23 July 2026

1QFY27 Results Update | Sector: Healthcare

Cipla

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	CIPLA IN
Equity Shares (m)	808
M.Cap.(INRb)/(USDb)	1125.3 / 11.7
52-Week Range (INR)	1673 / 1166
1, 6, 12 Rel. Per (%)	-3/11/0
12M Avg Val (INR M)	2437

Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	281.6	307.1	350.8
EBITDA	59.2	58.2	71.1
Adj. PAT	40.9	39.4	49.3
EBIT Margin (%)	16.7	14.5	16.3
Cons. Adj. EPS (INR)	50.7	48.8	61.0
EPS Gr. (%)	-19.2	-3.8	25.1
BV/Sh. (INR)	426.6	472.7	527.1
Ratios			
Net D:E	0.0	0.0	0.0
RoE (%)	11.9	10.3	11.6
RoCE (%)	12.8	11.0	12.3
Payout (%)	12.5	12.4	9.9
Valuations			
P/E (x)	27.5	28.6	22.9
EV/EBITDA (x)	20.5	21.0	17.1
Div. Yield (%)	0.4	0.4	0.4
FCF Yield (%)	0.8	-0.7	0.3
EV/Sales (x)	4.3	4.0	3.5

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	29.1	29.1	29.1
DII	34.5	31.9	29.2
FII	20.5	22.8	25.4
Others	15.9	16.2	16.3

FII includes depository receipts

CMP: INR1,394 TP: INR1,420 (+2%) Neutral

Operationally in-line 1Q; India delivers, US awaits revival

Potential US launches/off-take of Ventolin are key monitorables

- Cipla delivered a largely in-line operational performance in 1QFY27. Earnings were better than expected due to higher other income for the quarter.
- India segment's YoY growth has been on an uptrend for the fourth consecutive quarter. Overall India business growth was driven by increased off-take of medicines in chronic therapy categories and improved industry-level growth in acute therapies, supported by superior execution in trade generics as well as consumer health.
- NA segment's sales run rate remained subdued due to gradual off-take of new launches, addressing remediation measures for Lanreotide and some gestation period for potential launches.
- In South Africa, Cipla reported better growth than the industry, though it was largely driven by a healthy performance in the private market, partly offset by lower tender business.
- We raise our FY27/FY28 earnings estimates by 4%/2%, driven by a) stronger India growth led by the chronic portfolio, and b) continued strength in the SA Rx business supported by portfolio expansion. We value Cipla at 23x 12-month forward earnings to arrive at a TP of INR1,420. FY27 is expected to be a second consecutive year of earnings decline as per our estimates. The potential product launches in 2HFY27 are expected to drive growth revival in FY28. Having said this, we believe the current valuation factors in an earnings revival in FY28. Maintain Neutral.

Product mix and lower operating leverage dent margin YoY

- 1QFY27 revenue grew 2.3% YoY to INR71.2b (vs. our est. of INR70b).
- Gross margin contracted 630bp YoY to 62.5%. As a result, EBITDA margins contracted 890bp YoY to 16.7% (our est 16.6%).
- EBITDA declined 32.9% YoY to INR11.9b (our est. INR11.6b).
- Adj. PAT declined 37.3% YoY to INR8.1b (our est: INR7.7b).

US weakness weighs on 1Q despite robust domestic growth

- DF sales (48% of sales) grew 12.4% YoY to INR34.5b.
- US sales (22% of sales) declined 21% YoY to INR15.3b (USD162m, down 28% in CC terms).
- EM sales (14% of sales) grew 16% YoY to INR10b.
- SAGA sales (14% of sales) grew 12.2% YoY to INR9.8b.
- API and Other sales (2% of sales) declined 28% YoY to INR1.6b.

Key highlights from the management commentary

- Management maintained its FY27 EBITDA margin guidance of 18.5-20%.
- Considering g-advair launch, potential peptide launch and scale-up of g-Ventolin, Cipla remains confident of achieving USD1b annualized FY27-exit run rate in US sales.

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- Respiratory products are filed from US facility and another respiratory filing is from Goa site.
- Cipla is witnessing progressive growth in Yurpeak despite Semaglutide generics in the India market
- On the current MR base of 12k, Cipla does not intend to add MRs in FY27.
- Cipla added two brands in the INR1b+ annual sales category in 1QFY27.
- Cipla's partner is working on remediation measures to resolve regulatory issues with respect to lanreotide. Cipla is also working on an alternate site for manufacturing Lanreotide.

Quarterly Performance (Consolidated)

Y/E March	FY26				FY27				FY26	FY27E	Est.	% Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Revenues	**69,575**	**75,894**	**70,745**	**65,412**	**71,193**	**75,055**	**80,838**	**80,019**	**2,81,626**	**3,07,105**	**69,979**	**1.7**
YoY Change (%)	3.9	7.6	0.0	-2.8	2.3	-1.1	14.3	22.3	2.2	9.0	0.6	
Total Expenditure	51,793	56,947	58,194	55,442	59,270	61,170	65,155	63,295	2,22,377	2,48,890	58,363	
EBITDA	**17,781**	**18,948**	**12,551**	**9,970**	**11,923**	**13,885**	**15,683**	**16,724**	**59,249**	**58,215**	**11,617**	**2.6**
YoY Change (%)	3.6	0.5	-36.9	-35.2	-32.9	-26.7	25.0	67.7	-16.9	-1.7	-34.7	
Margins (%)	25.6	25.0	17.7	15.2	16.7	18.5	19.4	20.9	21.0	19.0	16.6	
Depreciation	2,527	2,970	2,784	3,829	3,042	3,351	3,609	3,573	12,110	13,575	3,157	
Interest	141	132	140	131	170	91	98	97	544	456	86	
Other Income	2,586	2,690	2,063	1,482	2,109	1,950	2,050	2,100	8,820	8,209	1,800	
Profit before Tax	**17,699**	**18,535**	**11,690**	**7,491**	**10,819**	**12,394**	**14,026**	**15,155**	**55,416**	**52,393**	**10,174**	
One-time (expense)/income	0	0	-2,759	-420	0	0	0	0	-3,179	0	0	
PBT after EO expense	**17,699**	**18,535**	**8,931**	**7,071**	**10,819**	**12,394**	**14,026**	**15,155**	**52,236**	**52,393**	**10,174**	
Rate (%)	27.0	27.0	18.7	21.0	27.3	25.5	25.5	25.5	24.4	25.9	25.5	
Minority Interest	-55.7	19.0	-12.4	-45.3	-19.5	-18.6	-18.6	-18.6	-94.4	-75.4	-28.8	
Reported PAT	**12,976**	**13,512**	**6,758**	**5,547**	**7,891**	**9,252**	**10,468**	**11,309**	**38,792**	**38,919**	**7,608**	
Adj PAT	**12,976**	**13,512**	**8,780**	**5,663**	**8,134**	**9,314**	**10,538**	**11,385**	**40,931**	**39,370**	**7,659**	**6.2**
YoY Change (%)	10.2	3.7	-35.6	-53.6	-37.3	-31.1	20.0	101.0	-19.2	-3.8	-41.0	

E: MOFSL Estimates;

KPIs (Consolidated)

Y/E March	FY26				FY27				FY26	FY27E
INRm	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Domestic formulation	30,700	31,460	34,570	30,070	34,520	35,550	38,373	33,678	1,26,800	1,42,121
YoY Change (%)	5.9	6.7	9.9	14.7	12.4	13.0	11.0	12.0	9.2	12.1
North America	19,330	20,390	14,850	14,140	15,320	16,468	19,518	22,584	68,710	73,890
YoY Change (%)	-7.4	2.7	-22.1	-26.3	-20.7	-19.2	31.4	59.7	-13.0	7.5
SAGA	8,710	11,780	10,010	12,360	9,770	11,309	11,011	11,989	42,860	44,079
YoY Change (%)	25.3	10.3	2.7	21.3	12.2	-4.0	10.0	-3.0	14.1	2.8
Emerging market	8,610	9,670	9,290	8,190	9,990	9,638	9,573	9,652	35,760	38,854
YoY Change (%)	1.4	20.0	12.7	-8.5	16.0	-0.3	3.1	17.9	6.0	8.7
Cost Break-up										
RM Cost (% of Sales)	31.2	32.9	37.2	34.4	37.5	36.0	35.6	34.0	33.9	35.7
Staff Cost (% of Sales)	18.9	17.3	18.7	21.6	21.0	20.0	19.3	20.0	19.1	20.1
R&D Expenses(% of Sales)	6.2	7.1	7.0	7.1	6.8	6.4	6.2	6.1	6.3	6.3
Other Cost (% of Sales)	18.2	17.7	17.7	19.3	17.9	19.1	19.5	19.0	19.1	18.9
Gross Margins(%)	68.8	67.1	62.8	65.6	62.5	64.0	64.4	66.0	66.1	64.3
EBITDA Margins(%)	25.6	25.0	17.7	15.2	16.7	18.5	19.4	20.9	21.0	19.0
EBIT Margins(%)	21.9	21.1	13.8	9.4	12.5	14.0	14.9	16.4	16.7	14.5

E: MOFSL Estimates

Highlights from the management commentary

- The overall cost impact of the Middle East issue is 1-2% of revenue.
- Anchor and transitioned brands continue to grow bigger in the consumer health segment.
- Management highlighted that its anti-obesity portfolio continues to witness strong traction, with the business reaching ~INR800m in 1QFY27 and growing MoM. The company stated that it has become the No. 2 player in the category (after Mounjaro, as per IQVIA).
- Management clarified that the accounting change reduced reported revenue growth by ~200bp. Adjusted for the change, revenue growth would have been ~4% vs. the reported 2%, with the impact largely attributable to South Africa.
- Management attributed the South Africa decline primarily to lower tender sales following the loss of a tender last year, with the impact expected to continue over the coming quarters. The private market continued to outperform, delivering 6.5% secondary sales growth vs. 5.7% for the overall market, although reported growth was affected by currency movements and hedging.
- The company indicated focus on sustaining above-market growth in India, driving North America through new launches, outperforming the South African private market, and accelerating EMU growth while maintaining margins.
- R&D expenditure stood at INR4.9b (6.8% of revenue) during the quarter, primarily related to product filings and key development programs.

India sustains momentum, North America supported by gVentolin launch

NA: Currency depreciation partially offsets underlying revenue decline

- North America revenue declined 28% YoY to USD162m in 1QFY27. Owing to INR depreciation against USD, the decline translated into a relatively lower 21% YoY in INR terms (INR15.3b).
- The decline was partly offset by the commercial launch of the first AB-rated generic Ventolin (gVentolin) in the US, with initial shipments completed and supply expected to ramp up over the coming quarters.
- gProventil retained its No.1 position in the US albuterol MDI market with a 21% market share, highlighting Cipla's continued leadership in respiratory therapies.
- The company has cumulatively supplied more than 50m albuterol inhalers to the US market, reinforcing its manufacturing and supply capabilities.
- Portfolio expansion continued with launches of gVentolin, Nintedanib, Dapagliflozin and Liraglutide, supporting diversification beyond respiratory.
- Cipla maintains a robust US pipeline with 278 ANDAs/NDAs, including 186 approved and 48 under review, providing visibility for future launches.
- We expect North America to return to a healthy CAGR of 18.4% (in INR terms) over FY26-28, driven by the ramp-up of gVentolin, recovery in respiratory sales and commercialization of complex generics from its strong pipeline.

India: Chronic franchise continues to drive growth

- India revenue grew 12% YoY to INR34.5b in 1QFY27, driven by strong execution in chronic therapies, new product launches and continued market share gains.
- Cipla delivered 15.4% market growth, outperforming the IPM by 183bp, supported by continued strength across branded prescription, trade generics and consumer health.
- Chronic portfolio remained the key growth engine, with Respiratory (+13%), Urology (+10%), Anti-diabetes (+11%), Cardiac (+26%) and Dermatology (+14%) posting double-digit growth.
- The company maintained its leadership in respiratory with Foracort (>INR10b TTM sales), while Dytor scaled beyond INR7b, highlighting the strength of its in-house brands.
- Cipla expanded its portfolio with launches, including Yurpeak, Duolin Syncrobreathe, Doloneuron, Nasowash and JAK inhibitor-based therapies, strengthening its presence in priority chronic segments.
- Consumer Health maintained strong momentum, with Nicotex, Omnigel and Cipladine retaining leadership positions, while anchor brands continued to scale up profitably.
- We expect the India business to deliver 10.9% CAGR over FY26-28, led by continued chronic therapy penetration, sustained new launches, market share gains and expansion of the consumer health franchise.

One Africa: Broad-based growth led by private market outperformance and portfolio strength

- One Africa revenue grew 12% YoY to INR9.8b in 1QFY27, driven by strong execution across South Africa, North Africa and Sub-Saharan Africa.

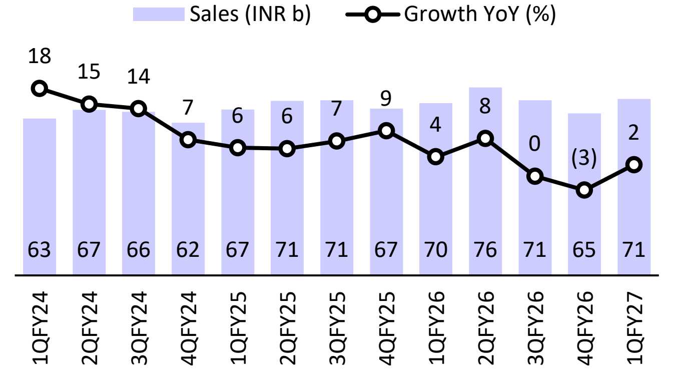
- South Africa's private market business outperformed the industry, growing 9.8% vs. market growth of 8.5%, reflecting continued market share gains across key therapies.
- Growth was supported by healthy demand in Respiratory, CNS, and Alimentary Tract & Metabolism, with the company maintaining leadership across the generics portfolio.
- Cipla has six brands in the top 30, 11 in the top 50, and 20 in the top 100 within South Africa's generics market, highlighting the strength of its franchise.
- The company launched four new products across multiple therapies during the quarter, further strengthening its portfolio and expanding its addressable market.
- Consumer wellness brands continued to witness healthy traction, complementing prescription business growth and supporting diversification across the region.
- We expect One Africa to deliver 4.7% CAGR over FY26-28, driven by continued private market share gains in South Africa, portfolio expansion, new launches and stable growth across markets.

Valuation and view

- We raise our earnings estimates by 4%/2% for FY27/FY28, factoring in a) superior growth in India/SA-Rx business, and b) controlled operating cost driving better operating leverage.
- We value Cipla at 23x 12-month forward earnings to arrive at a TP of INR1,420. FY27 is expected to be a second consecutive year of earnings decline as per our estimates. The potential product launches in 2HFY27 are expected to drive growth revival in FY28. Having said this, we believe the current valuation factors in an earnings revival in FY28. Maintain Neutral.

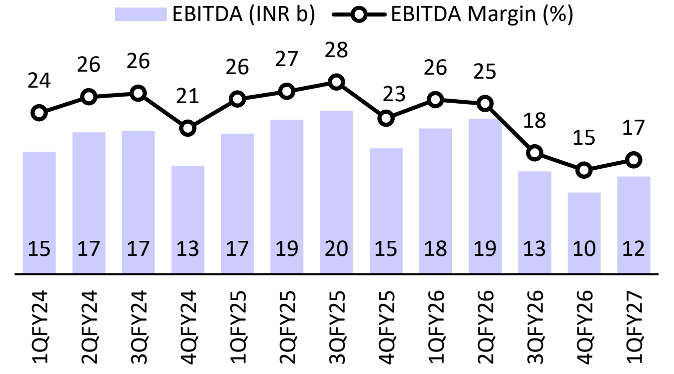
Story in charts

Exhibit 1: Revenue grew 2% YoY in 1QFY27



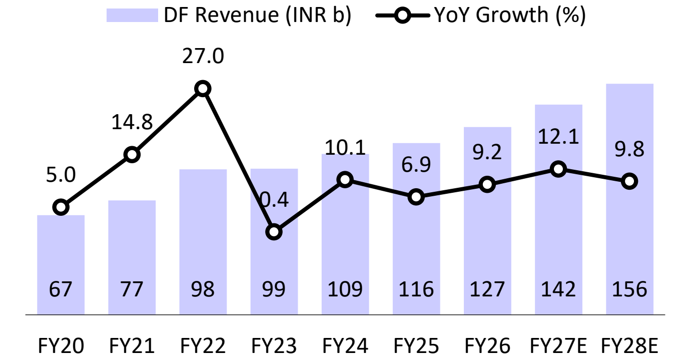
Source: MOFSL, Company

Exhibit 2: EBITDA contracted 890bp YoY in 1QFY27



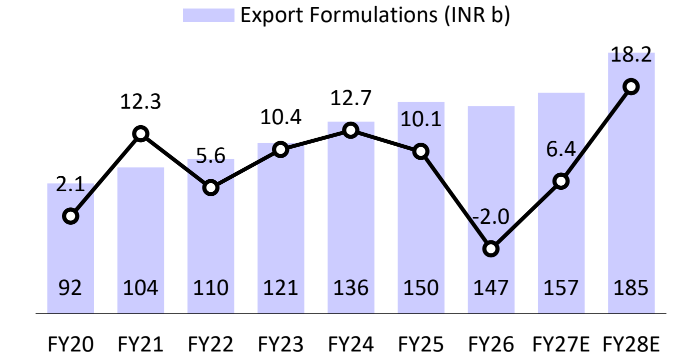
Source: MOFSL, Company

Exhibit 3: Expect 10.9% DF sales CAGR over FY26-28



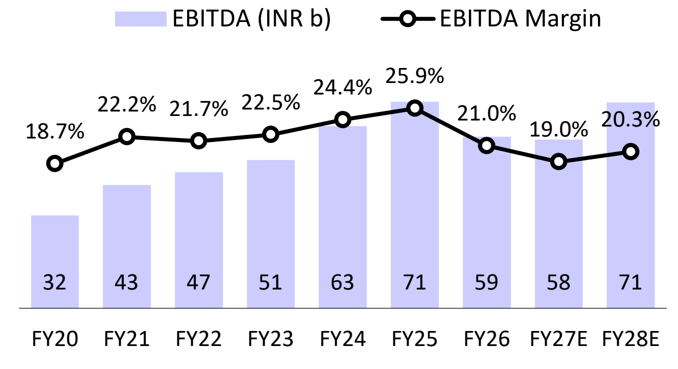
Source: MOFSL, Company

Exhibit 4: Expect 12.2% export sales CAGR over FY26-28



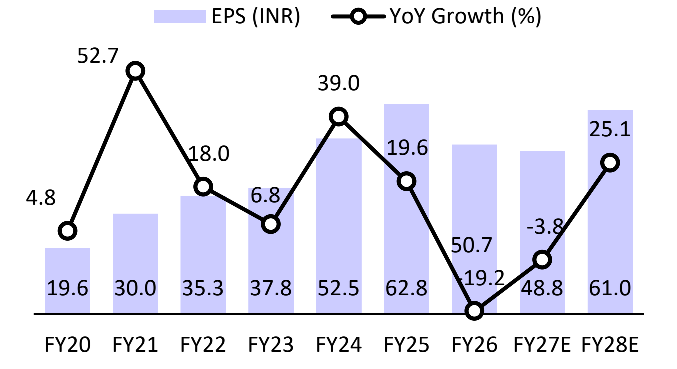
Source: MOFSL, Company

Exhibit 5: EBITDA margin to contract 70bp over FY26-28



Source: MOFSL, Company

Exhibit 6: Expect EPS to increase over FY26-28



Source: MOFSL, Company

Financials and valuations

Income Statement (INR M)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Income	**2,17,121**	**2,27,531**	**2,57,741**	**2,75,476**	**2,81,626**	**3,07,105**	**3,50,847**
Change (%)	13.3	4.8	13.3	6.9	2.2	9.0	14.2
EBITDA	**47,016**	**51,144**	**62,911**	**71,279**	**59,249**	**58,215**	**71,072**
Change (%)	10.6	8.8	23.0	13.3	-16.9	-1.7	22.1
Margin (%)	21.7	22.5	24.4	25.9	21.0	19.0	20.3
Depreciation	10,520	11,721	10,079	11,070	12,110	13,575	14,038
EBIT	**36,496**	**39,423**	**52,832**	**60,209**	**47,139**	**44,640**	**57,034**
Int. and Finance Charges	1,064	1,095	899	620	544	456	255
Other Income - Rec.	2,809	4,514	6,225	7,949	8,820	8,209	8,760
PBT before EO Items	**38,242**	**42,842**	**58,158**	**67,538**	**55,416**	**52,393**	**65,539**
One-time (Expense)/Income	3,309	2,458	1,139	-670	3,179	0	0
PBT but after EO Exp.	**34,933**	**40,384**	**57,019**	**68,208**	**52,236**	**52,393**	**65,539**
Tax	9,338	12,028	15,466	15,298	13,538	13,550	16,778
Tax Rate (%)	26.7	29.8	27.1	22.4	25.9	25.9	25.6
Minority Interest	299	310	322	-33	(175)	(103)	(23)
Income from associates	-128	-26	-16	-219	-81	-27	-4
Reported PAT	**25,168**	**28,020**	**41,216**	**52,725**	**38,792**	**38,919**	**48,780**
Adj PAT	**28,382**	**30,478**	**42,355**	**50,664**	**40,931**	**39,370**	**49,271**
Change (%)	18.0	7.4	39.0	19.6	-19.2	-3.8	25.1
Margin (%)	13.1	13.4	16.4	18.4	14.5	12.8	14.0

Balance Sheet (INR M)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	1,614	1,614	1,614	1,614	1,614	1,614	1,614
Reserves	2,01,532	2,32,464	2,65,450	3,10,321	3,42,706	3,79,903	4,23,839
Revaluation Reserves	0	0	0	0	0	0	0
Net Worth	**2,08,417**	**2,34,078**	**2,67,065**	**3,11,935**	**3,44,320**	**3,81,517**	**4,25,453**
Loans	8,975	5,943	3,340	1,977	3,493	2,318	2,318
Deferred Liabilities	-2049	-2932	-4025	-5913	-9010	-9010	-9010
Minority Interst	2757	3058	959	958	883	883	883
Capital Employed	**2,18,100**	**2,40,144**	**2,67,339**	**3,08,957**	**3,39,686**	**3,75,708**	**4,19,644**
Gross Block	1,60,107	1,66,824	1,79,676	1,95,412	2,33,938	2,62,443	2,87,443
Less: Accum. Deprn.	60,056	71,777	81,856	92,925	1,05,035	1,18,610	1,32,647
Net Fixed Assets	**1,00,052**	**95,048**	**97,820**	**1,02,487**	**1,28,903**	**1,43,833**	**1,54,795**
Capital WIP	3,829	6,892	8,643	12,128	15,863	16,863	16,863
Investments	4,171	6,324	7,558	7,508	5,440	5,440	5,440
Curr. Assets	**1,58,304**	**1,77,106**	**2,07,279**	**2,45,625**	**2,65,744**	**2,92,402**	**3,31,684**
Inventory	53,502	51,564	52,380	56,421	65,967	70,193	78,483
Account Receivables	34,244	40,570	47,707	55,064	56,201	65,720	75,081
Cash and Bank Balance	19,285	15,646	8,750	7,998	13,074	9,409	16,762
Others	51,273	69,325	98,443	1,26,142	1,30,502	1,47,079	1,61,358
Curr. Liability & Prov.	**48,423**	**49,923**	**53,962**	**58,791**	**76,264**	**82,917**	**89,226**
Account Payables	36,213	37,055	37,844	41,625	52,097	58,750	65,058
Provisions	12,210	12,868	16,118	17,166	24,167	24,167	24,167
Net Current Assets	**1,09,882**	**1,27,183**	**1,53,317**	**1,86,835**	**1,89,481**	**2,09,485**	**2,42,459**
Appl. of Funds	**2,18,100**	**2,40,144**	**2,67,340**	**3,08,957**	**3,39,687**	**3,75,709**	**4,19,645**

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Adjusted EPS	**35.3**	**37.8**	**52.5**	**62.8**	**50.7**	**48.8**	**61.0**
Cash EPS	48.2	52.3	65.0	76.5	65.7	65.6	78.4
BV/Share	258.1	284.2	330.9	386.5	426.6	472.7	527.1
DPS	3.0	3.0	4.0	5.0	5.0	5.0	5.0
Payout (%)	11.5	10.3	9.4	9.2	12.5	12.4	9.9
Valuation (x)							
P/E	39.5	36.9	26.6	22.2	27.5	28.6	22.9
Cash P/E	28.9	26.7	21.5	18.2	21.2	21.3	17.8
P/BV	5.4	4.9	4.2	3.6	3.3	3.0	2.6
EV/Sales	5.6	5.3	4.7	4.4	4.3	4.0	3.5
EV/EBITDA	25.9	23.8	19.4	17.1	20.5	21.0	17.1
Dividend Yield (%)	0.2	0.2	0.3	0.4	0.4	0.4	0.4
FCF per Share	32.8	26.0	34.9	39.9	11.5	-11.1	0.0
Return Ratios (%)							
RoE	14.5	13.3	15.9	16.2	11.9	10.3	11.6
RoCE	13.7	13.5	17.0	18.3	12.8	11.0	12.3
RoIC	14.5	13.8	17.0	17.8	11.9	10.2	11.7
Working Capital Ratios							
Fixed Asset Turnover (x)	1.4	1.4	1.5	2.8	2.4	2.3	2.3
Debtor (Days)	58	65	68	73	73	78	78
Inventory (Days)	90	83	74	75	85	83	82
Creditors (Days)	42	39	35	38	37	39	38
Working Capital (Days)	105	108	107	110	121	122	121
Leverage Ratio (x)							
Current Ratio	3.3	3.5	3.8	4.2	3.5	3.5	3.7
Debt/Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement (INR M)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Profit before Tax & Extraordinary Items	36,754	42,208	58,967	71,279	52,236	52,393	65,539
Depreciation	10,520	11,721	10,510	11,070	12,110	13,575	14,038
Interest/Dividends Recd.	267	-527	-1,297	-2,024	-1,742	-8,209	-8,760
Direct Taxes Paid	-11,395	-13,019	-15,975	-16,681	-15,862	-13,550	-16,778
(Inc)/Dec in WC	-1,775	-5,594	-8,061	-6,655	-2,252	-23,669	-25,621
Other Items	-1,112	-2,412	-2,805	-9,632	-5,090		
CF from Operations	**33,259**	**32,377**	**41,339**	**47,357**	**39,400**	**20,541**	**28,418**
CF from Oper. incl EO Expense	**33,259**	**32,377**	**41,339**	**47,357**	**39,400**	**20,541**	**28,418**
(inc)/dec in FA	-6,810	-11,355	-13,151	-15,148	-30,117	-29,505	-25,000
Free Cash Flow	**26,449**	**21,021**	**28,188**	**32,209**	**9,283**	**-8,964**	**3,418**
(Pur)/Sale of Investments	1,706	-8,879	-14,314	-21,818	5,732	0	0
Other Items	-13,481	-3,528	-2,359	55	1,123		
CF from Investments	**-18,584**	**-23,761**	**-29,825**	**-36,911**	**-23,261**	**-29,505**	**-25,000**
Inc/(Dec) in Debt	350	0	0	-860	1,878	-1,175	0
Interest (Paid)/Recd	-757	-650	-648	-364	-370	7,753	8,505
Dividend Paid	-4,034	-4,035	-6,862	-10,498	-12,924	-4,844	-4,844
Others Items	-11,558	-4,899	-4,495	-1,206	-920	3,553	263
CF from Fin. Activity	**-15,998**	**-9,583**	**-12,004**	**-12,928**	**-12,337**	**5,288**	**3,924**
Inc/Dec of Cash	**-1,323**	**-968**	**-490**	**-2,483**	**3,802**	**-3,677**	**7,342**
Add: Beginning Balance	14,012	19,285	15,646	8,750	7,998	13,074	9,409
Ending cash balance	**12,689**	**18,317**	**15,156**	**6,267**	**11,801**	9,397	16,751
Bank balances and FX impact	6,596	-2,670	-6,407	1,731	1,273	12	11
Closing balance	**19,285**	**15,646**	**8,749**	**7,998**	**13,074**	**9,409**	**16,762**

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

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