RESULT REVIEW

HOLD
TP: Rs 1,452 | ⮝ 4%

CIPLA | Pharmaceuticals | 23 July 2026

EBITDA Margin guidance maintained subject to new launches

- **We factored in lower earnings growth due to full quarter impact of war; thus, sales/EBITDA/PAT was 6.7%/28.6%/24% above our estimates**
- **EBITDA Margin guidance sustained at 20% subject to new launches. New launches include 3 respiratory and 1 large peptide sales**
- **We continue to ascribe 22x PE and roll forward to Jun'28 EPS to arrive at a PT of Rs 1452 (earlier Rs 1378) thus maintain Hold**

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All round beat - Sales grew by 2.3% YoY to Rs 71.193 bn, driven by 12% YoY growth in One Africa, 12% YoY growth in India, and 16% YoY growth in EMs, which was offset by a 20% YoY decline in the North America region. Raw Material cost grew by 22.9% YoY, contributing 37% of sales in 1QFY27 vs 31% of sales in 1QFY26. Gross Profit declined by 7% YoY to Rs 44.521 bn due to the absence of a high-margin products. Thus, Gross Margin reported a decrease of 626 bps YoY to 62.5%. R&D cost grew by 12.5% YoY to Rs 4.86 bn in 1QFY27, contributing 6.8% of sales in 1QFY27 vs 6.2% in 1QFY26. Thus, EBITDA reported a 32.9% decline YoY to Rs 11.923 bn in 1QFY27 and EBITDA Margin decreased by 881 bps YoY to 16.7% in 1QFY27. Subsequently, PAT declined by 39.2% YoY to Rs 7.891 bn.

India sales grew at par with the IPM – CIPLA's India sales reported 12.4% YoY growth to Rs 15.32 bn, driven by growth across segments. The branded and trade generics segment grew in double digits, while the OTC segment growth was flat. The branded generics business grew by 15.5%, driven primarily by a 60% contribution from the Chronic portfolio. Most of the therapies outperformed IPM growth and grew in double digits, with Respiratory growing by 15%, Anti Diabetes growing by 43% (Yurpeak reported Rs 800 mn in 1QFY27), Cardiac growing by 20%, and Urology also growing in double digits. This IPM outperformance was driven by 1) volume growth, 2) strengthening of key brands, 3) higher field force productivity (freezing 12000 MRs) and 4) new launches. The OTC segment reported 2% growth to Rs 4.8 bn in 1QFY27. The company's acute business is also growing in line with the IPM. The branded prescription business is expected to maintain its momentum, aided by growth in both the acute and chronic portfolios.

Valuation - At CMP, on roll forward basis, the stock trades at 21x on Jun'28 EPS and we continue to ascribe 22x to arrive at a PT of Rs 1452 on the stock (earlier Rs 1378), implying 4% upside, thus retain BUY on the stock.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	CIPLA IN/Rs 1,393
Market cap	US$ 11.8bn
Free float	65%
3M ADV	US$ 26.5mn
52wk high/low	Rs 1,673/Rs 1,166
Promoter/FPI/DII	33%/26%/24%

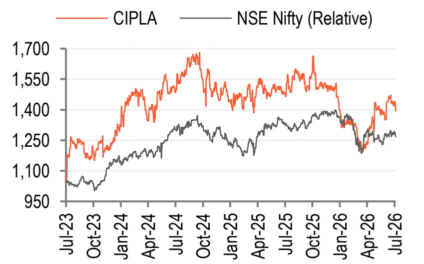
Source: NSE | Price as of 23 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	281,630	309,510	342,903
EBITDA (Rs mn)	59,253	59,556	68,822
Adj. net profit (Rs mn)	41,976	41,726	51,267
Adj. EPS (Rs)	52.1	51.8	63.6
Consensus EPS (Rs)	48.0	52.1	64.3
Adj. ROAE (%)	13.1	11.7	12.9
Adj. P/E (x)	26.7	26.9	21.9
EV/EBITDA (x)	20.3	20.4	18.1
Adj. EPS growth (%)	(20.4)	(0.6)	22.9

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

North America sales growth to be driven by new launches – This is the 2nd quarter of no Lenalidomide and Lanreotide sales for the company. In CC terms, sales grew by 4% QoQ to USD162 mn and 8% in INR terms to Rs 15.32 bn in 1QFY27. The growth was due to the launch of gVentolin (180 days exclusivity) and gaining market share to 21% in gProventil (19% in 4QFY26). The company expects this segment to report ~USD 1 bn in sales in FY27 through 1) the launch of 3 respiratory products, 2) a pick-up in volume in gVentolin, 3) 1 peptide launch (2 launched), 4) other small product launches, 5) sustaining strong performance in gProventil despite competition, and 6) favourable currency movement. Thus, we expect sales in CC terms to grow by 5% from FY27-29E and 9% in INR terms from FY27-29E.

Focusing on new complex modalities to spur growth – CIPLA has a healthy cash balance of Rs 100 bn as on Jun'26. The company intends to utilize this cash organically by venturing into newer, complex modalities like peptides (launched Liraglutide in the US) and biosimilars to mitigate the price erosion pressure in the generics portfolio in the North America region. This is visible in the higher R&D spend, which grew by 12.5% YoY to Rs 4.86 bn, contributing 6.8% of sales in 1QFY27 vs 6.2% in 1QFY26. Due to its focus on newer modalities, the company has ventured into peptides (Liraglutide) and expects to launch 1 large peptide in FY27E. The allocation towards newer modalities is in addition to the continuation of hefty dividend payouts.

EBITDA Margin guidance sustained at 20% - The company maintained its 20% EBITDA Margin guidance for FY27, factoring in new launches (3 respiratory and 1 peptide). In 1QFY27, the company reported a 16.7% EBITDA Margin, excluding Lenalidomide and Lanreotide. The weaker margin in 1QFY27 was also due to higher raw material costs on account of the Middle East war, which is expected to subside in the upcoming quarters. The company envisages new launches to be high-margin products, which would scale FY27 margins to 20% despite a weak 1QFY27 and a seasonally soft 4Q.

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Fig 1 – Quarterly Highlights

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Var (%)
Net Sales	71,193	69,575	2.3	65,412	9	66,718	6.7
Total Expenses	59,270	51,793		55,442		57,445	3.2
(%) of net sales	83	74		85		86	
Raw material consumed	26,672	21,707	22.9	22,487		23,552	13.2
(%) of net sales	37	31		34		35	
Gross Profit	44,521	47,868	(7.0)	42,925	3.7	43,165	3.1
Staff cost	14,974	13,123	14.1	14,143	5.9	15,345	(2.4)
(%) of net sales	21.0	18.9		21.6		23.0	
R&D cost	4,860	4,320	12.5	5,090	(4.5)	5,204	(6.6)
(%) of net sales	6.8	6.2		7.8		7.8	
SG&A ex of R&D	12,764	12,643	1.0	13,723	(7.0)	13,344	(4.3)
(%) of net sales	17.9	18.2		21.0		20.0	
EBITDA	11,923	17,781	(32.9)	9,970	19.6	9,273	28.6
Depreciation	3,042	2,527	20.4	3,829	(20.5)	3,336	(9)
EBIT	8,881	15,254	(41.8)	6,141	44.6	5,937	
Interest	170	141	21.2	131	29.7	133	
Other Income	2,109	2,586	(18.4)	1,482	42.3	2,002	
PBT	10,819	17,699	(38.9)	7,491	57	7,805	38.6
Less: Taxation	2,948	4,779		1,570	87.8	1,483	98.8
Less: Minority Interest	(20)	(56)		(45)		(45)	
Recurring PAT	7,891	12,976	(39.2)	5,967	(31)	6,367	23.9
Exceptional items	0	0		(420)		0	
Reported PAT	7,891	12,976	(39.2)	5,546	(31)	6,367	23.9
Key Ratios (%)			**(bps)**		**(bps)**		**(bps)**
Gross Margin	62.5	68.8	(626)	65.6	100.0	64.7	100.0
EBITDA Margin	16.7	25.6	(881)	15.2	221.7	13.9	426.1
Tax / PBT	27.3	27.0		21.0	153.4	19.0	255.8
NPM	11.1	18.7	(757)	9.1	(346.1)	9.5	356.7
EPS (Rs)	9.8	16.1		7.4	0.0	7.9	0.0

Source: Company, BOBCAPS Research

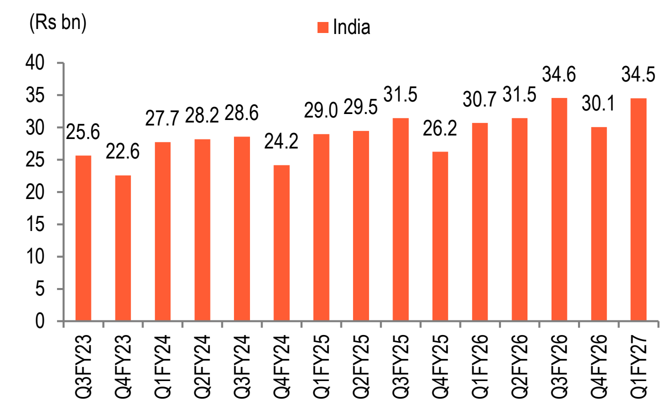
Fig 2 – Segmental Mix

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Var (%)
Formulations	69,600	67,350	3.3	64,760	7.5	65,918	5.6
India	34,520	30,700	12.4	30,070	14.8	33,770	2.2
North America	15,320	19,330	(20.7)	14,140	8.3	13,531	13.2
One Africa	9,770	8,710	12.2	12,360	(21.0)	9,146	6.8
EMs	9,990	8,610	16.0	8,190	22.0	9,471	5.5
APIs	1,600	2,220	(27.9)	640	150.0	800	100.0
Others	-	-		-	-	0	
Net Sales	71,200	69,570	2.3	65,400	9	66,718	6.7

Source: Company, BOBCAPS Research

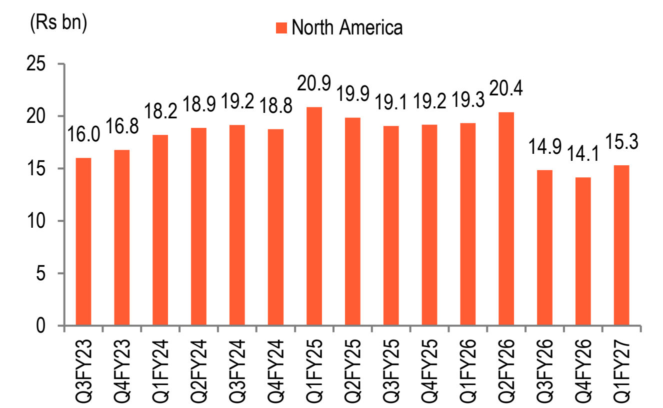
Financial Charts

Fig 3 – India sales driven by double digit Rx and Tx growth



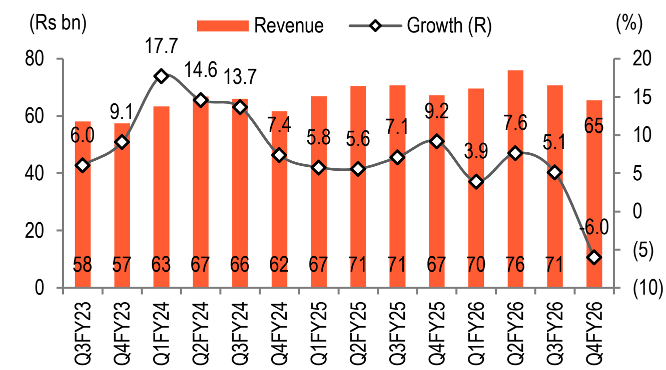
Source: Company, BOBCAPS Research

Fig 4 – North America sales recovered sequentially due to launch of gVentolin



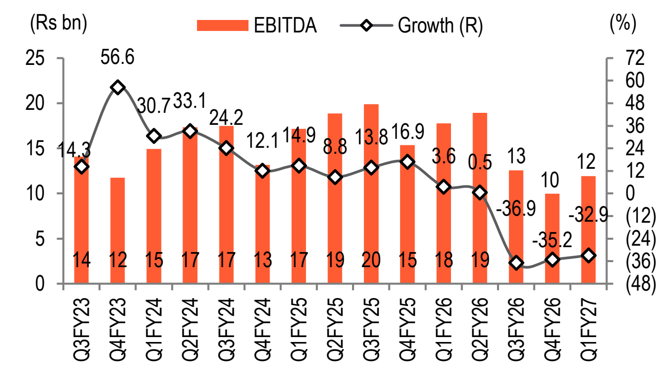
Source: Company, BOBCAPS Research

Fig 5 – Revenue growth lowered due to lack of key products like Lenalidomide and Lanreotide



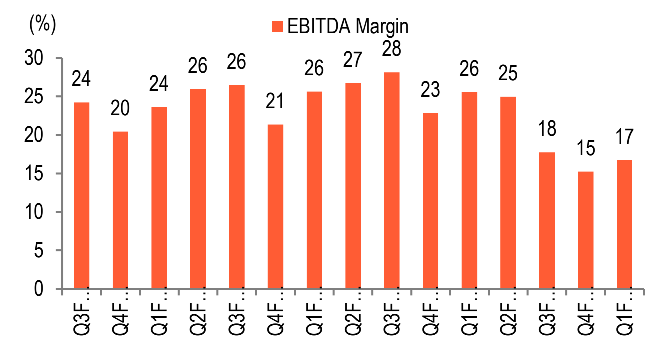
Source: Company, BOBCAPS Research

Fig 6 – EBITDA growth lowered due to lack of high margin sales and war impact



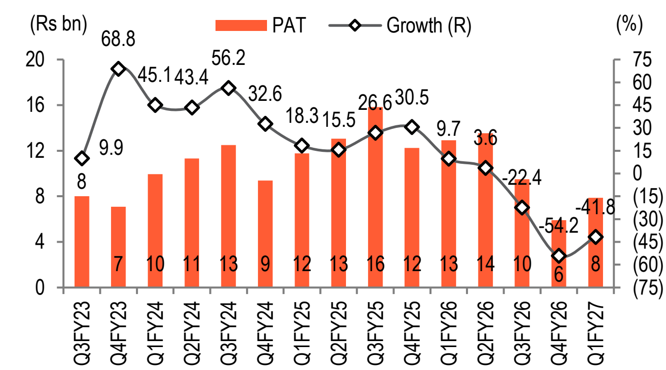
Source: Company, BOBCAPS Research

Fig 7 – EBITDA Margin lower due to impact of war in Gross Margin and lack of high margin products sales



Source: Company, BOBCAPS Research

Fig 8 – Lower operations led to lower profitability



Source: Company, BOBCAPS Research

Valuation methodology

We anticipated a weak 1QFY27 on account of 1) the absence of Lanreotide and Lenalidomide sales in North America and 2) the full quarter impacted by the Middle East War. Thus, the company reported a strong beat on all our estimates. We expected H1 to be softer vs H2 as H2 sales to pick up on account of new launches; however, with the beat in our 1QFY27 estimates, we believe H2 would not witness steep growth as 4Q is a seasonally weak quarter and gAdvair already has 3-4 competitors.

Going forward, the management guided for a scale-up in gVentolin sales as supplies resume, aims to gain volume, and factors in 3 respiratory launches and 1 peptide launch (earlier, 4 peptide launches were guided, of which 2 have been launched). Thus, the company has retained its 20% EBITDA Margin guidance. Factoring the same EBITDA Margin guidance, we maintain our estimates, thus our sales/EBITDA/PAT is expected to grow at a CAGR of 11%/19%/24% from FY27-29E.

At CMP, on a roll-forward basis, the stock trades at 21x Jun'28 EPS, and we continue to ascribe 22x to arrive at a PT of Rs 1452 on the stock (earlier Rs 1378), implying a 4% upside; thus, we retain BUY on the stock.

Fig 9 – Change in Estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Sales	309510	342903	382041	309,510	342,903	382,041	0	0	0
EBITDA	59556	68822	84519	59,556	68,822	84,519	0	0	0
EBITDA Margin (%)	19	20	22	19	20	22	0.0bps	0.0bps	0.0bps
EPS (Rs)	51.8	63.6	79.3	51.2	62.7	78.6	1	1	1

Source: Company, BOBCAPS Research

Key Risks

Key upside risks to our estimates are:

- Earlier approval from the USFDA to the pharmathen
- Earlier approval and launch for gAdvair

Key downside risk are :-

- Delay in approval from the USFDA to the pharmathen beyond H1FY27E
- Delay in approval of 3 key respiratory products and 1 peptide product.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**275,480**	**281,630**	**309,510**	**342,903**	**382,041**
EBITDA	71,283	59,253	59,556	68,822	84,519
Depreciation	11,070	12,110	12,517	13,917	15,217
EBIT	60,213	47,144	47,039	54,905	69,302
Net interest inc./(exp.)	(620)	(544)	(503)	(495)	(486)
Other inc./(exp.)	8,610	8,820	9,099	12,923	15,191
Exceptional items	0	0	0	0	0
EBT	68,203	55,420	55,635	67,333	84,007
Income taxes	15,298	13,538	14,003	16,160	20,162
Extraordinary items	0	(3,179)	0	0	0
Min. int./Inc. from assoc.	185	(94)	(94)	(94)	(94)
Reported net profit	**52,720**	**38,796**	**41,726**	**51,267**	**63,940**
Adjustments	0	(3,179)	0	0	0
Adjusted net profit	**52,720**	**41,976**	**41,726**	**51,267**	**63,940**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	28,375	32,299	38,159	44,155	50,241
Other current liabilities	9,033	15,621	18,571	24,003	30,563
Provisions	18,653	24,167	26,560	29,425	32,784
Debt funds	4,382	6,138	6,445	6,767	7,105
Other liabilities	0	0	0	0	0
Equity capital	1,615	1,615	1,615	1,615	1,615
Reserves & surplus	305,364	336,109	373,704	420,840	480,649
Shareholders' fund	306,979	337,724	375,319	422,455	482,263
Total liab. and equities	**367,421**	**415,949**	**465,052**	**526,805**	**602,956**
Cash and cash eq.	7,998	8,751	10,582	12,931	17,560
Accounts receivables	55,064	56,201	63,598	71,399	80,595
Inventories	56,421	65,967	72,926	81,733	92,109
Other current assets	52,884	58,030	58,807	68,581	80,229
Investments	80,440	82,234	106,904	138,976	180,668
Net fixed assets	52,623	60,398	62,881	61,965	59,748
CWIP	15,663	20,422	20,422	20,422	20,422
Intangible assets	46,329	63,946	68,932	70,799	71,625
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**367,421**	**415,949**	**465,052**	**526,805**	**602,956**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**54,853**	**51,648**	**50,815**	**53,591**	**64,427**
Capital expenditures	(7,659)	(15,051)	(15,000)	(13,000)	(13,000)
Change in investments	(24,812)	(1,794)	(24,670)	(32,071)	(41,693)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(32,471)**	**(16,845)**	**(39,670)**	**(45,071)**	**(54,693)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(1,212)	1,756	307	322	338
Interest expenses	(620)	(544)	(503)	(495)	(486)
Dividends paid	(10,496)	(12,918)	(4,037)	(4,037)	(4,037)
Other financing cash flows	(10,806)	(22,344)	(5,081)	(1,961)	(921)
Cash flow from financing	**(23,134)**	**(34,050)**	**(9,314)**	**(6,171)**	**(5,105)**
Chg in cash & cash eq.	**(752)**	**753**	**1,831**	**2,349**	**4,630**
Closing cash & cash eq.	**7,998**	**8,751**	**10,582**	**12,931**	**17,560**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	65.4	48.2	51.8	63.6	79.4
Adjusted EPS	65.4	52.1	51.8	63.6	79.4
Dividend per share	13.0	16.0	5.0	5.0	5.0
Book value per share	379.6	417.8	464.5	523.1	597.4

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	4.3	4.3	3.9	3.6	3.4
EV/EBITDA	16.7	20.3	20.4	18.1	15.2
Adjusted P/E	21.3	26.7	26.9	21.9	17.6
P/BV	3.7	3.3	3.0	2.7	2.3

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	77.3	75.7	75.0	76.1	76.1
Interest burden (PBT/EBIT)	113.3	117.6	118.3	122.6	121.2
EBIT margin (EBIT/Revenue)	21.9	16.7	15.2	16.0	18.1
Asset turnover (Rev./Avg TA)	23.7	21.5	21.3	21.1	20.8
Leverage (Avg TA/Avg Equity)	1.0	1.0	1.0	1.0	1.0
Adjusted ROAE	18.5	13.1	11.7	12.9	14.2

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	6.9	2.2	9.9	10.8	11.4
EBITDA	13.3	(16.9)	0.5	15.6	22.8
Adjusted EPS	22.1	(20.4)	(0.6)	22.9	24.7
Profitability & Return ratios (%)					
EBITDA margin	25.9	21.0	19.2	20.1	22.1
EBIT margin	21.9	16.7	15.2	16.0	18.1
Adjusted profit margin	19.1	14.9	13.5	15.0	16.7
Adjusted ROAE	18.5	13.1	11.7	12.9	14.2
ROCE	23.7	17.1	15.5	16.7	18.4
Working capital days (days)					
Receivables	73	73	75	76	77
Inventory	75	85	86	87	88
Payables	38	42	45	47	48
Ratios (x)					
Gross asset turnover	2.7	2.4	2.3	2.4	2.4
Current ratio	3.1	2.6	2.5	2.4	2.4
Net interest coverage ratio	97.1	86.7	93.5	110.8	142.7
Adjusted debt/equity	(0.3)	(0.2)	(0.3)	(0.3)	(0.4)

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

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

BUY – Expected return >+15%

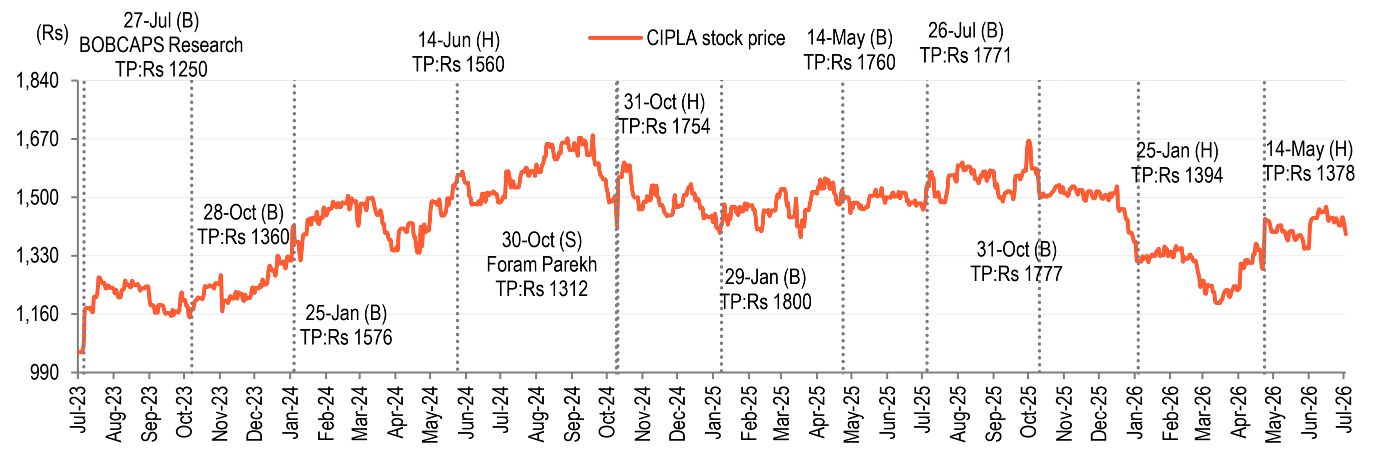
HOLD – Expected return from -6% to +15%

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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