BP Wealth | STOXBOX

Cipla Ltd.

SHINING STAR SERIES

Cipla Ltd.

Buy

BP WEALTH

Sector: Pharmaceuticals **03rd July, 2026**

Investment Thesis

- ⇒ **India business continues to provide earning stability & strong cash generation**
- ⇒ **US respiratory pipeline provides multi-year growth visibility**
- ⇒ **One Africa and EMEU businesses continue to strengthen diversified global growth platform**
- ⇒ **Complex generics & specialty focus to drive margin expansion**
- ⇒ **Strong financial profile and healthy cash flow generation support sustainable growth**

Company Background

Founded in 1935, Cipla is a globally diversified pharmaceutical company engaged in branded formulations, generics, specialty therapies, and APIs, with a strong presence across India, North America, Africa, Europe, and other emerging markets. Over the decades, the company has established a strong global reputation through its commitment towards improving the accessibility and affordability of healthcare solutions, while consistently strengthening its positioning across regulated and semi-regulated markets. The company currently ranks among the leading pharmaceutical companies in India and maintains a strong foothold across key international geographies, particularly South Africa, emerging markets and regulated export markets. The company also remains a global leader in respiratory therapies and is among the largest players worldwide in generic inhalation products. The company has built a diversified product portfolio across multiple therapeutic segments, including respiratory, oncology, anti-infective, cardiology, CNS, urology, gastroenterology and anti-retroviral therapies, while gradually expanding its presence in complex and differentiated treatment categories. Respiratory therapies remain a key strategic pillar for Cipla, supported by strong capabilities in inhalation therapies, nebulization products, and complex respiratory formulations across both domestic and international markets. Over the years, the company has steadily transitioned towards a more differentiated and specialty-focused business model, with increasing emphasis on complex generics, specialty therapies, peptides, injectable, and biosimilar, which is expected to improve the product mix, enhance the margin profile, and support long-term earnings growth. Cipla operates through a well-diversified global business model, with India remaining the largest contributor to consolidated revenues, while North America, One Africa and Emerging Markets & Europe (EMEU) continue to strengthen the company's international business profile. The company benefits from a robust manufacturing and supply chain infrastructure comprising 48 manufacturing facilities globally, producing more than 50 dosage forms and over 1,500 products, catering to nearly 69 countries worldwide. Its manufacturing network includes facilities focused on formulations, respiratory devices, injectable, APIs and specialty products, supported by advanced technology platforms and approvals from leading global regulatory agencies, including the USFDA, MHRA and WHO. The company continues to maintain healthy investments in R&D, with a strategic focus on complex inhalation therapies, specialty products, and advanced treatment platforms, including peptides, biosimilar, cell & gene therapies, and differentiated drug delivery systems. Cipla is also strengthening its innovation-led capabilities by increasing the integration of digital technologies, data science, and global partnerships across research, manufacturing, and commercialization functions.

Valuation:

Cipla remains well-positioned within the global pharmaceutical industry, supported by its diversified business model, strong respiratory franchise, and increasing focus on complex generics and specialty therapies. The India business continues to provide stable growth and healthy cash flow generation, while North America is gradually strengthening its differentiated portfolio across respiratory, peptides, and injectables despite near-term headwinds. Further, growth across One Africa and EMEU remains healthy, supported by deeper market penetration and specialty expansion. Backed by a strong balance sheet, healthy operating cash flows, and an improving product mix, Cipla is well-placed to deliver sustainable long-term growth driven by complex respiratory products, specialty therapies, and differentiated launches across regulated markets. **We value the company at 29x FY27E EPS, arriving at a target price of Rs 1,714 per share, implying an upside potential of 18% over the next one year.**

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook **Positive**

Stock

CMP (Rs.)	1,458
Target Price (Rs.)	1,714
BSE code	500087
NSE Symbol	CIPLA
Bloomberg	CIPLA IN
Reuters	CIPL.BO

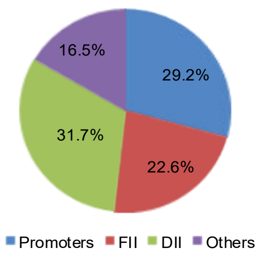
Key Data

Nifty	24,270
52 Week H/L (Rs.)	1,673/1,166
O/s Shares (Cr.)	80.8
Market Cap (Cr.)	1,17,775
Face Value (Rs.)	2

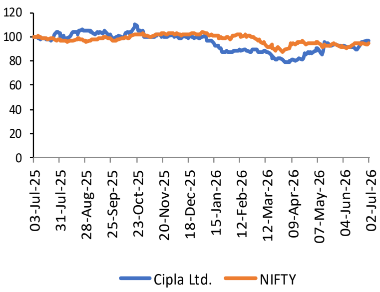
Average volume

3 months	2,153,330
6 months	2,018,460
1 year	1,714,770

Share Holding Pattern (%)



Relative Price Chart



Research Analyst
Prathamesh Masdekar
Prathamesh.masdekar@bpwealth.com
022-61596158

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Company Overview

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Business Areas	**India Business**	**North America Business**	**One Africa Business**	**EMEU Business**	**API & Others**
% of Sales (FY26)	~45%	~24%	~15%	~13%	~3%
Business Type	Branded Formulations	US Generics & Specialty	Branded Generics & Institutional Africa	Branded Generics	API product
Competitive Strength	Strong doctor Connect & Brand Equity.	Complex Respiratory Capability.	Strong Market Access.	Diversified geographical exposure.	Selective backward integration capabilities & niche API development focus.
Therapeutic Segments	Respiratory, Cardiac, Anti-infective, Gastrointestinal, Urology, CNS, Anti-diabetic, Pain, Vitamins & Nutrition.	Respiratory, Peptides, Complex oncology injectable, Biosimilar and Specialty therapies.	CNS, Anti-infective, Respiratory, Oncology, Cardiac and Metabolic therapies.	Respiratory, Anti-infective, Cardiac, CNS, Specialty Generics.	Respiratory APIs, Anti-retroviral APIs, Chronic Therapy APIs & Specialty APIs.
Product Portfolio	1,500+ SKUs across branded formulations and chronic therapies.	45+ commercial products with focus on complex generics and specialty portfolio.	Broad branded generic portfolio across multiple therapeutic segments.	Differentiated product portfolio with new launches across emerging markets.	APIs catering to regulated and semi-regulated markets.
Market & Leadership	Among leading player in Indian Pharma Market with leadership in Respiratory therapies.	Strong Respiratory Franchise.	Leading Private Pharma Player in South Africa.	Expanding footprint across Emerging Markets & Europe.	NA
Manufacturing & Compliance	USFDA approved facilities.	Regulated Market Manufacturing.	Institutional Supply Capability.	Global manufacturing support with compliance driven supply infrastructure.	Backward integration capabilities with API manufacturing support for regulated and semi-regulated markets.

Source: Company Reports, BP Equities Research

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Manufacturing Units as on FY26

Plant	Brief Details	Total Capacity	Company Name
Indore	Greenfield Metered Dose Inhaler (MDI)	30 million units	Cipla Limited
Kurkumbh	New respiratory API unit commissioned	10 tonnes	Cipla Pharmaceuticals
Patalganga	Tablet manufacturing expansion completed	+300 million tablets	Cipla Limited
Bommasandra	New oncology API block under construction	+6 tonnes	
Kundaim, Goa	Additional MDI line installation in progress	+23 million units	Medispray Laboratories Private Limited
	Pilot MDI facility is under construction	+1 million units	
Verna, Goa	Pilot OSD cytotoxic unit commissioned	80 million units	Cipla Limited
	FFS Respules line commissioned	+60 million units	
	Cytotoxic injectable line upgraded	0.15 million units	
Baddi	Synchrobreathe MDI packing line commis-ssioned	3.5 million units	
Sikkim	New MDI line commissioned	+6 million units	
	New MDI packing line under installation	+20 million units	
	Expansion of the tablet manufacturing area in progress	+300 million tablets	
	FFS Respules manufacturing line under installation	+120 million units	
Durban, South Africa	Effervescent tablets facility under installation	40 million tablets	Cipla Medpro Manufacturing (PTY) Limited
Fall River, US	Brownfield MDI (Green Propellant) pilot plant under construction	+1 million units	Invagen Pharmaceuticals Inc.
Long Island, US	Additional Dry Powder Inhalation (Ciphalers) line under installation	+2.12 million units	

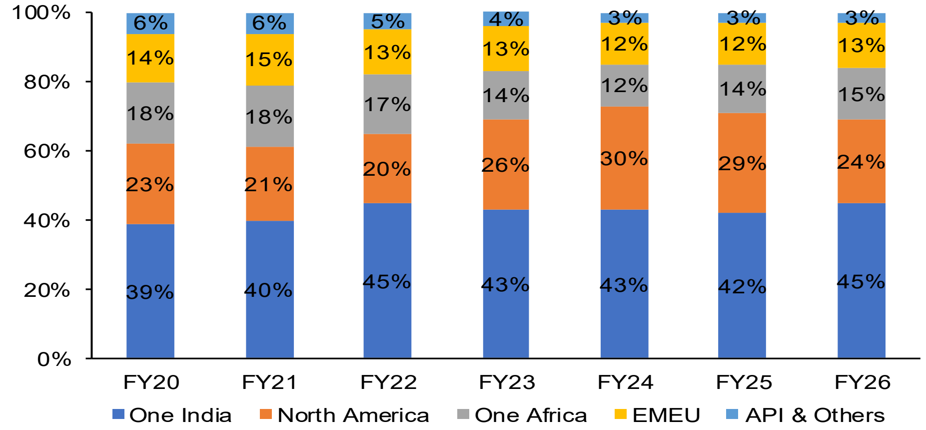
Source: Company Reports, BP Equities Research

Key partnerships in FY25-26 include

Therapy Area	Partner / Company	Key Development
Obesity	Eli Lilly and Company	Distribution and promotion of a second brand of Tirzepatide in India under the brand name Yurpeak® for type 2 diabetes and chronic weight management.
Pediatric	Inzpera Health sciences Limited	Acquisition of 100% stake in Inzpera, a pediatric wellness-focused company in India.
Orthopedics	Stempeutics Research Private Limited	Launch of Ciplostem, an allogeneic Mesenchymal Stromal Cell therapy for Knee Osteoarthritis approved by DCGI.
Respiratory	ICaltech Innovations Private Limited	Investment to strengthen access to advanced respiratory diag-nostic solutions in India.
Oncology	Immunoadoptive Cell Therapy Private Limited ("ImmunoACT")	Exclusive licence and supply agreement for commercialization of talicabtagene autoleucel, India's first indigenously developed CAR-T cell therapy, across South Africa, Algeria, and Morocco for B-NHL and B-ALL patients who failed standard therapy.
Oncology	Tanvex BioPharma US, Inc. and Bora Biologics	Strategic licence and supply agreement for commercialization of NYPOZI™ (filgrastim-txid) in the United States.
Neuro CNS	Pulse Pharmaceuticals Private Limited	Acquisition of established brands Doloneuron and Zolsoma in India and Nepal.
Multi-therapy Portfolio	Pfizer Limited	Exclusive marketing and distribution rights for four Pfizer brands in India: Corex Dx, Corex LS, Dolonex, Neksium, and Dalacin C.

Source: Company Reports, BP Equities Research

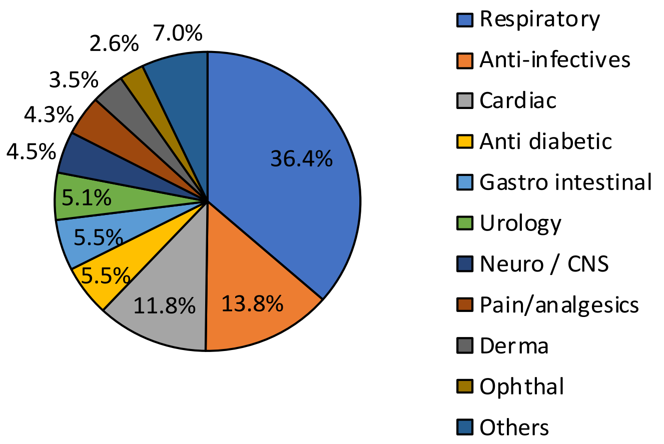
Revenue Breakup



Source: Company Reports, BP Equities Research

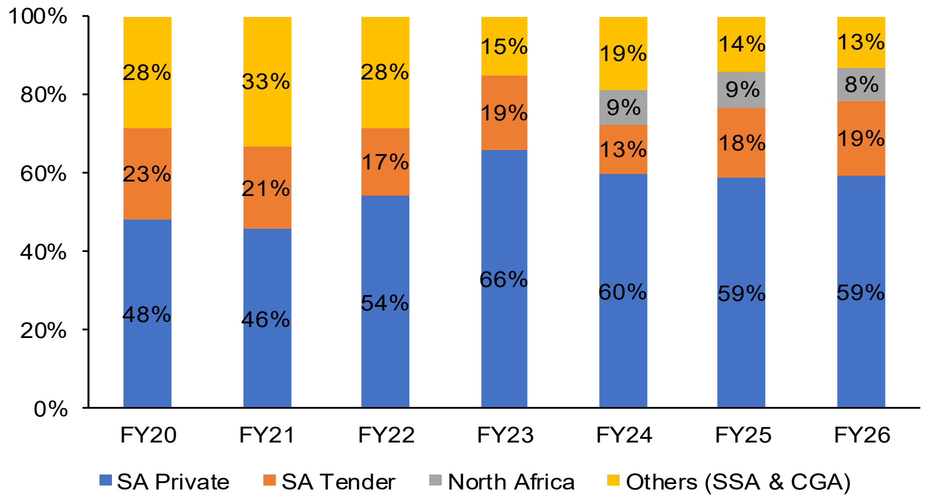
Note: India includes Rx + Gx + CHL; One Africa - South Africa, North Africa, Sub-Saharan Africa (SSA) & Cipla Global Access (CGA); International Markets include Emerging Markets and Europe

Therapy-wise share split of India Branded prescription business in FY26



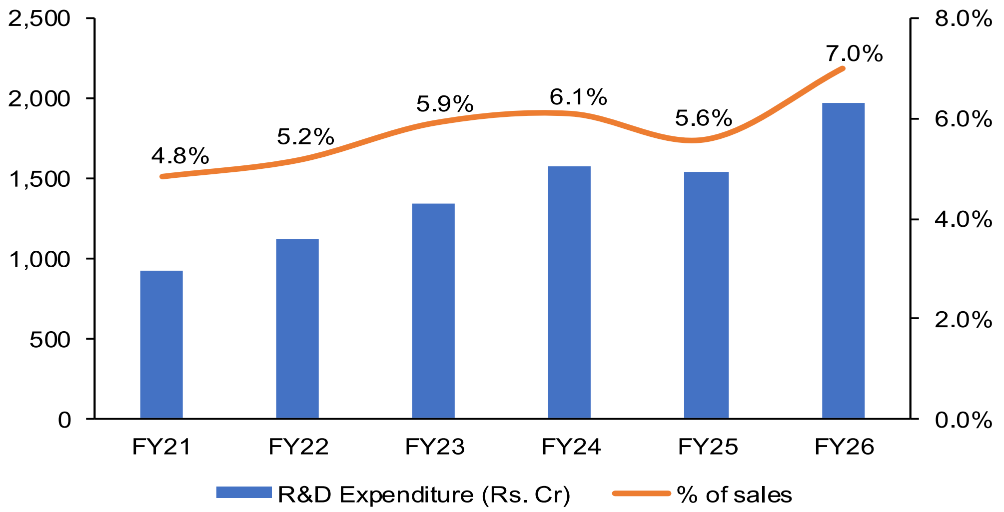
Source: Company Reports, BP Equities Research

One Africa revenue breakup



Source: Company Reports, BP Equities Research

R&D spend set to rise as a % of revenue led by upcoming pipeline



Source: Company Reports, BP Equities Research

Geography-wise breakup of new product launches

Countries	FY20	FY21	FY22	FY23	FY24	FY25	FY26
India	22	19	10	12	14	30	15
North America	13	13	16	9	13	10	13
Europe	8	16	20	20	20	30	39
One Africa	3	8	32	10	10	2	11
Emerging Markets	6	25	15	27	44	61	88
Total	**52**	**81**	**93**	**78**	**101**	**133**	**166**

Source: Company Reports, BP Equities Research

DMFs and Dossiers for FY25-26

Country	DMFs filed	Dossiers filed	Dossiers approved
India	3	12	8
US	19	10	22
Europe	44	8	88
One Africa	10	92	75
Emerging markets	283	216	82
China	0	3	3
Canada	0	2	0
Total	359	343	278

Source: Company Reports, BP Equities Research

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Investment Rationale

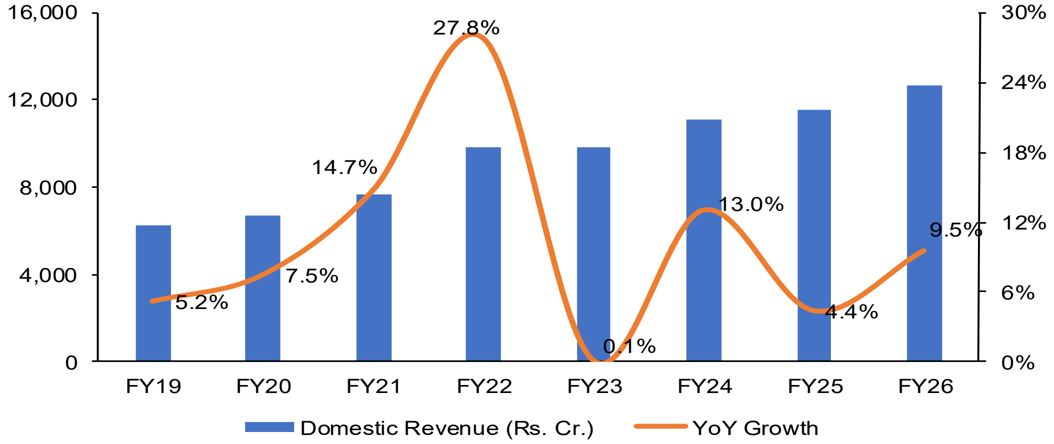
India business continues to provide earning stability & strong cash generation

Cipla's India business remains a key pillar of earnings stability, supported by strong brand equity, leadership in chronic therapies, broad distribution reach, and robust cash flow generation. The domestic business contributes nearly ~45% to consolidated revenues, providing strong earnings visibility amid volatility in regulated export markets. The company's diversified domestic portfolio includes prescription therapies, trade generics, and consumer healthcare. The One India business surpassed ~Rs. 12,500 crores in revenues during FY26, reflecting healthy execution across key therapeutic segments and sustained market share gains in chronic therapies. The Indian prescription business has scaled into a ~Rs. 9,500 crores+ portfolio, driven by strong performance across Respiratory, Cardiac, Diabetes, and other chronic therapies. Cipla continues to maintain leadership in respiratory therapies with ~26% market share in the Indian market, while its flagship brand, Foracort, crossed the Rs. 1,000 crore revenue milestone, highlighting the strength of its respiratory franchise and physician recall. The chronic portfolio continues to witness healthy growth momentum, supported by strong brand equity, improving therapy penetration, and an increasing focus on patient-centric healthcare solutions. Cipla strengthened its portfolio through differentiated launches, including Afrezza, India's first inhaled insulin, and Yurpeak (tirzepatide), in partnership with Eli Lilly, for obesity and diabetes management. Additionally, the company expanded its specialty offerings through products targeting antimicrobial resistance, urology, and regenerative therapies, thereby improving portfolio diversification. A key strength of the India business remains its deep distribution network and strong doctor engagement capabilities across metros, tier-2 and tier-3 markets. The company's also focus on scaling large brands, improving retail activation, and expanding distribution reach is expected to strengthen operating leverage further over the medium term. As we advance, management remains focused on strengthening leadership across key chronic therapies, scaling respiratory dominance, increasing the number of Rs. 100-crore brands and improving the product mix through premiumization and differentiated offerings. Overall, we believe Cipla's India business is well-positioned to deliver sustainable earnings growth supported by strong brand equity, leadership in chronic therapies, differentiated product offerings, extensive distribution capabilities, and healthy cash flow generation.

"The company maintains a strong presence in trade generics with reach across ~1.5 lakh retailers, while brands such as Nicotex, Omnigel, & Cipladine continue to strengthen its consumer healthcare franchise."

"Under its Vision 2031 roadmap, the company is also targeting achievement of the #2 position in the IPM, led by continued expansion across respiratory and chronic care franchises."

India business deliver strong growth led by market leadership across key therapies



Branded prescription business

Therapy	Market Rank	Market Share	Cipla Growth	Market Growth
Overall	**3**	**5.6%**	**8.5%**	**9.9%**
Respiratory	1	26.2%	10.9%	11.8%
Urology	2	12.4%	11.3%	11.0%
Anti-infective	4	7.4%	5.3%	4.8%
Cardiac	7	4.9%	12.1%	14.3%
Anti-diabetes	11	3.4%	17.3%	12.2%
Derma	11	2.9%	11.1%	6.8%

Source: IQVIA MAT Mar'26, Company Reports, BP Equities Research

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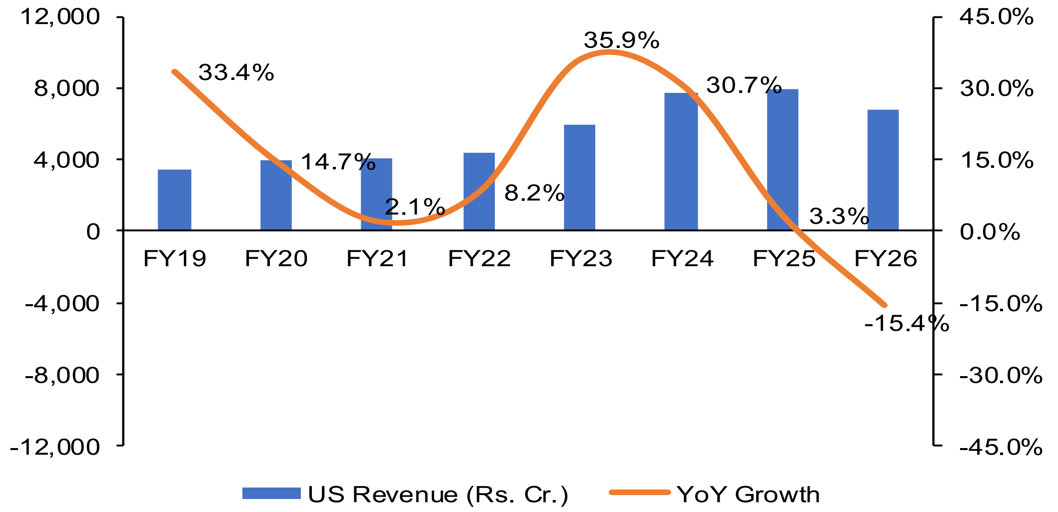
US respiratory pipeline provides multi-year growth visibility

Cipla's respiratory franchise remains a key structural growth driver and a major differentiator within the global generics landscape, supported by strong capabilities in complex inhalation therapies, differentiated product development, and an expanding respiratory-focused manufacturing infrastructure. The company has strategically positioned itself among a limited set of global pharmaceutical players with the technological expertise to develop, manufacture, and commercialize complex respiratory products at scale in regulated markets, thereby creating high barriers to entry and strengthening long-term earnings visibility. The North America business reported revenues of ~USD 780 mn in FY26, contributing nearly 24% to consolidated revenues, with respiratory therapies remaining the cornerstone of the segment. Cipla's Albuterol franchise maintains a strong position in the US respiratory market with ~19.6% market share in the Albuterol MDI segment (IQVIA MAT March 2026), supported by strong supply reliability and customer acceptance. Since launch, the company has cumulatively supplied over 67 million inhalers in the US market. The recent approval and launch of generic Ventolin HFA in the US mark a significant milestone for the company's respiratory portfolio and strengthen growth visibility in the regulated market business. The launch provides the company with access to the sizeable US Albuterol inhalation market, estimated at over USD 1.5 bn annually, while creating an incremental growth platform further to expand its presence within the US respiratory segment. Additionally, the company continues to advance its pipeline for several high-value inhalation assets, including generic Advair, Symbicort, and Qvar, which collectively represent a sizeable branded market opportunity globally. The company's continued focus on differentiated respiratory therapies remains well aligned with its broader strategic transition toward specialty and complex generics-led growth. The commissioning of the US MDI facility in Fall River, Massachusetts, along with the scaling up of the Long Island DPI facility, is expected to strengthen manufacturing localization significantly, improve supply chain control, and support upcoming inhalation product launches in the US market. Management continues to focus on building a differentiated and future-ready respiratory portfolio through complex inhalation therapies, specialty respiratory products, and environmentally compliant green-propellant inhalers. The company indicated that four respiratory assets are expected to be commercialized in FY27, while four additional respiratory products are likely to be filed over the next 24 months. Overall, Cipla's respiratory strategy is evolving from a single-product Albuterol-led model to a diversified inhalation franchise with multiple growth engines across MDIs, DPIs, respules, and specialty respiratory therapies. Coupled with upcoming launches, manufacturing localization, and opportunities in the green-propellant transition, the respiratory pipeline is expected to emerge as a sustainable, high-margin growth driver over the next 3-5 years.

"Cipla's respiratory business is evolving into a strong long-term growth driver backed by complex inhalation capabilities, US market expansion, and a robust product pipeline."

"The launch of generic Ventolin HFA provides Cipla access to the sizeable US Albuterol inhalation market, estimated at over USD 1.5 bn annually."

US respiratory evolving into a multi-product growth platform beyond Albuterol



Source: Company Reports, BP Equities Research

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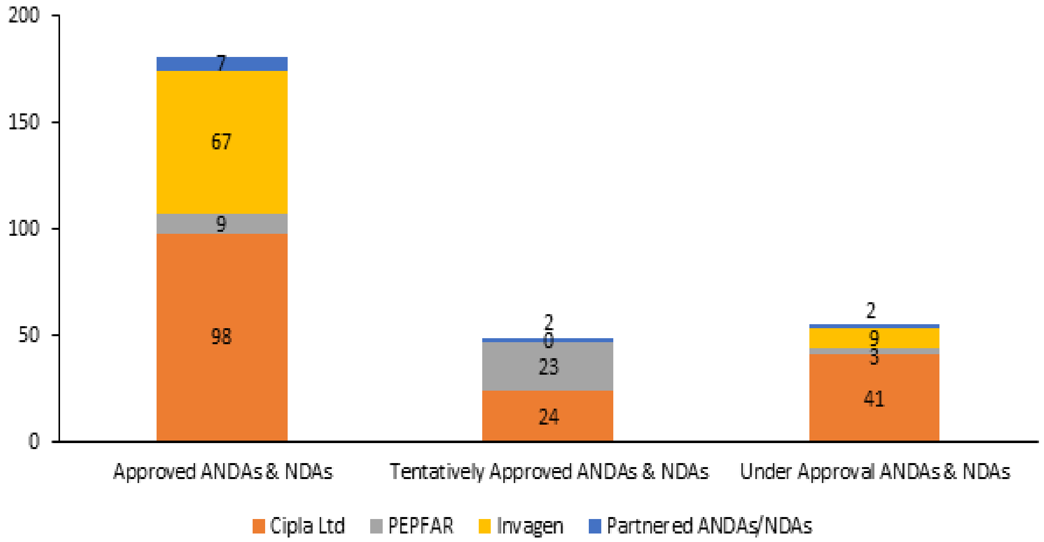
ANDA & NDA portfolio & pipeline (as on 31st March 2026)



Source: Company Reports, BP Equities Research

Note: PEPFAR approved ANDAs can be commercialized in US

US Respiratory market

Market Segment	TRx Overall Market Rank	TRx Overall Market Share
Albuterol HFA*	1	19.6%
Budesonide Solution	3	16.0%
Sertraline Tablets	2	25.0%
Esomeprazole Granules	1	44.0%
Ipratropium + Albuterol solution	4	13.0%

Source: *IQVIA MAT Mar'26, Company Reports, BP Equities Research*
*Total Albuterol MDI market | TRx - Total Prescriptions

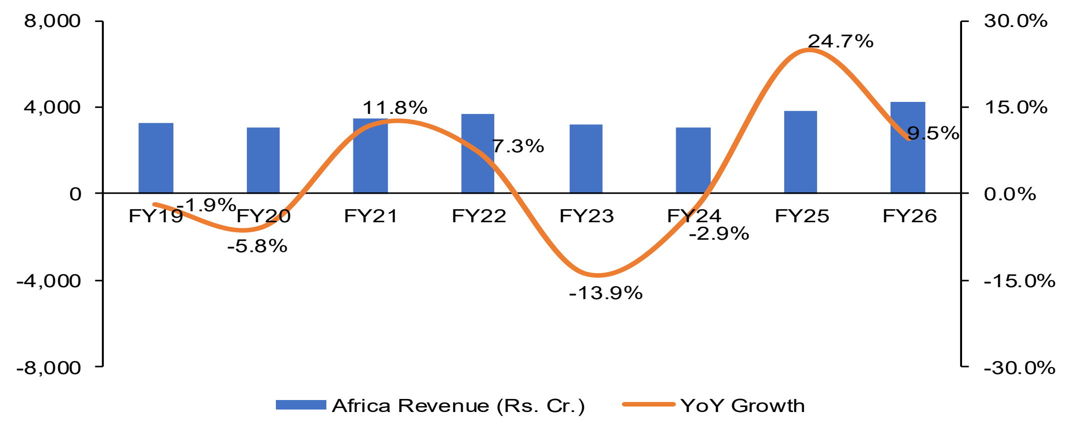
One Africa and EMEU businesses strengthen diversified global growth platform

The company continues to strengthen its diversified global growth platform through sustained momentum across its One Africa and Emerging Markets & Europe (EMEU) businesses, supported by deeper market penetration, differentiated product launches and expansion across key international markets. During FY26, both regions delivered healthy growth driven by strong execution, an improving therapy mix, and an increasing focus on respiratory, specialty, and chronic therapies. Within the One Africa business, South Africa remained the key growth and profitability anchor, driven by strong traction in the prescription and OTC portfolios, leadership across respiratory, CNS, and anti-infective therapies, and continued operational efficiencies. The North-West and Sub-Saharan Africa markets also witnessed a healthy scale-up, driven by oncology expansion, rising market share gains, and stronger participation in institutional and access-led healthcare programs. Simultaneously, the EMEU business continued to strengthen its positioning across deep markets despite geopolitical and macroeconomic headwinds. Differentiated respiratory launches, specialty therapies, and expansion into newer geographies, including Europe, Latin America, and Australia, supported growth. The company also continued to strengthen its respiratory franchise through complex inhalation products and specialty offerings, enhancing its differentiated portfolio presence across regulated and semi-regulated markets. As we advance, Cipla remains strategically well-positioned to strengthen its global pharmaceutical franchise by increasing its focus on differentiated respiratory therapies, specialty products, oncology, and complex generics, which are expected to improve the product mix and support margin expansion over the medium term. The company's continued investments in R&D, front-end commercial capabilities, regional manufacturing infrastructure, and strategic partnerships are likely to enhance launch visibility, deepen market penetration, and strengthen its positioning across regulated and emerging markets. Moreover, the rising contribution from diversified international businesses, alongside lower dependence on conventional generics, is expected to improve earnings stability, reduce market-specific awareness risk, and support sustainable profitability. Backed by strong brand equity, leadership across key therapies, expanding global reach, and a differentiated pipeline, Cipla remains well-placed to sustain healthy long-term growth and further improve overall business quality.

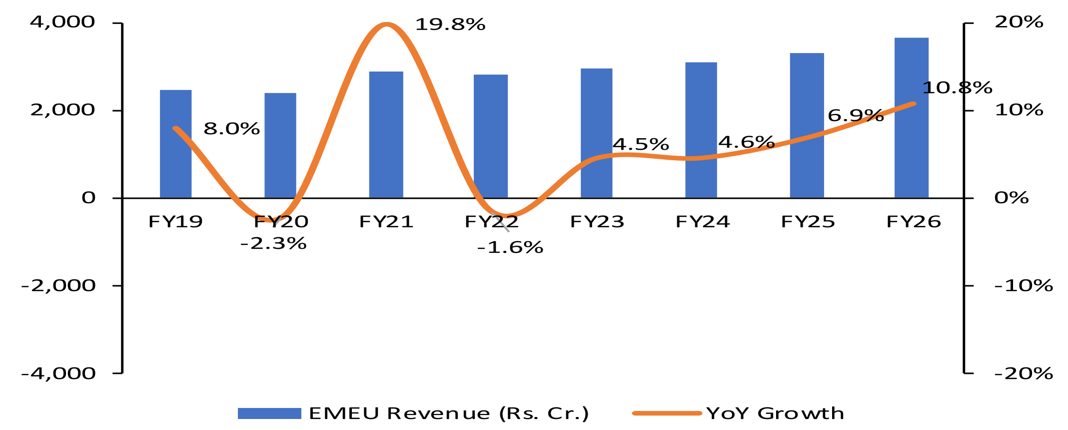
"South Africa continues to remain the key growth & profitability anchor for Cipla's One Africa business, supported by strong traction across respiratory, CNS, anti-infective, & OTC portfolios."

"The EMEU business is witnessing steady growth driven by differentiated respiratory launches, specialty therapies, and expansion across Europe, Latin America, and Australia."

One Africa deliver consistent growth backed by respiratory and OTC leadership



EMEU growth aided by new geography expansion and differentiated launches



Source: Company Reports, BP Equities Research

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One Africa (South Africa, Sub-Saharan Africa, North Africa and Cipla Global Access)

Private market - OTC and Rx

Market Segment	Market Rank	Market Share	Cipla Growth	Market Growth
OTC	3	8.0%	0.2%	2.7%
Rx	2	8.9%	11.0%	6.7%
Overall	3	8.6%	7.1%	5.3%

Source: IQVIA MAT March 2026

Private Market - Therapy View

Therapy	Market Rank	Market Share	Cipla Growth	Market Growth
Central Nervous System	1	32.7%	10.2%	4.2%
Anti-Infectives	1	25.5%	9.8%	1.4%
Men’s and Women’s Health	1	31.7%	18.6%	8.8%
Respiratory	1	38.9%	3.5%	-0.2%
Pain/Rheuma	2	18.6%	6.2%	2.7%
Dermatology	1	35.6%	11.9%	5.8%

Source : IQVIA MAT March 2026

Key Launches during FY25-26 across EMEU

Molecules	Therapy	Geography
Liraglutide	Anti-diabetes	Australia
Palbociclib	Antineoplastic	Mexico, Brazil and Thailand
Azelastine + FP spray	Respiratory	France
Eltrombopag	Hematinic agent	Germany and Spain
Icatibant	Angioedema	Brazil
Beclomethasone + Formoterol MDI	Respiratory	Europe

Source: Company Reports, BP Equities Research

Complex generics & specialty focus to drive margin expansion

The company continues to strengthen its differentiated pharmaceutical portfolio by shifting toward complex generics and specialty therapies, gradually transforming its overall business mix. The company has steadily expanded its presence across high-value segments such as respiratory inhalation products, peptides, injectable and specialty formulations, while reducing its dependence on commoditized oral solid generics, which remain exposed to intense competition and pricing pressure, particularly in the US market. This increasing focus on technology-intensive and differentiated therapies is expected to enhance product mix, improve pricing stability and support sustainable margin expansion. The respiratory portfolio remains central to the company's differentiated strategy, given the inherently high barriers to entry associated with complex inhalation therapies. These products require advanced formulation capabilities, device engineering expertise, clinical equivalence studies and stringent regulatory approvals, thereby limiting competitive intensity and supporting relatively stable pricing and superior gross margins. Cipla's strong positioning in respiratory therapies, supported by expanding manufacturing and development capabilities in inhalation products, positions the company well to benefit from the growing global demand for complex respiratory treatments across regulated markets. The company continues to maintain healthy R&D investments at nearly 6-7% of revenues, with an increasing focus on specialty therapies, complex injectable, peptides, and differentiated respiratory products, where commercialization opportunities remain attractive and competitive intensity remains relatively low. This strategy is expected to enhance future launch visibility, improve portfolio differentiation and gradually reduce dependence on conventional generics. Additionally, the growing contribution of complex generics and specialty products is expected to improve business resilience amid persistent pricing pressure across the global generics industry. Compared to conventional oral generics, differentiated products typically offer relatively better pricing stability, longer product lifecycles and higher-margin opportunities due to lower competitive intensity and higher entry barriers. As the specialty and complex portfolio continues to scale up over FY27-FY29, Cipla is expected to witness a gradual improvement in operating margins, cash flow generation, and overall product mix. Overall, the company's strategic transition toward a differentiated and specialty-focused portfolio reflects a structurally improving revenue mix and lower dependence on commoditized generics, positioning the company favorably for sustainable long-term earnings compounding.

"Cipla's increasing focus on complex generics and specialty therapies is expected to improve product differentiation, enhance margin stability, and drive sustainable long-term earnings growth."

Advancing growth through a strategic asset pipeline

Respiratory	⇒ Four assets projected for commercialization in FY26–27
	⇒ Four assets to be filed in next 24 months
	⇒ Two assets to be filed with green propellant in next 24 months
Peptides & Complex Generics	⇒ Eight assets filed, with select launches expected in FY27-28
	⇒ Three assets planned for filing over the next 12 - 24 months
Oligonucleotide / 505 (b)(2) / Biosimilars	⇒ One oligonucleotide and two 505(b)(2) assets planned for filing over the next 12 - 18 months
	⇒ Two Global Biosimilar assets - one in clinical study and one in early stage of development

Source: Company Reports, BP Equities Research

Strong financial profile and healthy cash flow generation support sustainable growth

During FY26, Cipla continued to demonstrate a healthy financial profile supported by resilient revenue growth, stable profitability and strong cash flow generation despite temporary headwinds arising from Revlimid loss of exclusivity and supply disruptions in select US products. The company reported consolidated revenues of over Rs. 27,500 crores during FY26, while maintaining EBITDA margins in the range of ~24–25%, reflecting continued operational resilience despite temporary pressure in the US business. The company's diversified business mix, balanced geographic presence across 80+ countries and increasing contribution from chronic and specialty therapies continued to support stability in overall financial performance. The India formulations business remained a key financial anchor for Cipla, contributing nearly ~45% of consolidated revenues while continuing to generate healthy operating cash flows supported by strong brand positioning across chronic therapies, relatively stable pricing dynamics and lower regulatory volatility compared to regulated markets. The domestic business continues to provide strong earnings visibility and financial flexibility, enabling the company to maintain sustained focus on respiratory innovation, specialty therapies and differentiated product development. Despite near-term moderation in operating margins during FY26 due to temporary challenges in the US business, the company's broader profitability outlook remains stable supported by expected normalization in the US market, improving contribution from differentiated products and continued operational efficiency initiatives. Further, Cipla maintains a conservative balance sheet profile characterized by low leverage, healthy liquidity position and strong return ratios. The company continues to operate with a near net-cash balance sheet and negligible debt levels, supporting financial stability during periods of temporary business volatility. The company also continues to report healthy return ratios in the range of ~20%+, reflecting efficient capital allocation and disciplined financial management. The company continues to maintain healthy R&D investments at nearly ~6-7% of revenues, reflecting its increasing focus on differentiated respiratory products, specialty therapies, peptides, injectable and complex generics. Specialty and complex inhalation products generally offer relatively superior margin potential, better pricing stability and lower competitive intensity compared to conventional oral generics due to higher technological and regulatory entry barriers. As the contribution from differentiated and high-value products increases over FY27-FY29, Cipla is expected to benefit from gradual improvement in product mix, operating leverage and cash flow conversion. Additionally, continued investments in inhalation manufacturing infrastructure, front-end commercialization capabilities and specialty pipeline expansion are expected to strengthen long-term growth visibility across regulated and emerging markets.

Cipla Ltd.

Valuation & Outlook

Cipla remains well-positioned within the global generics and specialty pharmaceuticals industry, supported by its diversified business model, strong respiratory franchise and increasing focus on differentiated therapies. The company has built strong capabilities across branded formulations, generics, specialty therapies, and APIs, while maintaining leadership in key therapeutic segments, including respiratory, anti-infective, oncology, CNS, and cardiology. Its strong positioning in respiratory therapies and complex inhalation products continues to differentiate the company from peers and remains a key long-term growth driver. India remains the largest contributor to revenues, with the domestic formulations business accounting for nearly 45% of consolidated revenues. The India business continues to be a key financial anchor, supported by a strong chronic therapy presence, established brands, healthy cash flow generation, and relatively stable pricing dynamics. Meanwhile, North America continues to strengthen its differentiated portfolio through complex respiratory products, peptides, and injectable, despite temporary headwinds from the loss of Revlimid exclusivity and supply disruptions for select products during FY26. Further, the One Africa and EMEU businesses continue to see healthy traction, supported by deeper market penetration, differentiated product launches, and specialty expansion across respiratory and oncology therapies. The global pharmaceutical industry continues to witness a rising focus on complex generics, specialty therapies and affordable healthcare solutions, driven by increasing healthcare expenditure, ageing demographics and the growing prevalence of chronic diseases. On the financial front, the company continues to maintain a healthy balance sheet profile, supported by strong operating cash flow generation, disciplined capital allocation, and low leverage. During FY26, Cipla reported consolidated revenues of over Rs. 28,000 crores while maintaining EBITDA margins in the ~18-20% range despite temporary pressure in the US business. Further, Cipla operates with a net-cash balance sheet and a healthy liquidity position, supporting operational flexibility and long-term growth visibility. As we advance, Cipla's future growth outlook remains supported by expansion in complex respiratory products, increasing specialty contribution, deeper penetration in emerging markets, and scaling up differentiated product launches across regulated markets. Continued focus on respiratory innovation, manufacturing modernization, specialty pipeline expansion, and front-end commercialization capabilities is expected to strengthen long-term growth visibility and support a gradual improvement in the product mix and margin profile over FY27-FY29. Overall, supported by strong brand positioning, diversified global operations, healthy cash flow generation, a conservative leverage profile, and an increasingly differentiated portfolio, Cipla remains well-positioned to sustain a healthy long-term growth trajectory and further strengthen its position within the global pharmaceutical industry. **We, thus, valued Cipla Ltd at 29x FY27E EPS, implying a Target Price of Rs 1,714 per share, offering a potential upside of 18% from current levels over a one-year horizon.**

Peers Comparison

Companies	Revenue (Rs. Cr.)		EBITDA Margin		PAT Margin	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Cipla Ltd.	30,770	34,545	21.9%	23.6%	15.5%	17.9%
Peers						
Sun Pharma Industries Ltd.	65,100	76,891	28.9%	30.6%	20.2%	20.9%
Dr. Reddy's Laboratories Ltd.	35,838	39,566	20.6%	21.7%	12.3%	13.5%
Torrent Pharma Ltd.	18,094	20,363	32.9%	34.1%	14.5%	17.1%
Zydus Lifesciences Ltd.	30,566	34,037	24.4%	24.9%	14.0%	14.7%
Lupin Ltd.	29,725	31,329	25.3%	24.2%	15.4%	14.9%

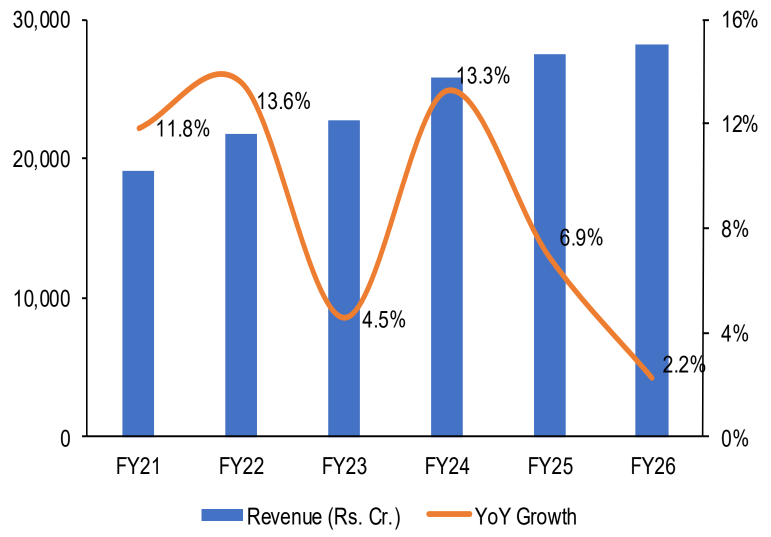
Companies	Market Cap (Rs. Cr.)	P/E		EV/EBITDA		ROE	
		FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Cipla Ltd.	1,17,775	27.8x	22.6x	17.9x	14.8x	11.6%	12.9%
Peers							
Sun Pharma Industries Ltd.	4,57,553	34.0x	28.0x	22.4x	17.9x	14.9%	16.0%
Dr. Reddy's Laboratories Ltd.	1,14,425	26.3x	21.5x	15.6x	13.4x	11.0%	12.1%
Torrent Pharma Ltd.	1,61,438	64.6x	49.1x	30.8x	26.4x	24.3%	26.3%
Zydus Lifesciences Ltd.	1,15,002	26.3x	22.5x	16.1x	14.2x	14.5%	14.7%
Lupin Ltd.	1,13,215	24.4x	23.8x	14.6x	14.6x	18.6%	16.5%

Source: BP Equities Research, Bloomberg estimate

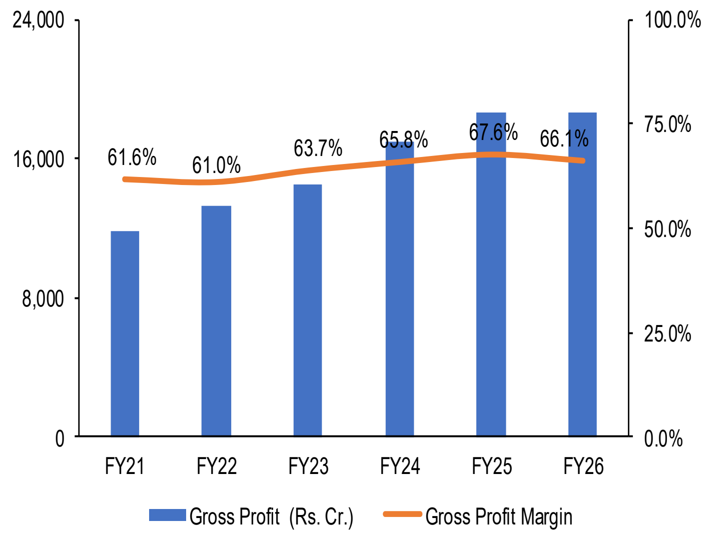
Cipla Ltd.

Financials in Charts

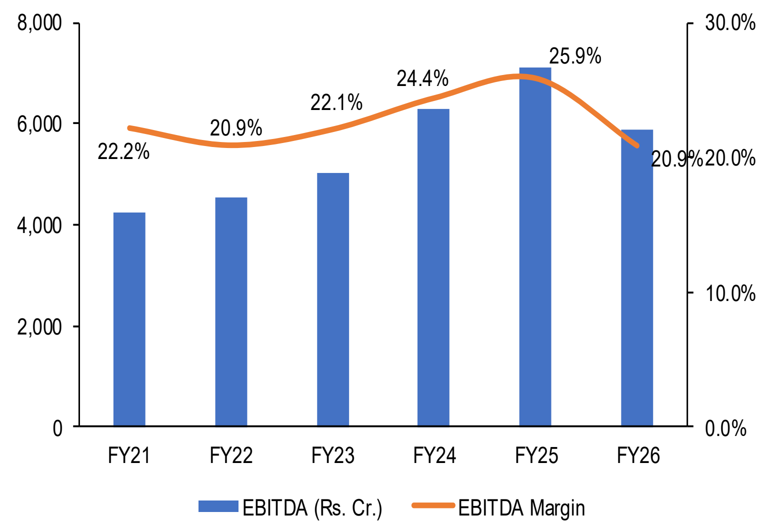
Revenue to grow at steady pace



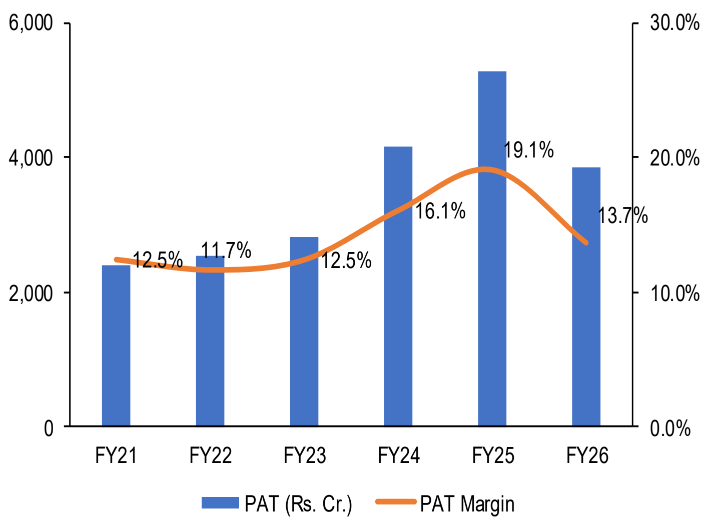
Gross Margin to remain stable



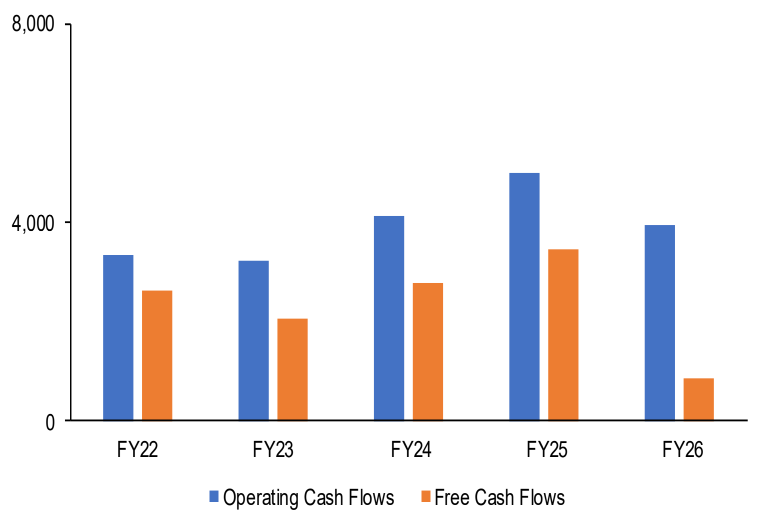
Operating Margin to witness recovery



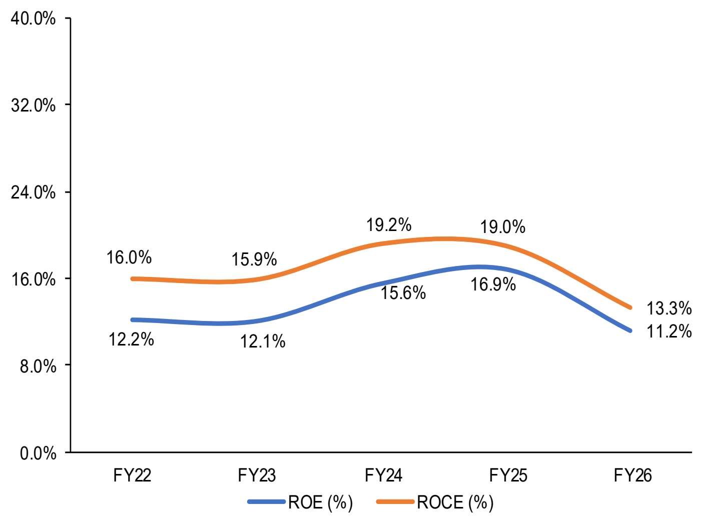
PAT Margin to improve going ahead



OCF / FCF



Return ratios



Source: Company Reports, BP Equities Research

Cipla Ltd.

Key Financials						
YE March (Rs. Cr)	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Net Sales	22,753	25,774	27,548	28,163	30,770	34,545
Growth	**4.5%**	**13.3%**	**6.9%**	**2.2%**	**9.3%**	**12.3%**
EBITDA	5,027	6,291	7,128	5,883	6,750	8,150
Growth	**10.4%**	**25.1%**	**13.3%**	**-17.5%**	**14.7%**	**20.7%**
Net Profit	2,833	4,154	5269	3862	4775	6180
Growth	**11.2%**	**46.6%**	**26.8%**	**-26.7%**	**23.6%**	**29.4%**
Diluted EPS	34.7	51.1	65.3	47.8	59.1	76.5
Key Ratios						
EBITDA	22.1%	24.4%	25.9%	20.9%	21.9%	23.6%
NPM	**12.5%**	**16.1%**	**19.1%**	**13.7%**	**15.5%**	**17.9%**
ROE	12.1%	15.6%	16.9%	11.2%	12.2%	13.6%
ROCE	**15.9%**	**19.2%**	**19.0%**	**13.3%**	**13.9%**	**15.0%**
P/E	42.0x	28.6x	22.3x	30.5x	24.7x	19.1x
EV/EBITDA	**23.3x**	**18.7x**	**16.5x**	**19.9x**	**17.4x**	**14.4x**
Net Debt/ EBITDA	-0.2x	-0.1x	-0.1x	-0.1x	-0.1x	-0.1x

Source: Company Reports, Bloomberg estimates, BP Equities Research

Research Desk **Tel: +91 22 61596158**

Institutional Sales Desk **Tel: +91 22 61596403/04/05**

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Analyst (s) holding in the Stock : Nil

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Corporate Office:

4th floor,
Rustom Bldg,
29, Veer Nariman Road, Fort,
Mumbai-400001
Phone- +91 22 6159 6464
Fax-+91 22 6159 6160
Website- www.bpwealth.com

Registered Office:

24/26, 1st Floor, Cama Building,
Dalal street, Fort,
Mumbai-400001

BP Equities Pvt. Ltd.
CIN No: U67120MH1997PTC107392