

CIPLA LTD.

Sector

JUN 18, 2024

Healthcare

Buy at CMP: Rs 1565 | Target: Rs 1805 (15%) | SL: Rs 1437

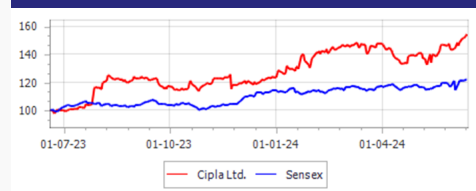
Script Details

BSE Group	A
BSE Code	500087
NSE Code	CIPLA
Bloomberg Code	CIPLA IN
Market Cap (INR Cr.)	1,26,401
Free Float (%)	66.6%
52wk Low/High	1571/980
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	2/0.8
Total paid Up Shares (Mn.)	807.5

Share Holding Pattern (%)

Promoters	Public	Others
33.4%	66.6%	-

Share Price Relative Performance



Cipla Limited, founded in 1935, is a global pharmaceutical leader providing accessible and affordable medicines, with a diverse portfolio of branded and generic drugs across key therapeutic areas, expanding in India, South Africa, North America, and other markets.

Investment Rationale

- ◆ **Cipla aims to sustain its growth trajectory by launching several high-value products and expanding its product pipeline:** Generating 30% of its global revenue from respiratory products like Albuterol and Symbicort QR, Cipla is enhancing its portfolio with FDA-approved inhalation lines at Fall River. The company is investing in biosimilars, CAR-T therapies, and mRNA technology, including a new lab in Germany, targeting a 2030 biosimilar launch. Awaiting inspection for its generic Advair, Cipla plans a major peptide launch in Q1 and is set to strengthen its pipeline for Europe and emerging markets. As of March 31, 2024, Cipla's NDA portfolio includes 164 approved, 32 tentatively approved, and 81 pending approvals. The company is focusing on complex assets to drive growth in North America, with 12 assets already filed and 8 more planned within the next 24 months.
- ◆ **Healthy Market share with diverse product portfolio solidified the market share in IPM and in Global Market:** Cipla Ltd. is a global pharmaceutical leader, boasting strong market positions in key regions. In South Africa, it dominates the prescription market at 8.7% and ranks 3rd in OTC at 8.6%. Meanwhile, in India, Cipla's chronic market share has seen impressive growth, maintaining the 2nd rank in the IPM. Noteworthy brands like Foracort, generating over INR 850 crore, and Duolin and Budecort, each at INR 450 crore, solidify its standing. In North America, it commands substantial shares in Lanreotide (21%) and Albuterol (15.5%). With a robust portfolio of 164 approved ANDAs/NDAs and 81 under approval, coupled with ongoing investments, Cipla stands out as a global pharmaceutical powerhouse.
- ◆ **Healthy financial with low leverage:** Cipla has reduce its debt to INR 599 Cr from INR 2,014 Cr in FY21, which lead to low finance cost of INR 90 Cr from INR 197 Cr in FY20. Company PAT has by 25% CAGR in last 5Yr. working capital remain stable over the reporting lead to healthy ROCE of 23% in FY24. CIPLA working capital remain in check and balance sheet remain stress free.
- ◆ **Outlook and Valuations:** We model a Revenue/PAT CAGR of 10%/12% and estimate CIPLA to clock PAT of Rs 5,832 Cr by FY27E. CIPLA is trading at forward PE (x) of 19.7 and we value at 25(x) FY27E and Recommend BUY on CIPLA with Target Price of Rs. 1,805 (15%) .

Financial Snapshot

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	25,774	6,291	4,122	30.7	17.9
FY25E	28,351	6,379	4,820	26.2	2.7
FY26E	31,187	7,017	5,302	23.8	2.5
FY27E	34,305	7,719	5,832	21.7	2.3

Source: Company Data, Ace Equity, GEPL Research

TECHNICAL VIEW

- **Observation**
- CIPLA has demonstrated robust momentum since March 2023, forming higher highs and higher lows on the weekly scale. The stock recently turned around from the rising channel, indicating a continuation of its upward trajectory.
- On the daily scale, CIPLA broke out of an inverse Head & Shoulders bullish chart pattern with the volume, suggesting the uptrend is likely to continue.
- Currently, CIPLA is trading above key moving averages such as the 13-week EMA and 26-week EMA, indicating a positive trend. Additionally, the RSI remains above 60 across multiple timeframes, showing sustained momentum.
- The ratio chart of CIPLA against the NIFTY has been forming higher lows, indicating sustained outperformance.



- **Inference & Expectations**
- Considering these factors, it can be inferred that CIPLA stock is set to begin uptrend.
- Going ahead we expect the prices to move higher till 1805 level.
- The stop loss must be at 1437 level, strictly on the closing basis.



Source: Tradingview.in, GEPL Research



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