EDUCATIONAL EQUITY RESEARCH REPORT:

CIPLA LTD.

(NSE: CIPLA, BSE: 500087)

DATE: 20/4/24

WE AT AS RESEARCH TECHNIC, INITIATE OUR COVERAGE ON CIPLA LTD.

Cipla, as an organisation has been built brick-by-brick on the foundation of care. Caring For Life has always been and continues to remain, our guiding purpose. Driven by the same purpose, we have extended our presence to 80+ countries providing over 1,500 products across various therapeutic categories in 50+ dosage forms.

ABOUT THE BUSINESS:

Cipla Limited (stylized as Cipla) is an Indian multinational pharmaceutical company headquartered in Mumbai. Cipla primarily focuses on developing medication to treat respiratory disease, cardiovascular disease, arthritis, diabetes, depression, and various other medical conditions. Cipla has 47 manufacturing locations across the world and sells its products in 86 countries. It is the third-largest drug producer in India. Cipla sells active pharmaceutical ingredients to other manufacturers as well as pharmaceutical and personal care products, including the anti-depressant escitalopram oxalate, lamivudine and fluticasone propionate.

PROS:

- Company is almost debt free.
- Company has been maintaining a healthy dividend payout of 19.1%.

CONS:

- The company has delivered a poor sales growth of 8.47% over past five years.
- Company has a low return on equity of 13.2% over last 3 years.
- Promoter holding has decreased over last 3 years: -3.23%

RESEARCH ANALYST:

P.SUNANDINI @ AS RESEARCH TECHNIC



FINANCIAL SNAP SHOT:

MARKET CAP	₹ 1,12,773 Cr.
STOCK P/E	28.6
ROE	12.8 %
CURRENT PRICE	1462.45
BOOK VALUE	₹ 307
ROCE	18.0 %
HIGH	₹ 1,519
LOW	891
DIVIDEND YIELD	0.61 %
FACE VALUE	₹ 2.00

SHARE HOLDING PATTERN:

PROMOTERS	33.46%
FIIS	25.73%
DIIS	24.05%
PUBLIC	16.53%
GOVERNMENT	0.21%
OTHERS:	0
NO.OF	4,25,731
SHAREHOLDERS	

PEER COMPARISON:

SECTOR: PHARMACEUTICALS INDUSTRY: PHARMACEUTICALS - INDIAN - BULK DRUGS & FORMLN

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	Sales Qtr Rs.Cr.	ROCE %
1	Sun Pharma.Inds.	1540	39.46	369497.59	0.75	12380.7	16.44
2	Cipla	1396.8	28.56	112773.03	0.61	6603.81	18.02
3	Dr Reddy's Labs	6083.85	19.41	101489.73	0.66	7236.8	26.73
4	Zydus Lifesci.	962.15	29.6	96814.8	0.62	4505.2	14.96
5	Mankind Pharma	2320.35	56.33	92950.54	0	2358.57	20.7
6	Lupin	1622.25	41.28	73924.36	0.25	5197.41	5.73
7	Aurobindo Pharma	1088.45	22.74	63776.49	0.41	7351.78	9.2

KEY POINTS:

- CIPLA IS A GOOD PHARMACEUTICAL COMPANY WITH A STRONG COMMITMENT TO MAKE MEDICINES ACCESSIBLE AND AFFORDABLE TO THOSE IN NEED.
- CIPLA'S PRODUCT PORTFOLIO SPANS COMPLEXX GENERICS AS WELL AS DRUGS IN THE RESPIRATORY, ANTI-RETROVIAL, UROLOGY, CARDIOLOGY, ANTI-INFECTIVE, CNS AND VARIOUS OTHER KEY THERAPEUTIC SEGMENTS.
- WITH A RICH PORTFOLIO, THE COMPANY IS DEEPENING ITS PRESENCE IN THE HOME MARKETS OF INDIA, AS WELL AS SOUTH AFRICA, NORTH AMERICA AND OTHER KEY REGULATED AND EMERGING MARKETS.
- CIPLA IS THE THIRD LARGET PHARMACEUTICAL COMPANY IN INDIA AND THE THIRD LARGEST IN THE PRIVATE PHARMACEUTICAL MARKET OF SOUTH AFRICA (IQVIA, MARCH 2023).
- IT IS THE SECOND LARGEST INDIAN EXPORTER TO EMERGING MARKETS AND ALSO AMONG THE MOST DISPENSED GENERIC PLAYERS IN THE US.
- CIPLA IS A RESPONSIBLE CORPORATE CITIZEN AND IS A PARTNER OF CHOICE FOR GLOBAL HEALTH ORGANISATIONS, PEERS AND ALL STAKEHOLDERS OWING TO ITS HUMANITARIAN APPROACH TO HEALTHCARE, IN PURSUIT OF ITS OBJECTIVE OF CARING OF LIFE AND ITS DEEP ROOTED COMMUNITY TIES.
- CIPLA IS ALSO INVESTING IN RESEARCH AND DEVELOPMENT OF DIFFERENTIATED PORTFOLIO WHICH IS TARGETED TOWARDS REGULATED MARKETS.

- THE PHARMACEUTICAL INDUSSTRY IS UNDERGOING A PERIOD OF RAPID DIGITAL TRANSFORMATION.
- RESPONSIBILITY FOR SUSTAINABILITY PERFORMANCE WITHIN CIPLA IS DELEGATED TO THE SUSTAINABILITY COUNCIL, WHO MEET ON A QUARTERLY BASIS AND IS CHAIRED BY THE CHIEF TECHNOLOGY OFFICER (CTO).
- CIPLA'S GENERIC BUSINESS IS CONTINUING TO BE THE no. 1 IN INDIA.
- INCREASE IN CONTRIBUTION TO US BUSINESS TO CIPLA GLOBAL RRVENUE FROM 20% IN FY 2021-22 TO 26% IN FY 2022-23.
- IN FY 2022-23, CIPLA'S INDORE ORAL SOLID DOSAGE (OSD) FACILITY HAS BEEN DESIGNATED AS AN 'ADVANCED FOURTH INDUSTRIAL REVOLUTION (4IR) LIGHTHOUSE' BY THE WORLD ECONOMIC FORUM.
- INDORE'S OSD FACILITY LED THIS JOURNEY WITH 30+ INDUSTRY 4.0 USE CASES, SPANNING INDUSTRIAL INTERNET OF THINGS, DIGITAL ADVANCED ANALYTICS, NATURAL LANGUAGE PROCESSING, ROBOTIC PROCESS AUTOMATION, ETC.

 THESE REVOLUTIONARY TECHNOLOGIES RESULTED IN 23% RISE IN PRODUCTIVITY, 28% DECREASE IN SPECIFIC GREENHOUSE GAS EMISSIONS AND QUALITY ENHANCEMENT.
- CIPLA'S GENERIC BUSINESS HAS REINFORCED ITS LEADERSHIP POSITION IN THE TRADE GENERICS INDUSTRY THROUGH CONTINUOUS PORTFOLIO BUILDING AND EXECUTION. THIS HAS HELPED THE COMPANY IMPROVE ITS REACH OVER 15,000 PIN CODES AND PROVIDE ACCESS TO QUALITY MEDICINES TO PATIENTS IN TIER 2 CITIES AND BEYOND.
- THE SHARE PRICE CAN GO UPTO 1517.7 IF IT BREAKS 1486.5 ON THE UPPER SIDE.
- THE SHARE PRICE CAN GO UPTO 1309.27 IF IT BREAKS 1326 ON THE LOWER SIDE.

PIVOT TABLE:

		SUPPORT			RESISTANCE				
DATE	WEEK CLOSE	S 3	S2	S1	PIVOT	R1	R2	R3	PRV CLOSE
18-04-2024	1445.75	1309.27	1325.83	1350.52	1367.1	1391.7667	1408.3333	1433.017	1375.2
16-04-2024	1445.75	1350.92	1361.23	1371.32	1381.6	1391.7167	1402.0333	1412.117	1381.4
15-04-2024	1445.75	1358.45	1367	1381.9	1390.5	1405.35	1413.9	1428.8	1396.8
12-04-2024	1396.8	1362.17	1375.08	1399.02	1411.9	1435.8667	1448.7833	1472.717	1422.95
10-04-2024	1396.8	1369.8	1387.9	1419.1	1437.2	1468.4	1486.5	1517.7	1450.3
09-04-2024	1396.8	1426.8	1436.95	1449.7	1459.9	1472.6	1482.75	1495.5	1462.45

DISCLAIMER: INVESTMENT/TRADING IN SECURITIES MARKET IS SUBJECT TO MARKET RISK, PAST PERFORMANCE IS NOT A GUARENTEE OF FUTURE PERFORMANCE. THE RISK OF LOSS IN TRADING AND INVESTMENT IN SECURITIES MARKETS INCLUDING EQUITIES AND DERIVATIVES CAN BE SUBSTANTIAL.