V M V V SANGHA'S

V M K S R VASTRAD ARTS SCIENCE AND V S BELLIHAL COMMERCE COLLEGE HUNGUND

Project report entitled

" A PROJECT REPORT ON CIPLA COMPANY LIMITED"

UNDER GRADUATION OF BACHELOR OF COMMERCE

Submitted by

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B.Com-II Semester

Register Number U15IY22C0011

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2022-23

DECLARATION

I declare that this project report entitled **"A PROJECT REPORT ON CIPLA COMPANY LIMITED"** independent project carried out by me in partial fulfilment of the requirements for the award of the degree of Bachelor of Commerce by the **Rani Channamma University.** The project report has been prepared under the guidance of **.Mr. SHREESHAIL BOMMASAGAR** Co-ordinator Department of in Commerce, **Rani Channamma University, V M K S R VASTRAD ARTS SCIENCE & VS BELLIHAL COMMERCE COLLEGE HUNGUND.**

I have not submitted this project previously to this university or any other university for the award of any degree.

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CERTIFICATE

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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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The enclosed document is the outcome of a student academic assignment, and does not represent the opinions/views of the University or the institution or the department or any other individuals referenced or acknowledged within the document. The data and Information studied and presented in this report have been accessed in good faith from secondary sources/web sources/public domain, including the organisation's website, solely and exclusively for academic purposes, without any consent/permission, express or implied from the organization concerned. The author makes no representation of any kind regarding the accuracy, adequacy, validity, reliability, availability or completeness of any data/information herein contained.

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INTRODUCTION TO ORGANIZATIONAL INDUSTRY

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

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

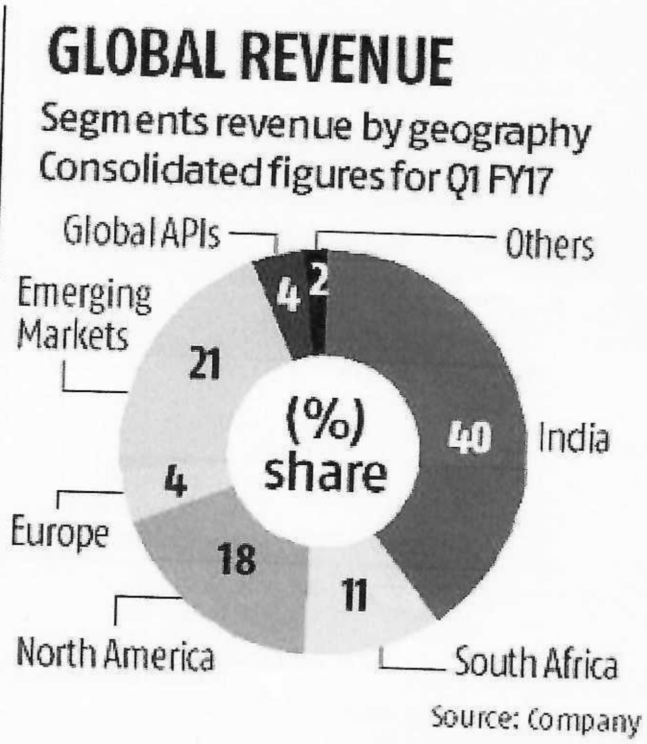
Indian pharmaceutical sector is expected to grow to US$ 100 billion, while medical device market is expected to grow US$ 25 billion by 2025. Pharmaceuticals export from India stood at US$ 20.70 billion in FY20. Pharmaceutical export include bulk drugs, intermediates, drug formulations, biologicals, Ayush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



ORGANIZATION PROFILE

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.

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

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).

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..

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.

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 Fray

CIPLA keen to boost its domestic presence

PAG eyes its 1st deal here; looks to deploy $1b in India in 3 yrs

WOCKHARDT

DOMESTIC FORMULATIONS BIZ
Cardiology, dermatology, diabetes & respiratory diseases

AS ON DEC 31, 2019
Co repaid ₹768 cr
Gross debt-equity ratio: 0.95

TOTAL DEBT (as on Sept 2019)
₹2,211 CRORE

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.

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

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;

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 theUS. 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.

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.

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.

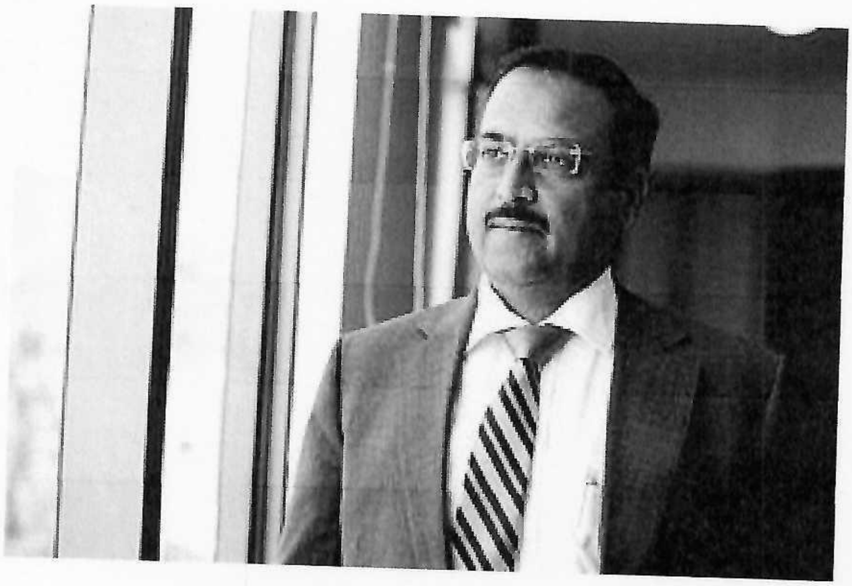
Amit Joshi
(Chief Investment Officer)

Amit Joshi Bajaj Allianz General Insurance as responsible as Chief Investment Officer in year 2016. He is responsible for managing the investment portfolio as per the risk and return objective set by the board and the investment committee of the company. Before joining Bajaj Allianz, his previous assignment was as Chief Investment Officer at Aviva Life Insurance company. Amit has total experience of more than 20 years in the investment industry spread across investment banks, life insurance and general insurance companies. He holds a bachelor degree in commerce from Banaras Hindu University (BHU) and master degree in Business Economic from university of Delhi. Amit also holds CFA charter from CFA Institute USA. Beside work Amit is very active in endurance sports like long distance running and cycling and regularly participates in marathons and ultra cycling event.

: LEADERSHIP AT BAJAJ ALLIANZ GENERAL INSURANCE

Our Team

At Bajaj Allianz, change being from the top. From digital initiative to product development, our leadership team bring a collective experience of, more than 100 years to the table. Combined with an entrepreneurial spirit and passion for customer success, they have been catalysts for the Company"s sustained performance as one of the most profitable insurers in the market today. As shepherds of the flock, they have been instrumental to taking us to new heights of growth



Mr. Tapan Singhel
(MD & CEO of Bajaj Allianz General Insurance Company)

A celebrated voice in the BFSI sector, he has over two and a half decade of rich experience in the insurance industry. He has been with Bajaj Allianz since its inception in 2001 and was an integral part of the team starting up the insurance business in the retail market. Mr. Singhel has been involved in various international project like setting up of retail business for Allianz in China and Bancassurance development in the Aisapacific region. Based out the company"s headquarters in Pune. He leads the company"s overall growth strategy.

He is known for his bold leadership to turn ideas into strategic actions, he has received many industry awards for his contribution. He was felicitated with the „CEO of the Year" award by ABF Insurance Asia Award in 2016. He has also been featured in the list of LinkedIn Power Profiles for being the most viewed profile in the financial sector on LinkedIn in India for two consecutive years since 2015. Under the aegis of his leadership, Bajaj Allianz General Insurance was adjusted Aon Best Employer in 2016