

EDUCATIONAL EQUITY RESEARCH REPORT : JUNE

CIPLA LTD.

(NSE: CIPLA, BSE : 500087)

DATE : 1/6/24

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, they have extended their presence to 80+ countries providing over 1,500 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.

PREVIOUS MONTH FOLLOWUP

AS MENTIONED IN THE PREVIOUS REPORT, THE SHARE PRICE BROKE 1493.35 ON THE UPPER SIDE. THE STOCK PRICE WENT UPTO 1504 AFTER BREAKING THE RESISTANCE 1461 ON THE UPPER SIDE.

PROS :

- Company is almost debt free.
- Company has been maintaining a healthy dividend payout of 22.0%.
- Company has reduced debt.
- Company has delivered good profit growth of 25.4% CAGR over last 5 years.

CONS :

- The company has delivered a poor sales growth of 9.51% over past five years.
- Promoter holding has decreased over last 3 years: -3.26%



FINANCIAL SNAP SHOT :

MARKET CAP	₹ 1,16,947 Cr.
STOCK P/E	27.4
ROE	17.0 %
CURRENT PRICE	₹ 1,448
BOOK VALUE	₹ 331
ROCE	23.1 %
HIGH	₹ 1,519
LOW	955
DIVIDEND YIELD	0.58 %
FACE VALUE	₹ 2.00

SHARE HOLDING PATTERN:

PROMOTERS	33.46%
FIIS	25.82%
DIIS	24.15%
PUBLIC	16.36%
GOVERNMENT	0.21%
OTHERS :	0
NO.OF SHAREHOLDERS	436154

RESEARCH ANALYST :

P.SUNANDINI

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.	1462.85	35.07	350986.68	0.79	11982.9	17.31
2	Cipla	1448.45	27.42	116947.11	0.58	6163.24	23.08
3	Zydus Lifesci.	1000.45	26.21	100668.65	0.58	5533.8	22.4
4	Dr Reddy's Labs	5780.75	17.27	96433.44	0.68	7113.8	26.86
5	Mankind Pharma	2186.35	48.06	87592.95	0	2152.69	26.11
6	Lupin	1595.95	38.04	72735.41	0.25	4960.79	15.9
7	Aurobindo Pharma	1192.85	21.29	69893.64	0.37	7580.15	14.17

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 complex generics as well as drugs in the respiratory, anti-retroviral, 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 largest 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 industry 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 revenue 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 used 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 1555.28 IF IT BREAKS 1525.91 ON THE UPPER SIDE.

• THE SHARE PRICE CAN GO UPTO 1414.13 IF IT BREAKS 1427 ON THE LOWER SIDE.

PIVOT TABLE :

	SUPPORT				RESISTANCE				
DATE	WEEK CLOSE	S3	S2	S1	PIVOT	R1	R2	R3	PRV CLOSE
31-05-2024	1447.2	1414.1	1427.1	1446.8	1459.767	1479.53	1492.5	1512.233	1466.6
30-05-2024	1447.2	1418.6	1434.8	1464.2	1480.367	1509.73	1525.9	1555.283	1493.55
29-05-2024	1447.2	1455.8	1464.2	1480.8	1489.217	1505.83	1514.2	1530.833	1497.45
28-05-2024	1447.2	1451.4	1463.3	1471	1482.867	1490.53	1502.4	1510.083	1478.65
27-05-2024	1447.2	1459.6	1467.4	1476.9	1484.733	1494.27	1502.1	1511.617	1486.45
24-05-2024	1486.45	1466	1472.5	1480.8	1487.367	1495.68	1502.2	1510.533	1489.15

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