

Rating: BUY | CMP: Rs1,416 | TP: Rs1,730

April 11, 2025

Event Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current FY26E	Previous FY27E	Current FY26E	Previous FY27E
Rating	BUY	BUY		
Target Price	1,730	1,730		
Sales (Rs. m)	2,99,572	3,21,578	2,99,572	3,21,578
% Chng.	-	-		
EBITDA (Rs. m)	73,954	74,253	73,954	74,253
% Chng.	-	-		
EPS (Rs.)	64.1	65.2	64.1	65.2
% Chng.	-	-		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	2,57,749	2,74,614	2,99,572	3,21,578
EBITDA (Rs. m)	62,919	70,556	73,954	74,253
Margin (%)	24.4	25.7	24.7	23.1
PAT (Rs. m)	41,224	48,915	51,730	52,677
EPS (Rs.)	51.1	60.6	64.1	65.2
Gr. (%)	47.1	18.7	5.8	1.8
DPS (Rs.)	9.3	14.9	16.9	19.9
Yield (%)	0.7	1.1	1.2	1.4
RoE (%)	16.5	17.2	16.2	14.9
RoCE (%)	20.4	20.7	19.4	17.5
EV/Sales (x)	4.4	4.1	3.7	3.3
EV/EBITDA (x)	18.1	15.8	14.8	14.5
PE (x)	27.7	23.4	22.1	21.7
P/BV (x)	4.3	3.8	3.4	3.1

Key Data

	CIPLA BO CIPLA IN
52-W High / Low	Rs.1,702 / Rs.1,310
Sensex / Nifty	73,847 / 22,399
Market Cap	Rs.1,143bn/ \$ 13,187m
Shares Outstanding	808m
3M Avg. Daily Value	Rs.2333.81m

Shareholding Pattern (%)

Promoter's	29.19
Foreign	26.65
Domestic Institution	27.49
Public & Others	16.67
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(2.9)	(15.8)	(2.4)
Relative	(2.3)	(7.1)	(1.3)

Param Desai

paramdesai@plindia.com | 91-22-66322259

Kushal Shah

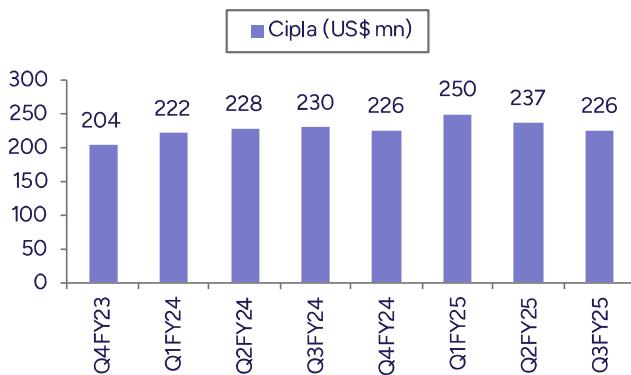
kushalshah@plindia.com | 91-22-66322490

Gets approval for gAbraxane

Cipla has secured its much awaited USFDA approval of gAbraxane following the Goa facility clearance in November 2024, milestone that reinforces our positive stance on the company. Our FY26E and FY27E EPS factors in gAbraxane launch. Looking forward, FY26E and FY27E will see several high-value niche launches in the US like gAbraxane, Nilotinib, gAdvair along with the normalization of gLanreotide supply. Further, Cipla's strong net cash position of +\$1bn provides flexibility to pursue strategic M&A opportunities. At CMP, the stock is trading at 21x FY27E EPS. Timely launch of critical high-value products in the US in FY26E/27E will be key. We maintain our 'BUY' with TP of Rs1,730/share.

- **gAbraxane to fuel momentum:** Cipla has now secured USFDA approval for its generic version of Abraxane - 100 mg/vial single-dose injectable suspension (albumin-bound paclitaxel) which is used for treatment of cancer. Cipla is second generic to get approval. Mgmt. have cited for H1FY26 launch as company will need to validate batches which can take few months. Earlier mgmt. had guided for H2FY26 launch within six months post FDA approval. Market size for gAbraxane is estimated at \$500-550mn with only one generic player in the market. We believe given the complexity of product, this can be a meaningful product for the next 2 years. Assuming 15-20% market share, this could be \$65-80mn sales opportunity on annual basis till time new competition kicks in. We have factored in \$30mn and \$50mn sales in FY26E and FY27E, respectively, from gAbraxane
- **Timely launch of gAdvair will be key:** Post USFDA compliance issues at its Indore facility, the company has shifted production of gAdvair to Invagen facility in US, where it has set up 2 manufacturing lines and guided for H1FY26 launch. Timely launch can add another \$50-70mn in sales on annual basis. These launches are expected to boost US revenue and help offset any potential decline in gRevlimid sales in FY27E.
- **Robust US generic pipeline:** Cipla's US revenue contributes ~30% to total sales and has grown at 14% CAGR in dollar terms over FY21-25E. The company's US growth has been better than its peers during the period given the low base, depth in pipeline and niche launches at regular intervals. Products like Albuterol, Lanreotide and Revlimid have contributed to Cipla's scale-up in the US. These products contribute to 35-40% of US sales. Cipla has a robust US pipeline comprising respiratory, injectable and peptide portfolios, which will continue to drive US sales. Cipla has filed 5 complex assets in the respiratory segment and 12 peptide assets. Some of the niche launches like gAdvair, gAbraxane, Nilotinib capsule, gSymbicort and gQvar across these segments, are expected over the next 2-3 years. We have factored in \$1bn of US sales in FY27E.

Exhibit 1: Cipla quarterly US revenue trend



Source: Company, PL

Exhibit 2: We estimate \$1bn US sales by FY27E



Source: Company, PL

Exhibit 3: BMS (innovator) Abraxane annual sales; first generic came in Oct 2024 which saw decline from \$151mn to \$91mn

Abraxane revenue \$ mn	Q1CY23	Q2CY23	Q3CY23	Q4CY23	Q1CY24	Q2CY24	Q3CY24	Q4CY24
US market	162	189	181	177	145	154	151	91
Global market	239	258	260	247	217	231	253	174

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	2,57,749	2,74,614	2,99,572	3,21,578
YoY gr. (%)	13.3	6.5	9.1	7.3
Cost of Goods Sold	98,533	1,02,517	1,14,869	1,27,008
Gross Profit	1,59,216	1,72,097	1,84,703	1,94,571
Margin (%)	61.8	62.7	61.7	60.5
Employee Cost	38,752	44,228	49,617	54,578
Other Expenses	57,545	57,312	61,133	65,739
EBITDA	62,919	70,556	73,954	74,253
YoY gr. (%)	25.2	12.1	4.8	0.4
Margin (%)	24.4	25.7	24.7	23.1
Depreciation and Amortization	10,510	10,720	11,256	11,819
EBIT	52,409	59,836	62,698	62,434
Margin (%)	20.3	21.8	20.9	19.4
Net Interest	899	650	560	500
Other Income	7,466	8,000	9,000	10,500
Profit Before Tax	58,975	67,186	71,138	72,434
Margin (%)	22.9	24.5	23.7	22.5
Total Tax	15,466	18,140	19,207	19,557
Effective tax rate (%)	26.2	27.0	27.0	27.0
Profit after tax	43,510	49,045	51,930	52,877
Minority interest	-	-	-	-
Share Profit from Associate	(338)	(130)	(200)	(200)
Adjusted PAT	41,224	48,915	51,730	52,677
YoY gr. (%)	47.1	18.7	5.8	1.8
Margin (%)	16.0	17.8	17.3	16.4
Extra Ord. Income / (Exp)	1,948	-	-	-
Reported PAT	43,172	48,915	51,730	52,677
YoY gr. (%)	44.7	13.3	5.8	1.8
Margin (%)	16.7	17.8	17.3	16.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	43,172	48,915	51,730	52,677
Equity Shares O/s (m)	807	807	807	807
EPS (Rs)	51.1	60.6	64.1	65.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	1,59,099	1,74,099	1,89,099	2,04,099
Tangibles	1,08,114	1,18,307	1,28,501	1,38,694
Intangibles	50,985	55,792	60,599	65,406
Acc: Dep / Amortization	95,284	1,06,004	1,17,260	1,29,080
Tangibles	54,762	60,924	67,393	74,186
Intangibles	40,521	45,080	49,867	54,894
Net fixed assets	63,816	68,095	71,839	75,020
Tangibles	53,352	57,384	61,108	64,508
Intangibles	10,464	10,711	10,731	10,512
Capital Work In Progress	11,527	11,527	11,527	11,527
Goodwill	31,120	31,120	31,120	31,120
Non-Current Investments	55,628	55,628	55,628	55,628
Net Deferred tax assets	4,025	4,005	3,985	3,965
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	52,380	57,932	63,197	67,840
Trade receivables	47,707	51,161	55,811	59,911
Cash & Bank Balance	8,750	29,474	50,068	71,252
Other Current Assets	50,201	52,711	55,346	58,113
Total Assets	3,21,300	3,57,821	3,94,709	4,30,584
Equity				
Equity Share Capital	1,615	1,615	1,615	1,615
Other Equity	2,65,450	3,00,257	3,35,999	3,69,865
Total Networth	2,67,064	3,01,872	3,37,613	3,71,480
Non-Current Liabilities				
Long Term borrowings	2,254	2,254	2,254	2,254
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	3,340	1,840	340	0
Trade payables	24,740	27,838	30,368	32,598
Other current liabilities	26,968	27,064	27,160	27,258
Total Equity & Liabilities	3,21,300	3,57,821	3,94,709	4,30,584

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	58,975	67,186	71,138	72,434
Add. Depreciation	10,510	10,720	11,256	11,819
Add. Interest	899	650	560	500
Less Financial Other Income	7,466	8,000	9,000	10,500
Add. Other	(5,001)	(130)	(200)	(200)
Op. profit before WC changes	65,384	78,426	82,754	84,553
Net Changes-WC	(8,061)	(8,324)	(9,924)	(9,181)
Direct tax	(15,975)	(18,140)	(19,207)	(19,557)
Net cash from Op. activities	41,348	51,962	53,623	55,815
Capital expenditures	(16,160)	(15,000)	(15,000)	(15,000)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Inv. activities	(16,160)	(15,000)	(15,000)	(15,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	(3,005)	(1,500)	(1,500)	(340)
Dividend paid	(6,862)	(14,108)	(15,989)	(18,810)
Interest paid	(899)	(650)	(560)	(500)
Others	(21,319)	20	20	20
Net cash from Fin. activities	(32,084)	(16,238)	(18,029)	(19,630)
Net change in cash	(6,897)	20,724	20,594	21,184
Free Cash Flow	28,196	36,962	38,623	40,815

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	51.1	60.6	64.1	65.2
CEPS	64.1	73.9	78.0	79.9
BVPS	330.8	373.9	418.2	460.1
FCF	34.9	45.8	47.8	50.6
DPS	9.3	14.9	16.9	19.9
Return Ratio(%)				
RoCE	20.4	20.7	19.4	17.5
ROIC	16.8	18.2	18.2	17.4
RoE	16.5	17.2	16.2	14.9
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.1)	(0.1)	(0.2)
Net Working Capital (Days)	107	108	108	108
Valuation(x)				
PER	27.7	23.4	22.1	21.7
P/B	4.3	3.8	3.4	3.1
P/CEPS	22.1	19.2	18.1	17.7
EV/EBITDA	18.1	15.8	14.8	14.5
EV/Sales	4.4	4.1	3.7	3.3
Dividend Yield (%)	0.7	1.1	1.2	1.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25E
Net Revenue	66,939	70,510	70,730	66,435
YoY gr. (%)	5.8	5.6	7.1	7.8
Raw Material Expenses	21,929	22,886	22,641	35,062
Gross Profit	45,011	47,624	48,089	31,373
Margin (%)	67.2	67.5	68.0	47.2
EBITDA	17,158	18,800	19,889	14,709
YoY gr. (%)	14.9	8.4	13.8	11.8
Margin (%)	25.6	26.7	28.1	22.1
Depreciation / Depletion	2,467	2,717	2,798	2,738
EBIT	14,691	16,082	17,091	11,971
Margin (%)	21.9	22.8	24.2	18.0
Net Interest	180	154	146	170
Other Income	1,602	1,906	2,216	2,276
Profit before Tax	16,114	17,835	19,161	14,077
Margin (%)	24.1	25.3	27.1	21.2
Total Tax	4,351	4,830	3,324	5,635
Effective tax rate (%)	27.0	27.1	17.3	40.0
Profit after Tax	11,763	13,004	15,837	8,441
Minority interest	(14)	(25)	132	36
Share Profit from Associates	-	-	-	-
Adjusted PAT	11,776	13,029	15,705	8,405
YoY gr. (%)	18.3	15.2	48.7	(10.5)
Margin (%)	17.6	18.5	22.2	12.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	11,776	13,029	15,705	8,405
YoY gr. (%)	18.3	15.2	48.7	(10.5)
Margin (%)	17.6	18.5	22.2	12.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	11,776	13,029	15,705	8,405
Avg. Shares O/s (m)	804	804	804	804
EPS (Rs)	14.6	16.2	19.5	10.5

Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
India Formulations	1,08,650	1,16,485	1,30,594	1,44,834
Exports	1,40,104	1,52,579	1,62,984	1,70,271
APIs	5,810	5,550	5,994	6,474

Source: Company Data, PL Research

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	BUY	1,730	1,385
2	29-Jan-25	BUY	1,730	1,421
3	08-Jan-25	BUY	1,730	1,497
4	28-Nov-24	BUY	1,730	1,493
5	30-Oct-24	Accumulate	1,615	1,478
6	07-Oct-24	Accumulate	1,680	1,623
7	28-Jul-24	Accumulate	1,680	1,575
8	08-Jul-24	Accumulate	1,405	1,510
9	11-May-24	Accumulate	1,405	1,340

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,100	6,683
2	Aster DM Healthcare	BUY	620	476
3	Aurobindo Pharma	BUY	1,510	1,097
4	Cipla	BUY	1,730	1,385
5	Divi's Laboratories	Accumulate	6,250	5,309
6	Dr. Reddy's Laboratories	Reduce	1,335	1,088
7	Eris Lifesciences	BUY	1,450	1,275
8	Fortis Healthcare	BUY	760	636
9	HealthCare Global Enterprises	BUY	555	523
10	Indoco Remedies	Hold	325	233
11	Ipca Laboratories	Accumulate	1,700	1,316
12	J.B. Chemicals & Pharmaceuticals	BUY	2,075	1,518
13	Jupiter Life Line Hospitals	BUY	1,750	1,480
14	Krishna Institute of Medical Sciences	BUY	725	567
15	Lupin	BUY	2,420	1,923
16	Max Healthcare Institute	BUY	1,300	1,084
17	Narayana Hrudayalaya	BUY	1,560	1,644
18	Rainbow Children's Medicare	BUY	1,785	1,406
19	Sun Pharmaceutical Industries	BUY	2,275	1,677
20	Sunteck Realty	BUY	700	479
21	Torrent Pharmaceuticals	Accumulate	3,750	3,234
22	Zydus Lifesciences	Accumulate	1,050	841

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

