

**Price:** 1,545

**Recommendation:** Buy

**Industry:** Pharmaceuticals

**Sector:** Healthcare

**Report Date:** 05-May-2025

Cipla, a global pharmaceutical leader with 90 years of "Caring for Life," excels in innovation, equitable healthcare, and strategic growth. With a diversified portfolio across geographies, robust R&D; investments, and focus on respiratory, injectables, and consumer health, Cipla drives operational efficiency and market penetration, ensuring resilience and growth in the global healthcare landscape.

Sales		Profit & Loss		Profitability Matrix	
Current Year	18284 Cr	Operating Profit(Year)	5288 Cr	Operating Profit Margin	28.9 %
Previous Year	14345 Cr	Operating Profit(Quarter)	1662 Cr	EBITDA Margin	30.08 %
Current Quarter	4971 Cr	PAT (Year)	4034 Cr	Net Profit Margin	24.3 %
Previous Quarter	4775 Cr	PAT (Quarter)	1438 Cr	EPS	58.3
Revenue (QYoY)	4381 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	26.8	Sales Growth	10.8 %	Sales Growth	4.1 %
PEG Ratio	1.54	PAT Growth	57.89 %	Sales Growth QYoY	13.47 %
EV/EBITDA	19.1	EPS Growth	15.45 %	PAT Growth	22.07 %
P/B	4.26	Dividend Yield	0.84	PAT Growth QYoY	41.26 %
Capital Allocation		Holdings		Leverage	
RoE	15.3 %	Promoter	29.2 %	Debt/Equity	0.00
RoA	13.8 %	FII	26.3 %	Debt	43.0 Cr
RoCE	18.6 %	DII	27.9 %	Market Cap	124768 Cr
RoIC	33.2 %	Public	16.4 %	Enterprise value	124421 Cr
		No of Shares	80.8 Cr	Cash Equivalents	390 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

Cipla's Q3 FY25 earnings call highlighted the company's commitment to innovation, equitable healthcare access, and strategic growth as it celebrates 90 years of "Caring for Life." The management emphasized its focus on derisking manufacturing operations, particularly in the US, with \$100 million CAPEX investments in DPI, MDI, and OSD facilities. Key filings, including generic Advair, are expected to drive future growth in North America. Cipla's diversified portfolio, spanning EMEU and One Africa, contributed over 25% of total revenue, with these markets delivering 15% YoY growth in INR terms. The company also launched CipAir, an AI-powered asthma screening app, showcasing its technological innovation in India.

Cipla's business strategies are centered on scaling its branded prescription, trade generics, and consumer health segments. The One India business grew 10% YoY, driven by strong performance in respiratory, urology, and chronic therapies, with chronic prescriptions now accounting for 61.5% of the mix. The consumer health segment saw robust growth, with anchor brands Nicotex, Omnigel, and Cipladine maintaining leadership positions. In North America, Cipla achieved \$226 million in quarterly revenue, despite supply disruptions in Lamivudine and Lanreotide. The company is actively resolving these issues and expects normalized supply levels by Q4 FY25. South Africa recorded 21% growth in ZAR terms, while EMEU delivered 20% YoY growth in USD terms, supported by deep market penetration and execution excellence.

Future growth perspectives are promising, with Cipla retaining its FY26 guidance for top-line growth and focusing on profitability improvements. Key launches, including generic Advair and Abraxane, are expected in FY26, alongside other respiratory and peptide assets. The company is also exploring opportunities in obesity-related therapies, such as Semaglutide, and potential partnerships for innovative products like Mounjaro. Cipla's R&D; investments, at 5% of revenue, are driving pipeline expansion, while its strategic focus on automation, talent development, and quality practices aims to address regulatory challenges and ensure long-term operational resilience.

Cipla's diversification and scaling efforts position it for sustained growth across geographies and segments. The company's strong financial performance, with Q3 revenue of 7,073 crores and EBITDA margins of 28%, reflects its operational efficiency and strategic execution. With a net cash balance of 8,947 crores, Cipla is well-equipped to pursue acquisitions, product in-licensing, and innovation-led initiatives. Its focus on respiratory, injectables, and consumer health, coupled with robust market penetration in emerging economies, underscores its resilience and growth potential in the global pharmaceutical landscape.

CIPLA Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Mankind Pharma	99724.34	51.58	19.71%	-5.26%	8.48%	-30.88%	-10.01%
Dr Reddy's Labs	97768.89	18.21	21.39%	4.27%	15.81%	11.83%	1.69%
Lupin	95412.96	33.26	14.14%	1.67%	10.97%	0.30%	39.48%
Zydus Lifesci.	89836.59	19.81	20.67%	0.61%	16.96%	12.39%	33.34%
Aurobindo Pharma	72884.94	20.47	11.53%	2.34%	8.53%	3.50%	-9.69%

Aspect	Commentary
Revenue	Cipla's revenue grew 27.5% YoY to Rs.18,284 Cr, driven by strong performance across geographies and segments. Quarterly revenue increased 4.1% QoQ, reflecting consistent growth momentum. Diversified portfolio and deep market penetration contributed to sustained top-line expansion.
Profit & Loss	Operating profit rose to Rs.5,288 Cr, with a robust margin of 28.9%. PAT surged 57.89% YoY to Rs.4,034 Cr, showcasing strong profitability. Quarterly PAT growth of 22.07% reflects operational efficiency despite supply disruptions in North America.
Profitability Matrix	Cipla's profitability metrics are strong, with an EBITDA margin of 30.08% and net profit margin of 24.3%. EPS growth of 15.45% YoY highlights earnings resilience. Operational efficiency and strategic execution drive robust margins.
Valuation Matrix	Trailing P/E of 26.8 and PEG ratio of 1.54 indicate reasonable valuation relative to growth. EV/EBITDA of 19.1 reflects efficient capital utilization. Dividend yield of 0.84% adds shareholder value, while P/B of 4.26 suggests premium valuation.
Growth (YoY)	Sales grew 10.8% YoY, driven by strong performance in respiratory and chronic therapies. PAT growth of 57.89% YoY underscores profitability improvements. EPS growth of 15.45% reflects earnings consistency and strategic execution.
Growth (QoQ)	Sales grew 4.1% QoQ, supported by resilient demand across geographies. PAT growth of 22.07% QoQ highlights operational efficiency. Cipla's ability to navigate supply disruptions in North America contributed to quarterly growth.
Capital Allocation	Cipla's RoE of 15.3% and RoCE of 18.6% reflect efficient capital deployment. RoIC of 33.2% underscores strong returns on invested capital. Net cash balance of Rs.8,947 Cr positions Cipla for acquisitions and innovation-led initiatives.
Holdings	Promoter holding at 29.2% ensures stability, while FII and DII holdings of 26.3% and 27.9% reflect institutional confidence. Public holding of 16.4% indicates retail investor interest. Cash equivalents of Rs.390 Cr provide liquidity support.
Leverage	Cipla maintains a debt/equity ratio of 0.00, reflecting a debt-free balance sheet. Debt of Rs.43 Cr is negligible relative to market cap of Rs.1,24,768 Cr. Strong financial position ensures resilience and capacity for future growth investments.

**Analyst viewpoint:** Cipla Ltd. demonstrates strong growth potential in the short to mid-term, supported by consistent quarterly revenue growth of 4.1% QoQ and robust YoY sales growth of 10.8%. The company's diversified portfolio across geographies and segments, coupled with deep market penetration, has driven sustained top-line expansion. Cipla's operational efficiency is evident in its EBITDA margin of 30.08% and PAT growth of 57.89% YoY, showcasing profitability improvements despite supply disruptions in North America. Key launches, including generic Advair and Abraxane, alongside investments in respiratory and peptide assets, position Cipla for future growth. Additionally, its focus on automation, talent development, and quality practices ensures resilience in addressing regulatory challenges. Cipla's valuation metrics, including a trailing P/E of 26.8 and PEG ratio of 1.54, reflect reasonable pricing relative to its growth trajectory, while its debt-free balance sheet and net cash balance of Rs.8,947 Cr provide ample capacity for acquisitions and innovation-led initiatives.

Cipla's strategic execution in scaling branded prescription, trade generics, and consumer health segments has been a key driver of growth, with chronic prescriptions now accounting for 61.5% of the mix. The company's strong performance in emerging markets, such as South Africa and EMEU, further underscores its global resilience. Peer comparison highlights Cipla's competitive edge, with superior PAT growth QoQ and QYoY metrics relative to industry players like Lupin and Zydus Lifesciences. However, mild supply disruptions in North America remain a short-term challenge, though management is actively addressing these issues. Overall, Cipla's robust financial performance, diversified portfolio, and strategic focus on innovation and operational efficiency make it a compelling buy recommendation for investors seeking exposure to the pharmaceutical sector.

Please read detailed disclosure on next page.

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BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
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