

July 27, 2025

Q1FY26 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	1,730		1,730	
Sales (Rs. m)	2,94,258	3,18,877	2,98,949	3,20,499
% Chng.	(1.6)	(0.5)		
EBITDA (Rs. m)	70,779	74,595	71,983	75,308
% Chng.	(1.7)	(0.9)		
EPS (Rs.)	61.6	65.3	63.1	65.5
% Chng.	(2.4)	(0.3)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	2,57,749	2,75,478	2,94,258	3,18,877
EBITDA (Rs. m)	62,919	71,281	70,779	74,595
Margin (%)	24.4	25.9	24.1	23.4
PAT (Rs. m)	41,224	52,727	49,757	52,741
EPS (Rs.)	51.1	65.3	61.6	65.3
Gr. (%)	47.1	27.9	(5.6)	6.0
DPS (Rs.)	12.9	15.9	16.9	19.9
Yield (%)	0.8	1.0	1.1	1.3
RoE (%)	16.5	18.2	15.1	14.5
RoCE (%)	20.4	20.4	17.7	16.9
EV/Sales (x)	4.8	4.5	4.1	3.7
EV/EBITDA (x)	19.6	17.3	17.1	15.9
PE (x)	30.0	23.5	24.9	23.5
P/BV (x)	4.6	4.0	3.6	3.3

Key Data

CIPL.BO | CIPLA IN

52-W High / Low	Rs.1,699 / Rs.1,307
Sensex / Nifty	81,463 / 24,837
Market Cap	Rs.1,238bn/ \$ 14,308m
Shares Outstanding	808m
3M Avg. Daily Value	Rs.2483.99m

Shareholding Pattern (%)

Promoter's	29.19
Foreign	25.24
Domestic Institution	28.98
Public & Others	16.59
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	1.7	8.8	2.4
Relative	3.3	1.8	0.6

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Strong US sales guidance

Quick Pointers:

- Plans to launch Advair in H2FY26. Guided for \$1bn of US revenues in FY27
- Reiterate margin guidance at 23.5%-24.5% in FY26.

CIPLA's Q1FY26 EBITDA (Rs17.8bn; 25.6% OPM) was 6% ahead of our estimates. Cipla managed to deliver strong margins during the quarter. During the quarter company witnessed price erosion for its generic products which was offset by new launches such as gAbraxane. Mgmt guided strong US revenues of \$1bn for FY27 despite gRevlimid erosion. We expect Cipla to maintain its existing US sales run-rate. This will be aided by several high value niche launches in the US like gAbraxane, Nilotinib, gAdvair. Further, Cipla's strong net cash position of +\$1.5bn provides flexibility to pursue strategic M&A opportunities. Our FY26E/27E EPS broadly remain unchanged. At CMP, stock is trading 23x FY26E EPS. We maintain our 'BUY' with TP of Rs1,730/share. Timely launch of critical high-value products in the US in FY26E/27E will be key.

- Revenue growth backed by export volumes YoY:** CIPLA's Q1FY26 revenues were up 4% YoY to Rs69.6bn, in line with our estimate. Domestic formulation reported growth of 6% YoY, below our est. Key therapies such as Respiratory, Cardiac, Urology and Anti diabetic outpaced the market. US sales came in at \$226mn, up 2% QoQ. The QoQ growth was largely aided by new launches like gAbraxane and Nilotinib. One Africa and EM markets reported healthy growth of 14% and 11% YoY respectively. API revenues were up 4% YoY.
- Margin surprise:** GMs came in at 68.3%, up 135bps YoY and 140bps QoQ. CIPLA delivered EBITDA of Rs17.8bn, 6% beat to our estimate. OPM stood at 25.6%, flat YoY. R&D expenses stood at Rs4.32bn, 6.2% of revenue, up 22% YoY. Ex R&D cost other expenses were up 2% YoY. Resultant PAT stood at Rs13bn; 9% above our estimates. Reported EPS of Rs 16.1/share during Q1.
- Key concall takeaways: Domestic formulation:** New introductions and key therapies supported performance during the quarter. Muted growth in respiratory and anti-infectives segment impacted growth in Rx segment however Cipla continued to outperform market. Its Chronic share was maintained at 61.5% during Q1. The growth in the trade generic segment was strong given the low base. Cipla launched 7 products in Q1FY26. Guided for in-line IPM growth over the next three quarters of FY26.
- Consumer health:** Brands such as Nicotex, Omnigel, and Cipladine continued to hold market leadership positions in their respective categories.
- US business:** Price erosion in old products was offset by new launches. The company launched Nano Paclitaxel vials (ANDA) and Nilotinib Capsules (NDA) during the quarter which boosted US revenues. The Q1 does not reflect the full benefit of these launches. Albuterol share stood at 19.5%. Lanreotide market share at 30%. Holding both 505(b)(2) and generic ANDA versions.

- **New launches:** Plans to commercialize gAdvair in H2FY26. The company is on track launching couple of inhalation assets and has started working on gSymbicort launch in FY27. Focus remains on launching 2-3 peptides during FY26.
- **Biosimilar:** First launch of Filgrastim expected in Q2FY26 (oncology therapy). Cipla will launch its own pipeline from FY30. Cipla will be investing \$100Mn of investment with Kemwell JV over next three years, 20-30% of that already being incurred by Cipla.
- **Pipeline: GLP-1** Aims to be in first wave through hybrid supply chain (own + partner). Not in first wave in Canada but assessing Brazil market. Preparing both for India and RoW markets.
- **One Africa:** Private market was up 5.6% YoY. This growth was propelled by an uptick in key therapies followed by expansion in tender business as well as new launches.
- **Other highlights:** PLI incentives are reported in other income for the quarter. R&D focus areas remain peptides, respiratory, biologics, and complex/long-acting injectables. Indore facility: Prepping up for expected re-inspection in FY26. Remediation costs from Indore to normalize in coming quarters. Confident about achieving \$1bn in revenues from US business in FY27. Debt: Rs 4.59 bn; Cash stands at Rs 104bn. Margin guidance maintained at 23.5–24.5%; Q1 margin may be peak due to phasing of high-value products like gRevlimid.

Exhibit 1: 1QFY26 Result Overview (Rs mn) – Strong exports, Margin beat estimates

Y/e March	1QFY26	1QFY25	YoY gr. (%)	Q1FY26E	%Var	4QFY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	69,575	66,939	3.9	69,593	(0.0)	67,297	3.4	2,94,258	2,75,478	6.8
Raw Material	21,707	21,929	(1.0)	23,012	(5.7)	21,890	(0.8)	1,12,776	1,02,543	10.0
<i>% of Net Sales</i>	<i>31.2</i>	<i>32.8</i>		<i>33.1</i>		<i>32.5</i>		<i>38.3</i>	<i>37.2</i>	
Personnel Cost	13,123	11,942	9.9	12,898	1.7	12,331	6.4	49,004	44,110	11.1
<i>% of Net Sales</i>	<i>18.9</i>	<i>17.8</i>		<i>18.5</i>		<i>18.3</i>		<i>16.7</i>	<i>16.0</i>	
Others	16,963	15,910	6.6	16,865	0.6	17,700	(4.2)	61,699	57,544	7.2
<i>% of Net Sales</i>	<i>24.4</i>	<i>23.8</i>		<i>24.2</i>		<i>26.3</i>		<i>21.0</i>	<i>20.9</i>	
Total Expenditure	51,793	49,781	4.0	52,775	(1.9)	51,921	(0.2)	2,23,479	2,04,197	9.4
EBITDA	17,781	17,158	3.6	16,819	5.7	15,376	15.6	70,779	71,281	(0.7)
<i>Margin (%)</i>	<i>25.6</i>	<i>25.6</i>		<i>24.2</i>		<i>22.8</i>	<i>2.7</i>	<i>24.1</i>	<i>25.9</i>	
Depreciation	2,527	2,467	2.4	3,000	(15.8)	3,087	(18.1)	11,844	11,070	7.0
EBIT	15,254	14,691	3.8	13,819	10.4	12,289	24.1	58,935	60,211	(2.1)
Other Income	2,586	1,602	61.4	2,400	7.7	2,895	(10.7)	10,000	8,619	16.0
Interest	141	180	(21.7)	130		140	0.2	500	620	(19.4)
PBT	17,699	16,114	9.8	16,089	10.0	15,043	17.7	68,435	68,210	0.3
Extra-Ord. Inc./Exps.	-	-		-	#DIV/0!	-		-	-	
Total Taxes	4,779	4,351	9.8	4,183	14.2	2,793	71.1	18,477	15,298	20.8
<i>ETR (%)</i>	<i>27.0</i>	<i>27.0</i>		<i>26.0</i>		<i>18.6</i>		<i>27.0</i>	<i>22.4</i>	
Minority interest	56	14		-	#DIV/0!	(32)		(200)	(185)	
Reported PAT	12,976	11,776	10.2	11,905	9.0	12,218	6.2	49,757	52,727	(5.6)

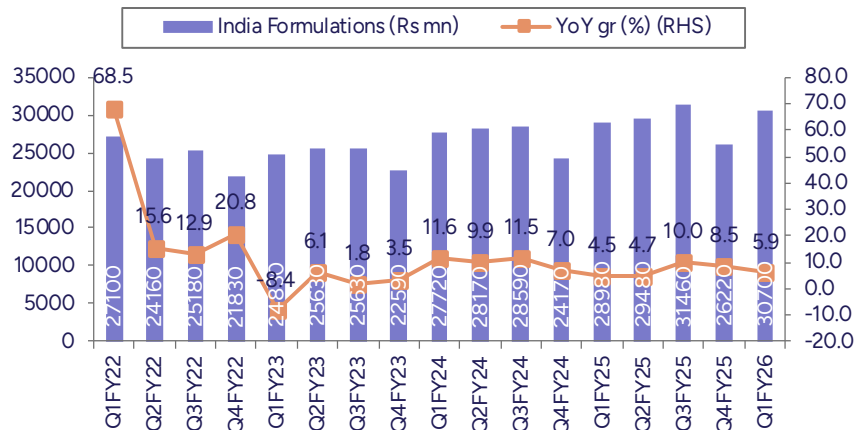
Source: Company, PL

Exhibit 2: Sources of Revenue – Strong export revenues aided by SAGA and international markets

Revenue break up (Rs mn)	1QFY26	1QFY25	YoY gr. (%)	4QFY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Domestic market	30,700	28,980	5.9	26,220	17.1	1,28,721	1,16,150	10.8
% of Sales	44.1	43.3		39.0		43.1	42.2	
International market (Exports)	38,880	37,950	2.5	41,070	(5.3)	1,70,228	1,59,330	6.8
% of Sales	55.9	56.7		61.0		56.9	57.8	
North America	19,330	20,870	(7.4)	19,190	0.7	81,398	78,990	3.0
% of Sales	27.8	31.2		28.5		27.2	28.7	
SAGA	8,710	7,660	13.7	10,190	(14.5)	42,862	38,270	12.0
% of Sales	12.5	11.4		15.1		14.3	13.9	
International markets	8,610	7,790	10.5	8,950	(3.8)	36,355	33,050	10.0
% of Sales	12.4	11.6		13.3		12.2	12.0	
APIs	1,020	980	4.1	1,820	(44.0)	6,113	5,660	8.0
% of Sales	1.5	1.5		2.7		2.0	2.1	
Others	1,210	650	86.2	920	31.5	3,500	3,360	4.2
% of Sales	1.7	1.0		1.4		1.2	1.2	
Total	69,580	66,930	4.0	67,290	3.4	2,98,949	2,75,480	8.5

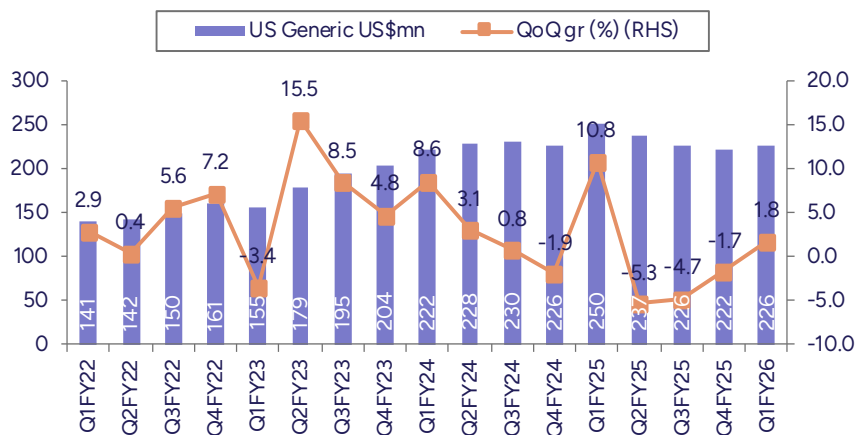
Source: Company, PL

Exhibit 3: Continued momentum from trade generics



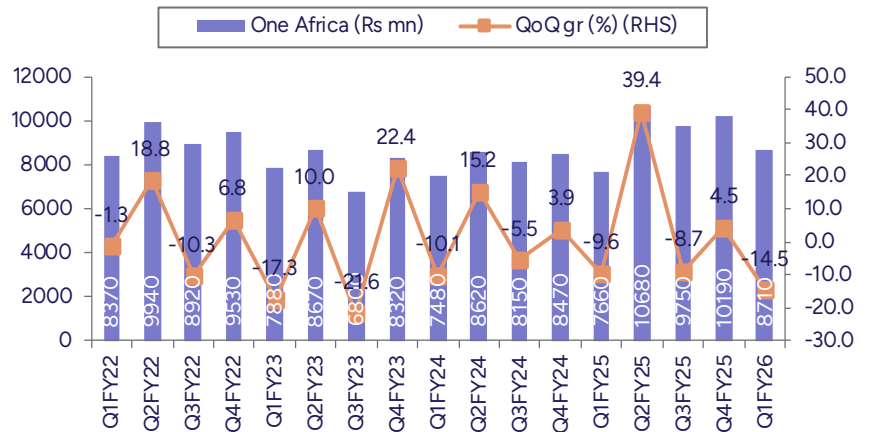
Source: Company, PL

Exhibit 4: gAbraxane launch aided US sales QoQ



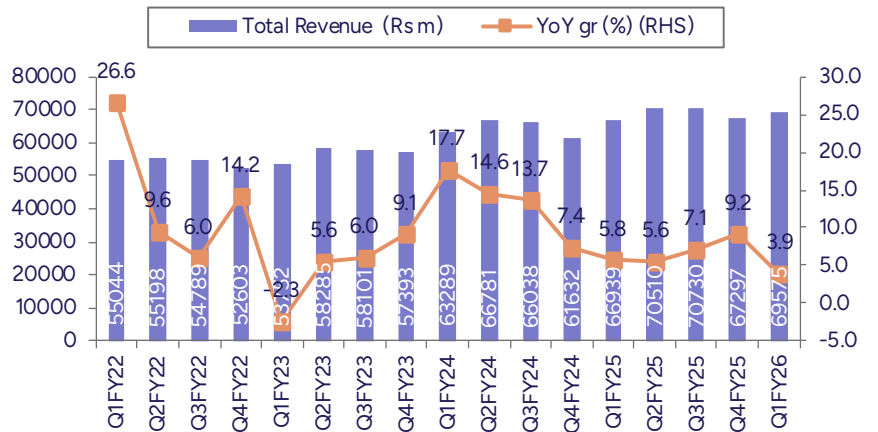
Source: Company, PL

Exhibit 5: *One Africa: Actor pharma + Tender wins aided performance



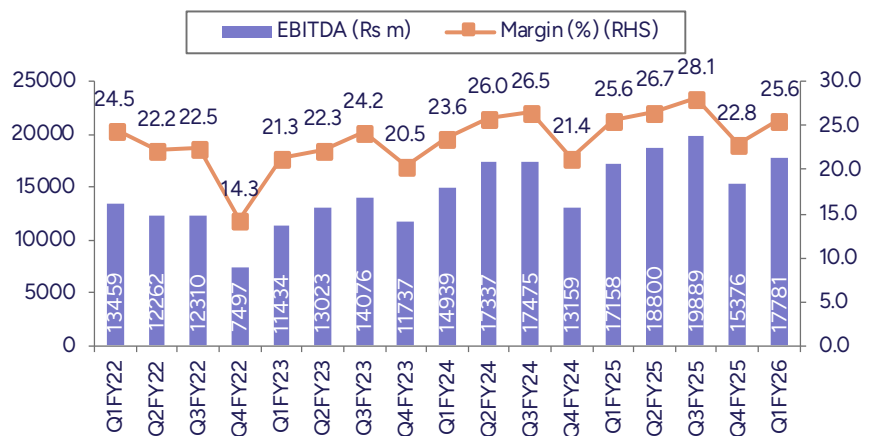
Source: Company, PL

Exhibit 6: Domestic formulation & International markets support growth



Source: Company, PL

Exhibit 7: Higher GMs and better product mix aided EBITDA beat



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	2,57,749	2,75,478	2,94,258	3,18,877
YoY gr. (%)	13.3	6.9	6.8	8.4
Cost of Goods Sold	98,533	1,02,543	1,12,776	1,24,478
Gross Profit	1,59,216	1,72,934	1,81,483	1,94,399
Margin (%)	61.8	62.8	61.7	61.0
Employee Cost	38,752	44,110	49,004	53,905
Other Expenses	57,545	57,544	61,699	65,899
EBITDA	62,919	71,281	70,779	74,595
YoY gr. (%)	25.2	13.3	(0.7)	5.4
Margin (%)	24.4	25.9	24.1	23.4
Depreciation and Amortization	10,510	11,070	11,844	12,673
EBIT	52,409	60,211	58,935	61,922
Margin (%)	20.3	21.9	20.0	19.4
Net Interest	899	620	500	400
Other Income	7,466	8,619	10,000	11,000
Profit Before Tax	58,975	68,210	68,435	72,522
Margin (%)	22.9	24.8	23.3	22.7
Total Tax	15,466	15,298	18,477	19,581
Effective tax rate (%)	26.2	22.4	27.0	27.0
Profit after tax	43,510	52,912	49,957	52,941
Minority interest	-	-	-	-
Share Profit from Associate	(338)	(185)	(200)	(200)
Adjusted PAT	41,224	52,727	49,757	52,741
YoY gr. (%)	47.1	27.9	(5.6)	6.0
Margin (%)	16.0	19.1	16.9	16.5
Extra Ord. Income / (Exp)	1,948	-	-	-
Reported PAT	43,172	52,727	49,757	52,741
YoY gr. (%)	44.7	22.1	(5.6)	6.0
Margin (%)	16.7	19.1	16.9	16.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	43,172	52,727	49,757	52,741
Equity Shares O/s (m)	807	807	807	807
EPS (Rs)	51.1	65.3	61.6	65.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	1,59,099	1,72,602	1,87,602	2,02,602
Tangibles	1,08,114	1,17,290	1,27,483	1,37,676
Intangibles	50,985	55,312	60,119	64,926
Acc: Dep / Amortization	95,284	1,06,353	1,18,197	1,30,871
Tangibles	54,762	61,124	67,931	75,215
Intangibles	40,521	45,229	50,266	55,656
Net fixed assets	63,816	66,249	69,404	71,731
Tangibles	53,352	56,166	59,551	62,461
Intangibles	10,464	10,083	9,853	9,270
Capital Work In Progress	11,527	15,663	15,663	15,663
Goodwill	31,120	32,703	32,703	32,703
Non-Current Investments	55,628	80,440	80,440	80,440
Net Deferred tax assets	4,025	5,913	5,913	5,913
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	52,380	56,421	62,076	67,270
Trade receivables	47,707	55,064	54,821	59,407
Cash & Bank Balance	8,750	7,998	30,623	51,942
Other Current Assets	50,201	52,402	55,023	57,774
Total Assets	3,21,300	3,67,422	4,01,234	4,37,412
Equity				
Equity Share Capital	1,615	1,615	1,615	1,615
Other Equity	2,65,450	3,10,319	3,44,088	3,78,018
Total Network	2,67,064	3,11,934	3,45,702	3,79,633
Non-Current Liabilities				
Long Term borrowings	2,254	2,524	2,524	2,524
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	3,340	1,857	357	17
Trade payables	24,740	28,375	29,829	32,325
Other current liabilities	26,968	27,686	27,776	27,867
Total Equity & Liabilities	3,21,300	3,67,422	4,01,234	4,37,412

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	58,975	68,210	68,435	72,522
Add. Depreciation	10,510	11,070	11,844	12,673
Add. Interest	899	620	500	400
Less Financial Other Income	7,466	8,619	10,000	11,000
Add. Other	(5,010)	(3,611)	(200)	(200)
Op. profit before WC changes	65,375	76,288	80,579	85,395
Net Changes-WC	(8,061)	(9,557)	(6,488)	(9,944)
Direct tax	(15,975)	(16,681)	(18,477)	(19,581)
Net cash from Op. activities	41,339	50,050	55,613	55,870
Capital expenditures	(16,160)	(15,234)	(15,000)	(15,000)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Invst. activities	(16,160)	(15,234)	(15,000)	(15,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	(2,996)	(980)	(1,500)	(340)
Dividend paid	(6,862)	(10,498)	(15,989)	(18,810)
Interest paid	(899)	(620)	(500)	(400)
Others	(21,319)	(23,469)	-	-
Net cash from Fin. activities	(32,075)	(35,568)	(17,989)	(19,550)
Net change in cash	(6,897)	(751)	22,625	21,319
Free Cash Flow	28,187	34,816	40,613	40,870

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	70,510	70,730	67,297	69,575
YoY gr. (%)	5.6	7.1	9.2	3.9
Raw Material Expenses	22,886	22,641	21,890	21,707
Gross Profit	47,624	48,089	45,407	47,868
Margin (%)	67.5	68.0	67.5	68.8
EBITDA	18,800	19,889	15,376	17,781
YoY gr. (%)	8.4	13.8	16.9	3.6
Margin (%)	26.7	28.1	22.8	25.6
Depreciation / Depletion	2,717	2,798	3,087	2,527
EBIT	16,082	17,091	12,289	15,254
Margin (%)	22.8	24.2	18.3	21.9
Net Interest	154	146	140	141
Other Income	1,906	2,216	2,895	2,586
Profit before Tax	17,835	19,161	15,043	17,699
Margin (%)	25.3	27.1	22.4	25.4
Total Tax	4,830	3,324	2,793	4,779
Effective tax rate (%)	27.1	17.3	18.6	27.0
Profit after Tax	13,004	15,837	12,250	12,921
Minority interest	(25)	132	32	(56)
Share Profit from Associates	-	-	-	-
Adjusted PAT	13,029	15,705	12,218	12,976
YoY gr. (%)	15.2	48.7	30.1	10.2
Margin (%)	18.5	22.2	18.2	18.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	13,029	15,705	12,218	12,976
YoY gr. (%)	15.2	48.7	30.1	10.2
Margin (%)	18.5	22.2	18.2	18.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	13,029	15,705	12,218	12,976
Avg. Shares O/s (m)	804	804	804	804
EPS (Rs)	16.2	19.5	15.2	16.1

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	51.1	65.3	61.6	65.3
CEPS	64.1	79.0	76.3	81.0
BVPS	330.8	386.4	428.2	470.2
FCF	34.9	43.1	50.3	50.6
DPS	12.9	15.9	16.9	19.9
Return Ratio(%)				
RoCE	20.4	20.4	17.7	16.9
ROIC	16.8	16.8	15.9	16.1
RoE	16.5	18.2	15.1	14.5
Balance Sheet				
Net Debt : Equity (x)	0.0	0.0	(0.1)	(0.1)
Net Working Capital (Days)	107	110	108	108
Valuation(x)				
PER	30.0	23.5	24.9	23.5
P/B	4.6	4.0	3.6	3.3
P/CEPS	23.9	19.4	20.1	18.9
EV/EBITDA	19.6	17.3	17.1	15.9
EV/Sales	4.8	4.5	4.1	3.7
Dividend Yield (%)	0.8	1.0	1.1	1.3

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
India Formulations	1,08,650	1,16,150	1,25,777	1,38,613
Exports	1,40,104	1,53,668	1,62,425	1,73,723
APIs	5,810	5,660	6,056	6,541

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-25	BUY	1,730	1,511
2	14-May-25	BUY	1,730	1,520
3	11-Apr-25	BUY	1,730	1,416
4	08-Apr-25	BUY	1,730	1,385
5	29-Jan-25	BUY	1,730	1,421
6	08-Jan-25	BUY	1,730	1,497
7	28-Nov-24	BUY	1,730	1,493
8	30-Oct-24	Accumulate	1,615	1,478
9	07-Oct-24	Accumulate	1,680	1,623
10	28-Jul-24	Accumulate	1,680	1,575

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,350	7,616
2	Aster DM Healthcare	BUY	620	622
3	Aurobindo Pharma	BUY	1,440	1,185
4	Cipla	BUY	1,730	1,511
5	Divi's Laboratories	Accumulate	6,800	6,889
6	Dr. Reddy's Laboratories	Reduce	1,270	1,247
7	Eris Lifesciences	BUY	1,740	1,734
8	Fortis Healthcare	BUY	785	806
9	HealthCare Global Enterprises	BUY	620	560
10	Indoco Remedies	Hold	325	330
11	Ipca Laboratories	Accumulate	1,525	1,456
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,633
13	Jupiter Life Line Hospitals	BUY	1,720	1,531
14	Krishna Institute of Medical Sciences	BUY	725	695
15	Lupin	BUY	2,400	1,979
16	Max Healthcare Institute	BUY	1,300	1,300
17	Narayana Hrudayalaya	BUY	1,950	1,990
18	Rainbow Children's Medicare	BUY	1,725	1,573
19	Sun Pharmaceutical Industries	BUY	2,000	1,680
20	Sunteck Realty	BUY	650	427
21	Torrent Pharmaceuticals	Accumulate	3,850	3,354
22	Zydus Lifesciences	Accumulate	970	999

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

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