Cipla

India | Pharmaceuticals | **Result Update**

Global Markets Research

23 July 2026

Q1 uninspiring

Rating: Reduce
Target Price: INR 1,349
Downside: 3%
CMP: INR 1,393
As on 23 July 2026

Cipla (CIPLA IN) reported poor Q1FY27, with revenue, EBITDA and PAT missing our estimates by 2%, 11% and 16%, respectively. Q1 EBITDA margin came in way below full-year guidance of 18.5-20%, at 16.7%; getting full-year margin to the upper half of the guidance range seems difficult. Quarterly run-rate in the US seems settling in the USD 160mn range. South Africa business was down 23% YoY in constant currency in our estimate; rest of Africa growth was strong. The domestic business grew lackluster 8% organically in our estimate. EM and Europe revenues were up 16% YoY; INR depreciation is likely driver. We build in significant launches in US market in FY27; despite that we believe that CIPLA is unlikely to achieve its guidance of annual USD 1bn FY27 exit run-rate in the US. We lower our FY27-FY29E core earnings estimate by 2-8%. **Retain Reduce** with **TP of INR 1,349**.

CIPLA to likely miss US business guidance: Quarterly run-rate in the US seems settling in the USD 160mn range. We build in several meaningful launches in FY27, including *gAdvair, gSymbicort, gGattex* and an additional respiratory product, as per management targets. Despite that we believe CIPLA will likely miss its guidance of annual USD 1bn FY27 exit run-rate (which we read as USD 1bn sustainable US revenue in FY28). However, with the help of a one-off first-to-file exclusivity in gDovato, US revenues could hit USD 1bn in FY28E, but will drop in FY29.

India business growth disappointing as well: India business reported a growth of 12.4% YoY and was helped by in-licensing of OTC brands from Pfizer. Organic growth was at 8.4% YoY, in our estimates. This is disappointing, given the pick-up we have seen in India pharma market growth and superior growth being reported by most peers. There is no visible traction yet from the Tirzepatide deal with Eli Lilly.

South Africa disappoints as well: The South African business was down 23% YoY in constant-currency, in our estimate. Management attributed this to loss of a Government contract due to price competition. This could impact the YoY growth for next three quarters as well.

Mixed performance in other businesses: Other EMs and Europe business were up 16% YoY in INR terms. INR depreciation should explain a significant part of the growth. API business, up 57% YoY, compensated for weakness in other businesses and so did Global access and revenue from rest-of-Africa business (excluding South Africa)z, up 64% YoY in USD terms.

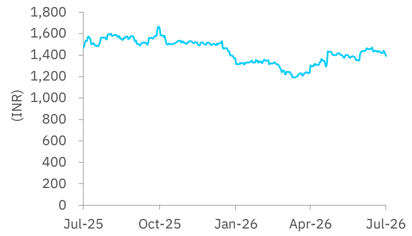
Retain Reduce; TP unchanged at INR 1,349: We lower our FY27E-29E core earnings estimate by 2-8%. CIPLA trades at 31.5x FY27E and 20.0x FY28E core P/E. We retain our TP of 1,349, which is 19x FY28E core P/E plus cash per share. The large contribution from one-off product built into our FY28 estimate explains the lower multiple. Retain Reduce. Faster launches and ramp-up in key products in the US are key upside risks.

Key data

Bloomberg	CIPLA IN
Reuters Code	CIPL.NS
Shares outstanding (mn)	808
Market cap (INR bn/USD mn)	1,125/11,653
EV (INR bn/USD mn)	1,042/10,795
ADTV 3M (INR mn/USD mn)	2,699/28
52 week high/low	1,673/1,166
Free float (%)	70

Note: as on 23 July 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q2 FY26	Q3 FY26	Q4 FY26	Q1 FY27
Promoter	29.2	29.2	29.2	29.2
% Pledge	0.0	0.0	0.0	0.0
FII	24.5	23.9	22.6	20.2
DII	30.2	30.7	32.0	34.6
Others	16.0	16.2	16.3	16.0

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(0.1)	(4.7)	(4.8)
Cipla	6.7	5.9	(5.5)
NSE Mid-cap	2.1	2.7	0.4
NSE Small-cap	7.5	15.3	(0.5)

Source: Bloomberg

Key Financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	275,476	281,626	307,577	354,031	364,887
YoY (%)	6.9	2.2	9.2	15.1	3.1
EBITDA (INR mn)	71,279	58,829	58,198	83,779	73,714
EBITDA margin (%)	25.9	20.9	18.9	23.7	20.2
Adj PAT (INR mn)	52,725	41,551	39,012	57,512	49,781
YoY (%)	27.9	(26.4)	0.6	47.4	(13.4)
Fully DEPS (INR)	65.2	51.4	48.2	71.1	61.5
RoE (%)	18.2	12.6	10.9	14.5	11.3
RoCE (%)	20.6	14.1	12.3	17.5	13.4
P/E (x)	21.3	27.1	28.9	19.6	22.6
EV/EBITDA (x)	14.6	17.7	17.9	12.4	14.1

Note: Pricing as on 23 July 2026; Source: Company, Elara Securities Estimate

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Financials (YE March)

Expect EBITDA margin at ~18.5-20% in FY27E

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	275,476	281,626	307,577	354,031	364,887
Gross Profit	186,186	186,135	195,793	235,134	237,177
EBITDA	71,279	58,829	58,198	83,779	73,714
EBIT	60,210	46,719	44,355	69,689	59,266
Interest expense	620	544	560	187	210
Other income	8,619	8,820	8,109	8,109	8,109
Exceptional/ Extra-ordinary items	-	(2,759)	-	-	-
PBT	68,208	52,236	51,904	77,611	67,165
Tax	15,298	13,538	12,972	20,179	17,463
Minority interest/Associates income	(185)	94	80	80	80
Reported PAT	52,725	38,792	39,012	57,512	49,781
Adjusted PAT	52,725	41,551	39,012	57,512	49,781
Balance Sheet (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Shareholders' Equity	311,935	344,320	372,910	419,995	458,536
Minority Interest	958	883	803	724	644
Trade Payables	28,375	32,299	34,913	37,835	40,764
Provisions & Other Current Liabilities	25,664	36,432	29,926	32,430	34,941
Total Borrowings	921	2,580	1,869	2,104	2,296
Other long term liabilities	6,019	8,447	8,447	8,447	8,447
Total liabilities & equity	**373,870**	**424,960**	**448,867**	**501,534**	**545,628**
Net Fixed Assets	65,863	76,261	78,176	80,947	84,541
Goodwill	32,703	37,544	37,544	37,544	37,544
Intangible assets	17,161	30,961	30,961	30,961	30,961
Business Investments / other NC assets	25,259	38,724	38,724	38,724	38,724
Cash, Bank Balances & treasury investments	81,087	90,100	94,295	118,642	153,170
Inventories	56,421	65,967	61,515	70,806	72,977
Sundry Debtors	55,064	56,201	61,515	70,806	72,977
Other Current Assets	40,313	29,203	46,137	53,105	54,733
Total Assets	**373,870**	**424,960**	**448,867**	**501,534**	**545,628**
Cash Flow Statement (INR mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Cashflow from Operations	**50,050**	**39,400**	**23,617**	**43,557**	**55,799**
Capital expenditure	(11,373)	(15,758)	(15,758)	(16,861)	(18,041)
Acquisitions / divestitures	(2,051)	(1,107)	-	-	-
Other Business cashflow	(306)	(174)	-	-	-
Free Cash Flow	**36,320**	**22,362**	**7,859**	**26,696**	**37,758**
Cashflow from Financing	(12,055)	(13,350)	(3,664)	(2,349)	(3,229)
Net Change in Cash / treasury investments	24,265	9,013	4,195	24,347	34,529
Key assumptions & Ratios	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Dividend per share (INR)	16.0	13.0	13.0	14.0	15.0
Book value per share (INR)	386.0	426.0	461.1	519.1	566.5
RoCE (Pre-tax) (%)	20.6	14.1	12.3	17.5	13.4
ROIC (Pre-tax) (%)	27.0	19.1	16.5	23.8	19.4
ROE (%)	18.2	12.6	10.9	14.5	11.3
Asset Turnover (x)	4.4	4.0	4.0	4.4	4.4
Net Debt to Equity (x)	(0.3)	(0.3)	(0.2)	(0.3)	(0.3)
Net Debt to EBITDA (x)	(1.1)	(1.5)	(1.6)	(1.4)	(2.0)
Interest cover (x) (EBITDA/ int exp)	114.9	108.2	103.9	448.4	350.4
Total Working capital days (WC/rev)	244.8	226.3	246.1	268.2	282.4
Valuation	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
P/E (x)	21.3	27.1	28.9	19.6	22.6
P/Sales (x)	4.1	4.0	3.7	3.2	3.1
EV/ EBITDA (x)	14.6	17.7	17.9	12.4	14.1
EV/ OCF (x)	20.8	26.5	44.1	23.9	18.7
FCF Yield	3.5	2.1	0.8	2.6	3.6
Price to BV (x)	3.6	3.3	3.0	2.7	2.5
Dividend yield (%)	1.1	0.9	0.9	1.0	1.1

Note: Pricing as on 23 July 2026; Source: Company, Elara Securities Estimate

Exhibit 1: Quarterly financials

YE March (INR mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Net Sales	71,193	69,575	2.3	65,412	8.8
Gross Profit	44,521	47,868	(7.0)	42,925	3.7
Gross Margins (%)	62.5	68.8	(626.4)	65.6	(308.7)
EBITDA	11,923	17,781	(32.9)	9,550	24.9
EBITDA Margins (%)	16.7	25.6	(881.0)	14.6	214.8
Other Income	2,109	2,586	(18.4)	1,482	42.3
Interest	170	141	21.2	131	29.7
Depreciation	3,042	2,527	20.4	3,829	(20.5)
PBT	10,819	17,699	(38.9)	7,071	53.0
Tax	2,948	4,779	(38.3)	1,570	87.8
Tax Rate (%)	27.3	27.0	25.0	22.2	505.3
PAT	7,871	12,921	(39.1)	5,501	43.1
Minority Interest	20	56	(65.0)	45	(57.0)
PAT	7,891	12,976	(39.2)	5,546	42.3
Adjusted Net Income	7,891	12,976	(39.2)	5,546	42.3
NPM (%)	11.1	18.7	(756.7)	8.5	260.4

Source: Company, Elara Securities Research

Exhibit 2: Valuation based on core estimates

	FY24	FY25	FY26	FY27E	FY28E
Core EPS (INR)	46.6	57.0	43.2	40.7	63.7
Core EPS growth (%)	42.4	22.3	(24.2)	(5.7)	56.4
Cash per share (INR)	70.3	100.3	111.5	116.6	146.6
Current core P/E (x)	27.7	22.7	29.9	31.7	20.3
Core ROIC (%)	26.4	28.2	20.1	17.2	24.8

Source: Company, Elara Securities Estimate

Conference call highlights

Financial highlights

- Global revenue for the quarter stood at INR 71.2bn.
- Total expenses for the quarter stood at INR 32.6bn, reflecting an increase of 8.3% QoQ.
- R&D investments stood at INR 4.9bn, accounting for 6.8% of sales, driven by increased product filings and development initiatives.
- Net cash position stood at INR 94.9bn, while debt, primarily comprising lease liabilities, stood at INR 6.0bn.
- Management indicated that the Middle East conflict impacted ~1–2% of revenue in Q1.
- During the quarter, the USFDA completed a routine GMP inspection at the Goa facility, which was subsequently classified as VAI. The USFDA also concluded a routine GMP inspection at the Invagen facility in New York, resulting in one Form 483 observation.

North America

- North America revenue for the quarter stood at USD 162mn.
- Albuterol maintained its leadership in the US Albuterol MDI market, ranking No. 1 with a 21% market share.
- During the quarter, CIPLA commercially launched gVentolin following regulatory approval received in the previous quarter. Commercial shipments have commenced, with volumes expected to ramp up gradually as supply scales. The company also launched Nintedanib and Dapagliflozin, further strengthening its portfolio in high-growth therapy areas.

- Management highlighted that gVentolin has been granted Competitive Generic Therapy (CGT) exclusivity, providing the company with sole exclusivity for the product. Management does not expect any meaningful competitive entry in the near term.
- gProventil was also ranked No. 1 in its category, with a 21% market share, taking cumulative US supplies to more than 50mn inhaler units.

India

- The One-India business recorded its highest-ever quarterly sales, growing 12% YoY, with the chronic portfolio mix improving to 60.4% of the domestic business.
- CIPLA continued to be the largest pharmaceutical company in India by volume.
- The domestic business delivered 15.4% secondary sales growth, outperforming the Indian Pharmaceutical Market (IPM) by 183bps. Key therapies including Respiratory, Urology, Cardiac, and Anti-diabetes delivered strong double-digit growth, with the chronic portfolio mix improving to 60.4%.
- According to IQVIA, key therapy performance remained robust, with Respiratory growing 15%, Anti-diabetes 43%, Cardiac 20%, while Urology also delivered strong double-digit growth during the quarter ended Jun '26.
- Foracort, CIPLA's flagship inhalation brand, further strengthened its leadership position as the No.1 respiratory brand in the IPM and continued to remain an INR 10bn+ annualized franchise.
- As of Q1FY27, the Respiratory franchise contributed ~one-third of CIPLA's consolidated revenue.
- In the immunology segment, CIPLA launched Paracip, strengthening its presence in chronic inflammatory and autoimmune disorders.
- The company also expanded its supportive care portfolio through the launch of Bilafav M, a nasal hygiene product.
- CIPLA's *Semaglutide* brand witnessed strong traction during the quarter.
- The domestic portfolio was further strengthened with the launch of Yurpeak, Duolin Syncrobreathe, Doloneuron, and Nasowash.
- Yurpeak contributed ~INR 800mn in revenue during the quarter.
- Dytor crossed an annualized revenue run-rate of INR 7bn during the quarter.
- The Trade Generics business reported healthy YoY growth, supported by strong distribution execution and new product introductions. The business launched three new products in Q1.
- Management highlighted that the Trade Generics business continues to deliver healthy secondary sales growth while actively investing in new products and channel expansion to widen distribution reach.
- The domestic portfolio now comprises four brands with trailing twelve-month (TTM) revenue exceeding INR 1bn, while three additional brands have TTM revenue between INR 0.5bn and INR 1bn.
- In the Consumer Health segment, *Nicotex, Omnigel,* and *Cipladine* retained their leadership in their respective categories.
- The Consumer Health business also maintained a healthy EBITDA margin trajectory in Q1.
- As of Q1FY27, CIPLA had a field force of ~12,000 employees. Management indicated that no incremental field-force additions are planned during FY27

SAGA

- In the South Africa Private Market, CIPLA delivered 6.5% secondary sales growth, outperforming the market growth of 5.7% and growing 1.2x faster than the market. The prescription business retained its No. 2 position.

- The business delivered healthy growth across key therapy areas, including Respiratory, CNS, and Alimentary Tract & Metabolism.
- CIPLA now has 10 brands with MAT market revenue exceeding ZAR 100mn.
- The company also has the highest number of brands within the generics segment, with six brands in the top 30, 11 brands in the top 50, and 20 brands in the top 100.
- The South African private business generated revenue of ZAR 906mn in Q1FY27.
- CIPLA launched four new products in the region during the quarter.
- Management indicated that the South African tender business declined during the quarter, partially offsetting the strong performance of the private market.

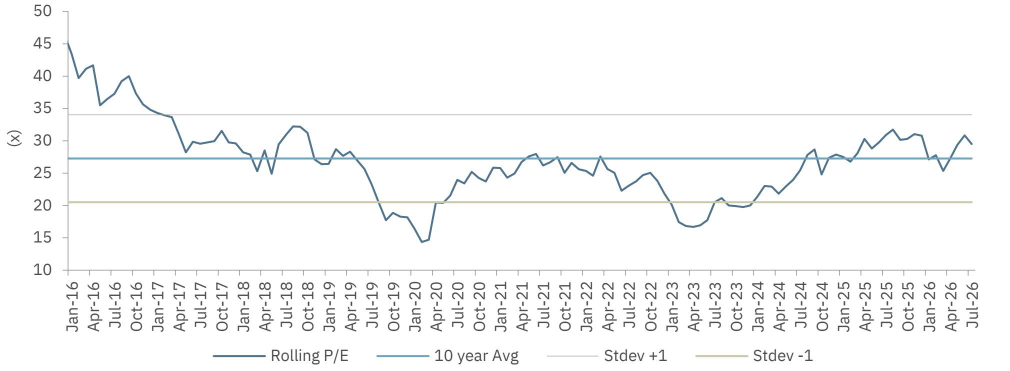
Emerging market & Europe

- Emerging markets and Europe delivered quarterly revenue of over USD 100mn, registering 5% YoY growth in USD terms, driven by strong execution across both the Direct-to-Market (DTM) and B2B businesses.
- Management highlighted that its deep market-focus strategy continues to strengthen the Emerging Markets and Europe franchise, with balanced growth across both DTM and B2B segments while maintaining healthy profitability.
- The business also delivered stable margin, supported by effective commercialization of the company's internal pipeline assets, demonstrating resilience and agility of its operating model.

Guidance

- For the One India business, management remains focused on sustaining growth through strong execution and continuing to outperform the market across branded formulations, trade generics, and consumer wellness. The company also plans to further strengthen its presence in chronic therapies while maintaining its leadership in the respiratory segment.
- In North America, the primary growth driver will be new product launches, with management expecting the business to deliver sequential growth throughout FY27.
- In South Africa, the company aims to continue outperforming the private pharmaceutical market and strengthen its market position.
- For the EMEU business, management's key priority is to drive topline growth while sustaining healthy profitability and margin trajectory.
- CIPLA has four significant product launches lined up for FY27, comprising three respiratory products (including generic Advair) and one peptide product. Of the respiratory launches, two products have been filed from the US manufacturing site and one from the Goa facility.
- Management highlighted that the upcoming peptide product enjoys First-to-File (FTF) status and faces limited competition owing to its complex manufacturing process, despite being an off-patent molecule.
- Management reiterated its confidence in achieving a USD 1bn annualized revenue exit run-rate by the end of FY27.
- The USFDA re-inspection of the Indore facility is expected to take place in the near term.
- Management expects EBITDA margin to remain in the range of 18.5–20.0% in FY27, with sequential margin improvement anticipated through the course of the year. The company will be accruing PLI, which will come in phased manner in coming quarters.
- gVentolin is expected to ramp up by Q4FY27.
- gAdvair approval is expected to be received soon.
- As per management, from Q3FY27, the respiratory mix will increase, thus leading to an increase in gross margin.

Exhibit 3: Rolling P/E trading at a premium of 8% to its long term average



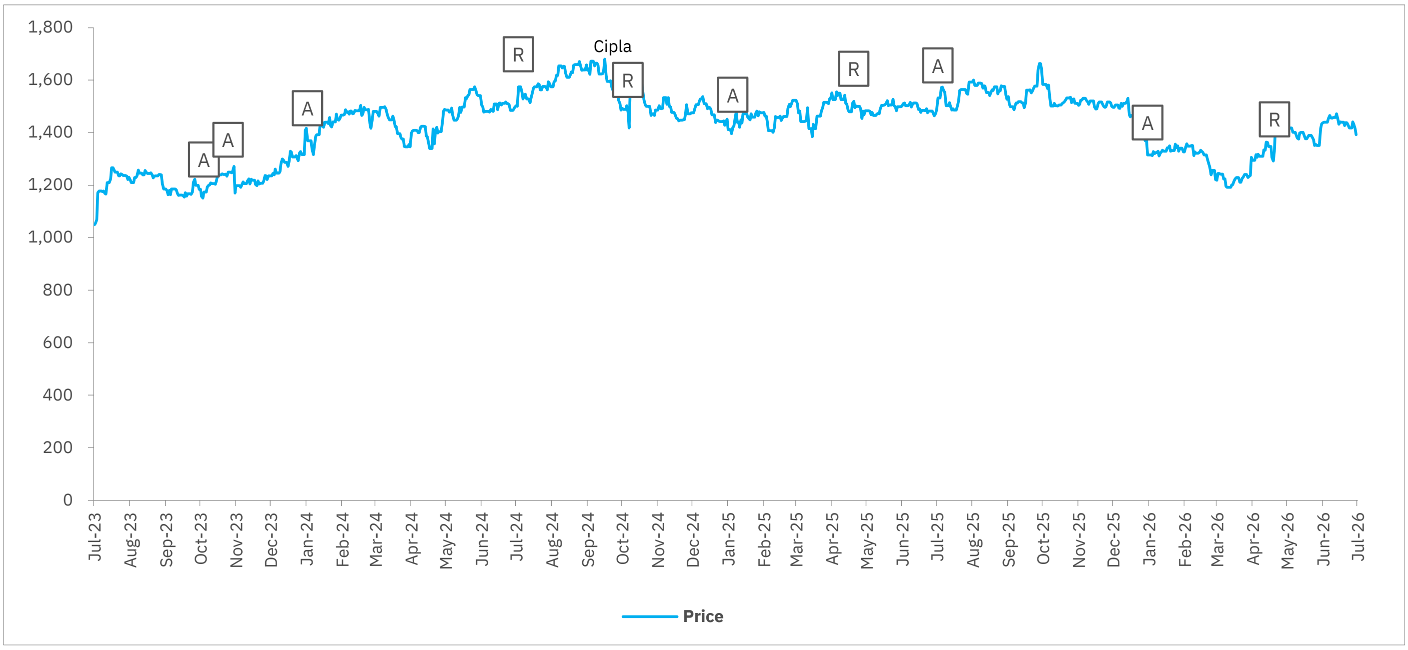
Source: Bloomberg, Company, Elara Securities Estimate

Exhibit 4: Change in estimates

	Old			Revised			% change		
(INR mn)	**FY27E**	**FY28E**	**FY29E**	**FY27E**	**FY28E**	**FY29E**	**FY27E**	**FY28E**	**FY29E**
Sales	3,10,171	3,57,011	3,69,242	3,07,577	3,54,030	3,64,887	(0.8)	(0.8)	(1.2)
EBITDA	59,312	83,041	73,740	58,198	83,779	73,714	(1.9)	0.9	(0.0)
PAT	41,549	58,463	51,174	39,012	57,512	49,781	(6.1)	(1.6)	(2.7)
EPS (INR)	**51.4**	**72.2**	**63.2**	**48.2**	**71.1**	**61.5**	**(6.1)**	**(1.6)**	**(2.7)**

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
27-Oct-2023	Accumulate	1,244	1,174
17-Nov-2023	Accumulate	1,349	1,249
25-Jan-2024	Accumulate	1,499	1,370
26-Jul-2024	Reduce	1,595	1,575
29-Oct-2024	Reduce	1,507	1,478
28-Jan-2025	Accumulate	1,572	1,421
13-May-2025	Reduce	1,465	1,520
25-Jul-2025	Accumulate	1,670	1,533
23-Jan-2026	Accumulate	1,438	1,315
13-May-2026	Reduce	1,349	1,328

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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