

Much awaited approval of gAbraxane

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Cipla (CIPLA IN) has announced that the US FDA has approved gAbraxane, a long awaited oncology product, which was delayed due to manufacturing quality issues at the company's Goa plant. The FDA approval comes as a positive surprise, ahead of the latest guidance of H2FY26 approval. The company intends to launch the product in H1FY26.

Up to USD 50m annual potential: gAbraxane (paclitaxel protein-bound particles for injectable suspension) is an oncology product and the brand had peak sales of ~USD 900mn in the US in FY24. Currently, 3-4 generic companies are already in the market and the market size has eroded. Still, we believe CIPLA has the potential to generate up to USD 50mn from the product annually.

No change in our estimates: We have already built in ~USD 20mn revenue from gAbraxane in the US in FY26E; we do not expect further upgrade to our numbers. However, the positive development takes away the risk of downgrade from further delay in approval of the product.

Retain Accumulate with TP of INR 1,572: Cipla trades at 23.0x FY26E core earnings and 27.6x FY27E core earnings. We retain **Accumulate** rating with a TP of INR 1,572 based on 30x FY27E core P/E plus cash per share.

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