

Price: 1,550

Recommendation: Buy

Industry: Pharmaceuticals

Sector: Healthcare

Report Date: 01-May-2025

Cipla, a global pharmaceutical leader with 90 years of innovation, focuses on equitable healthcare access and strategic growth. With a diversified portfolio spanning respiratory, urology, and chronic therapies, Cipla drives market leadership through AI-powered tools and robust R&D.; Strong financials, global expansion, and a commitment to operational excellence position Cipla for sustained success.

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	26.9	Sales Growth	10.8 %	Sales Growth	4.1 %
PEG Ratio	1.55	PAT Growth	57.89 %	Sales Growth QYoY	13.47 %
EV/EBITDA	19.2	EPS Growth	15.45 %	PAT Growth	22.07 %
P/B	4.30	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	125192 Cr
RoIC	33.2 %	Public	16.4 %	Enterprise value	124845 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 operations. A key initiative has been the derisking of its manufacturing network, with \$100 million invested in US facilities since FY20, enabling filings for major assets like generic Advair. The company has diversified its portfolio, with EMEU and One Africa businesses contributing over 25% of total revenue, growing 15% YoY in INR terms. Cipla's One India business delivered 10% YoY growth despite seasonal headwinds, driven by strong performance in respiratory, urology, and chronic therapies, with chronic prescriptions now accounting for 61.5% of the mix. The launch of CipAir, an AI-powered asthma screening app, and the addition of five brands with over 100 crore revenue further underscore Cipla's focus on innovation and market leadership.

Cipla's North America business recorded \$226 million in quarterly revenue, with Albuterol market share rising to 21%. While supply disruptions in Lanreotide impacted growth, the company expects normalized levels by Q4 FY25. Cipla has received approvals for key generic drugs, including Phytonadione Injectable and Esomeprazole Granules, and plans to launch generic Advair and Abraxane in FY26, signaling robust pipeline execution. The One Africa business grew 9% in USD terms, with South Africa achieving 21% growth in ZAR terms and maintaining leadership in private markets. EMEU delivered 20% YoY growth in USD terms, supported by deep market penetration and sustained operating margins.

Financially, Cipla achieved its highest-ever quarterly revenue of 7,073 crore, growing 8% YoY, with EBITDA margins at 28%. Gross margins improved to 68%, driven by mix changes, while R&D investments stood at 360 crore, focusing on product filings and development. The company maintains a strong net cash position of 8,947 crore, enabling strategic investments in India, differentiated US assets, and innovation. Cipla plans to leverage its respiratory portfolio, including upcoming launches of Symbicort and partnered inhalation assets, to drive growth in North America, while focusing on margin expansion in South Africa and top-line growth in EMEU.

Cipla's forward-looking strategy emphasizes scaling its branded prescription and trade generics businesses in India, resolving supply issues in North America, and deepening penetration in EMEU. The company remains optimistic about FY26 revenue growth, supported by its diversified portfolio and robust pipeline. With a focus on innovation, operational excellence, and strategic investments, Cipla is well-positioned to sustain its growth trajectory and deliver value across markets. The management's proactive approach to regulatory compliance and capacity expansion further reinforces confidence in its ability to navigate challenges and capitalize on opportunities.

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
Dr Reddy's Labs	98791.17	18.42	21.39%	4.27%	15.81%	11.83%	1.69%
Lupin	95677.77	33.35	14.14%	1.67%	10.97%	0.30%	39.48%
Zydus Lifesci.	89378.73	19.71	20.67%	0.61%	16.96%	12.39%	33.34%
Aurobindo Pharma	72017.71	20.27	11.53%	2.34%	8.53%	3.50%	-9.69%
Sun Pharma.Inds.	439630.15	37.28	16.69%	2.89%	10.46%	4.30%	22.66%

Aspect	Commentary
Revenue	Cipla's revenue grew 27.5% YoY to Rs.18,284 Cr, driven by strong performance across geographies and therapies. Quarterly revenue rose 4.1% QoQ to Rs.4,971 Cr, reflecting consistent growth momentum despite seasonal headwinds in India and supply disruptions in North America.
Profit & Loss	PAT surged 57.89% YoY to Rs.4,034 Cr, supported by operational efficiency and improved margins. Quarterly PAT grew 22.07% QoQ to Rs.1,438 Cr, showcasing robust profitability. EPS growth of 15.45% YoY highlights shareholder value creation.
Profitability Matrix	Operating profit margin stood at 28.9%, reflecting efficient cost management. EBITDA margin of 30.08% underscores strong operational performance. Net profit margin of 24.3% highlights Cipla's ability to convert revenue into profits effectively.
Valuation Matrix	Trailing P/E of 26.9 and PEG ratio of 1.55 indicate reasonable valuation relative to growth. EV/EBITDA of 19.2 suggests efficient enterprise value generation. Dividend yield of 0.84% provides moderate income for investors.
Growth (YoY)	Sales grew 10.8% YoY, driven by diversified portfolio and geographic expansion. PAT growth of 57.89% YoY reflects operational excellence. EPS growth of 15.45% YoY highlights consistent earnings improvement.
Growth (QoQ)	Sales grew 4.1% QoQ, reflecting steady performance. PAT growth of 22.07% QoQ indicates improved profitability. Sales growth QYoY of 13.47% and PAT growth QYoY of 41.26% highlight strong quarterly momentum.
Capital Allocation	RoE of 15.3% and RoCE of 18.6% reflect efficient capital utilization. RoIC of 33.2% underscores strong returns on invested capital. Cash equivalents of Rs.390 Cr and net cash position enable strategic investments and innovation.
Holdings	Promoter holding at 29.2% ensures stable ownership. FII and DII holdings of 26.3% and 27.9%, respectively, indicate strong institutional confidence. Public holding of 16.4% reflects balanced ownership structure.
Leverage	Debt/Equity ratio of 0.00 highlights Cipla's debt-free status, ensuring financial stability. Debt of Rs.43 Cr is negligible relative to market cap of Rs.1,25,192 Cr, showcasing prudent financial management.

Analyst viewpoint: Cipla Ltd. demonstrates strong growth potential in the short to mid-term, supported by robust financial performance and strategic initiatives. The company achieved a 27.5% YoY revenue growth to Rs. 18,284 Cr, with quarterly revenue rising 4.1% QoQ to Rs. 4,971 Cr, showcasing consistent momentum despite seasonal headwinds in India and supply disruptions in North America. PAT surged 57.89% YoY to Rs. 4,034 Cr, driven by operational efficiency and improved margins, while quarterly PAT grew 22.07% QoQ to Rs. 1,438 Cr. Cipla's diversified portfolio, including respiratory, urology, and chronic therapies, continues to drive market leadership, with chronic prescriptions accounting for 61.5% of the mix. The company's focus on innovation, such as the launch of CipAir and upcoming generic Advair and Abraxane launches, further strengthens its competitive edge. Valuation metrics, including a trailing P/E of 26.9 and PEG ratio of 1.55, suggest reasonable pricing relative to growth, while a debt-free balance sheet and RoIC of 33.2% underscore efficient capital utilization.

Cipla's global expansion strategy, particularly in North America, EMEU, and South Africa, positions it well for sustained growth. The company's highest-ever quarterly revenue of Rs. 7,073 Cr and EBITDA margins of 28% highlight operational excellence, while its net cash position of Rs. 8,947 Cr enables strategic investments in differentiated assets and innovation. Peer comparison reveals Cipla's competitive advantage in profitability and growth metrics, outperforming industry averages in PAT and sales growth. However, mild supply disruptions in Lanreotide and seasonal headwinds in India may pose short-term challenges, though management remains proactive in addressing these issues. Overall, Cipla's diversified portfolio, innovation-driven approach, and strong financials make it a compelling buy recommendation for investors seeking growth and stability.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclaimers:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Terms & Conditions:

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

Payment and Renewal:

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

Limitation of Liability:

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

No Investment Advice:

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

Termination:

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

No Guarantee: While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

Review and Update: Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to hello@goalfi.app

Website: goalfiresearch.smallcase.com