

May 13, 2024

Cipla

Current Price: ₹ 1339.45

STOCK DATA

| | |
|------------|-----------|
| BSE Code | 500087.00 |
| NSE Symbol | CIPLA |
| Reuters | CIPL.BO |
| Bloomberg | CIPLA IN |

VALUE PARAMETERS

| | |
|--------------------------------------|----------------|
| 52 W H/L(Rs) | 1519.00/897.70 |
| Mkt. Cap.(Rs Cr) | 108146.52 |
| Latest Equity(Subscribed) | 161.48 |
| Latest Reserve (cons.) | 26544.96 |
| Latest EPS (cons.) -Unit Curr. | 52.74 |
| Latest P/E Ratio -cons | 25.4 |
| Latest Bookvalue (cons.) -Unit Curr. | 330.77 |
| Latest P/BV - cons | 4.05 |
| Dividend Yield -% | 0.63 |
| Face Value | 2.00 |

SHARE HOLDING PATTERN (%)

| Description as on | % of Holding 31/04/2024 |
|--------------------------|----------------------------|
| Foreign | 26.87 |
| Institutions | 24.37 |
| Non Promoter Corp. Hold. | 0.47 |
| Promoters | 33.40 |
| Public & Others | 14.89 |

Consolidated Financial Result

| Particulars | In Cr. | | |
|--|-----------------------|-----------------------|-------------|
| | Qtr Ending Mar. 24 | Qtr Ending Mar. 23 | Var. (%) |
| Net Sales (including other operating income) | 6,163.24 | 5,739.30 | 7 |
| OPM (%) | 21.35 | 20.45 | 90 bps |
| OP | 1,315.86 | 1,173.74 | 12 |
| Other Inc. | 249.33 | 134.63 | 85 |
| PBIDT | 1,565.19 | 1,308.37 | 20 |
| Interest | 17.59 | 34.36 | -49 |
| PBDT | 1,547.60 | 1,274.01 | 21 |
| Depreciation | 288.34 | 346.22 | -17 |
| PBT | 1,259.26 | 927.79 | 36 |
| Share of Profit/(Loss) from Associates | -2.53 | -1.61 | 57 |
| PBT before EO | 1,256.73 | 926.18 | 36 |
| EO Income | 0.00 | -182.42 | - |
| PBT after EO | 1,256.73 | 743.76 | 69 |
| Taxation | 324.86 | 222.25 | 46 |
| PAT | 931.87 | 521.51 | 79 |
| Minority Interest (MI) | -7.17 | -4.14 | 73 |
| Net profit | 939.04 | 525.65 | 79 |
| EPS (Rs)* | 11.63 | 8.11 | |

Cipla Q4FY24 Results, 78% PAT YoY to Rs 939 cr and margins improved, above estimates

For the quarter ending March 2024, consolidated net sales (including other operating income) of Cipla has increased 7.39% to Rs 6163.24 crore compared to quarter ended March 2023. Sales of Pharmaceuticals segment has gone up 8.31% to Rs 5,996.38 crore (accounting for 96.57% of total sales). Sales of New Ventures segment has gone down 8.91% to Rs 212.99 crore (accounting for 3.43% of total sales). Inter-segment sales rose Rs 30.89 crore to Rs 46.13 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 32.71% to Rs 1,276.85 crore. PBIT of Pharmaceuticals segment rose 30.35% to Rs 1,322.45 crore (accounting for 103.57% of total PBIT). PBIT of New Ventures segment rose 13.01% to Rs -45.60 crore (accounting for -3.57% of total PBIT).

PBIT margin of Pharmaceuticals segment rose from 18.33% to 22.05%. PBIT margin of New Ventures segment rose from negative 22.42% to negative 21.41%. Overall PBIT margin rose from 16.67% to 20.56%.

Operating profit margin has jumped from 20.45% to 21.35%, leading to 12.11% rise in operating profit to Rs 1,315.86 crore. Raw material cost as a % of total sales (net of stock adjustments) decreased from 22.10% to 20.52%. Purchase of finished goods cost fell from 13.66% to 12.10%. Employee cost increased from 16.86% to 17.76%. Other expenses rose from 26.87% to 28.06%.

Other income rose 85.20% to Rs 249.33 crore. PBIDT rose 19.63% to Rs 1565.19 crore. Provision for interest fell 48.81% to Rs 17.59 crore. Loan funds declined from Rs 803.12 crore as

Cipla : Consolidated Segment Results

In Cr.

| | Qtr Ended Mar 24 | Qtr Ended Mar 23 | Var.(%) | % of (Total) |
|------------------------------|------------------|------------------|---------|--------------|
| Sales | | | | |
| Pharmaceuticals | 5,996.38 | 5,536.36 | 8 | 97 |
| New Ventures | 212.99 | 233.83 | -9 | 3 |
| Total Reported Sales | 6,209.37 | 5,770.19 | 8 | 100 |
| Less: Inter segment revenues | 46.13 | 30.89 | 49 | |
| Net Sales | 6,163.24 | 5,739.30 | 7 | 100 |
| PBIT | | | | |
| Pharmaceuticals | 1,322.45 | 1,014.57 | 30 | 104 |
| New Ventures | -45.6 | -52.42 | 13 | -4 |
| Total PBIT | 1,276.85 | 962.15 | 33 | 100 |
| Less : Interest | 17.59 | 34.36 | -49 | |
| Add: Other un-allocable | 0 | -182.42 | - | |
| PBIT Margin(%) | | | | |
| Pharmaceuticals | 22.05 | 18.33 | 373 | |
| New Ventures | -21.41 | -22.42 | 101 | |
| PBT | 1,259.26 | 745.37 | 69 | 100 |

**PBIT margin (%) in bps points

of 31 March 2023 to Rs 559.41 crore as of 31 March 2024. Inventories rose to Rs 5,237.95 crore as of 31 March 2024 from Rs 5,156.43 crore as of 31 March 2023. Sundry debtors were higher at Rs 4,770.66 crore as of 31 March 2024 compared to Rs 4,057.00 crore as of 31 March 2023. Cash and bank balance declined from Rs 1,564.62 crore as of 31 March 2023 to Rs 874.97 crore as of 31 March 2024. Investments rose to Rs 5,449.22 crore as of 31 March 2024 from Rs 3,662.38 crore as of 31 March 2023 .

PBDT rose 21.47% to Rs 1547.6 crore. Provision for depreciation fell 16.72% to Rs 288.34 crore. Fixed assets increased to Rs 7,647.90 crore as of 31 March 2024 from Rs 7,269.92 crore as of 31 March 2023. Intangible assets increased from Rs 2,983.86 crore to Rs 3,112.04 crore. Profit before tax grew 35.73% to Rs 1,259.26 crore. Share of profit/loss was 57.14% lower at Rs -2.53 crore. Provision for tax was expense of Rs 324.86 crore, compared to Rs 222.25 crore. Effective tax rate was 25.85% compared to 29.88%. Minority interest decreased 73.19% to Rs -7.17 crore. Net profit attributable to owners of the company increased 78.64% to Rs 939.04 crore.

Full year results analysis.

Net sales (including other operating income) of Cipla has increased 13.28% to Rs 25774.09 crore. Sales of Pharmaceuticals segment has gone up 12.92% to Rs 24,842.46 crore (accounting for 95.72% of total sales). Sales of New Ventures segment has gone up 5.39% to Rs 1,111.72 crore (accounting for 4.28% of total sales). Inter-segment sales came down from Rs 301.15 crore to Rs 180.09 crore.

Profit before interest, tax and other unallocable items (PBIT) has jumped 38.25% to Rs 5,986.60 crore. PBIT of Pharmaceuticals segment rose 38.16% to Rs 6,055.74 crore (accounting for 101.15% of total PBIT). PBIT of New Ventures segment fell 30.87% to Rs -69.14 crore (accounting for -1.15% of total PBIT). PBIT margin of Pharmaceuticals segment rose from 19.92% to 24.38%. PBIT margin of New Ventures segment fell from negative 5.01% to negative 6.22%. Overall PBIT margin rose from 18.78% to 23.07%.

Operating profit margin has jumped from 22.09% to 24.41%, leading to 25.15% rise in operating profit to Rs 6,291.05 crore. Raw material cost as a % of total sales (net of stock

adjustments) decreased from 24.16% to 20.30%. Purchase of finished goods cost rose from 12.38% to 13.75%. Other expenses rose from 24.70% to 24.71%.

Other income rose 57.02% to Rs 746.57 crore. PBIDT rose 27.90% to Rs 7037.62 crore. Provision for interest fell 17.95% to Rs 89.88 crore. Loan funds declined from Rs 803.12 crore as of 31 March 2023 to Rs 559.41 crore as of 31 March 2024. Inventories rose to Rs 5,237.95 crore as of 31 March 2024 from Rs 5,156.43 crore as of 31 March 2023. Sundry debtors were higher at Rs 4,770.66 crore as of 31 March 2024 compared to Rs 4,057.00 crore as of 31 March 2023. Cash and bank balance declined from Rs 1,564.62 crore as of 31 March 2023 to Rs 874.97 crore as of 31 March 2024. Investments rose to Rs 5,449.22 crore as of 31 March 2024 from Rs 3,662.38 crore as of 31 March 2023 .

PBDT rose 28.83% to Rs 6947.74 crore. Provision for depreciation fell 10.33% to Rs 1051.02 crore. Fixed assets increased to Rs 7,647.90 crore as of 31 March 2024 from Rs 7,269.92 crore as of 31 March 2023. Intangible assets increased from Rs 2,983.86 crore to Rs 3,112.04 crore. Profit before tax grew 39.71% to Rs 5,896.72 crore. Share of profit/loss was 38.85% higher at Rs -1.59 crore. Extraordinary items were decreased to Rs -194.82 crore. Provision for tax was expense of Rs 1546.59 crore, compared to Rs 1202.86 crore. Effective tax rate was 27.13% compared to 29.81%. Minority interest increased 3.84% to Rs 32.17 crore. Net profit attributable to owners of the company increased 47.10% to Rs 4,121.55 crore.

Other Highlights

- Board Recommended payment of final dividend of Rs 13 per equity share of face value of Rs 2 per equity share for the financial year ended 31 March 2024. The record date for the purpose of payment of final dividend, shall be 2nd August 2024.
- In Q4 FY24, India business grew by 7% YoY supported by Branded Prescription and Trade Generics. North America business up 11% YoY supported by continued growth in key differentiated assets as well as base portfolio. South Africa business grew 26% YoY in local currency terms.
- In FY24, India contributed 43% of total revenue, North America 30%, SAGA 12%, International markets 12%, API 2%, others 1%.
- R&D investments during the quarter stands at Rs 444 crore representing 7.2 % of sales.

Management Comments :

Umang Vohra MD and Global CEO, Cipla said, "I am pleased to share our performance for the year where we made substantial progress across our focused markets. In FY24, our revenues crossed the threshold of INR 25,000 Cr whereas operating margins significantly improved to cross INR 6,000 Cr for very first time, growing at healthy 14% on topline and 26% on profitability YoY. This was backed by One-India revenue breaching INR 10,000 Cr, North America revenue surpassing \$ 900 Mn and South Africa reaching top spot in prescription market, with all three businesses growing in double digits over last year with improved profitability. As we enter into FY25, our focus will be on our priorities of market leading growth in our key markets, growing big brands bigger, investing in future pipeline as well as focusing on resolutions on regulatory front".

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