annual % | 0.1541 | 0.1448 | 0.0782 | 0.0978 | 0.1113 |
| Net Profit Margin Annual % | 0.1105 | 0.1011 | 0.0724 | 0.0936 | 0.0922 |
| Current Ratio Annual | 1.9 | 1.1 | 2.6 | 2.8 | 3.3 |
| Total Debt to Total Equity Annual | 0.034 | 0.024 | 0.019 | 0.017 | 0.017 |

**Analysis:**

BV per share is increasing. This is because the company is earning and retaining profits. The company is not levered to a great extent therefore a lot of profit is not apportioned to debt holders.

**Analysis:**

Return on Capital Employed is more for the years with less debt as the company cost of debt is higher than the cost of equity.

**Analysis:**

The net profit ratio has a decreasing trend. COGS and Operating costs per unit are more or less constant. However, profit per unit is reducing due to growth in employee costs.

**Analysis:**

The current ratio is decreasing due to decreasing current liabilities. It implies that the company has sufficient current assets to cover the current liabilities.

**Analysis:**

The debt to equity ratio is less. It implies that the leverage of the company is less. Therefore, the company has less fixed commitments of principal and interest. Therefore, it has less risk.