

BUY

TP: Rs 1,771 | ▲ 16%

CIPLA

| Pharmaceuticals

| 26 July 2025

Healthy pipeline in US to offset decline in gRevlimid sales

- Earnings were broadly in line with estimates. EBITDA margin reported at 25.6% amidst intense competition in gRevlimid
- New launches in the US like gAbraxane, gAdvair, gSymbicort, couple of inhalers, biosimilars & peptides to offset decline in gRevlimid sales
- 24% EBITDA margin sustainable with healthy new launches in the US. Maintain BUY. Roll forward to June'27, ascribing a similar PE of 28x

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Broadly In-line performance: Sales grew by 4% YoY, driven by 6% domestic sales, 14% One Africa sales, 11% International sales offset by 7% decline in the North America sales. Higher product mix resulted in a 156 bps YoY increase in gross margin to 69%. R&D contribution was higher at 6.2%, resulting in a flattish EBITDA margin at 25.6%. Healthy operations resulted in 10% growth in PAT.

North America region to witness healthy launches: During the quarter, sales declined by 7% YoY, primarily due to price erosion in gRevlimid. However, this was offset by a higher traction with increased market share in key products like gAlbuterol (19% market share) and Lanreotide (21% market share). Overall, management has guided for USD1bn sales in FY27 amidst intense competition in gRevlimid driven by the new launches like gAbraxane and gNilotinib. The company is expected to launch gAdvair in H2FY26, and is on track to launch gSymbicort, 2-3 inhalation products and peptides in FY27. CIPLA will likely launch its first Biosimilar Filgrastim in 2QFY26, expects to launch in-license biosimilars in the near term and its own developed Biosimilars from FY29-30. We expect minimal impact from gRevlimid LOE, and hence believe that the North America sales is likely to grow at -2% CAGR from FY26-28.

Domestic region to grow at par with IPM: Domestic sales grew by 6% YoY, largely affected by lower growth in respiratory and anti-infective therapies (30% higher concentration vs broader market). Cipla has 23 brands in the top 300 category of IPM and 29 brands in the top 100 category (added 5 in Q1FY26). Trade generics growth was higher vs last Q1 and expects to grow 8-10% amidst higher competition. Going forward, all 3 segments Rx, Tx and OTC are expected to grow well; hence, we expect the region to grow at 8% CAGR from FY26-28E.

Maintain BUY: Meaningful launches in the US will likely enable CIPLA to achieve USD1bn sales in FY27. Factoring in all the new launches post gRevlimid LOE, we expect sales/EBITDA/PAT to grow at 6%/4%/3% respectively. We maintain BUY and roll forward our valuation to June'27, ascribing similar 28x PE to arrive at TP of Rs 1,771 (earlier Rs 1,760).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	CIPLA IN/Rs 1,533
Market cap	US\$ 14.3bn
Free float	65%
3M ADV	US\$ 28.9mn
52wk high/low	Rs 1,702/Rs 1,335
Promoter/FPI/DII	33%/26%/24%

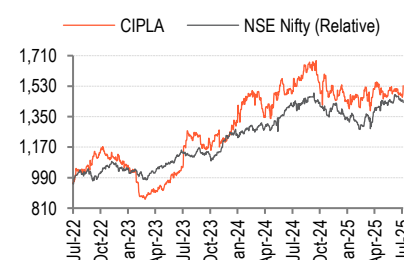
Source: NSE | Price as of 25 Jul 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	275,480	289,921	303,325
EBITDA (Rs mn)	71,283	72,922	73,299
Adj. net profit (Rs mn)	52,720	52,167	51,245
Adj. EPS (Rs)	65.4	64.7	63.6
Consensus EPS (Rs)	65.4	64.1	66.3
Adj. ROAE (%)	18.5	15.8	13.6
Adj. P/E (x)	23.4	23.7	24.1
EV/EBITDA (x)	16.7	16.1	15.7
Adj. EPS growth (%)	22.1	(1.1)	(1.8)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Financial Highlights

(Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Net Sales	69,575	66,939	3.9	67,297	3	275,480	289,921	303,325	326,325
Total Expenses	51,793	49,781		51,921		204,197	216,999	230,027	247,496
(%) of net sales	74	74		77		74	75	76	76
Raw material consumed	21,707	21,929	(1.0)	21,890		89,290	98,573	106,164	110,950
(%) of net sales	31	33		33		32	34	35	34
Staff cost	13,123	11,942	9.9	12,331	6.4	48,328	52,195	56,370	60,880
(%) of net sales	18.9	17.8		18.3		18	18	19	19
R&D cost	4,320	3,530	22.4	4,038	7.0	15,151	17,395	15,166	16,316
(%) of net sales	6.2	5.3		6.0		6	6	5	5
SG&A	12,643	12,380	2.1	13,662	(7.5)	66,579	49,981	50,104	57,060
(%) of net sales	18.2	18.5		20.3		24	17	17	17
EBITDA	17,781	17,158	3.6	15,376	15.6	71,283	72,922	73,299	78,829
Depreciation	2,527	2,467	2.4	3,087	(18.1)	11,070	11,845	13,862	13,576
EBIT	15,254	14,691	3.8	12,289	24.1	60,213	61,077	59,437	65,254
Interest	141	180	(21.7)	140	0.2	620	402	323	248
Other Income	2,586	1,602	61.4	2,895	(10.7)	8,610	9,286	9,616	9,863
PBT	17,699	16,114	9.8	15,043	13	68,203	69,961	68,729	74,869
Less: Taxation	4,779	4,351		2,793	71.1	15,298	17,609	17,299	18,844
Less: Minority Interest	(56)	(14)		32		185	185	185	185
Recurring PAT	12,976	11,776	10.2	12,218	(58)	52,720	52,167	51,245	55,839
Exceptional items	0	0		0		0	0	0	0
Reported PAT	12,976	11,776	10.2	12,218	(58)	52,720	52,167	51,245	55,839
Key Ratios (%)									
Gross Margin	68.8	67.2	156	67.5	100.0	67.6	66.0	65.0	66.0
EBITDA Margin	25.6	25.6	(7)	22.8	462.2	25.9	25.2	24.2	24.2
Tax / PBT	27.0	27.0		18.6	536.9	22.4	25.2	25.2	25.2
NPM	18.7	17.6	106	18.2	(1,709.7)	19.1	18.0	16.9	17.1
EPS (Rs)	16.1	14.6		15.2	(0.1)	65.4	64.7	63.6	69.3

Source: Company, BOBCAPS Research

Fig 2 – Revenue Mix

(Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	FY25	FY26E	FY27E	FY28E
Formulations	67,350	65,300	3.1	64,550	4.3	266,460	280,167	292,772	314,902
India	30,700	28,980	5.9	26,220	17.1	116,150	130,271	140,693	151,949
North America	19,330	20,870	(7.4)	19,190	0.7	78,990	76,051	70,525	72,546
SAGA	8,710	7,660	13.7	10,190	(14.5)	38,270	38,812	44,420	51,044
International	8,610	7,790	10.5	8,950	(3.8)	33,050	35,033	37,135	39,363
APIs	1,020	980	4.1	1,820	(44.0)	5,660	6,226	6,849	7,533
Others	1,210	650	86.2	920	31.5	3,360	3,528	3,704	3,890
Net Sales	69,580	66,930	4.0	67,290	3	275,480	289,921	303,325	326,325

Source: Company, BOBCAPS Research

Earnings Call highlights

Guidance

For FY26, we continue to maintain our EBITDA margin guidance of 23.5% to 24.5%,

On track to achieve USD 1bn sales in North America in FY27.

India business to witness growth in line with IPM.

North America region

Sales - US Generics revenue of USD226 mn was achieved despite facing price erosion in one of their large products in the US.

gAlbutrol - Albuterol ranked No. 1 in the overall US Albuterol MDI market, with a 19.5% market share as per IQVIA, with over \$50 mn supplies from the launch till now.

Lanreotide - has already matched last year's average quarterly sales and sees room for growth ahead. Currently, it's a 2-player market. The management expects to reach decent market share over a period. Expect ANDA version to garner higher market share soon.

gRevlimid – sales in Q1FY26 were similar to Q4FY25. Expect to finish quota in the first 3 quarters; 4th quarter would phase out completely.

gAdvair - Expect to commercialise the product in 2QFY26 from the US facility.

New launches - Nano Paclitaxel and Nilotinib to strengthen their presence in complex generics and oncology.

gAbraxane and gNilotinib were launched in mid Q1

Committed to launching 2-3 peptide assets in FY26.

Preparing for key respiratory launches later in FY26, including generic Symbicort and a couple of more inhalation assets.

gAbraxane – Currently, there are 2-3 players in the market already. One is an ANDA, another is 5052b. The market is big enough to accommodate perhaps more than what Cipla can produce.

Biosimilars - signed an agreement to launch Filgrastim, Cipla's first biosimilar in the US in 2QFY26 in oncology. There are many players in this category of market.

Expects to in-license a few assets in the near term and to develop own products by FY29-30.

Committed to JV for Cipla's share of investment to the upwards of \$100mn for the development of biosimilars. Expect to increase the outlay further in the next couple of years.

India region

Sales - growth of 6% YoY for the quarter, breaching the threshold of Rs 30 bn for the first time ever in any quarter of the financial year, and now contributes 44% of sales.

Therapy focus - higher concentration of respiratory and anti-infective therapies, which is almost 30% higher vs the broader market. These therapies saw a modest market growth of just 5% each, as per IQVIA June'25.

On MAT'25 basis, outperformed the market in several key therapies, including Respiratory, Anti-Infectives, Diabetes, Cardiology, Urology, Dermatology, and Pain, reaffirming the strength and breadth of our branded portfolio.

Chronic share - Continues to dominate and now has 61.5% share of their total billing as per IQVIA MAT June 25.

Brand presence – Cipla added five new brands to the Rs 1bn club, taking the total to 29. Cipla's presence in the brands ranking in top 300 has also expanded to 23.

Trade generics - business continues to deliver strong growth on the back of vigorous execution.

Consumer health - business continued its strong upward trajectory, with Nicotex, Omnigel and Cipladine securing No. 1 positions in their segments.

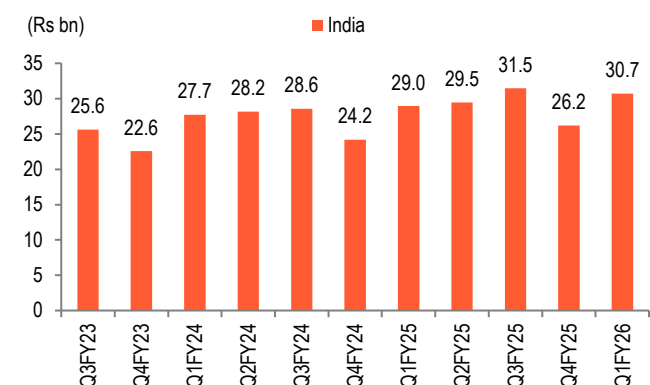
South Africa

Sales - recorded a growth of 11% YoY in US dollar terms, with South Africa growing 6% in ZAR terms. Growth in OneAfrica was fueled by significant progress in key therapies, expansion of the tender business, and successful new launches, demonstrating the ability to unlock opportunities and deliver value across diverse markets.

Private Market - reported a robust secondary growth of 5.6%, significantly outperforming the market growth of 3.8%.

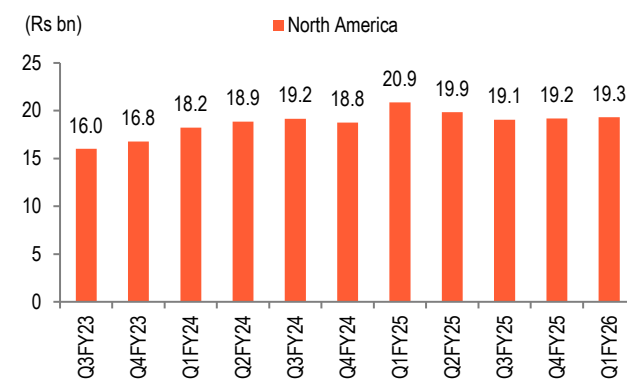
GLP 1 – Market will be crowded, hence, portfolio choices will perhaps be the most important. The entire category is more important than just looking at individual products. Expects to be in the first wave for both GLP-1 products. Expects this market to be very attractive and it will be a large market where Cipla will have a very definitive play. Not participating in the first wave in the Canada market.

Fig 3 – Domestic sales growth driven by Tx Rx and OTC



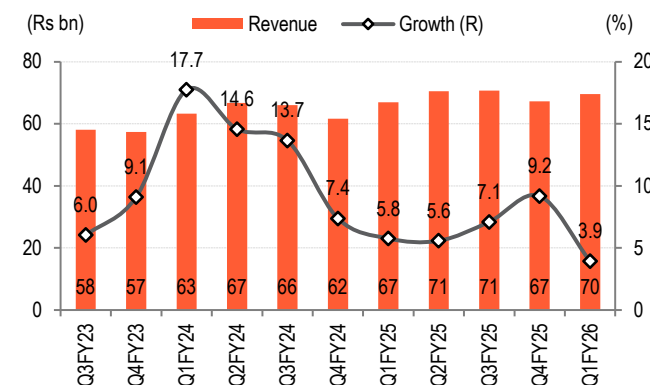
Source: Company, BOBCAPS Research

Fig 4 – North America sales maintained by healthy traction in key products



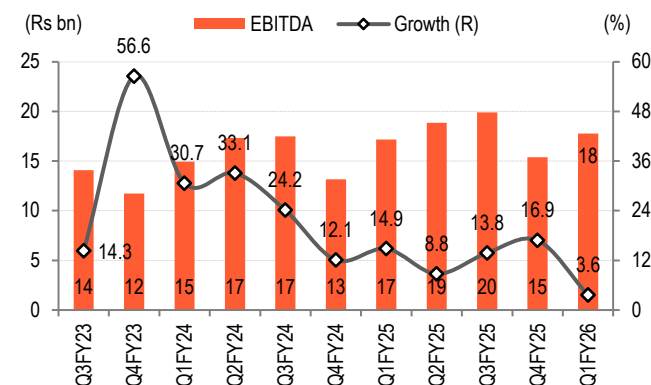
Source: Company, BOBCAPS Research

Fig 5 – Sales growth lowered due to competition in gRevlimid



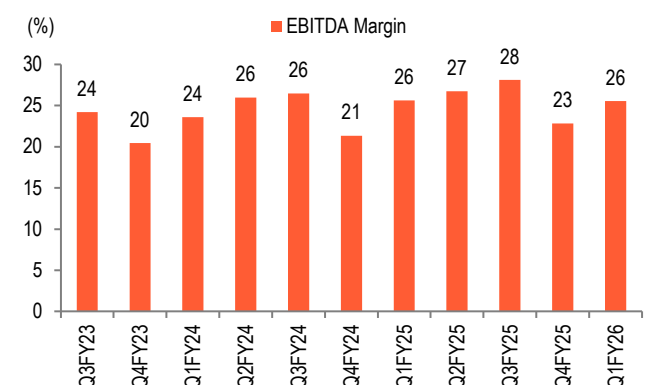
Source: Company, BOBCAPS Research

Fig 6 – EBITDA growth lower due to 22% YoY growth in R&D



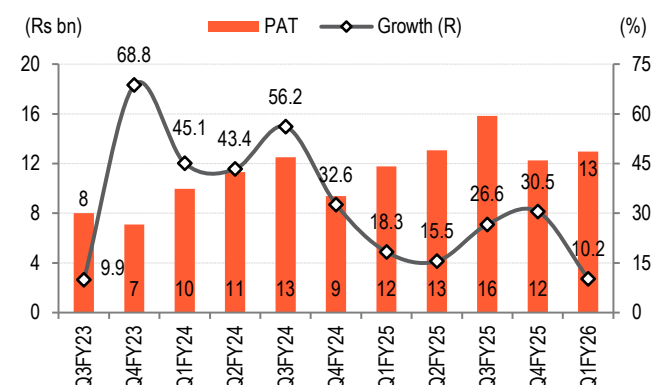
Source: Company, BOBCAPS Research

Fig 7 – EBITDA M driven by healthy sales in key products in the US



Source: Company, BOBCAPS Research

Fig 8 – Healthy operations led to healthy PAT



Source: Company, BOBCAPS Research

Valuation Methodology

CIPLA reported in line set of earnings where sales/ EBITDA/PAT were - 1.2%/5.3%13.6% above estimates. PAT was higher as depreciation reported 18% lower than our estimates. Geographically, the domestic and international regions reported 4.6% and 3.4% below our estimates, offset by 2.9% and 1.5% growth above estimate in the North America and SAGA regions. During the quarter, gross margin climbed to 68.8% amidst price erosion pressure, due to competition in gRevlimid (one of their key products in the North America region), which was offset by increased market share in their complex generic products like Albuterol and Lanreotide. One Africa continues to grow in double digits, driven by a higher growth in the private and OTC market.

Going forward, all segments are expected to grow at a healthy rate. The North America region witnessed healthy launches like gAbraxane (expect sales USD 21mn in H2FY26) where there is 505b2 version, Teva and Sandoz and gNilotinib. Existing products like gAlbuterol have witnessed the highest supplies of 50mn inhaler units from the launch and has the potential to witness higher market share from 19.5% with increase in capacity. Lanreotide market share has increased to 21.5% and is on track to garner its peak market share of 30-35% over a period. gRevlimid is also expected to witness healthy sales in 9MFY26 before going LOE in Jan'26. Overall, it has an exciting pipeline of new launches, which can mitigate the LOE impact of gRevlimid like gAdvair likely to launch in H2FY26 (expected sales of USD 60mn in H2FY26) and gSymbicort (expected sales of USD 250 mn in FY27), along with a couple of peptide and inhaler launches. CIPLA is also diversifying into biosimilars where it intends to participate through partner in the short and mid-term and later develop on its own from FY29-30. The company is committed to invest USD 100 mn in JV over a period. In the domestic region, all segments like Tx, Rx and OTC are expected to grow in line with IPM growth of 8%. South Africa region, too, continues to outgrow the market driven by higher traction in the private market and OTC market.

We model in FY28 numbers and factoring all the new launches post gRevlimid LOE, we expect sales/EBITDA/PAT to grow at 6%/4%/3% respectively. Hence, we maintain BUY and roll forward our valuation to June'27, ascribing a similar 28x PE to arrive at TP of Rs 1,771 (earlier Rs 1,760).

Fig 9 – Change in estimates

(Rs mn)	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	289,921	303,325	291,185	305,464	(0.4)	(0.7)
EBITDA	72,922	73,299	70,479	73,570	3.5	(0.4)
EBITDA margin (%)	25.2	24.2	24.2	24.1	95bps	8bps
EPS (Rs)	64.7	63.6	65.9	63.3	(1.7)	0.5

Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	257,741	275,480	289,921	303,325	326,325
EBITDA	62,915	71,283	72,922	73,299	78,829
Depreciation	10,510	11,070	11,845	13,862	13,576
EBIT	52,405	60,213	61,077	59,437	65,254
Net interest inc./(exp.)	(899)	(620)	(402)	(323)	(248)
Other inc./(exp.)	7,466	8,610	9,286	9,616	9,863
Exceptional items	0	0	0	0	0
EBT	58,972	68,203	69,961	68,729	74,869
Income taxes	15,466	15,298	17,609	17,299	18,844
Extraordinary items	(1,948)	0	0	0	0
Min. int./Inc. from assoc.	338	185	185	185	185
Reported net profit	41,220	52,720	52,167	51,245	55,839
Adjustments	(1,948)	0	0	0	0
Adjusted net profit	43,168	52,720	52,167	51,245	55,839

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	24,740	28,375	27,801	24,931	26,821
Other current liabilities	9,558	9,033	5,798	3,033	3,263
Provisions	17,410	18,653	19,631	20,538	22,096
Debt funds	5,594	4,382	3,652	2,809	2,161
Other liabilities	0	0	0	0	0
Equity capital	1,615	1,615	1,615	1,615	1,615
Reserves & surplus	262,384	305,364	353,679	401,072	453,060
Shareholders' fund	263,998	306,979	355,294	402,687	454,674
Total liab. and equities	321,300	367,421	412,175	453,999	509,015
Cash and cash eq.	8,750	7,998	9,562	14,443	15,190
Accounts receivables	47,707	55,064	67,516	73,130	78,676
Inventories	52,380	56,421	60,367	63,989	68,841
Other current assets	50,373	52,884	60,159	57,632	62,002
Investments	55,628	80,440	97,279	126,463	164,402
Net fixed assets	50,690	52,623	52,778	51,916	51,340
CWIP	11,527	15,663	15,663	15,663	15,663
Intangible assets	44,246	46,329	48,853	50,763	52,903
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	321,300	367,421	412,175	453,999	509,015

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	41,304	54,853	37,910	53,992	58,574
Capital expenditures	(13,150)	(15,000)	(12,000)	(13,000)	(13,000)
Change in investments	(18,406)	(24,812)	(16,839)	(29,184)	(37,939)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(31,556)	(39,812)	(28,839)	(42,184)	(50,939)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(2,437)	(1,212)	(730)	(843)	(648)
Interest expenses	(899)	(620)	(402)	(323)	(248)
Dividends paid	(4,037)	(4,037)	(4,037)	(4,037)	(4,037)
Other financing cash flows	(9,272)	(9,923)	(2,339)	(1,725)	(1,954)
Cash flow from financing	(16,644)	(15,793)	(7,507)	(6,928)	(6,888)
Chg in cash & cash eq.	(6,897)	(752)	1,564	4,881	747
Closing cash & cash eq.	8,750	7,998	9,562	14,443	15,190

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	51.2	65.4	64.7	63.6	69.3
Adjusted EPS	53.6	65.4	64.7	63.6	69.3
Dividend per share	5.0	5.0	5.0	5.0	5.0
Book value per share	326.3	379.6	439.3	497.8	562.1

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.7	4.3	4.0	3.8	3.5
EV/EBITDA	19.1	16.7	16.1	15.7	14.3
Adjusted P/E	28.6	23.4	23.7	24.1	22.1
P/BV	4.7	4.0	3.5	3.1	2.7

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	73.2	77.3	74.6	74.6	74.6
Interest burden (PBT/EBIT)	112.5	113.3	114.5	115.6	114.7
EBIT margin (EBIT/Revenue)	20.3	21.9	21.1	19.6	20.0
Asset turnover (Rev./Avg TA)	25.2	23.7	21.6	19.8	18.9
Leverage (Avg TA/Avg Equity)	1.0	1.0	1.0	1.0	1.0
Adjusted ROAE	17.5	18.5	15.8	13.6	13.1

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	13.3	6.9	5.2	4.6	7.6
EBITDA	25.2	13.3	2.3	0.5	7.5
Adjusted EPS	44.7	22.1	(1.1)	(1.8)	9.0

Profitability & Return ratios (%)

EBITDA margin	24.4	25.9	25.2	24.2	24.2
EBIT margin	20.3	21.9	21.1	19.6	20.0
Adjusted profit margin	16.7	19.1	18.0	16.9	17.1
Adjusted ROAE	17.5	18.5	15.8	13.6	13.1
ROCE	23.4	23.7	21.0	18.1	17.4

Working capital days (days)

Receivables	68	73	85	88	88
Inventory	74	75	76	77	77
Payables	35	38	35	30	30

Ratios (x)

Gross asset turnover	1.4	1.4	1.4	1.4	1.4
Current ratio	3.1	3.1	3.7	4.3	4.3
Net interest coverage ratio	58.3	97.1	152.1	184.0	262.6
Adjusted debt/equity	(0.2)	(0.3)	(0.3)	(0.3)	(0.4)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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CIN: **U65999MH1996GOI098009**



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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

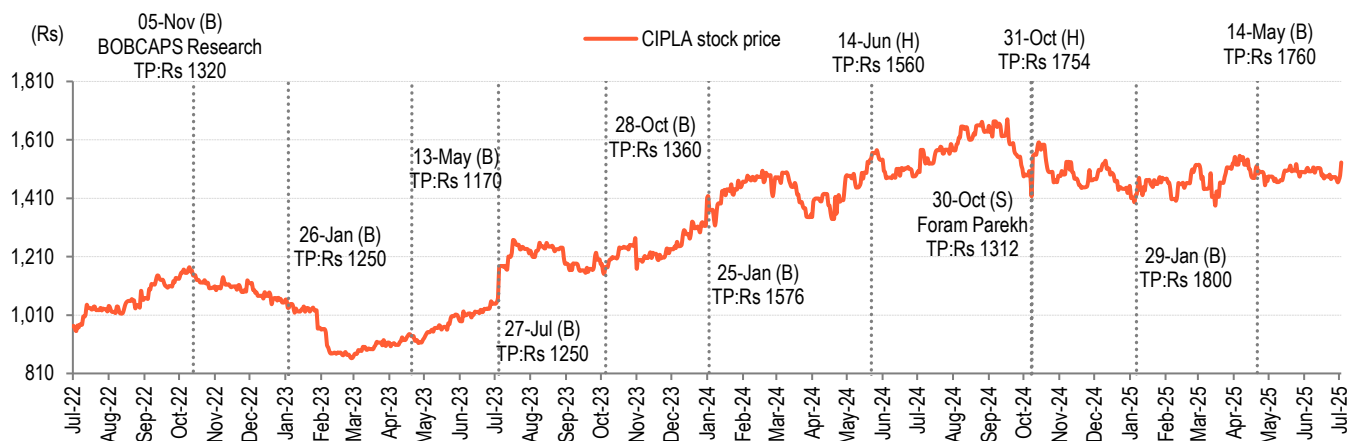
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): CIPLA (CIPLA IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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