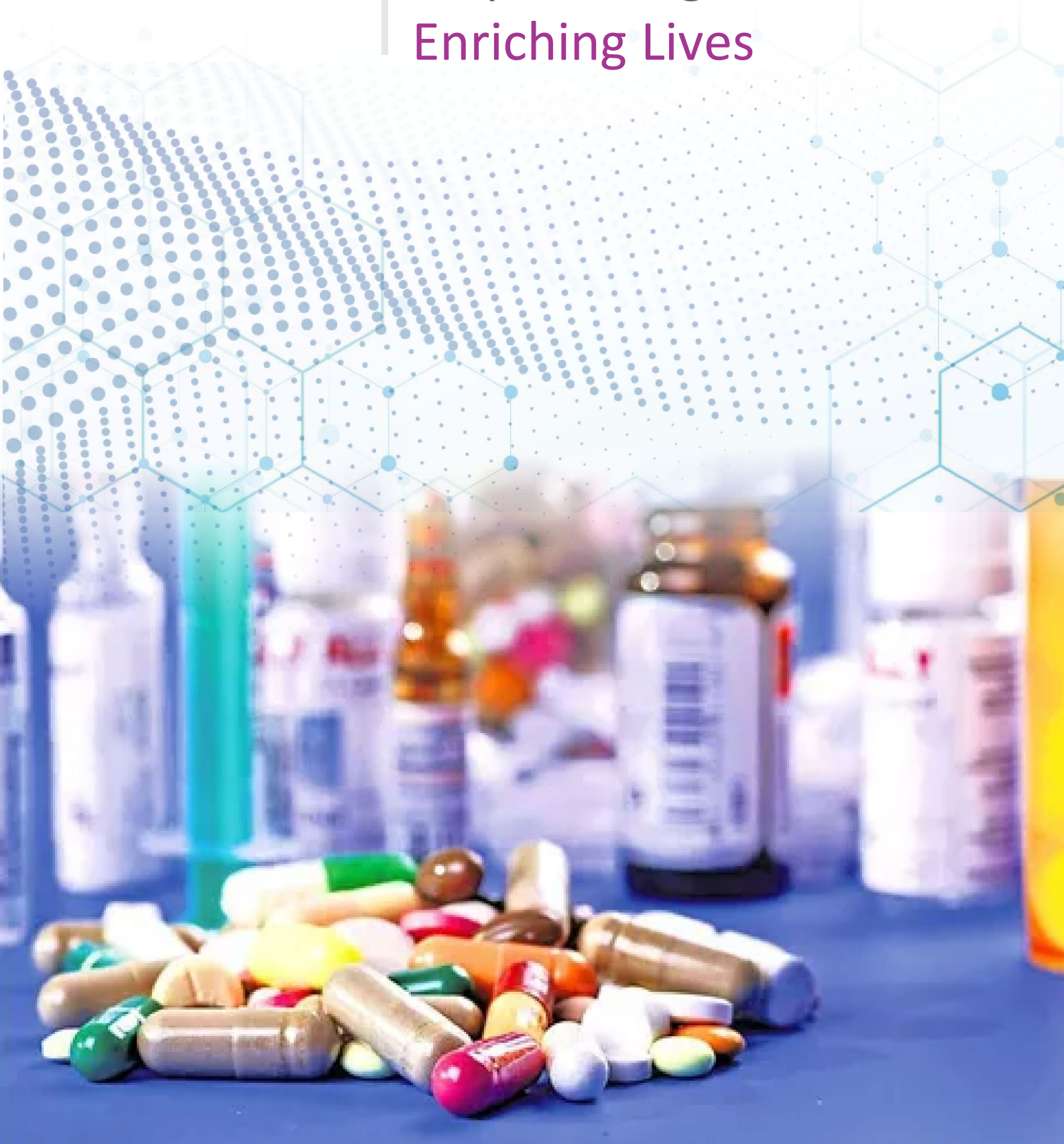


Cipla

Cipla Ltd

Empowering health,
Enriching Lives



Accumulate

Key Data

| | |
|-----------------------|-----------------|
| DATE | 17-01-2025 |
| Reco Price | 1435-1465 |
| Target | 1808 |
| Sector | Pharmaceuticals |
| BSE Code | 500087 |
| NSE Code | CIPLA |
| Face Value (Rs.) | 2.00 |
| Market Cap (Cr) | 117,097.21 |
| 52-week High/Low (Rs) | 1702/1307 |

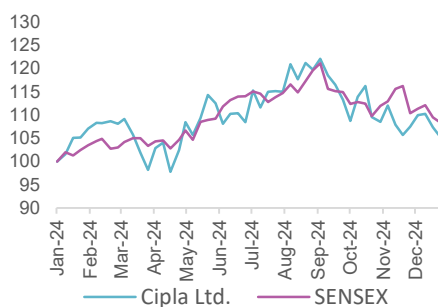
Source : NSE, BSE

Shareholding pattern (Dec-2024)

| | % |
|--------------|---------------|
| Promoters | 29.19 |
| DII's | 27.49 |
| FII's | 26.65 |
| Public | 16.43 |
| Government | 0.23 |
| Total | 100.00 |

Source : NSE, BSE

Price Performance



Rebase to 100

CIPLA LIMITED

Company Background

Cipla Limited (CIPLA) was established in 1935, together with its subsidiaries, engages in the manufacture, development, sale, and distribution of pharmaceutical products in India, the United States, South Africa, and internationally. The company operates through Pharmaceuticals and New Ventures segments. It offers generic and branded generic medicines, vaccines, active pharmaceutical ingredients, and formulations for various therapeutic areas, such as MI, angina, heart disease, pulmonary disease, kidney failure, Alzheimer's disease, hypertension, arrhythmia, lipid abnormalities and diabetes, obesity, central nervous system, HIV/AIDS, respiratory, asthma, urology, oncology, cardio-metabolism, child health, infectious diseases and critical care, hepatitis, women's health, ophthalmology, and neuro psychiatry. The company is also involved in the consumer healthcare, biosimilars, and specialty businesses.

Outlook and Valuation

Cipla's "Future Fit" strategy outlines ambitious growth objectives, including becoming India's 2nd largest pharmaceutical company, leading South Africa's prescription and OTC markets, ranking 2nd in U.S. respiratory generics, and doubling international revenue. This is supported by its strong branded business, robust domestic franchise, a healthy U.S. pipeline, and solid margins. Recent performance highlight significant growth, driven by meaningful contributions from Revlimid, increased market shares in key products like Albuterol and Lanreotide, chronic-based growth in India, and OTC-led expansion in South Africa. The company's healthy product mix has significantly boosted EBITDA margins. Cipla's growth momentum in North America is expected to continue, led by high-value launches, sustained market share increases in Albuterol, Leuprolide, and Lanreotide, and the introduction of peptide products. The company's diversified product portfolio and focus on high-margin segments are expected to drive EBITDA margin expansion and profitability. **We recommend Accumulate, with a target price of Rs. 1808, based on a PE multiple of 27x FY27E EPS of 67.**

Financial Snapshot (Consolidated)

| Particulars (Rs. in Cr.) | FY24 | FY25E | FY26E | FY27E | CAGR % (FY24-FY27E) |
|--------------------------|--------|--------|--------|--------|---------------------|
| Revenue | 25,774 | 27,551 | 29,544 | 31,762 | 7.2% |
| EBITDA | 6,291 | 6,807 | 7,325 | 7,914 | 8.0% |
| EBITDA % | 24.4% | 24.7% | 24.8% | 24.9% | |
| PAT | 4,121 | 4,409 | 4,896 | 5,408 | 9.5% |
| EPS (Rs.) | 51.05 | 54.6 | 60.63 | 66.97 | |

Source: Company, ACMIIL Retail Research

Company at glance

- Cipla, the third-largest pharmaceutical company in India, is a global leader dedicated to ensuring widespread access to medicines.
- With 46 manufacturing sites worldwide, Cipla produces 50+ dosage forms and over 1,500 products using cutting-edge technology platforms to serve 78 markets.
- The company's diverse product portfolio includes complex generics and drugs across key therapeutic areas such as respiratory, anti-retroviral, urology, cardiology, anti-infective, CNS, and several others.
- Cipla's market leadership and growth are driven by product launches in key therapies and a strong pipeline of respiratory and peptide injectables.
- Cipla is growing worldwide and using research and development to create medicines that address unfulfilled medical requirements, making life-saving Generic Drugs.

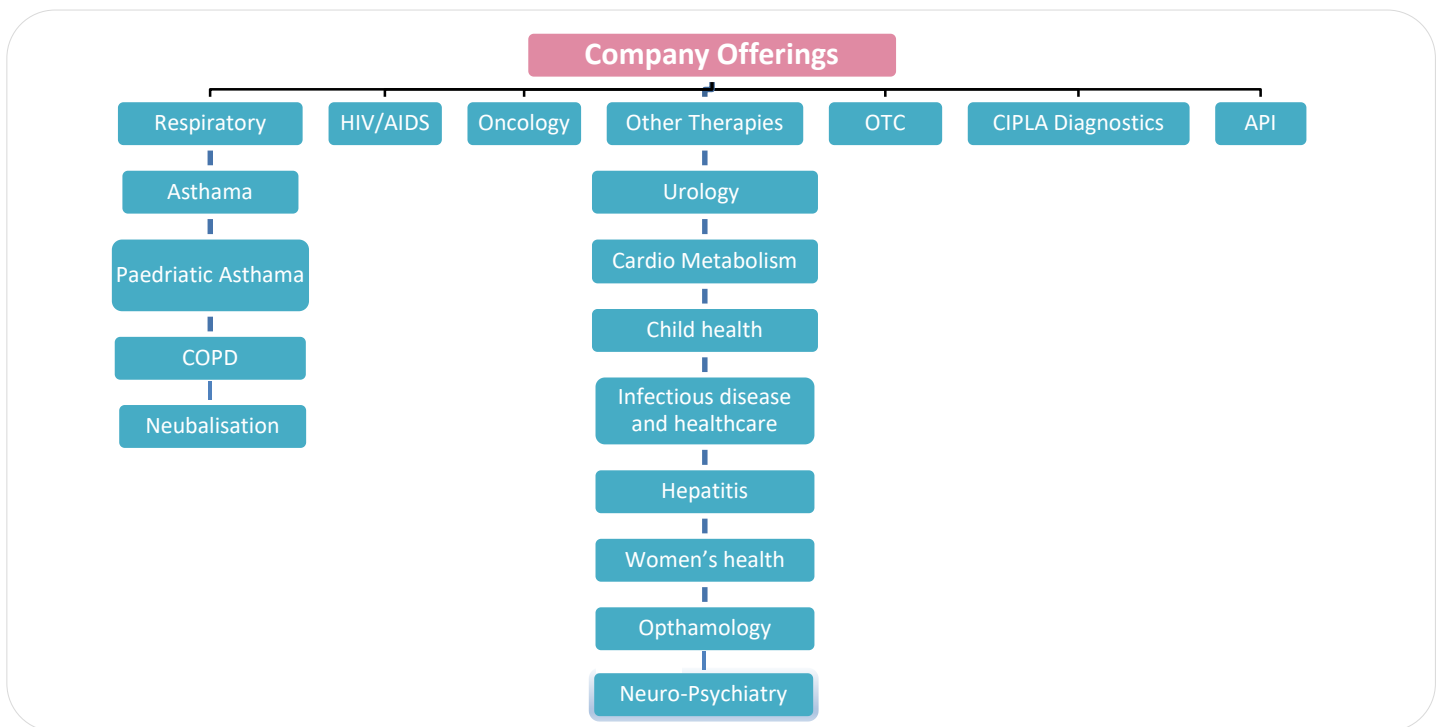
Diversified Product Portfolio

Company Business and Products

The company's diverse portfolio of drugs spread across therapies is the result of uncompromising commitment to research, quality and manufacturing.

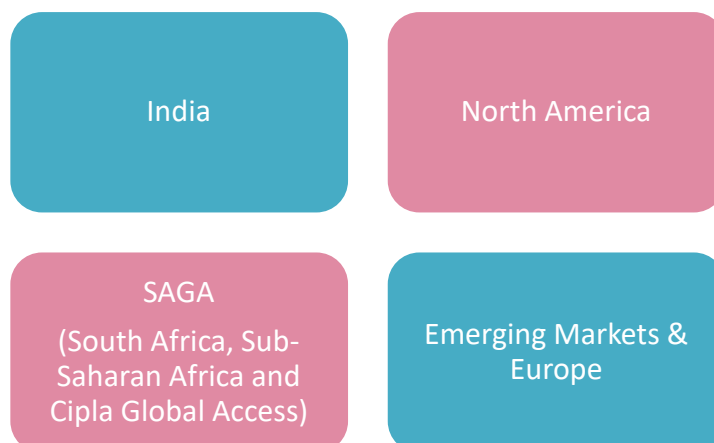
The product portfolio includes:

- A) Generic and Branded Generics:** Generic medicines are non-branded versions of drugs that have the same active ingredients, strength, and effect as their branded counterparts, usually at a lower cost. Branded generics are off-patent drugs marketed under a trademarked brand name, priced lower than the original branded medicines but higher than unbranded generics due to branding and perceived quality.
- B) Speciality:** The specialty segment focuses on advanced medicines for complex or rare conditions, requiring specialized expertise and treatment. It includes areas like Respiratory, CNS, and Critical Care, with higher costs and targeted therapies.
- C) Consumer Health:** It refers to over-the-counter (OTC) products that address general health and wellness needs, such as vitamins, supplements, pain relievers, skin care, and hygiene products. These products are typically available without a prescription and are marketed directly to consumers for everyday health management.






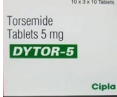


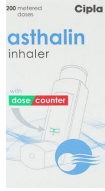


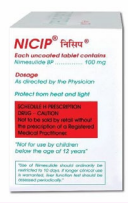





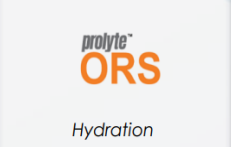


Source: Company, ACMIIL Retail Research

Key geographies



Source: Company, ACMIIL Retail Research

Other Business highlights:

| Details | Brands |
|---------------------------------------|--|
| India's Branded Prescription business |         |
| India Trade Generics |      |
| India Consumer Business |      |

Source: Company, ACMIIL Retail Research

ANDA & NDA Portfolio & Pipeline (As on 30th Sep 2024)



ANDA: Abbreviated New Drug Application
NDA: New Drug Application

Source: Company, ACMIIL Retail Research

Investment Rationale

Market leadership and pioneering role in respiratory healthcare

Cipla's leadership in the pharmaceutical industry is reinforced by its dominant position in the Indian market, particularly in respiratory, chronic, and over-the-counter (OTC) segments. As the third-largest pharmaceutical company in India, Cipla is a global leader committed to ensuring affordable and accessible healthcare. The company is a top player in generic pharmaceuticals across India and Africa, with a growing presence in the U.S. and emerging markets. In India, Cipla leads the respiratory therapy market with a 25% share of the overall market. The company continues to strengthen its leadership in asthma and Chronic Obstructive Pulmonary Disease (COPD), reinforcing its position as a pioneer in respiratory healthcare.

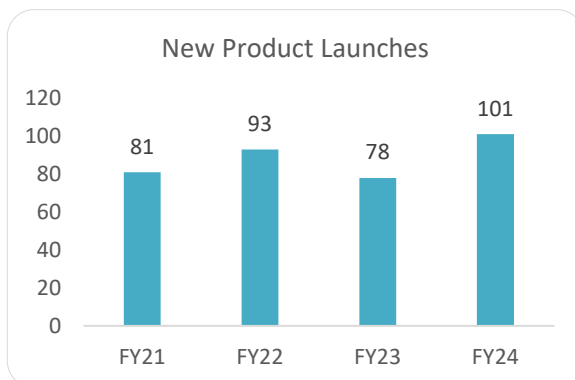
Robust manufacturing capabilities underline its global strength

Cipla's extensive manufacturing capabilities highlight its global strength, with 46 state-of-the-art facilities for APIs and formulations spanning six countries, including strategic locations in India, the US, South Africa, and China. In India, its facilities are distributed across Maharashtra, Goa, Madhya Pradesh, Karnataka, Himachal Pradesh, and Sikkim, ensuring a robust domestic production base. The company boasts an impressive production capacity, including 28.34 billion tablets and capsules, 726.90 million respules, 51.60 million oral liquids, and 129.10 million aerosol pMDIs (pressurized metered-Dose Inhaler), among others. Cipla's facilities have received approvals from major global regulators such as the US FDA, UK MHRA, WHO, and ANVISA, reflecting its commitment to quality and compliance with international standards. The company plans a ₹1,500-1,800 crore capex over 2-3 years, with 70% for growth and 30% for maintenance, funded entirely through internal accruals. These strengths position Cipla as a globally trusted pharmaceutical leader, dedicated to delivering excellence in healthcare.

Strategic focus on innovation and advanced healthcare solutions

Cipla is focusing on driving innovation by strengthening in-house capabilities and forming strategic alliances. The company is making significant strides in biosimilars, specialty medicines, complex injectables, and peptides, while also leveraging partnerships with Contract Development and Manufacturing Organizations (CDMOs) to enhance expertise in peptides, Long-Acting Injectables (LAIs), and specialty products. To gain a long-term competitive advantage, Cipla is scaling up advanced platforms such as cell and gene therapy, messenger RNA (mRNA), and stem cell technology. The company is committed to bringing breakthrough innovations, including Stempeutics Research's advanced stem cell technology to regulated markets. Cipla is also collaborating with Ethris GmbH to co-develop mRNA assets for India and low- and middle-income countries (LMICs), positioning itself as a leader in cutting-edge healthcare solutions.

New Product Launches to Drive Long-Term Growth and Market Expansion



Source: Company, ACMIIL Retail Research

Cipla is strategically positioning itself for sustained growth through continuous product innovation and expansion across key therapeutic areas. The company's commitment to launching new products is expected to be a major growth driver in the coming years. The Lanreotide portfolio, currently holding a 35% market share, is poised for recovery by Q4 FY25 due to ongoing capacity expansion. Furthermore, the anticipated launches of Generic Advair in FY26 and Generic Abraxane in oncology will bolster Cipla's portfolio. The Consumer Health Business is also thriving, with double-digit growth driven by successful brands like Nicotex and the recent Astaberry acquisition. Additionally, Cipla is expanding its generics portfolio in North America, having launched four new products in Q2 FY25. With a strong respiratory pipeline that includes Symbicort, Dulera, and Qvar, Cipla is set to achieve substantial growth by FY27, ensuring a promising long-term outlook for the company.

Cipla's Goa Facility: Navigating Regulatory Challenges for Long-Term Growth

Cipla's Goa facility, Medispray Laboratories, has faced regulatory challenges, including a warning letter from the U.S. FDA in November 2023 and six observations from a June 2024 inspection. A recent inspection in January 2025 resulted in a single observation, which Cipla is addressing promptly. These challenges have delayed the launch of Generic Abraxane in the U.S. market, raising concerns about potential market impact. Despite the regulatory challenges at Cipla's Goa facility, the company is actively addressing the issues, which could turn into a positive outcome in the long run. By resolving the observations and improving its compliance with cGMP (Current good manufacturing practices), Cipla can ensure a stronger foundation for future product approvals, including high-value drugs like Generic Advair and Generic Abraxane. This proactive approach not only enhances product quality and manufacturing standards but also builds trust with regulatory bodies, which could lead to smoother operations and faster approvals in the future. Moreover, once resolved, these improvements could strengthen Cipla's position in the competitive U.S. market, ensuring the company remains a reliable player in the global pharmaceutical space.

Investment Rationale

Cipla's R&D excellence drives innovation and strengthens market leadership

Cipla's commitment to innovation is evident through its five advanced R&D facilities, supported by over 1,600 dedicated professionals. With an annual R&D expenditure of ₹1,571 crore, accounting for 6% of its FY24 total operating income, the company demonstrates its focus on groundbreaking advancements. In FY24, Cipla launched 101 new products globally, addressing critical healthcare needs in areas such as asthma, chronic pulmonary disease, oncology, acid reflux, stomach diseases, Influenza A and B, and anti-retroviral treatments. Additionally, the company filed 12 Abbreviated New Drug Applications (ANDAs), including one New Drug Application (NDA), and received five approvals. Cipla's robust product pipeline, featuring respiratory products, peptide injectables, and other complex therapies, positions it for sustained growth and innovation.

Strategic Focus on Expanding Global Presence and Innovation

Cipla has developed strong core capabilities that will be leveraged to expand its presence in key markets. The company plans to focus sharply on high-potential geographies for future growth. In India, Cipla aims to maintain its leadership in core markets while targeting expansion in tier 2-6 markets. In Africa, the focus will shift to top cities rather than entire countries, with an emphasis on the "Missing Middle" segment. In the Europe, Middle East, and Eastern Europe (EMEU) region, Cipla will continue to deepen its market penetration, ensuring on-time launches, a robust portfolio, and strategic partnerships. In the U.S., Cipla plans to amplify new launches by investing in R&D and exploring business development opportunities. All of this will be supported by Cipla's reliable manufacturing operations, resilient supply chain, and ongoing advancements in quality automation through AI and digital transformation, positioning the company for sustained growth and leadership.

Commitment to Sustainable Waste Management

The company has implemented robust waste management protocols across all manufacturing facilities and warehouses, ensuring environmentally safe disposal of unsold and end-of-life products through secure incineration. While the nature of pharmaceutical products limits reuse or recycling, the company actively uses recycled tertiary packaging materials sourced from suppliers. Additionally, efforts are made to collect and channelize various types of plastics—rigid, flexible, and multi-layered—equivalent to the quantities used in product packaging, showcasing a strong commitment to sustainability and responsible waste management.

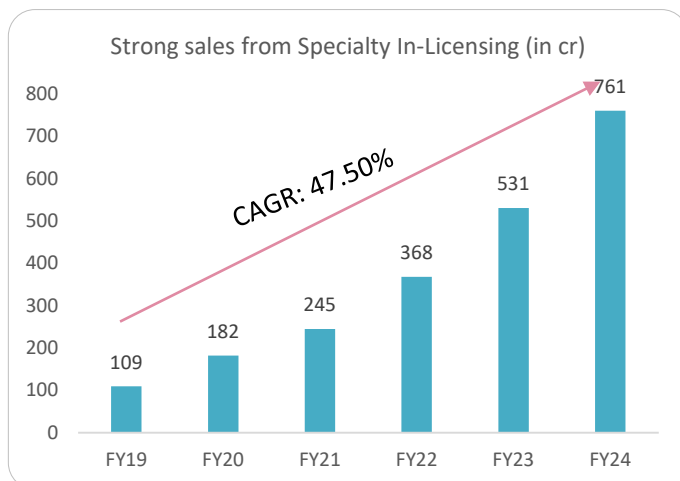
Strategic partnerships and acquisitions driving Cipla's future growth

Cipla's commitment to expanding its global footprint and deepening its impact in healthcare is evident through its strategic partnerships and acquisitions during FY 2023-24.

| Sr. no. | Strategic Acquisition & Partnerships | Details |
|---------|---|---|
| 1 | Actor Pharma (Pty) Limited | <ul style="list-style-type: none"> Acquired by Cipla Medpro South Africa (Pty) Limited, a wholly owned subsidiary in South Africa. Strengthens Cipla's over-the-counter (OTC) product portfolio. Expands presence in women's health, nasal care, cough and cold, and baby and child segments. |
| 2 | CSIR-CDRI (Council of Scientific & Industrial Research - Central Drug Research Institute) | <ul style="list-style-type: none"> Collaborative research agreement to develop a novel ophthalmic formulation for fungal keratitis. Combines expertise and resources to advance treatment options in ophthalmology. |
| 3 | Sanofi India Limited | <ul style="list-style-type: none"> Exclusive partnership for distribution and promotion of six Central Nervous System (CNS) brands in India, including Frisium®, a leading anti-epileptic medication. Enhances access to essential CNS treatments across India through Cipla's extensive network. |
| 4 | Indian Academy of Paediatrics | <ul style="list-style-type: none"> Partnership to conduct workshops on the rational use of antibiotics for children in India. Addresses critical public health concerns and promotes responsible medication use. |
| 5 | Kemwell Biopharma UK Limited | <ul style="list-style-type: none"> Joint venture (MKC Biotherapeutics Inc.) with Kemwell Biopharma UK Limited and MNI Ventures to commercialize novel cell therapy products. Focused on markets in the USA, Japan, and the EU region, strengthening Cipla's presence in advanced therapeutic solutions. |
| 6 | GoApptiv Private Limited, India | <ul style="list-style-type: none"> Increased stake in the digital-tech company to enhance penetration in underserved rural areas. Leverages GoApptiv's proprietary technology to improve healthcare product access in tier 2-6 markets in India. |

These strategic moves reinforce Cipla's commitment to innovation, market expansion, and addressing unmet healthcare needs across the globe.

Cipla's in-licensing strategy drives growth in chronic therapies



Source: Company, ACMIIL Retail Research

Cipla's strategic focus on in-licensing has been pivotal in strengthening its presence in chronic therapies. Over the past five years, the company's in-licensing portfolio has grown to contribute 7% of its overall One-India sales, reflecting its success in leveraging global collaborations. Key partnerships with Novartis and Eli Lilly have enriched its anti-diabetes portfolio, while its alliance with Roche has expanded its offerings in oncology treatments. Continuing this trajectory, Cipla recently entered into a partnership with Sanofi to distribute and promote its Central Nervous System (CNS) products in India. Valued at ₹198.5 crores (IQVIA MAT March 2024), this CNS portfolio is expected to be a strong contributor to Cipla's growth in the segment. These in-licensing collaborations underscore Cipla's ability to bring world-class innovations to the Indian market while driving its leadership in chronic therapies.

Driving Growth in North America with Differentiated Offerings

Cipla's North America business achieved a record revenue in FY24, contributing 30% to the company's topline with a 24% YoY growth. This success was driven by strong traction in differentiated products, including Lanreotide, which captured a 21% market share. Cipla maintained leadership in key respiratory segments such as Arformoterol and Budesonide respules while boosting Albuterol market share to 15.5%. Looking ahead, the focus is on expanding the peptide product range, launching complex generics with high value, and reducing risks in the U.S. pipeline by diversifying products, ensuring compliance, and using alternative manufacturing sites to address potential challenges. With strategic investments in facilities and partnerships, Cipla's North America operations continue to be a major driver of growth and innovation.

Strengthening Trade Generics Business for Market Leadership

Cipla's Trade Generics business has demonstrated resilience and adaptability in a competitive market by implementing strategic initiatives that enhanced its value proposition and differentiated its offerings. A key strength has been the establishment of the business as an independent subsidiary, now known as Cipla Pharma and Life Sciences Limited, alongside the adoption of a new distribution model that consolidates channels and increases direct touchpoints, improving trade visibility and market positioning. Looking ahead, Cipla plans to ensure a smooth transition to the new distribution structure, streamline operations, and optimize processes to boost profitability and sustainability. The retail vertical, which engages with over 150,000 retail and pharmacy stores, is set to make a significant impact in India. Additionally, Cipla is investing in digital capabilities and marketing to expand its audience reach, while introducing new products to address evolving customer and patient needs. The company is also expanding consumerization initiatives to make products more accessible to users, all while fortifying its leadership position in a dynamic regulatory environment and competitive market.

Consumer Business: Accelerating Growth and Market Leadership

Cipla's consumer business surpassed ₹1,000 crore in FY 2023-24, driven by strong performance in both core and emerging brands, supported by impactful media campaigns and consumer insights. The business boasts five brands exceeding ₹100 crore, with a broad presence across chemists, grocers, modern trade, e-commerce, and D2C channels for brands like Rivela Dermascience, Tugain Essentials, and Endura Mass. Leading brands such as Nicotex, Omnigel, and Cofsils continue to engage consumers through an "Always On Media" strategy. Looking ahead, Cipla aims to sustain growth by expanding its big brands, strengthening its portfolio, and exploring digital and inorganic opportunities.

Strategic Approach to Sustaining Growth and Expanding into Emerging Segments

Cipla's strategy for its branded prescription business in India focuses on sustaining its growth momentum while enhancing its core business. The company aims to outpace market growth by concentrating on major brands, launching high-value new products, and increasing its field presence across various geographies and therapeutic areas. In addition, Cipla is committed to implementing market-shaping initiatives and optimizing its mass market portfolio to maximize potential. At the same time, the company is focused on building new business by strengthening its presence in emerging therapies and consumer segments. This will be achieved by leveraging digital tools and analytics to enhance engagement with doctors and by launching innovative, patient-centric initiatives. Overall, Cipla's approach blends the expansion of its existing strengths with the development of new business opportunities through strategic innovation and digital engagement.

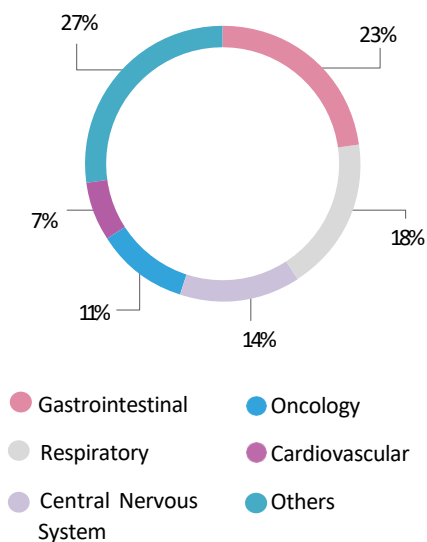
Paving the Path for Future Growth Through Cipla South Africa's Expansion

Cipla South Africa plays a vital role in Cipla's global success, driven by strong performance in the private market, which accounts for the majority of its revenue. The acquisition of Actor Pharma has bolstered Cipla's position by adding a diverse portfolio of OTC and generic medicines, along with a solid pipeline of niche products. This integration is expected to create synergies, optimize costs, and expand market reach. Cipla's therapeutic growth across key areas such as respiratory, nervous system, anti-infectives, cardiovascular, and oncology highlights its competitive strength. Strategic initiatives, including the launch of new brands and entry into the vaccines segment with tenders for Pneumococcal Conjugate and Measles Rubella vaccines, reflect its commitment to addressing healthcare needs and driving growth. Looking ahead, Cipla South Africa aims to sustain its momentum by strengthening its private market presence through organic launches, strategic partnerships, and an expanded OTC portfolio. The company will also focus on growing its Cardiovascular and Diabetes portfolio with new launches, while Cipla Global Access continues to deliver affordable medicines globally, targeting oncology, anti-tuberculosis, and reproductive health. These initiatives underscore Cipla's dedication to innovation and strategic growth.

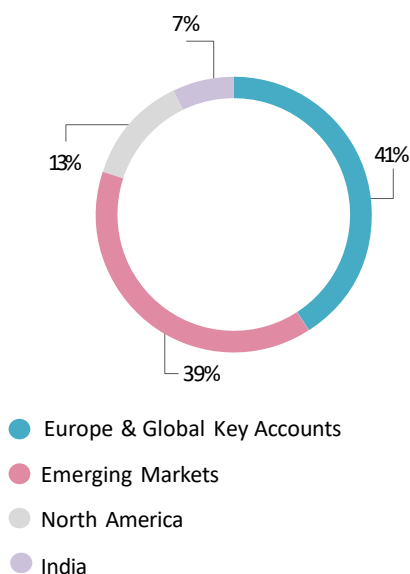
Strengthening Cipla's Future Growth Through API Business

Cipla's API business plays a crucial role in its future growth by leveraging over 60 years of experience and strong global partnerships. With 200+ APIs, including high-demand molecules like oncology and respiratory, and a robust team of 300+ scientists, Cipla is well-positioned for success in regulated markets. Its cGMP-compliant manufacturing facilities and sustainable practices ensure high-quality, cost-effective production. The company's continued focus on expanding its API portfolio, deepening partnerships with innovators, and entering untapped markets will drive future growth. Cipla plans to strengthen its market position in key APIs and further enhance R&D and manufacturing capabilities to support long-term sustainability and innovation.

API Revenue by Therapy (FY24)



API Revenue by Geography (FY24)



Industry Overview & growth Drivers

The Future of Pharmaceuticals: Market Growth in India and Globally

The global pharmaceutical industry plays a vital role in healthcare, focusing on the research, development, production, and marketing of medications for disease prevention, treatment, and cure. The industry is projected to grow at a CAGR of 6-8% from 2023 to 2030, improving health outcomes and extending life expectancy through innovative treatments.

The India pharmaceutical market is projected to reach USD 83.90 billion by 2029, growing at a CAGR of 5.92%. In 2024, the market size is estimated at USD 62.93 billion. Despite challenges posed by COVID-19, the industry saw significant growth, aided by government support, which positioned India as a key player in the global pharmaceutical supply chain.

India's Pharmaceutical Infrastructure and Regulatory Compliance

India is home to over 741 US FDA-approved manufacturing units, the largest number outside the United States. This infrastructure, alongside research centers, quality control labs, and specialized pharmaceutical zones, reinforces India's position as a global manufacturing hub, especially in generics and active pharmaceutical ingredients (APIs).

India’s Leadership in Generic Drugs

India is the leading producer of generic medicines in the world, generating 70% of the market's revenue. It is also the biggest exporter, supplying 20% of the world's generic medicines by volume to over 200 countries. This dominance is further supported by the country’s technological advancements in complex generics and biosimilars, strengthening its position as an innovation hub.

Government Initiatives Supporting Growth

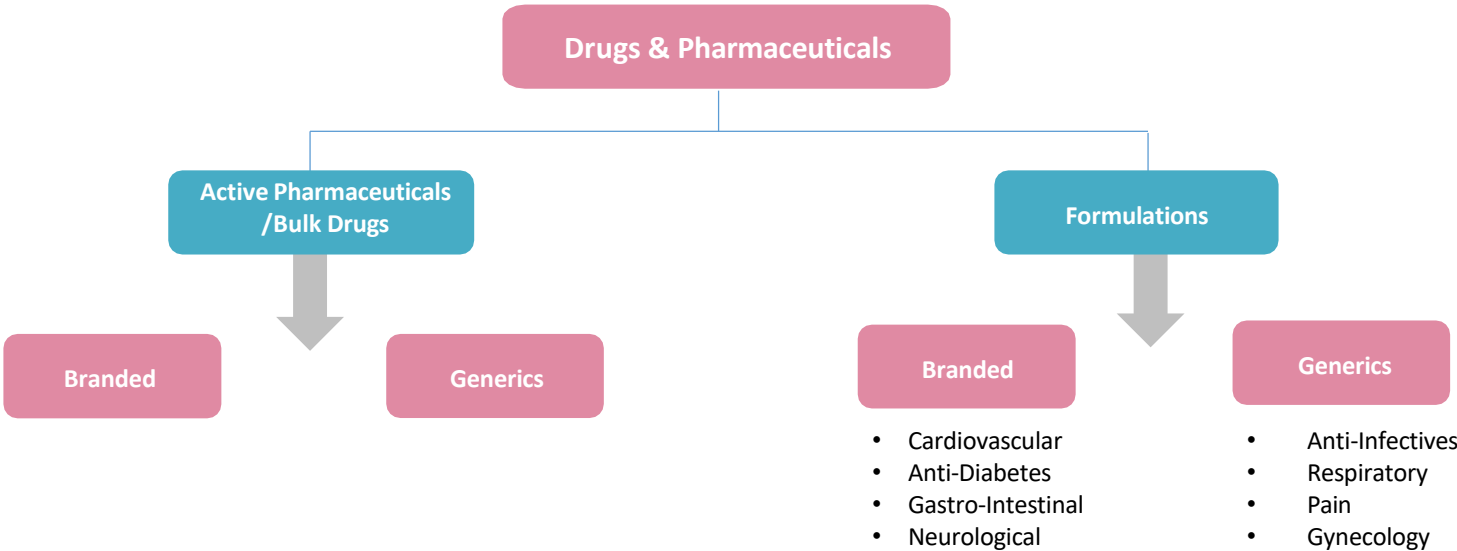
Significant government initiatives focus on enhancing India's domestic manufacturing capabilities, improving infrastructure, and ensuring regulatory compliance with international standards. These initiatives have been pivotal in supporting the growth of the pharmaceutical industry.

Dominance of Branded Generics in India’s Pharmaceutical Market

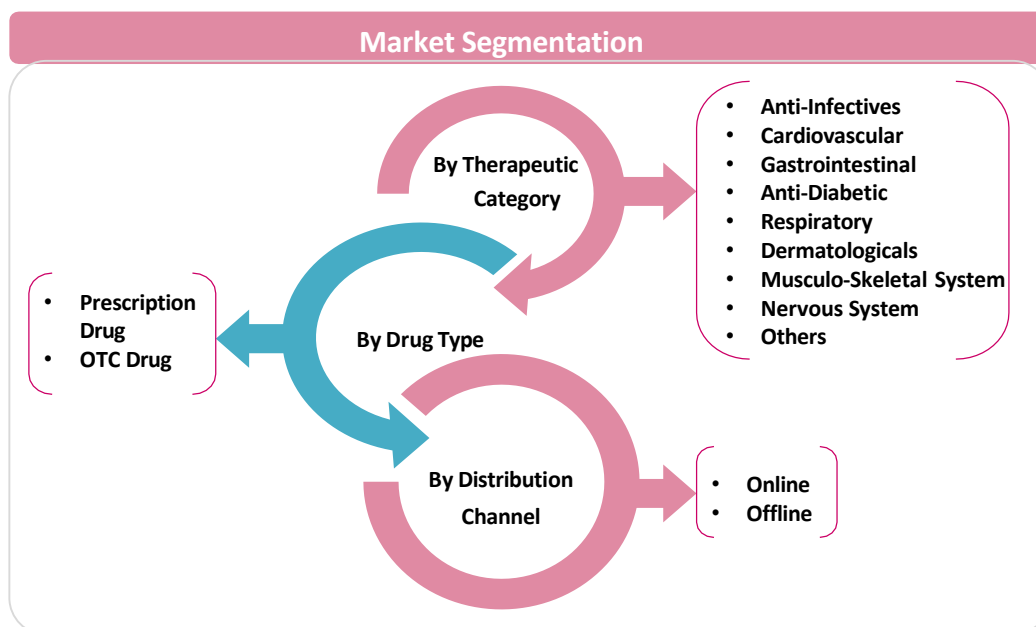
Branded generics contribute to 90% of India’s pharmaceutical market value, further demonstrating the country’s central role in the global generics market and its ability to supply affordable medicines worldwide.

Structure of the Indian Pharmaceutical Market

The Indian pharmaceutical market is diverse, featuring a range of companies and product segments, each contributing to the country’s global position as a significant player in the pharmaceutical industry. The structure of the Indian pharmaceutical market is diverse and multifaceted, encompassing a wide range of companies and product segments. The Indian pharmaceutical industry is primarily composed of multinational corporations engaged in research and development, producing innovative drugs, branded generics, and biosimilars and domestic companies which includes both publicly and privately held firms.



Source: Company, ACMIIL Retail Research



Source: Company, ACMIIL Retail Research

Key Growth Drivers of Pharmaceutical Industry

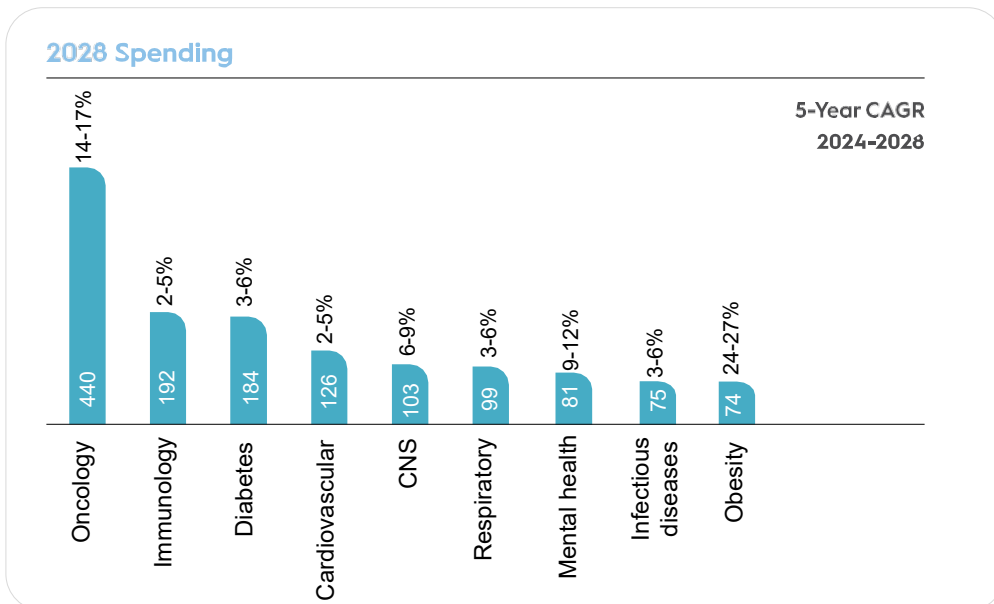
| Key Driver | Details |
|-----------------------------------|--|
| Cost Efficiency | India offers significant cost advantages, with manufacturing costs approximately 33% lower than Western markets due to cheaper labor, utility expenses, and well-established infrastructure. This, combined with over 1,400 WHO-GMP approved pharmaceutical plants and 253 EDQM-approved facilities, drives the country's competitiveness in global markets. |
| Research & Development Investment | India's pharmaceutical companies invest heavily in research and development, with USD 916 million allocated annually. This investment, alongside the country's advanced technological infrastructure, has led to the creation of over 60,000 generic products across 60 therapeutic categories, demonstrating the country's capabilities in both manufacturing and innovation. |
| Government Support | The Indian government's focus on strengthening the healthcare sector through initiatives like the Production Linked Incentive (PLI) scheme and healthcare infrastructure development has spurred the growth of the pharmaceutical sector. These initiatives also focus on creating a skilled workforce, with over 246,000 pharmacy graduates and millions of other skilled professionals entering the industry. |
| Rising Healthcare Expenditure | The increasing government expenditure on healthcare, including a USD 10.35 billion allocation for the Ministry of Health and Family Welfare, is driving sectoral growth. India's burgeoning healthcare expenditure is creating an environment conducive to the pharmaceutical industry's expansion. |
| Pharmaceutical Segment Growth | Key therapeutic segments, such as respiratory diseases, anti-infectives, cardiovascular, and anti-diabetic drugs, are driving the market's growth. The respiratory segment, in particular, holds the largest market share and is projected to expand as chronic respiratory diseases rise. The anti-infectives segment is also emerging as a high-growth area due to increasing infection rates and advanced drug development. |
| Export Opportunities | India remains the largest exporter of generic drugs globally, contributing significantly to global demand for medicines, vaccines, and APIs. The pharmaceutical export sector continues to grow, especially in emerging markets like Africa, Latin America, and Asia, where the demand for affordable medicines is rising. |
| Technological Advancements | The industry has demonstrated substantial advancements in developing biosimilars, complex generics, and new formulations. Continuous investments in automation, quality control systems, and research facilities help maintain India's position as a leader in pharmaceutical innovation. |

The Indian pharmaceutical industry is poised for continued growth, driven by technological advancements, government support, and rising healthcare demands both domestically and globally. The country is expected to maintain its dominance in generic drug manufacturing, while expanding its presence in emerging therapeutic areas like oncology, diabetes, and biosimilars. As India strengthens its position as a global supplier of affordable medicines, the industry's future will be shaped by innovation, global partnerships, and regulatory compliance to meet the evolving healthcare needs of a growing global population.

Global Medicine Market Set for Growth Driven by Oncology, Obesity, and Neurology

The global medicine market is set for growth majorly driven by Oncology, Obesity and Neurology. Higher global spending growth, particularly in 2023, was observed in key regions following the pandemic, especially in North America. Oncology and obesity are expected to drive the majority of market growth through 2028, while the growth in immunology and diabetes spending is anticipated to slow down. Global oncology spending is projected to reach USD 440 billion by 2028, with growth fueled by novel drugs. On the other hand, diabetes spending growth is expected to be in the low single digits in most developed markets, with some, such as the United States, experiencing declines. This shift is largely due to a growing focus on obesity management. Additionally, new therapies for Alzheimer's and anxiety/depression are expected to drive spending growth in the neurology sector.

Top therapy areas in 2028 in terms of global spending with forecast 5-year CAGRs, const USD billion



Source: IQVIA Forecast Link, IQVIA Institute, December' 2023

Aging Population Fuels Growth of Generic Drugs

The aging global population is a significant driver of the generic drug market's growth. As people live longer, often due to advancements in healthcare and rising life expectancy, the prevalence of chronic and age-related conditions such as diabetes, cardiovascular diseases, and arthritis has increased. These conditions typically require long-term medication, making cost-effective generic drugs an essential part of treatment. Elderly patients, who are often on fixed incomes or reliant on government or insurance programs, prefer affordable generics over high-cost branded alternatives. Additionally, the strain on healthcare budgets worldwide has led governments and insurers to promote generics as a way to manage costs while ensuring access to vital medications. This trend is further amplified by the rapidly growing elderly population globally, which has created a larger market for generics. For Cipla, this presents a substantial opportunity to expand its presence in the global pharmaceutical market. With its established portfolio of affordable, high-quality generics and strong reputation for regulatory compliance, Cipla is well-positioned to meet the rising demand for cost-effective medications driven by the aging population. This aligns with Cipla's mission to provide access to life-saving drugs and reinforces its leadership in the generics segment.

Rising Cancer Cases Fuel Growth in Oncology Market

The rising cases of cancer worldwide are significantly contributing to the expansion of the oncology market. The global oncology market was valued at USD 222.4 billion in 2023 and is poised to grow to USD 521.6 billion by 2033. As per World Health Organisation ("WHO"), an estimated 35 million new cancer cases to occur in or by 2050 with a steep rise in lower middle-income countries. As the global population ages and lifestyle factors continue to influence health trends, the incidence of cancer is increasing, making it a leading cause of death in many regions. This surge in cancer cases is driving the demand for cancer treatments, including chemotherapy, immunotherapy, and targeted therapies. With healthcare systems focusing more on cancer care, the global oncology market is expected to grow substantially, offering opportunities for pharmaceutical companies, including Cipla, to provide affordable and effective treatments to meet the rising demand for oncology medications.

Indian Pharma Set to Thrive in US Market, Cipla Poised for Growth

Indian pharmaceutical companies are set to benefit from the US market's growing drug shortages and the upcoming expiration of key drug patents between 2025 and 2029, which will expand opportunities for generics. India, with the largest number of FDA-approved plants outside the US, is a global leader in supplying affordable, quality-assured medicines to over 200 countries. Exports to the US rose from \$7.5 billion in FY23 to \$8.7 billion in FY24, with major players driving growth. Additionally, potential trade restrictions on Chinese APIs could boost India's role in addressing global pharmaceutical dependencies. The expected easing of restrictions by the Trump administration is also seen as a positive development, as it could further boost the Indian generics market. Amid this landscape, Cipla, with its strong US presence and regulatory compliance, is well-positioned to leverage these opportunities and strengthen its global impact.

Growth Opportunities in the Respiratory Drug Market

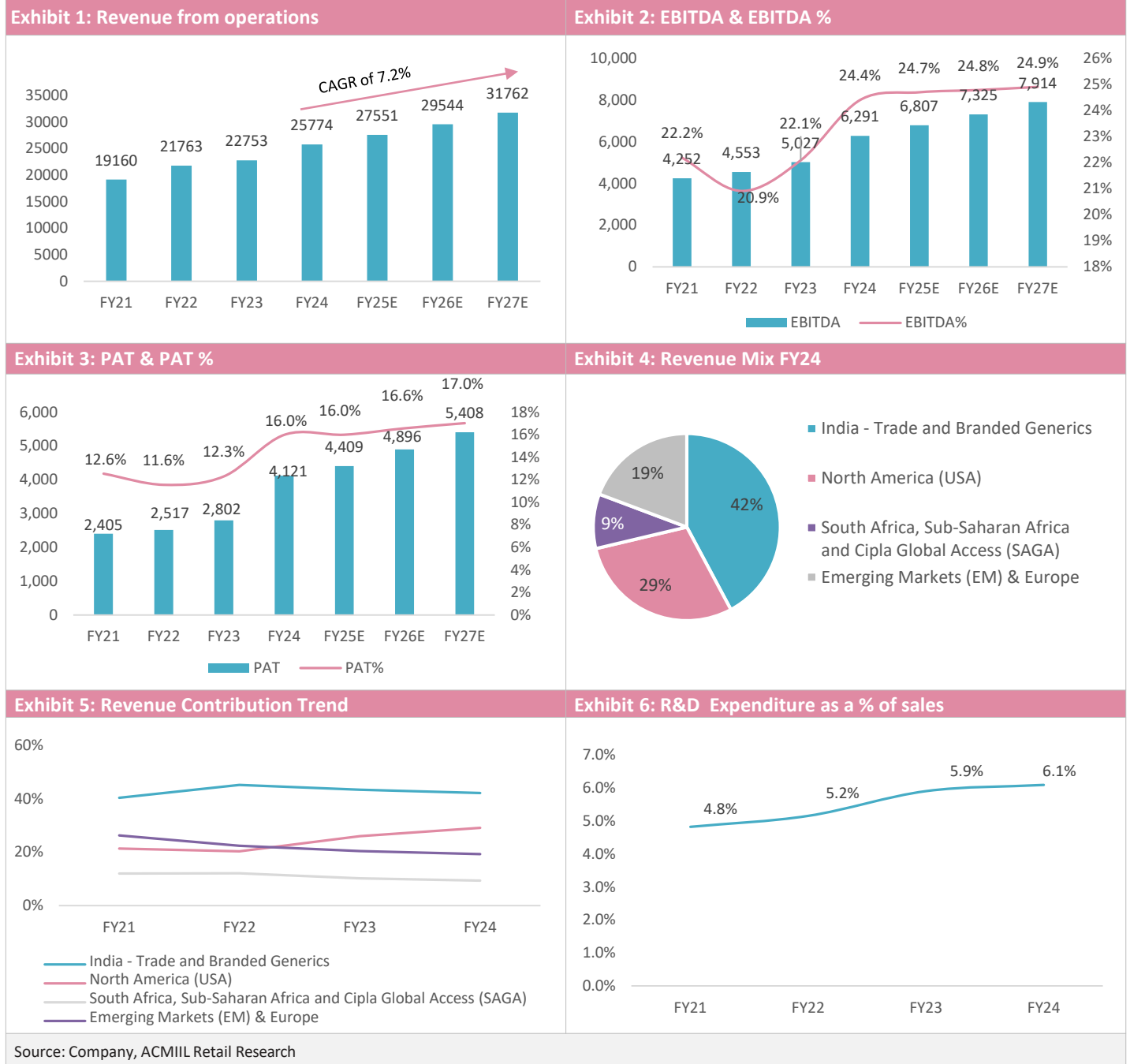
The rising incidence of respiratory conditions such as asthma and chronic obstructive pulmonary disease (COPD), along with advancements in drug delivery systems, are key drivers of the respiratory drug market. Projected to reach USD 24.12 billion by 2031, the market is growing at a CAGR of 5.84% from 2024 to 2031, up from USD 15.32 billion in 2024.



Source: Company, ACMIIL Retail Research

The asthma segment is expected to dominate due to the increasing global prevalence and improved treatment methods, including innovations like metered-dose inhalers (MDIs) and dry powder inhalers (DPIs). North America, especially the United States, remains the largest market for respiratory drugs, driven by a high prevalence of respiratory disorders and significant healthcare spending. Meanwhile, the Asia Pacific region is expected to grow the fastest, fueled by severe air pollution and improving healthcare access. Cipla is well-positioned to capitalize on this growth, leveraging its established presence in asthma and COPD treatments. The company's strong focus on innovation and patient-centric solutions enables it to capture market share in both North America and Asia Pacific.

Story in Charts (Values in Cr.)



Financial Statements

Consolidated Profit & Loss Statement:

| Particulars (Rs. in cr) | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E | FY27E |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue from operations | 19,160 | 21,763 | 22,753 | 25,774 | 27,551 | 29,544 | 31,762 |
| Total Expenses | 14,907 | 17,211 | 17,726 | 19,483 | 20,744 | 22,219 | 23,849 |
| EBITDA | 4,252 | 4,553 | 5,027 | 6,291 | 6,807 | 7,325 | 7,914 |
| EBITDA% | 22.2% | 20.9% | 22.1% | 24.4% | 24.7% | 24.8% | 24.9% |
| Other Income | 266 | 281 | 475 | 747 | 583 | 619 | 634 |
| Interest | 161 | 106 | 110 | 90 | 91 | 93 | 95 |
| Depreciation | 1,068 | 1,052 | 1,172 | 1,051 | 1,246 | 1,130 | 1,028 |
| PBT* | 3,277 | 3,480 | 4,036 | 5,700 | 6,051 | 6,720 | 7,422 |
| Tax | 889 | 934 | 1,203 | 1,547 | 1,642 | 1,823 | 2,014 |
| PAT^ | 2,405 | 2,517 | 2,802 | 4,121 | 4,409 | 4,896 | 5,408 |
| PAT% | 12.6% | 11.6% | 12.3% | 16.0% | 16.0% | 16.6% | 17.0% |
| EPS | 29.82 | 31.19 | 34.71 | 51.05 | 54.6 | 60.63 | 66.97 |

Note: *PBT after share of associates

^PAT after minority interest

Source: Company, ACMIIL Retail Research

Risks and concerns

- Compliance with regulations across different countries, including US FDA inspections, is a major challenge. Any failure or warning from regulatory authorities can disrupt operations and impact reputation
- Changes in pharmaceutical policies, both in domestic and international markets, could increase compliance costs or limit market access.
- A slowdown in global or domestic economies can affect healthcare spending and, in turn, pharmaceutical demand.
- Geopolitical tension, trade restrictions, or sanctions can disrupt Cipla's operations in key markets.

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