

November 09, 2022

Cipla

Current Price: ₹ 1131.10

STOCK DATA

BSE Code	500087
NSE Symbol	CIPLA
Reuters	CIPL.BO
Bloomberg	CIPLA IN

VALUE PARAMETERS

52 W H/L(Rs)	1185.20/850.00
Mkt. Cap.(Rs Cr)	91285.37
Latest Equity(Subscribed)	161.41
Latest Reserve (cons.)	21722.88
Latest EPS (cons.) -Unit Curr.	32.14
Latest P/E Ratio -cons	35.19
Latest Bookvalue (cons.) -Unit Curr.	271.16
Latest P/BV - cons	4.17
Dividend Yield -%	0.44
Face Value	2

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/09/2022
Foreign	28.91
Institutions	21.60
Non Promoter Corp. Hold.	0.48
Promoters	33.41
Public & Others	15.61

Financial Result

Particulars	In Cr.		
	Qtr Ending Sept. 22	Qtr Ending Sept. 21	Var. (%)
Net Sales (including other operating income)	5828.54	5519.80	6
OPM (%)	22.34	22.21	13 bps
OP	1302.33	1226.20	6
Other Inc.	122.95	60.67	103
PBIDT	1425.28	1286.87	11
Interest	25.55	38.00	-33
PBDT	1399.73	1248.87	12
Depreciation	299.37	253.06	18
PBT	1100.36	995.81	11
Share of Profit/(Loss) from Associates	-0.35	-2.85	88
PBT	1100.01	992.96	11
Taxation	302.60	283.81	7
PAT	797.41	709.15	12
Minority Interest (MI)	8.51	-2.21	PL
Net profit	788.90	711.36	11
EPS (Rs)	9.78	8.82	

Cipla Q2 Results, Profit rises 11% YoY to Rs 789 crore, in line with estimates

For the quarter ending sept 2022, consolidated Net sales (including other operating income) of Cipla has increased 5.59% to Rs 5828.54 crore compared to quarter ended sept 2021. Sales of Pharmaceuticals segment has gone up 5.11% to Rs 5,690.68 crore (accounting for 95.34% of total sales). Sales of New Ventures segment has gone up 99.91% to Rs 278.14 crore (accounting for 4.66% of total sales). Inter-segment sales rose Rs 33.15 crore to Rs 140.28 crore. Profit before interest, tax and other unallocable items (PBIT) has jumped 8.91% to Rs 1,125.91 crore. PBIT of Pharmaceuticals segment rose 3.55% to Rs 1,102.32 crore (accounting for 97.90% of total PBIT). PBIT of New Ventures reported profit of Rs 23.59 crore compared to loss of Rs 30.74 crore.

PBIT margin of Pharmaceuticals segment fell from 19.66% to 19.37%. PBIT margin of New Ventures segment rose from negative 22.09% to 8.48%. Overall PBIT margin rose from 18.62% to 18.86%.

Operating profit margin has jumped from 22.21% to 22.34%, leading to 6.21% rise in operating profit to Rs 1,302.33 crore. Raw material cost as a % of total sales (net of stock adjustments) increased from 24.51% to 24.78%. Purchase of finished goods cost fell from 15.52% to 11.79%. Employee cost increased from 15.56% to 16.61%. Other expenses rose from 22.67% to 24.30%.

Other income rose 102.65% to Rs 122.95 crore. PBIDT rose 10.76% to Rs 1425.28 crore. Provision for interest fell 32.76% to Rs 25.55 crore. Loan funds declined from Rs 1,350.37 crore as of 30 September 2021 to Rs 1,067.66 crore as of 30 September 2022. Inventories declined from Rs 5,549.96 crore as of 30 September 2021 to Rs 5,440.99 crore as of 30 September 2022. Sundry debtors were higher at Rs 3,969.13 crore as of 30 September 2022 compared to Rs 3,504.95 crore as of 30 September 2021. Cash and bank balance rose to Rs 1,834.58 crore as of 30 September 2022 from Rs 1,456.70 crore as of 30 September 2021. Investments rose to Rs 2,795.96 crore as of 30 September 2022 from Rs 2,410.03 crore as of 30 September 2021.

Consolidated Segment Results: Quarter ended

In Cr.

	Qtr Ending Sept 22	Qtr Ending Sept 21	Var.(%)	% of (Total)
Sales				
Pharmaceuticals	5690.68	5413.82	5	95
New Ventures	278.14	139.13	100	5
Total Reported Sales	5968.82	5552.95	7	100
Less: Inter segment revenues	140.28	33.15	323	
Net Sales	5828.54	5519.80	6	100
PBIT				
Pharmaceuticals	1102.32	1064.55	4	98
New Ventures	23.59	-30.74	LP	2
Total PBIT	1125.91	1033.81	9	100
Less : Interest	25.55	38.00	-33	
Add: Other un-allocable	0.00	0.00	-	
PBIT Margin(%)				
Pharmaceuticals	19.37	19.66	-29	
New Ventures	8.48	-22.09	3058	
PBT	1100.36	995.81	11	100

PBDT rose 12.08% to Rs 1399.73 crore. Provision for depreciation rose 18.30% to Rs 299.37 crore. Fixed assets increased to Rs 7,298.94 crore as of 30 September 2022 from Rs 5,622.59 crore as of 30 September 2021. Intangible assets declined from Rs 4,778.92 crore to Rs 3,143.17 crore.

Profit before tax grew 10.50% to Rs 1,100.36 crore. Share of profit/loss was 87.72% higher at Rs -0.35 crore. Provision for tax was expense of Rs 302.6 crore, compared to Rs 283.81 crore. Effective tax rate was 27.51% compared to 28.58%. Net profit attributable to owners of the company increased 10.90% to Rs 788.90 crore.

Other Highlights

In Q2 FY23, India business grew by 15% YoY and USA business grew 25% on YoY basis.

In Q2 FY23, SAGA (South Africa and Global Access) reported 28% sequential growth in ZAR terms.

In Q2 FY23, India contributed 44% of total revenue, North America 25%, SAGA 15%, International markets 13%, API 3%, Others 1%.

R&D investments during the quarter stands at Rs 335 crore representing 5.8 % of sales; Higher by 22% YoY driven by ongoing clinical trials on a respiratory asset and other developmental efforts.

Management Comments

Umang Vohra MD and Global CEO, Cipla said "Our Q2FY23 performance reflects strong momentum in One-India business and solid execution on differentiated portfolio in the US including the launch of Lenalidomide, driving our overall revenue to a multi-quarter high and expansion in our reported operating profitability, despite external headwinds. Our reported operating profitability of 22.3% and is tracking well within our full year guidance of 21-22% range. Our proactive logistics management, cost rigor and calibrated pricing actions have

helped offset the adverse impact of inflationary cost elements on profits. We are closely working with USFDA on Goa observations, de-risking key assets and improving compliances holistically across manufacturing locations”

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