

October 31, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		BUY	
Target Price	1,675		1,730	
Sales (Rs. m)	3,17,322	3,49,170	3,18,877	3,50,814
% Chng.	(0.5)	(0.5)		
EBITDA (Rs. m)	71,231	79,623	74,595	83,782
% Chng.	(4.5)	(5.0)		
EPS (Rs.)	62.9	70.7	65.3	73.7
% Chng.	(3.6)	(4.2)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	2,75,478	2,91,276	3,17,322	3,49,170
EBITDA (Rs. m)	71,281	65,581	71,231	79,623
Margin (%)	25.9	22.5	22.4	22.8
PAT (Rs. m)	52,727	46,409	50,822	57,042
EPS (Rs.)	65.3	57.5	62.9	70.7
Gr. (%)	27.9	(12.0)	9.5	12.2
DPS (Rs.)	15.9	16.9	19.9	19.9
Yield (%)	1.0	1.1	1.3	1.3
RoE (%)	18.2	14.2	14.2	14.5
RoCE (%)	20.4	16.3	16.3	16.7
EV/Sales (x)	4.5	4.2	3.8	3.4
EV/EBITDA (x)	17.4	18.6	16.8	14.8
PE (x)	23.6	26.8	24.5	21.8
P/BV (x)	4.0	3.6	3.3	3.0

Key Data

52-W High / Low	Rs.1,673 / Rs.1,307
Sensex / Nifty	84,404 / 25,878
Market Cap	Rs.1,245bn / \$ 14,033m
Shares Outstanding	808m
3M Avg. Daily Value	Rs.2108.35m

Shareholding Pattern (%)

Promoter's	29.22
Foreign	24.54
Domestic Institution	29.98
Public & Others	16.26
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	2.5	(0.4)	8.9
Relative	(2.5)	(5.3)	3.1

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Higher R&D spend curtails margin

Quick Pointers:

- Transition in mgmt. with Achin Gupta to replace Umang Vohra as Global MD & CEO from April 2026
- Revised margin guidance for FY26E downwards to 22.8%-24% vs 23.5-24.5%.

CIPLA's Q2FY26 EBITDA (Rs 19bn; 25% OPM) was 5% miss to our estimate on account of higher R&D spend (7.1% of sales) and lower GMs. Mgmt has revised its FY26 margin guidance downward owing to elevated R&D spend. Resultant our FY26/27/28E EPS stands cut by 3-6%. The announcement of change in KMP is likely to sentimentally weigh on the stock. We expect Cipla to maintain its existing US sales run-rate however pick up will hinge on timely key respiratory approvals. Cipla's strong net cash position of +\$1.5bn provides flexibility to pursue strategic M&A opportunities. At CMP, stock is trading 24.3x FY27E EPS. Given high FY25 base led by gRevlimid; we see mere 3% EPS CAGR over FY25-28E. We downgrade stock to 'Accumulate' with revised TP of Rs1,675/share (1730 earlier). Timely launch of critical high-value products in the US in H2FY26E/27E will be key.

- Strong exports aided revenue growth:** CIPLA's Q2FY26 revenues were up 8% YoY to Rs76bn, in line with our estimates. Domestic formulation reported growth of 7% YoY, we est 8%. Key therapies such as Urology, Cardiac, Anti diabetes and Dermatology outpaced the market. US sales improved to \$234mn, up 3% QoQ. The QoQ growth was largely aided by new launches like gAbraxane negated by price erosion in gRevlimid. One Africa business reported growth at 10% YoY whereas EM + EU markets reported healthy growth of 20% YoY. API segment remained muted, down 8% YoY.
- Higher R&D spend and lower GMs:** GMs came in at 66.5%, down 180bps QoQ; led by change in product mix. CIPLA reported EBITDA of Rs19bn; down 2% YoY; missed our estimates. OPM stood at 25%, down 170bps YoY. R&D expenses stood higher at Rs5.4bn, 7.1% of revenue, up 40% YoY. Ex R&D cost other expenses were up 4% YoY. Resultant PAT stood at Rs13.5bn; up 4% YoY.
- Key concall takeaways: Domestic formulation:** Growth led by chronic therapies (cardiac +13%, anti-diabetic +10%, urology +7%, dermatology +18%). Chronic mix stood at 61.8%; Cipla aims to outperform IPM growth in coming quarters. Flagship brands like Voltido Trio Ciphale and Foracort maintained leadership positions. Launched 6 new products in the quarter. Trade generics grew in double digits on a low base, driven by portfolio expansion and improved channel execution. Respiratory business expected to pick up in Q3 (seasonally strong quarter) Management guided for IPM-level growth or higher for H2FY26, supported by new launches and chronic therapy strength.

- **Consumer health:** Sustained double-digit growth, led by key brands Nicotex, Omnigel, and Cipladine, all retaining category leadership. Expanding distribution reach and investing in media to strengthen brand visibility and scale.
- **US business:** Albuterol and Lanreotide market share at 22% (IQVIA), maintaining leadership. Lanreotide; further share expansion expected post capacity addition. Filgrastim (biosimilar) launched in Q2 marking Cipla's first biosimilar entry in the US. gRevlimid sales to further taper off in Q3; base business expected to show sequential growth. Pipeline includes 4 major respiratory launches (incl. gAdvair in Q4FY26) + 3 peptide assets (incl. Liraglutide) by CY26. Management indicated of achieving \$1bn annual US revenue run-rate by FY27, subject to timely approvals.
- **EMs:** Growth led by strong execution in direct-to-market (DTM) model and B2B business. Strategic focus on portfolio expansion and tender participation to drive momentum.
- **One Africa:** Private market up 5.6% YoY. Growth driven by new launches, tender expansion, and increased demand in key therapy areas.
- **GLP-1 portfolio: Eli Lilly partnership:** Cipla to launch tirzepatide (Mounjaro) under the exclusive brand "YourPeak" in India. Lilly to supply the product; Cipla to promote and distribute nationally. Cipla expects strong demand in Tier-2 and Tier-3 cities with dedicated field force. Hoping to launch Tirzepatide soon. We believe Eli Lilly can onboard more new partners in India. **Semaglutide:** filing approved but launch deferred beyond Mar–Apr'26 pending regulatory clearance. Cipla to evaluate launch post-approval. Building manufacturing readiness for semaglutide and related peptides.
- **Mgmt rejig:** Umang Vohra has expressed his intention to not continue as MD & Global CEO post his tenure completion in March 2026. Mr Achin Gupta (erstwhile global COO and CEO of one India business at India) to take over as Global CEO & MD from April 2026; continuity in core strategy with sharper focus on innovation and execution.
- **Other highlights:** Bommasandra (Bengaluru) facility inspected by USFDA; classified as VAI. Chemwell facility received pre-approval inspection for a fill–finish product. GST transition was resolved during the quarter. R&D guidance increased by 50bps for FY26E. Debt stood at Rs 4.67bn and Net cash balance Rs 99bn in Q2FY26. Margin guidance revised downwards to 22.8–24% vs 23.5–24.5% earlier in FY26

Exhibit 1: 2QFY26 Result Overview (Rs mn) – Revenue growth across geographies, Margin below estimate

Y/e March	2QFY26	2QFY25	YoY gr. (%)	Q2FY26E	% Var	1QFY26	QoQ gr. (%)	H1 FY26	H1 FY25	YoY gr. (%)
Net Sales	75,894	70,510	7.6	75,064	1.1	69,575	9.1	1,45,469	1,37,450	5.8
Raw Material	24,976	22,886	9.1	23,636	5.7	21,707	15.1	46,684	44,815	4.2
% of Net Sales	32.9	32.5		31.5		31.2		32.1	32.6	
Personnel Cost	13,148	12,079	8.9	13,407	(1.9)	13,123	0.2	26,271	24,021	9.4
% of Net Sales	17.3	17.1		17.9		18.9		18.1	17.5	
Others	18,823	16,745	12.4	17,918	5.1	16,963	11.0	35,786	32,656	9.6
% of Net Sales	24.8	23.7		23.9		24.4		24.6	23.8	
Total Expenditure	56,947	51,710	10.1	54,961	3.6	51,793	10.0	1,08,740	1,01,492	7.1
EBITDA	18,948	18,800	0.8	20,102	(5.7)	17,781	6.6	36,729	35,958	2.1
Margin (%)	25.0	26.7		26.8		25.6	(0.6)	25.2	26.2	
Depreciation	2,970	2,717	9.3	2,650	12.1	2,527	17.5	5,497	5,184	6.0
EBIT	15,978	16,082	(0.7)	17,452	(8.5)	15,254	4.7	31,232	30,774	1.5
Other Income	2,690	1,906	41.1	2,600	3.4	2,586	4.0	5,275	3,508	50.4
Interest	132	154	(14.4)	140		141	(6.2)	272	334	(18.4)
PBT	18,535	17,835	3.9	19,912	(6.9)	17,699	4.7	36,235	33,948	6.7
Extra-Ord. Inc./Exps.	-	-		-	#DIV/0!	-		-	-	
Total Taxes	5,005	4,830	3.6	5,376	(6.9)	4,779	4.7	9,783	9,181	6.6
ETR (%)	27.0	27.1		27.0		27.0		27.0	27.0	
Minority interest	(19)	25		40	(147.5)	56		37	38	
Reported PAT	13,512	13,029	3.7	14,576	(7.3)	12,976	4.1	26,488	24,805	6.8

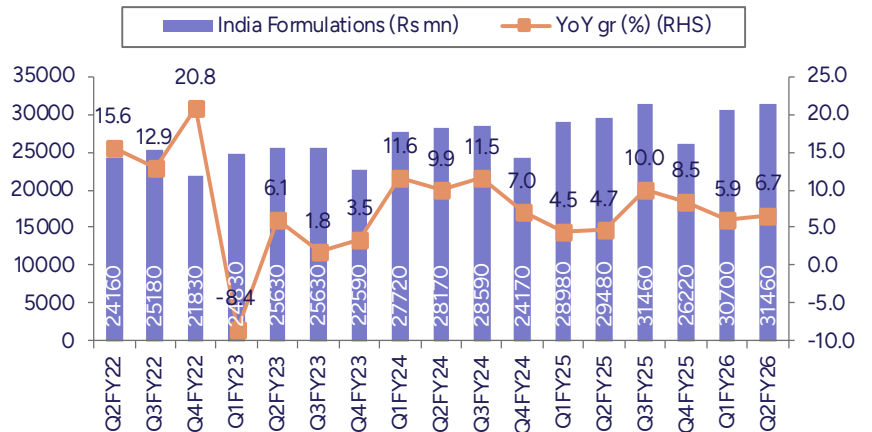
Source: Company, PL

Exhibit 2: Sources of Revenue – Strong export revenues aided by SAGA and international markets

Revenue break up (Rs mn)	2QFY26	2QFY25	YoY gr. (%)	1QFY26	QoQ gr. (%)	H1 FY26	H1 FY25	YoY gr. (%)
Domestic market	31,460	29,480	6.7	30,700	2.5	62,160	58,460	6.3
% of Sales	41.5	41.8		44.1		42.7	42.5	
International market (Exports)	44,430	41,020	8.3	38,880	14.3	83,310	78,970	5.5
% of Sales	58.5	58.2		55.9		57.3	57.5	
North America	20,390	19,860	2.7	19,330	5.5	39,720	40,730	(2.5)
% of Sales	26.9	28.2		27.8		27.3	29.6	
SAGA	11,780	10,680	10.3	8,710	35.2	20,490	18,340	11.7
% of Sales	15.5	15.1		12.5		14.1	13.3	
International markets	9,670	8,060	20.0	8,610	12.3	18,280	15,850	15.3
% of Sales	12.7	11.4		12.4		12.6	11.5	
APIs	1,480	1,600	(7.5)	1,020	45.1	2,500	2,580	(3.1)
% of Sales	2.0	2.3		1.5		1.7	1.9	
Others	1,110	820	35.4	1,210	(8.3)	2,320	1,470	57.8
% of Sales	1.5	1.2		1.7		1.6	1.1	
Total	75,890	70,500	7.6	69,580	9.1	1,45,470	1,37,430	5.9

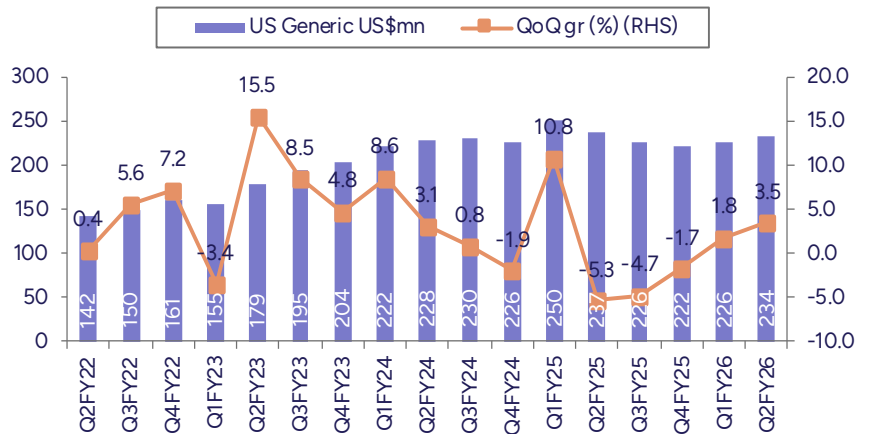
Source: Company, PL

Exhibit 3: Strong double digit growth from trade generics



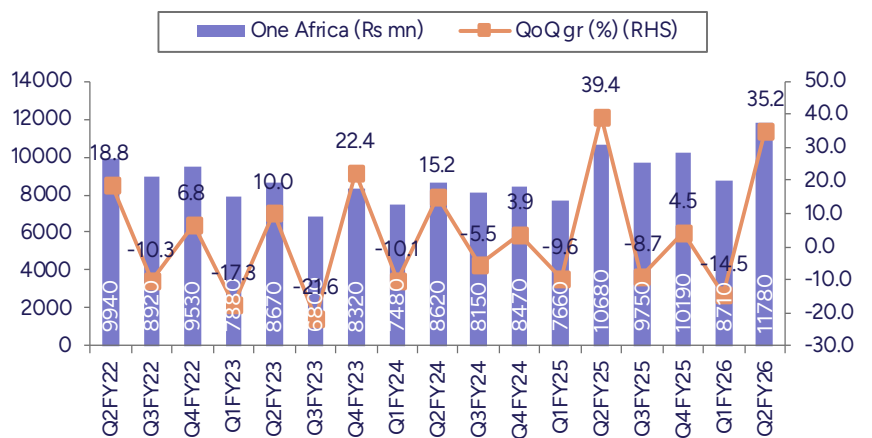
Source: Company, PL

Exhibit 4: Market share increased across key products YoY



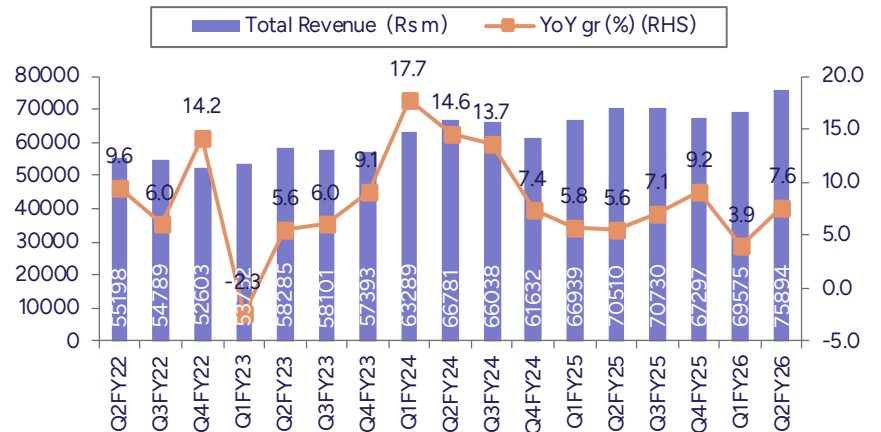
Source: Company, PL

Exhibit 5: *One Africa: Tender business and New launches aids growth



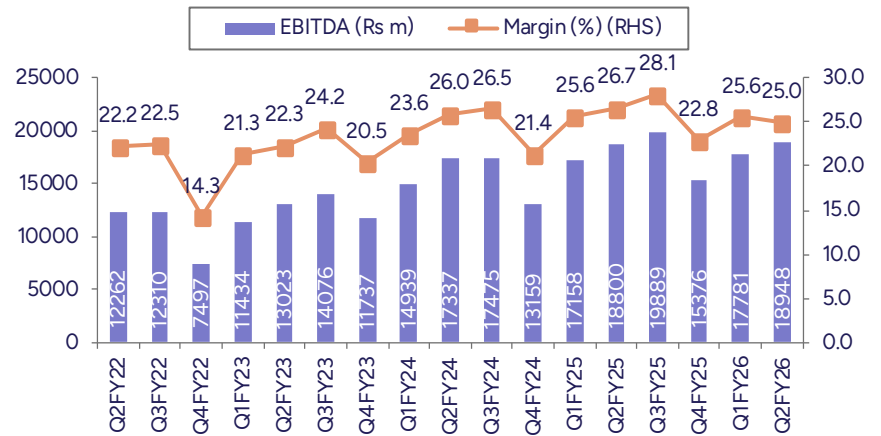
Source: Company, PL

Exhibit 6: Witnessed growth across geographies YoY



Source: Company, PL

Exhibit 7: Higher R&D spend and lower GMs impacted EBIDTA YoY



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	2,75,478	2,91,276	3,17,322	3,49,170
YoY gr. (%)	6.9	5.7	8.9	10.0
Cost of Goods Sold	1,02,543	1,13,192	1,24,179	1,36,537
Gross Profit	1,72,934	1,78,084	1,93,143	2,12,633
Margin (%)	62.8	61.1	60.9	60.9
Employee Cost	44,110	48,582	53,441	58,785
Other Expenses	57,544	63,920	68,471	74,226
EBITDA	71,281	65,581	71,231	79,623
YoY gr. (%)	13.3	(8.0)	8.6	11.8
Margin (%)	25.9	22.5	22.4	22.8
Depreciation and Amortization	11,070	11,734	12,438	13,308
EBIT	60,211	53,848	58,793	66,314
Margin (%)	21.9	18.5	18.5	19.0
Net Interest	620	500	400	400
Other Income	8,619	10,500	11,500	12,500
Profit Before Tax	68,210	63,848	69,893	78,414
Margin (%)	24.8	21.9	22.0	22.5
Total Tax	15,298	17,239	18,871	21,172
Effective tax rate (%)	22.4	27.0	27.0	27.0
Profit after tax	52,912	46,609	51,022	57,242
Minority interest	-	-	-	-
Share Profit from Associate	(185)	(200)	(200)	(200)
Adjusted PAT	52,727	46,409	50,822	57,042
YoY gr. (%)	27.9	(12.0)	9.5	12.2
Margin (%)	19.1	15.9	16.0	16.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	52,727	46,409	50,822	57,042
YoY gr. (%)	22.1	(12.0)	9.5	12.2
Margin (%)	19.1	15.9	16.0	16.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	52,727	46,409	50,822	57,042
Equity Shares O/s (m)	807	807	807	807
EPS (Rs)	65.3	57.5	62.9	70.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	1,72,602	1,87,602	2,02,602	2,17,602
Tangibles	1,17,290	1,27,483	1,37,676	1,47,869
Intangibles	55,312	60,119	64,926	69,733
Acc: Dep / Amortization	1,06,353	1,18,087	1,30,524	1,43,833
Tangibles	61,124	67,868	75,016	82,665
Intangibles	45,229	50,219	55,508	61,168
Net fixed assets	66,249	69,515	72,077	73,769
Tangibles	56,166	59,615	62,660	65,204
Intangibles	10,083	9,900	9,417	8,565
Capital Work In Progress	15,663	15,663	15,663	15,663
Goodwill	32,703	32,703	32,703	32,703
Non-Current Investments	80,440	80,440	80,440	80,440
Net Deferred tax assets	5,913	5,913	5,913	5,913
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	56,421	61,447	66,942	73,661
Trade receivables	55,064	54,265	59,117	65,051
Cash & Bank Balance	7,998	28,046	46,789	71,109
Other Current Assets	52,402	55,023	57,774	60,662
Total Assets	3,67,422	3,97,584	4,31,987	4,73,540
Equity				
Equity Share Capital	1,615	1,615	1,615	1,615
Other Equity	3,10,319	3,40,739	3,72,751	4,10,983
Total Network	3,11,934	3,42,354	3,74,366	4,12,598
Non-Current Liabilities				
Long Term borrowings	2,524	2,524	2,524	2,524
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	1,857	357	17	17
Trade payables	28,375	29,527	32,167	35,395
Other current liabilities	27,686	27,776	27,867	27,960
Total Equity & Liabilities	3,67,422	3,97,584	4,31,987	4,73,540

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	68,210	63,848	69,893	78,414
Add. Depreciation	11,070	11,734	12,438	13,308
Add. Interest	620	500	400	400
Less Financial Other Income	8,619	10,500	11,500	12,500
Add. Other	(3,611)	(200)	(200)	(200)
Op. profit before WC changes	76,288	75,881	82,531	91,923
Net Changes-WC	(9,557)	(5,606)	(10,367)	(12,220)
Direct tax	(16,681)	(17,239)	(18,871)	(21,172)
Net cash from Op. activities	50,050	53,037	53,293	58,530
Capital expenditures	(15,234)	(15,000)	(15,000)	(15,000)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Invst. activities	(15,234)	(15,000)	(15,000)	(15,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	(980)	(1,500)	(340)	-
Dividend paid	(10,498)	(15,989)	(18,810)	(18,810)
Interest paid	(620)	(500)	(400)	(400)
Others	(23,469)	-	-	-
Net cash from Fin. activities	(35,568)	(17,989)	(19,550)	(19,210)
Net change in cash	(751)	20,048	18,743	24,320
Free Cash Flow	34,816	38,037	38,293	43,530

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	70,730	67,297	69,575	75,894
YoY gr. (%)	7.1	9.2	3.9	7.6
Raw Material Expenses	22,641	21,890	21,707	24,976
Gross Profit	48,089	45,407	47,868	50,918
Margin (%)	68.0	67.5	68.8	67.1
EBITDA	19,889	15,376	17,781	18,948
YoY gr. (%)	13.8	16.9	3.6	0.8
Margin (%)	28.1	22.8	25.6	25.0
Depreciation / Depletion	2,798	3,087	2,527	2,970
EBIT	17,091	12,289	15,254	15,978
Margin (%)	24.2	18.3	21.9	21.1
Net Interest	146	140	141	132
Other Income	2,216	2,895	2,586	2,690
Profit before Tax	19,161	15,043	17,699	18,535
Margin (%)	27.1	22.4	25.4	24.4
Total Tax	3,324	2,793	4,779	5,005
Effective tax rate (%)	17.3	18.6	27.0	27.0
Profit after Tax	15,837	12,250	12,921	13,531
Minority interest	132	32	(56)	19
Share Profit from Associates	-	-	-	-
Adjusted PAT	15,705	12,218	12,976	13,512
YoY gr. (%)	48.7	30.1	10.2	3.7
Margin (%)	22.2	18.2	18.7	17.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	15,705	12,218	12,976	13,512
YoY gr. (%)	48.7	30.1	10.2	3.7
Margin (%)	22.2	18.2	18.7	17.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	15,705	12,218	12,976	13,512
Avg. Shares O/s (m)	804	804	804	804
EPS (Rs)	19.5	15.2	16.1	16.8

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	65.3	57.5	62.9	70.7
CEPS	79.0	72.0	78.4	87.1
BVPS	386.4	424.0	463.7	511.1
FCF	43.1	47.1	47.4	53.9
DPS	15.9	16.9	19.9	19.9
Return Ratio(%)				
RoCE	20.4	16.3	16.3	16.7
ROIC	16.8	14.6	15.3	16.5
RoE	18.2	14.2	14.2	14.5
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.1)	(0.1)	(0.2)
Net Working Capital (Days)	110	108	108	108
Valuation(x)				
PER	23.6	26.8	24.5	21.8
P/B	4.0	3.6	3.3	3.0
P/CEPS	19.5	21.4	19.7	17.7
EV/EBITDA	17.4	18.6	16.8	14.8
EV/Sales	4.5	4.2	3.8	3.4
Dividend Yield (%)	1.0	1.1	1.3	1.3

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
India Formulations	1,16,150	1,25,372	1,38,168	1,52,275
Exports	1,53,668	1,60,403	1,73,213	1,90,480
APIs	5,660	5,500	5,940	6,415

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	BUY	1,730	1,513
2	27-Jul-25	BUY	1,730	1,533
3	08-Jul-25	BUY	1,730	1,511
4	14-May-25	BUY	1,730	1,520
5	11-Apr-25	BUY	1,730	1,416
6	08-Apr-25	BUY	1,730	1,385
7	29-Jan-25	BUY	1,730	1,421
8	08-Jan-25	BUY	1,730	1,497
9	28-Nov-24	BUY	1,730	1,493

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ajanta Pharma	BUY	3,200	2,455
2	Apollo Hospitals Enterprise	BUY	9,300	7,700
3	Aster DM Healthcare	BUY	700	662
4	Aurobindo Pharma	BUY	1,300	1,092
5	Cipla	BUY	1,730	1,513
6	Divi's Laboratories	Accumulate	6,550	6,105
7	Dr. Reddy's Laboratories	Reduce	1,270	1,284
8	Eris Lifesciences	BUY	1,975	1,590
9	Fortis Healthcare	BUY	1,000	1,042
10	HealthCare Global Enterprises	BUY	620	651
11	Indoco Remedies	Hold	325	290
12	Ipca Laboratories	Accumulate	1,525	1,360
13	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,657
14	Jupiter Life Line Hospitals	BUY	1,720	1,521
15	Krishna Institute of Medical Sciences	BUY	815	706
16	Lupin	BUY	2,400	1,925
17	Max Healthcare Institute	BUY	1,355	1,131
18	Narayana Hrudayalaya	BUY	2,000	1,781
19	Rainbow Children's Medicare	BUY	1,725	1,331
20	Sun Pharmaceutical Industries	BUY	1,875	1,653
21	Sunteck Realty	BUY	600	432
22	Torrent Pharmaceuticals	Accumulate	4,000	3,539
23	Zydus Lifesciences	Accumulate	970	987

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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(Indian Clients)

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