An Organization Study on CIPLA

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By

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1CR19MBA22

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In partial fulfillment of the requirement for the award of the degree of

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Under Guidance of

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CERTIFICATE BY THE INSTITUTION

This is to certify that **Ms. DEVINA REDDY P** bearing **USN 1CR19MBA22** is a bonafide student of Master of Business Administration of our Institution during 2019-21 batch. The organization study report on **CIPLA** is prepared by her under the guidance of **Mrs. Preksha Yadav,** Assistant Professor, in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, affiliated to Visvesvaraya Technological University, Belagavi Karnataka.

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DECLARATION

I, **Ms. DEVINA REDDY** bearing **USN 1CR19MBA22**hereby declare that the organization study conducted at **CIPLA** is record of independent work carried out by me under the guidance of Prof. Preksha Yadav faculty of M.B.A Department of CMR Institute of Technology, Bengaluru. I also declare that this report is prepared in partial fulfilment of the university Regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone an organization study for a period of four weeks. I further declare that this report is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University /Institution.

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Place: Bangalore
Date: 20 Sept 2020

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INTRODUCTION TO ORGANIZATIONAL INDUSTRY

1.1 INTRODUCTION OF INDUSTRY

Part 1(Global Perspective)

❖ Introduction

Cipla is a global pharmaceutical company whose goal is ensuring no patient shall be denied access to high quality & affordable medicine and support. Cipla's journey began in 1935 when our founder, Dr K A Hamied, set up an enterprise with the vision to make India self-sufficient in healthcare. Over the past 77 years, they have emerged as one of the world's most respected pharmaceutical names, not just in India but worldwide.

For patients, caring is a promise that they will do whatever it takes to ensure they have continued access to the highest quality medicines at affordable prices; whether a disease affects millions or just a few hundreds.

To the medical fraternity, caring means the assurance of world-class medicines and support across multiple therapeutic areas.

For business partners, caring brings the confidence of always getting world-class quality and competitive prices.

For employees, caring manifests itself in a safe, equal-opportunities' workplace that fosters innovation for a healthier world.

❖ History

Cipla Ltd is one of the leading pharmaceutical companies in India. The company focuses on development of new formulations and has a wide range of pharmaceutical products. The product portfolio includes over 1500 products across wide range of therapeutic categories.Cipla Ltd was incorporated in the year 1935 with the name Chemical Industrial & Pharmaceutical Laboratories Ltd. Khwaja Abdul Hamied the founder of Cipla gave the company all his patent and proprietary formulas for several drugs and medicines without charging any royalty. On August 17 1935 Cipla was registered as a public limited company with an authorized capital of Rs 6 lakh.In the year 1941 as the Second World War cuts off drug supplies the company starts producing fine chemicals dedicating all its facilities for the war effort. In the year 1952 the company set up first research division for attaining self-sufficiency in technological development. In the year 1960 they started operations at second plant at Vikhroli Mumbai producing fine chemicals with special emphasis on natural products. In the year 1968 the company manufactured ampicillin for the first time in the country. In the year 1972 the company started Agricultural Research Division at Bangalore for scientific cultivation of medicinal plants. In the year 1976 they launched medicinal aerosols for asthma. In the year 1980 the company won Chemexcil Award for Excellence for exports. In the year 1982 the company started operations in their fourth factory at Patalganga Maharashtra. In the year 1984 they developed anti-cancer drugs vinblastine and vincristine in collaboration with the National Chemical Laboratory Pune. Also they won Sir P C Ray Award for developing in-house technology for indigenous manufacture of a number of basic drugs. In the year 1985 US FDA approved the company's bulk drug manufacturing facilities. In the year 1988 they won National Award for Successful Commercialisation of Publicly Funded R&D. In the year 1991 the company launched etoposide a breakthrough in cancer chemotherapy in association with Indian Institute of Chemical Technology. Also they manufactured antiretroviral drug zidovudine in technological collaboration with Indian Institute of Chemical Technology Hyderabad. In the year 1994 the company commenced commercial operations in their fifth factory at Kurkumbh Maharashtra. In the year 1997 they launched transparent Rotahaler the world's first such dry powder inhaler device. In the year 1998 they launched lamivudine. The company becomes one of the few companies in the world to offer all three component drugs of retroviral combination therapy.In the year 1999 the company launched Nevirapine antiretroviral drug used to prevent the transmission of AIDS from mother to child. In the year 2000 the company became the first company outside the USA and Europe to launch CFC-free inhalers - ten years before the deadline to phase out use of CFC in medicinal products.In the year 2002 the company set up four state-of-the-art manufacturing facilities in Goa. In the year 2003 they launched TIOVA (Tiotropium bromide) a novel inhaled long-acting anticholinergic bronchodilator that is employed as a once-daily maintenance treatment for patients with chronic obstructive pulmonary disease (COPD). Also they commissioned second phase of manufacturing operations at Goa.In the year 2005 the company set up state-of-the-art facility for manufacture of formulations at Baddi Himachal Pradesh. In the year 2007 they set up state-of-the-art facility for manufacture of formulations at Sikkim. In February 2007 the company entered into a development and supply agreement with Drugs for Neglected Diseases Initiative (DNDi) a global non-profit organization for a new anti-malarial combination drug as a global initiative. During the year 2009-10 the company sold their intellectual property rights and technical know-how of 'i-pill' an emergency contraceptive brand to Piramal Healthcare Ltd for the territory of India at an aggregate consideration of Rs 95 crore. Also they entered into a strategic alliance with Stempeutics Research Pvt. Ltd. promoted by the Manipal Group for the marketing rights of stem-cell-based products being developed by Stempeutics. Cipla is sponsoring up to Rs.50 crore in the initial phase for research and development of these products.In April 2010 the company commenced commercial production of pharmaceutical formulations at the Special Economic Zone (SEZ) project at Indore Madhya Pradesh. This project includes facilities for the manufacture of aerosols respules liquid orals pre-filled syringes (PFS) nasal sprays large volume parenterals (LVP) eye drops tablets and capsules. The total investment for this project is about Rs 900 crore.In May 2010 the company acquired an undertaking for Rs 30.64 crore by way of a slump sale arrangement. The undertaking has a manufacturing facility approved by US FDA and WHO for APIs and intermediates. It is located at Kurkumbh (Pune district). Also the company set up a wholly-owned subsidiary 'Cipla Singapore Pte Ltd' in Singapore to aid logistics and distribution of the company's export business.In May 2010 the company acquired 100% shareholding of a company for Rs 51.38 crore. This company has a state-of-the-art formulations manufacturing facility at Sikkim with capabilities to manufacture tablets capsules oral liquids injections dry syrup and ointments/creams. During the year 2010-11 the company introduced a number of new drugs and formulations such as Entavir (entecavir tablets) an antiviral for hepatitis B; Febucip (febuxostat tablets) a drug for gout; Flosoft (fluorometholone acetate ophthalmic suspension) a topical steroid for eye inflammation; Foracort (formoterol and budesonide autohaler) an asthma controller therapy in a new easy-to-use breath actuated inhaler; Furamist AZ (fluticasone furoate and azelastine hydrochloride nasal spray) a nasal spray for allergic rhinitis and Montair FX (montelukast and fexofenadine tablets) an antiallergic combination for rhinitis. During the year Cipla (Mauritius) Ltd Cipla (UK) Ltd Cipla-Oz Pty Ltd Four M Propack Pvt Ltd Goldencross Pharma Pvt Ltd Medispray Laboratories Pvt Ltd Meditab Holdings Ltd Meditab Pharmaceuticals South Africa (Pty) Ltd Meditab Specialities New Zealand Ltd Meditab Specialities Pvt Ltd Sitec Labs Pvt Ltd and STD Chemicals Ltd. The company is setting up API facilities at Bengaluru and Kurkumbh. They are also upgrading the API facilities at Patalganga. The total investment for these projects is about Rs 400 crore. The company proposes to subscribe to the share capital of two biotechnology companies located in India and Hong Kong to obtain a 40 per cent and a 25 per cent share respectively. The total investment will be about USD 65 million in a phased manner for setting up state-of-the-art facilities for biosimilar products in Goa and China.On 3 May 2012 Cipla announced a major price reduction in selected cancer drugs.On 21st July 2012 Cipla announced collaboration with Drugs for Neglected Diseases initiative (DNDi) a not-for-profit research and development (R&D) organization to develop and produce an improved first-line antiretroviral (ARV) combination therapy specifically adapted to meet the treatment needs of infants and toddlers living with HIV/AIDS.On 14 August 2012 Cipla announced the launch of `Qvir' a novel 4 drug kit priced at Rs 158 for treating HIV/AIDS.On 8 November 2012 Cipla announced a major price reduction on select anti-cancer drugs. On 27 February 2013 Cipla announced an offer to the shareholders of Cipla Medpro South Africa Ltd. (Medpro) to acquire 100% of the ordinary share capital of Medpro for ZAR 10.0 per share via a scheme of arrangement. The Board of Directors of Medpro unanimously resolved to support and facilitate Cipla's offer and recommended to Medpro shareholders that they vote in favour of all resolutions required to implement the scheme of arrangement. Cipla Medpro South Africa is a leading provider of chronic medicines to the public and private sectors. On 16 July 2013 Cipla announced that it had completed the acquisition of 100% of the issued shares of Cipla Medpro South Africa Ltd. for an aggregate consideration of ZAR 4507mn (Rs 2707 crore). On 17 April 2013 Cipla announced the launch of the first biosimilar of Etanercept in India for the treatment of rheumatic disorders.On 20 February 2014 Cipla and MSD announced the formation of an India-specific strategic partnership whereby Cipla will have a non-exclusive license to market promote and distribute MSD's raltegravir 400mg tablet under a different brand name in India. The drug is used for the treatment of HIV-1 infection in adult patients as part of combination HIV therapy.On 12 May 2014 Cipla through its wholly owned subsidiary Cipla (EU) Limited announced $21 million two-phase investment in Chase Pharmaceuticals Corporation Inc. US (Chase) to support Alzheimer's disease drug development. On 19 June 2014 Cipla announced that it has collaborated with Hetero to launch a biosimilar of the drug `Darbepoetin alfa' under the brand name `Actorise'. The product is indicated for the treatment of anaemia caused due to chronic kidney disease.On 7 July 2014 Cipla announced its intention to make investments of up to 100 million in its UK subsidiary over the next few years. The investment will fund the launch of a range of drugs in the areas of respiratory oncology and antiretroviral medicines as well as research and development clinical trials and further expansion internationally and in the UK.In its bid to enter the markets of Czech Republic and Slovaki Cipla on 8 September 2014 announced commercial collaboration with UK-based S&D Pharma. On 15 September 2014 Cipla announced that it had signed a non-exclusive licensing agreement with Gilead Sciences Inc. for manufacturing and distribution of Sofosbuvir mono Ledipasvir mono the fixed-dose combination of Ledipasvir/Sofosbuvir with each other and the combination of Sofosbuvir or Ledipasvir with other active substances for the treatment of hepatitis C.On 18 September 2014 Cipla announced that it has granted Salix Pharmaceuticals Inc. a US-based speciality pharmaceutical company exclusive rights under certain patent applications in the `Rifaximin Complexes' patent family controlled by Cipla. The grant is on a worldwide basis excluding the countries of Asia (other than Japan) and Africa.On 8 October 2014 Medpro Pharmaceutica (Pty) Ltd - a subsidiary company of Cipla Medpro announced that it had entered into sales and distribution arrangement with Teva Pharmaceuticals (Pty) Ltd an affiliate of Teva Pharmaceutical Industries Ltd (Teva) - the largest generic pharmaceutical manufacturer in the world for the territory of South Africa. As per the tie-up Cipla Medpro a 100% subsidiary of Cipla Limited will exclusively market Teva's broad pharmaceutical product portfolio in South Africa.On 9 February 2015 Cipla announced that its wholly owned subsidiary Cipla (EU) Limited U.K. has entered into a joint venture (JV) agreement with Cipla's existing business partners in Morocco - Societe Marocaine De Cooperation Pharmaceutique (Cooper Pharma) and The Pharmaceutical Institute (PHI). This JV is aimed at strengthening Cipla's presence in Morocco which is in-line with its global growth strategy to build front-end presence in key markets.On 13 February 2015 Cipla announced that it has been awarded USD 188.95 million of Global Fund ARV Tender for anti-retrovirals drugs. The Global Fund is a 21st- century partnership designed to accelerate the end of AIDS tuberculosis and malaria as epidemics. On 21 July 2015 Cipla announced that its board of directors approved an investment by Fidelity Growth Partners India and US-based Fidelity Biosciences through FIL Capital Investments (Mauritius) II Limited or its affiliates in its newly launched consumer healthcare business which is under incorporation.On 4 September 2015 Cipla announced that its UK arm Cipla EU has entered into definitive agreements to acquire two US-based companies InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc for $550 million in an all cash transaction. InvaGen Pharmaceuticals is a leading generic pharmaceutical company in the US. Exelan Pharmaceuticals is a privately held sales and marketing company with a focus on generic pharmaceuticals for the government and institutional market in the US. On 18 February 2016 Cipla announced that its UK arm Cipla (EU) Limited had successfully completed the acquisition of InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc. The acquisition was made by Cipla (EU) Limited through a wholly owned special purpose vehicle which would merge into InvaGen Pharmaceuticals Inc. after the acquisition. On 8 October 2015 Cipla announced that its South African subsidiary Cipla Medpro (Pty) Ltd. entered into an exclusive agreement with the world's largest vaccine manufacturer Serum Institute of India (SII) to provide vaccines in South Africa.On 29 October 2015 Cipla announced that it had entered into a definitive agreement to sell its entire 25% stake in Biomab Holding Limited Hong Kong (BHL) to Biomab Brilliant Limited British Virgin Islands which holds the remaining 75% stake in BHL for a total consideration of USD 25775000. Biomab Holding Limited is focused on developing Biosimilars for the Chinese market.On 21 December 2015 Cipla announced the launch of generic drug Ledipasvir-Sofosbuvir in India under the brand name Hepcvir-L. Hepcvir-L is the first once-a-day fixed-dose oral combination therapy that has been approved for chronic hepatitis C genotype 1 patients.On 6 January 2016 BioQ Pharma Incorporated a specialty pharmaceutical company focused on the development and commercialization of single-use large-volume ready-to-use infusible pharmaceuticals and Cipla announced the signing of a strategic distribution supply and development agreement for the registration and commercialization of BioQ Pharma's Ropivacaine infusion pharmaceutical in India.On 12 October 2016 Cipla announced that it has received Establishment Inspection Report (EIR) from the US FDA for its Indore facility indicating formal closure of the US FDA inspection conducted in July/August 2015.On 23 November 2016 Cipla announced that Chase Pharmaceuticals Corporation a Delaware based corporation (Chase) in which Cipla Limited's UK arm Cipla (EU) Limited (Cipla UK) has 16.7% stake has been acquired by a subsidiary of Allergan plc. Allergan agreed to pay $125 million upfront plus potential regulatory and commercial milestones of up to $875 million to the shareholders of Chase. Cipla UK acquired a minority stake in Chase in May 2014 via a syndicated venture investment.On 17 February 2017 Cipla announced the launch of adult Hepatitis B vaccine in India. Under a co-exclusive agreement with Serum Institute of India Private Limited (SII) Cipla will market the vaccine for adults while SII will market it for adults and children.On 4 March 2017 Cipla announced that it had entered into agreements through its Wholly Owned Subsidiary Inyanga Trading 386 Proprietary Limited (Inyanga) with the group companies of Ascendis Health Limited South Africa for divesting its animal health business in South Africa and Sub-Saharan Africa.On 6 April 2017 Cipla announced that its wholly owned subsidiary in USA Cipla USA Inc. signed a worldwide licensing agreement (except for East Asia) with MEDRx Company Limited (MEDRx) to further develop and commercialize MRX-4TZT a Tizanidine patch for the management of Spasticity.On 30 November 2017 Cipla announced that it had received an approval for its product Q-TIB from World Health Organisation (WHO). Q-TIB is a novel fixed dose combination in a single tablet. This is the first time that such a combination has been made available in the world.

4) Shifting industry landscape - Suppliers will add more value in alternative powertrain technologies and in innovative solutions for active safety and infotainment; Europe needs to restructure and adjust its capacity to better match demand; and competition is emerging from China.

To capture future growth and find profit from these challenges – and to mitigate their risks – OEMs cannot simply turn to their traditional toolbox. They need to review and adjust their strategic priorities, deploy the appropriate investments and resources, and develop new skills to execute these strategic objectives.

- ❖ Turnover

Mar'20	Mar'19	Mar'18	Mar'17	Mar'16	
INCOME					
Net Sales Turnover	12659.15	12374.01	11444.81	10974.58	12117.72
Other Income	892.85	577.52	334.88	129.85	280.30
Total Income	**13552.00**	**12951.53**	**11779.69**	**11104.43**	**12398.02**
EXPENSES					
Stock Adjustments	-43.08	136.70	-212.05	56.27	228.35
Raw Material Consumed	2999.17	3112.25	3303.31	2956.04	3633.34
Power and Fuel	.00	.00	.00	.00	.00

Employee Expenses	1911.08	1839.84	1785.94	1728.97	1778.56
Administration and Selling Expenses	.00	.00	.00	.00	.00
Research and Development Expenses	.00	.00	.00	.00	.00
Expenses Capitalised	.00	.00	.00	.00	.00
Other Expenses	5084.69	4783.22	4372.06	4637.04	4424.04
Provisions Made	.00	.00	.00	.00	.00
TOTAL EXPENSES	**9951.86**	**9872.01**	**9249.26**	**9378.32**	**10064.29**
Operating Profit	2707.29	2502.00	2195.55	1596.26	2053.43
EBITDA	**3600.14**	**3079.52**	**2530.43**	**1726.11**	**2333.73**
Depreciation	599.78	569.72	529.61	499.97	442.69
EBIT	**3000.36**	**2509.80**	**2000.82**	**1226.14**	**1891.04**
Interest	36.05	16.97	11.90	39.20	147.07
EBT	**2964.31**	**2492.83**	**1988.92**	**1186.94**	**1743.97**
Taxes	646.14	604.42	442.88	212.00	281.67
Profit and Loss for the Year	**2318.17**	**1888.41**	**1546.04**	**974.94**	**1462.30**
Extraordinary Items	.00	.00	-77.52	.00	.00
Prior Year Adjustment	.00	.00	.00	.00	.00
Other Adjustment	.00	.00	.00	.00	.00
Reported PAT	**2318.17**	**1888.41**	**1468.52**	**974.94**	**1462.30**
KEY ITEMS					
Reserves Written Back	.00	.00	.00	.00	.00
Equity Capital	161.25	161.14	161.02	160.90	160.68
Reserves and Surplus	17207.54	15578.07	13952.50	12639.61	11825.20
Equity Dividend Rate	200.00	150.00	150.00	100.00	100.00
Agg. Non-Promoter Share(Lakhs)	.00	.00	.00	.00	.00
Agg. Non-Promoter Holding(%)	.00	.00	.00	.00	.00
Government Share	.00	.00	.00	.00	.00
Capital Adequacy Ratio	.00	.00	.00	.00	.00
EPS(Rs.)	NaN	NaN	NaN	NaN	NaN

Rs (in Crores)

Part 2 (Indian Perspective)

❖ Introduction

In 2015, Cipla stood third in the India's Most Reputed Brands (Pharmaceutical) list, in a study conducted by BlueBytes, a leading Media Analytics firm in association with TRA Research, a brand insights organization (both a part of the Comniscient Group).

❖ Global Market Size of the Industry

Indian pharmaceutical sector is expected to grow to US$ 100 billion, while medical device market is expected to grow US$ 25 billion by 2025. Pharmaceuticals export from India stood at US$ 20.70 billion in FY20. Pharmaceutical export include bulk drugs, intermediates, drug formulations, biologicals, Ayush and herbal products and surgical.

India's biotechnology industry comprising biopharmaceuticals, bio-services, bio-agriculture, bio-industry, and bioinformatics is expected grow at an average growth rate of around 30 per cent a y-o-y to reach US$ 100 billion by 2025.

India’s domestic pharmaceutical market turnover reached Rs 1.4 lakh crore (US$ 20.03 billion) in 2019, up 9.8 per cent y-o-y from Rs 129,015 crore (US$ 18.12 billion) in 2018.

Investments and Recent Developments

The Union Cabinet has given its nod for the amendment of existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

The drugs and pharmaceuticals sector attracted cumulative FDI inflow worth US$ 16.50 billion between April 2000 and March 2020 according to the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

Some of the recent developments/investments in the Indian pharmaceutical sector are as follows:

- In May 2020, Jubilant Generics Ltd entered into a non-exclusive licencing agreement with US-based Gilead Sciences Inc to manufacture and sell the potential COVID-19 drug Remdesivir in 127 countries, including India.
- Affordable medicines under Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP) achieved record sales turnover of Rs 52 crore (US$ 7.38 million) in the month of April 2020.

- During December 2019, on moving annual total (MAT) basis, industry growth was at 9.8 per cent, with price growth at 5.3 per cent, new product growth at 2.7 per cent, while volume growth at two per cent y-o-y.
- In October 2019, Telangana Government proposed Hyderabad Pharma City with financial assistance from the Central government of Rs 3,418 crore (US$ 489 million).
- As on August 2019, the moving annual turnover (MAT) for biosimilar molecules sold in the domestic market stood at Rs 1,498 crore (US$ 214.31 million).
- Healthcare sector witnessed private equity of total US$ 1.1 billion with 27 deals in H12019.
- Indian pharmaceutical industry’s export to the US will get a boost as branded drugs worth US$ 55 billion will become off-patent during 2017-2019.

CHAPTER -2

ORGANIZATION PROFILE

2.1 BACKGROUND

India is the largest provider of generic drugs globally. Indian pharmaceutical sector supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicine in the UK.
India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers with a potential to steer the industry ahead to greater heights. Presently, over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

It was founded by Khwaja Abdul Hamied as 'The Chemical, Industrial & Pharmaceutical Laboratories' in 1935 in Mumbai. The name of the Company was changed to 'Cipla Limited' on 20 July 1984. In the year 1985, US FDA approved the company's bulk drug manufacturing facilities. Led by the founder's son Yusuf Hamied, a Cambridge-educated chemist, the company provided generic AIDS and other drugs to treat poor people in the developing world. In 1995, Cipla launched Deferiprone, the world's first oral iron chelator. In 2001, Cipla offered medicines (antiretrovirals) for HIV treatment at a fractional cost (less than $350 per year per patient).

In 2013 Cipla acquired the South African company Cipla-Medpro, kept it as a subsidiary, and changed its name to Cipla Medpro South Africa Limited. At the time of the acquisition Cipla-Medpro had been a distribution partner for Cipla and was South Africa's third biggest pharmaceutical company. The company had been founded in 2002 and was known as Enaleni Pharmaceuticals Ltd.[17] In 2005, Enaleni bought all the shares of Cipla-Medpro, which had been a joint venture between Cipla and Medpro Pharmaceuticals, a South African generics company, and in 2008 it changed its name to Cipla-Medpro.

2.2 VISION and MISSION

Mission and Vision CIPLA Ltd

• Mission - “To provide excellent quality health care facilities at reasonable cost”
• Vision – To build a healthier and hence, better, world. Unichem Labs•

.2.4 PRODUCT/SERVICE PROFILE

Cipla sells active pharmaceutical ingredients to other manufacturers aswell as pharmaceutical and personal care products including Escitalopram (anti-depressant), Lamivudine and Fluticasone propionate. They are the world's largest manufacturer of antiretroviral drugs

In July 2020, the company announced the introduction of Gilead Sciences' Remdesivir under the brand name CIPREMI in India after reaching a voluntary licensing agreement with parent company[and DCGI approval for "restricted emergency use" in COVID-19 treatment of critical confirmed patients

Cipla has 34 manufacturing units in 8 locations across India and a presence in over 80 countries. Exports accounted for 48% ₹4,948 crore (equivalent to ₹68 billion or US$950 million in 2019) of its revenue for FY 2013–14. Cipla spent INR 517 cr. (5.4% of revenue) in FY 2013–14 on R&D activities. The primary focus areas for R&D were development of new formulations, drug-delivery systems and APIs (active pharmaceutical ingredients). Cipla also cooperates with other enterprises in areas such as consulting, commissioning, engineering, project appraisal, quality control, know-how transfer, support, and plant supply.

As on 31 March 2013, the company had 22,036 employees (out of which 2,455 were women (7.30%) and 23 were employees with disabilities (0.1%)).During the FY 2013–14, the company incurred ₹1,285 crore (equivalent to ₹17 billion or US$230 million in 2019) on employee benefit expenses

2.5 ACHIEVEMENTS/AWARDS

- In 2012, Cipla received the Thomson Reuters India Innovation Award.
- Cipla won Dun & Bradstreet American Express Corporate Awards in 2006.
- In 2007, Forbes included Cipla in the 200 'Best under a billion' list of best small Asian companies.
- In 1980, Cipla won Chemexcil Award for Excellence for exports.[12]
- In 2015, Cipla stood third in the India's Most Reputed Brands (Pharmaceutical) list, in a study conducted by BlueBytes, a leading Media Analytics firm in association with TRA Research, a brand insights organization (both a part of the Comniscient Group).

2.6 FUTURE GROWTH AND PROSPECTS

Earnings vs Savings Rate: CIPLA's forecast earnings growth (**14.9% per year**) is above the savings rate (6.5%). Earnings vs Market: CIPLA's earnings (14.9% per year) are forecast to grow slower than the Indian market (19.3% per year). High Growth Earnings: CIPLA's earnings are forecast to grow, but not significantly.

Therefore it will not impact Cipla's earnings much in FY 2020. Gross margin is expected to be at 63-63.5% on a steady-state basis in the coming years.

Cipla also opted out of the push towards biosimilars, deciding it was not its game for now. It even withdrew from a direct-tomarket approach in Europe. Vohra told ET Magazine that he saw no point in playing in smaller markets, or the European market where it had strong competition in its own areas of strength (respiratory, oncology and immunology) from players like GlaxoSmithKline (GSK) and AstraZeneca. Vaziralli explains Cipla's strategy in the US foray, and says she wants to have three engines ..

CHAPTER -3

ANALYZING

BUSINESS MODEL'S

INTRODUCTION

Cipla is one of India's largest pharmaceutical firms that have been made to adjust their operations due to the recent changes in the environment. The aim of this essay is to therefore analyse the business model of Cipla. The essay also proposes that despite continuous competition between generic firms like Cipla, there is the potential to form a collaborative relationship with big pharma firms like GSK.

This essay is divided into six parts. This introduction is followed by Section two which gives an overview of business models. Section three provides an analysis of Cipla's business model using certain measures. Section four explains why and how Cipla's model needs to change in response to different changes in its operating environment. Section five is an overview of the generic and big pharma models and the relationship between them. Section six explains areas of differences between the two models and proposes a collaborative model between generic and foreign firms to leverage on strengths of each other.

THE CONCEPT OF BUSINESS MODELS

Weill et al (2005) noted that despite the common use of the term 'business model', the term remains seldom studied. They defined business models as consisting of what a business does, and how it makes money doing those things. According to Rappa (2003), a business model is 'the method of doing business by which a company can sustain itself'; the business model is clear about how a company generates revenues and identifies where it is positioned in the value chain. The business model of a firm is not necessarily permanent. Froud et al (2006) affirmed that 'business models are dynamic and develop in response to changing industry conditions'. The firm is therefore not immune to external environment and has to adjust its strategies appropriately to sustain its revenue.

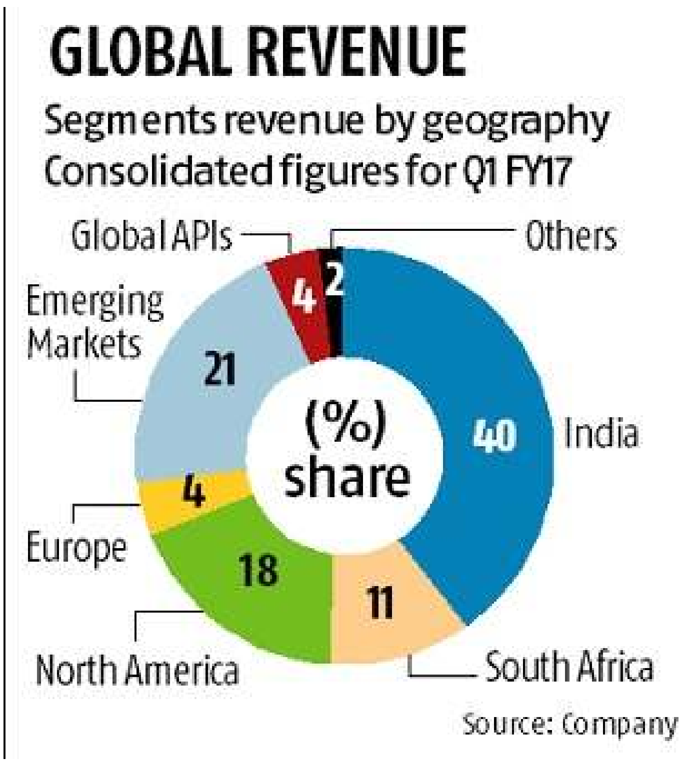
ANALYSING CIPLA'S BUSINESS MODEL

Over the years, Cipla has improved from a sales turnover of Rs. 1.5 crores in 1972 to Rs. 5657 in 2010. It also recorded a net profit of Rs. 1081.49 in 2010(Cipla 2010).In order for Cipla to have recorded this steady increase; there are certain internal competitive advantages which it possesses. Under the Business Model Institute definition, competitive advantage is a major sub component of the business model of any firm, competitive advantage is 'what a firm does best and better than others' (Muehlhausen 2008). Potter (1980) states that 'a firm can attain two basic types of competitive advantage, 'low cost or differentiation'. These, combined with the target audience of a firm, lead to three generic competitive approaches- cost leadership, differentiation and focus. Focus can be either cost focus or differentiation focus.

Low cost

Cipla's model entails the reverse engineering of new processes for the mass production of high quality drugs at low cost due to the absence of product patent. According to Tufts University, it costs about $1.2billion to bring new pharmaceutical products to the market (GSK 2007).Cipla simply reverse engineered the process. As a result, Cipla had a low cost business model. Cipla also enjoys relative cheap labour and high skilled manpower in India.

Therefore, Cipla can produce drugs much cheaper than those produced by the patent owners'. A notable example of this is the Cipla brand of anti-retroviral combination which was sold in year 2000, for $800 per patient per annum. On the other hand, big brand names sold the same combination for about $12,000 per patient per annum. Subsequently, Cipla further reduced the price to about $300 per patient per annum and subsequently to around $140(Greene 2007). The low cost model is therefore enabled because Cipla need not invest in R & D and testing of these drugs.



Organic growth

Chittoor and Ray (2007) identified Cipla as an 'explorer'. They defined an explorer as one in which despite continuous exploitation of its legacy capabilities, is still engaged in acquiring new capabilities. Cipla holds the largest market share among Indian companies with a market share of 5.16% in the domestic market sales and was able to overthrow GlaxoSmithKline with 4.89% (Mukherjee 2007). More recently in 2009, Cipla maintained its top position with a market share of 5.38% showing an 18% increase over the previous year (Jayakumar 2010). Founded in 1935, Cipla pioneered bulk drug manufacturing in India and had emerged as a major player in the domestic market during the process patent regime, leveraging on its significant process skills and reverse engineering capabilities. Post-1995, building on its reverse engineering capabilities, it developed new generic products for other developing economies similar to India and became one of the largest exporters of drugs from India, with foreign sales reaching up to 50% of total sales (Cipla 2010).

Business scope – expanding to other countries

Over the last three years, Cipla has forayed into developed markets such as the US and Europe using specifically developed generic drugs and marketing them through tie-ups with generic MNC majors such as Andrx (Cipla 2009). As at year 2005, Cipla's R&D was primarily aimed at developing new processes and generic drugs and hence remained at about 4% of sales. Even though its drugs are sold in over 100 countries, it has not made any overseas acquisitions. Exports which were negligible a few decades ago are now in excess of 50% of turnover (Cipla 2010).

WHY IS THERE A NEED FOR CHANGE?

World Trade Organization (WTO) Regulations

The 2005 enactment of the Trade Related Intellectual Property Rights (TRIPS) agreement signed by India, led to the reinstatement of the patent law for the first time since 1972. As a result, the reverse engineering which underpinned the Indian industry expansion in now illegal. This has led to the need for Indian generics companies to change their business models. As it expands its core business, Cipla and other Indian generics are being forced to adapt its business model because of the recent changes in its environment.

Patents expiring

Until the mid-1990s when India signed the WTO agreement, many leading Indian pharmaceutical companies relied on the domestic market alone. Since 2002, over $80 billion worth of block busters have lost their patents. Another $74 billion worth is expected to be exposed to generic competition as a result of loss of patent between 2009 and 2012(Long 2009). As a result, Indian generics are taking advantage of the global generics market and expanding to developed countries. Cipla is well positioned as it has a competitive edge of low cost manufacturing and advance chemistry capabilities.

Return of Multinational pharma companies to India

Many of the foreign MNCs that fled India as a result of the former conditions are now returning to India to become full-fledged research based multinationals. Within the next five years, it is estimated that 'Indian generics will lose about $650 million of the local generics market to patent holders' (Singh 2006). This is as a result of big pharma defensive strategies which include undermining the credibility of generics with health care providers, offering their own authorized generics, engaging in fierce price wars with generics and slowing the rate at which generics hit pharmacy shelves(Christopher 2006). This has created the need for Cipla to increase sales of its products to other countries.

Luo and Pend (1999) identified three strategies open to Indian firms as they make steps to respond to institutional and market changes and maintain their market share. These are; 1) Exit strategy: exit the market by divesting the business; 2) A defensive strategy targeted at the defence, protection and consolidation of the firms position in the domestic market in the same product market domains; 3) A bold, assertive and aggressive strategy of leveraging the current stock of capabilities and dynamically building new capabilities to expand geographically through internationalization. Cipla is presently carrying out a defensive strategy by expanding domestic sales and also expanding to other countries through its partnerships.

The industry is changing its model from its 'reverse engineering' model to a 'consolidation model' where companies can pool resources together with other domestic and foreign firms. Cipla has formed Ciplagenpharm with an Australian company after entering into agreement in 1997(Ciplagenpharm 2005 cited in Malhotra 2005). Cipla also went into a research alliance with Avesthagen, a Bangalore-based biotech company to develop bio therapeutic products. (Cipla 2005). Cipla tied up with Morton Grove Teva/Ivax, AkomWatson, and Sandoz /Eon for the US market. In the UK with NeoLabs,and with Medpro in South Africa (Bisserbe 2006).

Cipla's strategy is more suitable to today's scenario, in which competition is growing and pricing pressure is persistent. Cipla is geographically diversified, it now exports to 160 countries and its exports account for around 50% of its revenues (Cipla 2009). It is present in markets through partnerships and is focused on its core competencies of product development and manufacturing.

More R & D spending

Cipla is rising up the value chain. From being a pure reverse engineering firm focused on the domestic market, Cipla is moving towards basic research driven, export oriented global presence, and enlarging its market reach. Cipla recently invested Rs. 250 crores in a new R & D facility in Mumbai (Cipla 2009. The total expenditure on R & D as a percentage of total revenue increased to about 5 % in 2009(Cipla 2010). Cipla's R & D now includes development of new drug formulations, patenting of newer processes and products of the domestic and international markets and development of new products specifically for exports.

More Exports

Previously, Cipla was engaged mostly in sales to its domestic market. More recently this has changed as Cipla is reducing its over-dependence on the domestic business by generating strong consistent growth in export markets. Cipla has also begun to export its products to developed countries (Cipla 2009).

In 2001, there was a sales growth of 84% in the export division. Total export for that year amounted to Rs. 2583 million. This was attributed to the launch of Dinex, Cipla's chewable anti-retroviral drugs in the same year (Cipla 2002).

PRESENT SITUATION IN PHARMA INDUSTRY- GENERICS AND BIG PHARMA

As innovative blockbusters continue to go off patent, the market for generics which is already a significant share of the global healthcare market will continue to grow. This is in a bid by payers to counter increasing healthcare costs and still provide appropriate patient care. While originator companies are expected to continue showing innovation despite dwindling pipelines, generics continue to use speed to market products, with the right molecules as the essential success factor. According to Long (2009), 'conventional lines of demarcation are blurring: many MNCs are already buying into and owning generics businesses.Generics companies are also attempting to move into proprietary brands'.

Desi Drug Cos Go Shopping

SEPT 2015 Cipla buys InvaGen and Exelan for $550 million

JUL 2015 Lupin buys Gavis in US for $880 million

APR 2015 Dr Reddy's buys Belgian drugmaker UCB's brands for $128 million

MAR 2015 Sun Pharma buys opioid business of GSK Pharma for undisclosed amount

MAY 2015 Strides buys Aspen Pharma's Australian assets for $287 million

CONNECTIONS AND DIFFERENCES BETWEEN GENERIC AND BIG PHARMA MODELS

Among academics, there have been debates about the relationship between the generics and ethical pharma business models. As a result of the recent economic transformations in India, a unique business environment has been created for firms.

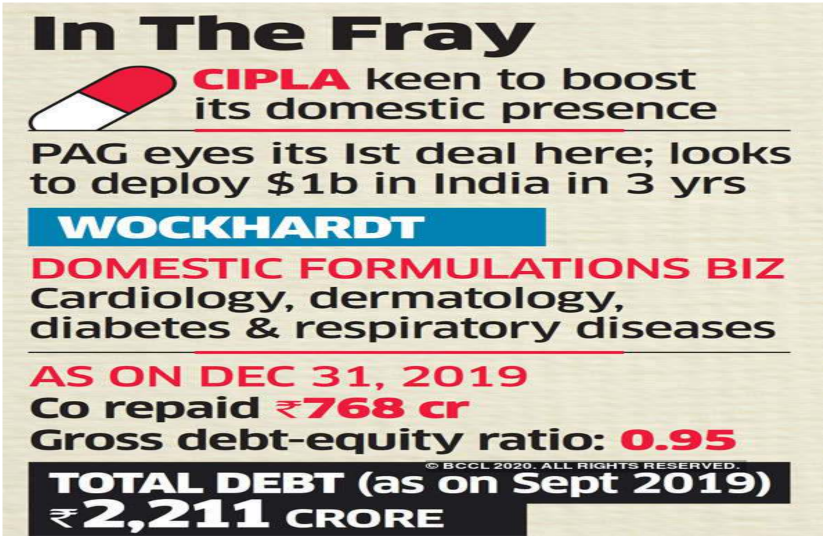
Luo and Tung (2007) have conceptually argued that the present conditions may prompt Indian firms to recognize their unique competitive assets such as low manufacturing and development costs and the large pool of readily available scientists that could be exploited in international markets either in other emerging economies or in developed economies. Hu (1995) suggested further that firms from emerging economies may have a competitive advantage over developed economy firms in entering other emerging economies owing to the benefit of operating in similar institutional setting quite like their home setting. Thus, to improve their competitiveness and to develop new resources and capabilities, firms based in emerging economies may be forced to internationalize their operations (Hoskisson et al., 2004).

On the contrary, Prahalad and Lieberthal (2003) believe that 'MNC's possess superior resources and capabilities when compared to domestic firms'. The firm-specific advantages of many emerging economy firms are valuable only in their home country and may not be sustainable. MNC's are also now developing generic brands of their products and now compete with Indian generics in the domestic market. Hamied (2005), predicts that by 2015,' multinational companies will make 60% of all patented drugs sold in India' and that Indian generics will be affected by 'predatory pricing and be wiped out'. As a result of the economic reforms, the most preferred options for most firms may be to enter into partnership or joint venture along with foreign firms to improve competitiveness or even sell out entirely to a multinational firm (Dawar and Frost, 1999).

REASONS WHY THE BIG PHARMA WILL BE WILLING TO PARTNER

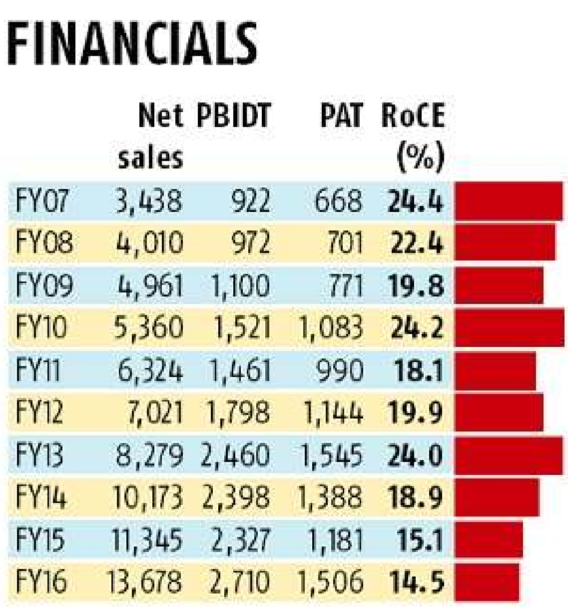
Expansion of generics market in developed countries

From exhibit 1, the generic share of dispensed prescription has increased from 51.1 % in 2003 to 68.3% in 2008. This is as a result of over $80 billion of branded drugs losing patents in 2002 and thereby being exposed to generic competition. A further $74 billion will lose their patents between 2009 and 2012. This shows the level of competition presently between generics and branded firms in developed countries like the USA.



In the past six months, Cipla has exited 24 countries and brought down its presence abroad to 110 nations from about 135 earlier. Much of this has been achieved by Umang Vora, who took charge as managing director and chief executive officer (CEO) from September 1. He was elevated from the earlier role of chief operating officer. Vora aims to exit six more countries in the near future and there could be more on the cards.

These moves are aimed at enabling the company to maintain focused and profitable growth. However, the phase of accelerated expansion into global markets did not start too long ago. Subhanu Saxena joined the company as CEO in February 2013, following the resignation of then joint managing director Amar Lulla in December 2010. Saxena, to strengthen presence in the "rest of the world" markets, entered into a series of acquisitions of distributions companies. It was a move to adopt the costly front-end model of business beyond the domestic market. It was opposite to what Lulla had practised under the partnership model for the company in foreign markets.



FINANCIALS

	Net sales	PBIDT	PAT	RoCE (%)
FY07	3,438	922	668	24.4
FY08	4,010	972	701	22.4
FY09	4,961	1,100	771	19.8
FY10	5,360	1,521	1,083	24.2
FY11	6,324	1,461	990	18.1
FY12	7,021	1,798	1,144	19.9
FY13	8,279	2,460	1,545	24.0
FY14	10,173	2,398	1,388	18.9
FY15	11,345	2,327	1,181	15.1
FY16	13,678	2,710	1,506	14.5

PBIDT: profit before interest, depreciation and tax;

Fast expansion into global markets saw the company's return on capital employed dropping to 14.5 per cent at the end of 2015-16, from 24 per cent at the end of 2012-13. Capital employed comprises shareholders' funds and debt. Profit margins, too, have declined. Certainly, the expansionist mode did not work, and hence the consolidation strategy under the new leadership of Vora is in play now.

"In the past four years, the company invested in building front-end in various global markets, acquiring key assets such as Medpro in South Africa and building strong leadership positions in various emerging markets," said a company spokesperson in response to *Business Standard*'s query. Cipla acquired Medpro in 2013 for Rs 2,707 crore and followed up with the Rs 3,575-crore acquisitions of the US generic drug makers, InvaGen and Exelan. "Our focus will be to consolidate our position globally and focus on our key markets," the spokesperson said.

As part of the new strategy, Cipla intends to have front-end presence in "key markets" including India, the US and South Africa. In other markets, it intends to return to the old model of partnership.

Leveraging the front-end in the US market, the company plans to launch 10-15 products. It has a target of filing 20-25 ANDAs (Abbreviated New Drug Applications) in the current financial year for drugs going off-patent.

"We expect the execution of the InvaGen pipeline and continued approvals in Cipla DTM (direct-to-market) to ramp up the US revenue to about $500 million by FY18, which should help improve base business margin over FY18-19," said Neha Manpuria, analyst with JP Morgan Securities.

In the next five to seven years, the US is going to see drugs in broad categories of respiratory, HIV, immuno medications and oncology, go off-patent. The company has huge proven capabilities in respiratory and HIV drugs where it sees opportunity with drugs going off-patent in the US. Oncology is the third area where the company claims to be well-versed with to capitalise on the coming opportunity in the world's largest market for pharmaceutical products.

Cipla reported 18 per cent of its Rs 3,594-crore revenue in the quarter ended June from North America. Domestic rivals Lupin earns over 40-45 per cent of revenue from the US market. While there is potential for Cipla to ramp up the revenue share of the US market in the short to medium term, analysts don't sound confident.

"While management expects US business to see strong growth led by four-five limited competition (drugs) over the next 12 months, the challenges for the business have risen significantly and we remain cautious," said Piyush Nahar, analyst at Jefferies India. "Cipla is, in our view, significantly late to the market, which will limit the overall potential of the business," he said in his note to investors in August.

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CHAPTER - 4

SWOT ANALYSIS

SWOT Analysis of CIPLA

A SWOT analysis is an incredibly simple, yet powerful tool to help you develop your business strategy, whether you're building a start-up or guiding an existing company.

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats.

Strengths and weaknesses are internal to your company - things that you have some control over and can change. Examples include who is on your team, your patents and intellectual property, and your location.

Opportunities and threats are external—things that are going on outside your company, in the larger market. You can take advantage of opportunities and protect against threats, but you can't change them. Examples include competitors, prices of raw materials, and customer shopping trends.

SWOT assumes that strengths and weaknesses are frequently internally-related, while opportunities and threats commonly focus are due to the external environment. The name is an acronym for the four parameters the technique examines:

- Strengths: Characteristics of the business or project that give it an advantage over others.
- Weaknesses: Characteristics of the business that place the business or project at a disadvantage relative to others.
- Opportunities: Elements in the environment that the business or project could exploit to its advantage.
- Threats: Elements in the environment that could cause trouble for the business or project.

The degree to which the internal environment of the firm matches with the external environment is expressed by the concept of strategic fit. Identification of SWOTs is important because they can inform later steps in planning to achieve the objective. First, decision-makers should consider whether the objective is attainable, given the SWOTs. If the objective is not attainable, they must select a different objective and repeat the process.

When you take the time to do a SWOT analysis, you'll be armed with a solid strategy for prioritizing the work that you need to do to grow your business.

You may think that you already know everything that you need to do to succeed, but a SWOT analysis will force you to look at your business in new ways and from new directions. You'll look at your strengths and weaknesses, and how you can leverage those to take advantage of the opportunities and threats that exist in your market.

CIPLA - Cipla Ltd (Cipla) is a pharmaceutical company, which manufactures and distributes branded medicines, generics and active pharmaceutical ingredients (APIs). It offers products for the treatment of various conditions such as cardiovascular and paediatric diseases, dermatological and cosmetologically conditions, HIV/AIDS, diabetes, hepatitis, infectious diseases and critical care, malaria, cancer, neurological, ophthalmic, respiratory and urological conditions, osteoporosis and women's health. The company also operates in consumer healthcare and biosimilar businesses. Cipla manufactures metered-dose inhaler devices, spacers and related devices; and conducts R&D to develop new medicines and drug delivery systems. The company has operations in India, US, Canada, South Africa and major regulated and emerging markets among others. Cipla is headquartered in Mumbai, Maharashtra, India.

4.1STRENGTHS

Strength is a characteristic that adds value to something by making it more special, unique and advantageous when compared. In this element of SWOT, the abilities and the key properties of organization are discussed that gives an organization an advantage over other organizations by making it more competitive. It defines the characteristics and situations of an organization which makes it more effective and efficient when compare with its competitors. It defines the areas in which the organization hold a command or is good at doing it and that provides the organization and important capability. It can be a skill, a resource, image, market leadership, relation with buyer or supplier or any other advantage relative to its competitors that fulfil the needs of the market by providing the organization with a comparative advantage.

Strengths of Cipla are:

- **Strong R&D:** Cipla has focused on developing new products as well as on improving drug delivery systems and expanding product applications. Cipla has set up strong Research and Development department for the same. The strong R&D facilities are well supported by many manufacturing plants across the cities.

- **The wide range of Products:** Cipla has a broad product portfolio includes APIs and formulations for humans and animal healthcare products. Cipla has over 2000 products in over 65 categories and is constantly looking for expansion of its product portfolio.

- **Social and technological initiatives:** Cipla provides and supports to cancer patients by providing them low-cost medicines and it also initiated a "No touch Breast Scan" which is a step forward to screening technology in India.

- **Well recognised by various regulatory authorities:** Cipla's products are well recognised by regulatory authorities of India, USA, Germany and the UK etc. this provides credibility to the products of Cipla.

4.2WEAKNESS

Cipla Weakness refer to the situation in which the existing capabilities and the resources the company holds are weaker or not sufficient compared to others organizations in the market. In other words, it means the aspects in which the organization is less efficient and needs to improve in order to align with the

market trends. As these aspects negatively affect the overall performance of the organization by making it weaker compared to its competitors.
These are the factors that an organization lacks and does poorly in comparison to the organizations operating in the same market at the same level. It is a deficiency or limitation of resources, capabilities, skills that majorly affect the organizations effective performance. Management capabilities, Facilities, financial resources, marketing skills and the weak brand image can be the sources of weakness.

Weaknesses of Cipla are:

- **Lack of significant presence in developed countries:** India is Cipla's major market for revenue generation. Although, Cipla has the presence in over 100 other countries but it has low significance in other developed markets and hence is highly dependent on the Indian market.

- **Negative campaigning:** AIDS healthcare foundation had challenged Cipla over pricing of its drug for AIDS, which keep the drugs out of reach of many in need. This brought a negative publicity for Cipla.

- **Limited** market share**:** High competition from local as well as multinational pharmaceutical companies limits market share for Cipla and doesn't allow rapid growth.

4.3OPPURTUNITIES

Cipla Opportunities is an advantage and the driving force for an organization. It is the convenient time or situation that is present in the environment and will help the organization in achieving its goals. It is a factor that contribute positively towards the growth of the organization. It is a condition existing in the external environment that allow the organization to take an advantage of the organizational strengths, and help in overcoming the weaknesses and to neutralize the threats present in the environment.

Opportunities of Cipla are:

- ✓ **Strategic Expansion:** In the recent past, Cipla has been expanding its business through initiatives such as investments, partnerships and acquisitions in India as well as in the international market. For instance, Cipla invested in a biotech manufacturing facility in South Africa. It also acquired InvaGe pharmaceuticals in the USA etc.

- ✓ **Treatment of HIV:** Cipla offers a wide range of ARV products through C-GA for the treatment of HIV/AIDS in both children and adults. The growing number of patients can be provided cure by Cipla's medicines.

- ✓ **Grow in Emerging markets:** Cipla should look forward to growing in emerging markets, especially places where medical infrastructure is improving and hence pharmaceutical is also expected to grow.

4.4THREATS

Threats are the factors that prevent the organization from the actualization of an activity. It is an unfavourable situation that exist in the environment making it difficult for the organization to achieve its defined goals. It is a situation that arises as a result of the changes that took place in the immediate or distant environment, preventing the organization from maintaining its existence and superiority in the growing competition and are disadvantageous for the organization.
All the environmental factors are considered as a threat to an organization that could affect the efficiency and effectiveness of the organization.

Threats faced by Cipla are:

- **Drug** Pricing **control methods in India:** Governments have influence over pricing of a drug through national health organisations. In India, a new pricing policy under Drug price control has been proposed which can have a negative impact on the industry. Changes in pricing policy affect pharmaceutical companies.
- **Intense competition in generics industry:** There is intense competition in the Indian generics industry from major competitors such as Lupin, Sun Pharma etc. This affects growth potential as well as limits the market share for Cipla.

Fluctuation in Exchange rates: Any changes in the exchange rates affect the company's financial agreement with other countries and thus can affect profitability

CHAPTER - 5

FINANCIAL ANALYSIS

Financial Analysis of CIPLA

CIPLA Income Statement Analysis

- Operating income during the year rose 8.3% on a year-on-year (YoY) basis.
- The company's operating profit increased by 9.6% YoY during the fiscal. Operating profit margins witnessed a fall and down at 19.4% in FY19 as against 19.2% in FY18.
- Depreciation charges increased by 0.3% and finance costs increased by 47.4% YoY, respectively.
- Other income grew by 33.3% YoY.
- Net profit for the year grew by 5.4% YoY.
- Net profit margins during the year declined from 9.4% in FY18 to 9.1% in FY19.

BALANCE SHEET OF CIPLA (in Rs. Cr.)	MAR 20	MAR 19	MAR 18	MAR 17	MAR 16
	12 mths	12 mths	12 mths	12 mths	12 mths
EQUITIES AND LIABILITIES **SHAREHOLDER'S FUNDS**					
Equity Share Capital	161.25	161.14	161.02	160.90	160.68
TOTAL SHARE CAPITAL	**161.25**	**161.14**	**161.02**	**160.90**	**160.68**
Reserves and Surplus	15,548.70	14,794.10	14,068.17	12,382.76	11,355.54
TOTAL RESERVES AND SURPLUS	**15,548.70**	**14,794.10**	**14,068.17**	**12,382.76**	**11,355.54**
TOTAL SHAREHOLDERS FUNDS	**15,763.00**	**15,012.28**	**14,229.19**	**12,543.66**	**11,516.22**
Minority Interest	294.28	331.97	352.44	438.23	350.09

NON-CURRENT LIABILITIES					
Long Term Borrowings	2,369.28	3,830.07	3,662.11	3,645.36	221.88
Deferred Tax Liabilities [Net]	365.21	425.32	503.31	756.89	975.73
Other Long Term Liabilities	344.38	470.76	143.36	138.71	143.53
Long Term Provisions	133.27	121.41	137.92	140.52	144.68
TOTAL NON-CURRENT LIABILITIES	**3,212.14**	**4,847.56**	**4,446.70**	**4,681.48**	**1,485.82**
CURRENT LIABILITIES					
Short Term Borrowings	447.15	486.16	435.87	467.23	4,969.67
Trade Payables	2,281.81	1,947.99	2,119.12	1,571.14	1,475.82
Other Current Liabilities	715.99	600.60	650.12	932.96	1,019.71
Short Term Provisions	948.19	736.76	627.11	402.37	310.85
TOTAL CURRENT LIABILITIES	**4,393.14**	**3,771.51**	**3,832.22**	**3,373.70**	**7,776.05**
TOTAL CAPITAL AND LIABILITIES	**23,662.56**	**23,963.32**	**22,860.55**	**21,037.07**	**21,128.18**
ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	5,252.35	5,176.20	5,316.38	5,010.43	4,604.85
Intangible Assets	1,496.54	1,563.02	1,819.05	1,784.88	2,057.90
Capital Work-In-Progress	421.00	331.05	512.35	719.23	741.01
FIXED ASSETS	**7,573.42**	**7,415.40**	**8,116.76**	**8,478.29**	**8,724.69**
Non-Current Investments	454.50	428.35	156.63	135.62	175.28
Deferred Tax Assets [Net]	239.77	201.41	187.65	168.13	78.69

Long Term Loans And Advances	52.39	49.42	41.66	39.48	41.84
Other Non-Current Assets	702.30	572.97	729.01	714.25	560.88
TOTAL NON-CURRENT ASSETS	**11,956.38**	**11,536.69**	**12,046.45**	**12,232.44**	**12,286.95**
CURRENT ASSETS					
Current Investments	1,016.52	2,125.79	1,102.21	837.39	582.34
Inventories	4,377.60	3,964.83	4,044.70	3,485.28	3,808.05
Trade Receivables	3,891.31	4,150.72	3,102.45	2,563.05	2,356.27
Cash And Cash Equivalents	1,003.91	618.81	965.61	624.21	871.40
Short Term Loans And Advances	5.60	6.28	19.91	9.53	10.92
OtherCurrentAssets	1,411.24	1,560.20	1,579.22	1,285.17	1,212.25
TOTAL CURRENT ASSETS	**11,706.18**	**12,426.63**	**10,814.10**	**8,804.63**	**8,841.23**
TOTAL ASSETS	**23,662.56**	**23,963.32**	**22,860.55**	**21,037.07**	**21,128.18**
OTHER ADDITIONAL INFORMATION					
CONTINGENT LIABILITIES, COMMITMENTS					
Contingent Liabilities	1,382.19	1,137.34	1,002.86	1,441.90	1,150.11
BONUS DETAILS					
Bonus Equity Share Capital	151.66	151.66	151.66	151.66	151.66
NON-CURRENT INVESTMENTS					
Non-Current Investments Quoted Market Value	0.00	0.00	0.00	0.00	0.00
Non-Current Investments	219.53	193.86	147.01	123.22	158.46

Unquoted Book Value					
CURRENT INVESTMENTS					
Current Investments Quoted Market Value	0.00	0.00	0.00	0.00	0.00
Current Investments Unquoted Book Value	1,016.52	2,125.79	1,102.21	837.39	582.34

PARTICULARS (₹ CR)	**2020**	**2019**	**2018**
NET SALES	12659.15	12374.01	11389.90
OPERATING PROFIT	3600.14	3079.52	2452.91
OTHER INCOME	892.85	577.52	334.88
INTEREST	36.05	16.97	11.90
DEPRECIATION	599.78	569.72	529.61
PROFIT BEFORE TAX	2964.31	2492.83	1911.40
TAX	646.14	604.42	442.88
PROFIT AFTER TAX	2318.17	1888.41	1468.52
SHARE CAPITAL	161.25	161.14	161.02
RESERVES	17241.71	15620.77	13952.50
NET WORTH	17402.96	15781.91	14113.52
LOANS	301.81	225.98	424.25
GROSS BLOCK	6702.19	6161.03	5755.15
INVESTMENTS	7189.75	5815.19	4636.98
CASH	523.07	174.56	227.53
DEBTORS	3560.27	3168.73	2336.32
NET WORKING CAPITAL	6044.31	5706.06	5117.84

OPERATING PROFIT MARGIN (%)	28.44	24.89	21.54
NET PROFIT MARGIN (%)	18.31	15.26	12.89
EARNING PER SHARE (RS)	28.75	23.44	18.24
DIVIDEND (%)	200.00	150.00	150.00
DIVIDEND PAYOUT	564.20	241.57	160.94

For the three months ended 30 June 2020, Cipla Ltd revenues increased 9% to RS43.46B. Net income increased 21% to RS5.78B. Revenues reflect New Ventures segment increase from RS362.4M to RS1.17B. Net income benefited from Other Expenditure decrease of 17% to RS9.36B (expense), Share of profit/(loss) from associates decrease of 77% to RS53.9M (losses). Basic Earnings per Share excluding Extraordinary Items increased from RS5.93 to RS7.17.

CHAPTER - 6

LEARNING EXPERIENCE

Aligning the efforts with its philosophy of continuous learning, Cipla University offers best-in-class learning that helps its people do better at their jobs.

Learnability is the biggest skill one can possess in the hyper-dynamic times that we exist in. There is a need for people to quickly learn and unlearn, and re-invent themselves if they seek to survive in the professional arena. At the same time, owing to how automation and technology are changing the nature of jobs, even organisations need to focus on continuously adding to the knowledge and skills of their people to stop them from becoming redundant. Gone are the days when learning and development were seen as a cost burden. It has now become essential for businesses that seek to sustain and grow in the existing volatile business scenario.

Cipla has been transforming its approach towards learning through focussed efforts by its learning and development arm, Cipla University. In line with its philosophy of continuous learning, Cipla University believes in offering best-in-class training while promoting continuous learning that would enable all its associates as well as the organization on the whole Learn-Excel-Grow in a regular manner. This would not just lead to performance excellence in the present, but more importantly make individuals and the organization, future ready as well.Hemalakshmi Raju, head- learning and development, Cipla says, “It’s not knowledge but a continuous learning approach that provides a competitive advantage.”

Raju shares that the organisation observed that there was a hunger for learning, and people needed guidance to be more efficient at what they do. More so, as the sales representatives in the pharmaceutical industry are mostly on the field and spend a significant amount of time, on-the-go. In addition, they have to deal with people who are way more qualified than them — the doctors. Even more challenging is the fact that theirinteraction window is limited to a few minutes versus the wait time that may be an hour or more.

Hemalakshmi Raju

It’s not knowledge but a continuous learning approach that provides a competitive advantage.

“Keeping all these challenges in mind, we realised that the field force required learning on the go such that they have anytime, anywhere access to relevant content. We launched mobile learning for the field force, a year ago. It allows them to utilise their wait time for learning, along with constant self-assessment on the same,” Raju explains.

The Company follows the 70:20:10 principle for its learning initiatives, and focuses majorly on continuous learning and self-learning. It has a unique programme called ‘Keep educating yourself’, under which it has provided its people access to a set of curated MOOCs. ‘My learning challenge’ is another unique initiative, that was organized sometime back, wherein employees could enrol themselves, pick a topic of their choice and spend at least half an hour every day, for ten days, learning the same.

Raju shares that over 250 people had enrolled for this programme across the globe, of which the best 10 were selected as learning champions. “The idea behind all these initiatives has been to inculcate in our people a habit of learning on their own,” Raju opines.

Cipla recently organised a learning expo at its office in Mumbai, with an aim to encourage self-learning and learning on the go. The event attempted to sensitise people and orient them to utilise various tools for self-learning through gamification.

Raju shares that the buy-in from the top management towards these digital learning efforts is extremely high and Cipla’s CEO, Umang Vohra and group chief people officer, Prabir Jha are strong proponents and ambassadors of the same

Looking ahead, Cipla is planning to organise social-learning drives, through digital platforms. It will include strong peer-to-peer learning through ‘tag and learn’ initiatives.

“Learning is not just about individual capability building but organisational capacity building” is a strong perspective held by Jha and Raju feels that Learning On the Go will be a key lever in bringing this alive.

CONCLUSION

In conclusion we make-out CIPLA business model to be the production of copycat drugs by reverse engineering of branded drugs and the sale of the generic drugs at cheaper prices to the Indian economy and any other country where the big pharmaceutical drugs do not have patent rights, however a change in the business model became inevitable in 2005 because of the Indian government adoption of WTO laws and caused a shift of the business model of CIPLA to focus more on R&D for the production of its own Branded drugs and strategic alliances which entail cooperation with Big Ethical pharmaceutical companies through in-licensing and know how transfer.

Another point to note is the change in relationship between the generic company and the big pharmaceutical where we see a competitive symbiotic relationship brewing, with increased dealings between the two types of firms where big pharmaceutical companies benefit from the cheaper cost of production and access to generic companies distribution pipelines and generics gain from the in licensing agreements where they share profits with the bug pharmaceutical companies. However big pharmaceutical companies still maintain development of competitive strategies to combat the generic companies by creation of their own generic companies and increased investment in both diversification and biotechnology.

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WEEKLY PROGRESS REPORT

Student Name	DEVINA REDDY
USN	1CR19MBA22
Title of the Study	Organization Study
Organization	CIPLA
WEEK-1	
Duration (start date - End date)	**6.8.2020 - 12.8.2020**
Chapters covered	Chapter 1 and Chapter 2
Descriptions of activities performed during the week	Introduction to organization, Industry profile and Company profile
WEEK-2	
Duration (start date - End date)	**13.8.2020 - 18.8.2020**
Chapters covered	Chapter 3
Descriptions of activities performed during the week	McKensy's 7S Framework Model & Porter's Five Force Model
WEEK-3	
Duration (start date - End date)	**19.8.2020 - 26.8.2020**
Chapters covered	Chapter 4 and Chapter 5
Descriptions of activities performed during the week	SWOT Analysis and analysis of financial statements
WEEK-4	
Duration (start date - End date)	**27.8.2020 - 30.8.2020**
Chapters covered	Chapter 6
Descriptions of activities performed during the week	Learning experience and Bibliography

Signature of the Student **Signature of the Guide**