

BUY

TP: Rs 1,777 | ▲ 15%

CIPLA

| Pharmaceuticals

| 31 October 2025

On track to achieve USD1bn sales in North America

- North America sales were higher at USD 233 mn, driven by 22% market share in gAlbuterol and 22% in gLanreotide (can scale to 30%)
- End of an era of Mr. Umang Vohra from 31st Mar'25. Mr. Achin Gupta to be elevated to CMD from being the global COO at Cipla
- North America complex generics products gaining market share. Maintain BUY, ascribe similar 27x PE on Sep'27 roll forward

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In-line earnings – Sales reported 7.6% YoY to Rs 75.8bn. The sales growth was driven by 7% YoY domestic sales, 2.7% North America sales, 53.8% SAGA sales and 24% Emerging Markets and Europe sales. Though Revlimid sales was lower and there was 9.4% YoY increase in the RM, gross profit increased by 7% YoY to Rs 50.9bn. During the quarter, employee cost rose by 9% YoY, R&D cost went up by 39% YoY due to tapping newer opportunities, and SG&A expense ex of R&D by 4% YoY; resulting in flattish EBITDA and 178 bps decline in the EBITDA margin to 25% in 2QFY26. Subsequently, interest cost declined by 14% and Other income went up by 41%, resulting in 3% growth in PAT to Rs 13.5bn in 2QFY26.

North America sales grew amidst lower gRevlimid – Sales reported 8% above our estimates to Rs 20bn, primarily driven by growth in key base products with increased market share. gLanreotide market share rose to 22% in 2QFY26 from 21% in 1QFY26 while gAlbuterol's climbed to the highest-ever 22% in 2QFY26 from 20% in 1QFY26. During the quarter, gRevlimid sales were lower than Q1 and is expected to be much lower in 3QFY26 and being almost negligible in 4QFY26.

Domestic sales growth witnessed recovery - Sales reported marginally 1.2% below our estimates to Rs 31.4bn. The growth was driven by 8% increase in branded prescription business, led by growth of 10% in Anti Diabetes, 13% in Cardiac, 7% in Urology and 18% in Dermatology. Currently Cipla has total 22 brands in the top 300 brands of the IPM and has sold 2bn unit tablets in the same. Cipla's consumer brand grew by 9% YoY to Rs 4bn, contributing 13% to domestic sales.

Valuation - While EBITDA margin guidance was lowered due to softer Revlimid sales, management remains confident about achieving USD 1bn in sales in North America in FY27. Hence, we maintain BUY and continue to ascribe a multiple of 27x On Sep'27 roll forward basis to arrive at TP of Rs 1,777.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	CIPLA IN/Rs 1,540
Market cap	US\$ 14.0bn
Free float	65%
3M ADV	US\$ 23.6mn
52wk high/low	Rs 1,673/Rs 1,335
Promoter/FPI/DII	33%/26%/24%

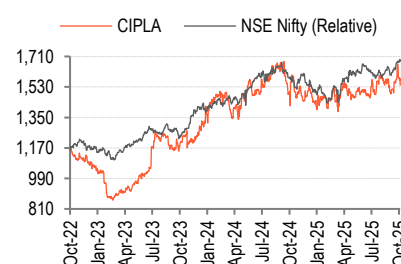
Source: NSE | Price as of 30 Oct 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	275,480	289,921	303,325
EBITDA (Rs mn)	71,283	70,023	73,821
Adj. net profit (Rs mn)	52,720	49,997	51,489
Adj. EPS (Rs)	65.4	62.1	63.9
Consensus EPS (Rs)	65.4	61.7	65.2
Adj. ROAE (%)	18.5	15.2	13.7
Adj. P/E (x)	23.5	24.8	24.1
EV/EBITDA (x)	18.3	18.9	18.3
Adj. EPS growth (%)	22.1	(5.2)	3.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Financial Highlights

Fig 1 – Quarterly Snapshot

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY25	FY26 E	FY27 E	FY28 E
Net Sales	75,894	70,510	7.6	69,575	9	2,75,480	2,89,921	3,03,325	3,26,325
Total Expenses	56,947	51,654		51,793		2,04,197	2,19,898	2,29,505	2,46,301
(%) of net sales	75	73		74		74	76	76	75
Raw material consumed	24,976	22,830	9.4	21,707		89,290	1,00,023	1,03,131	1,10,950
(%) of net sales	33	32		31		32	35	34	34
Staff cost	13,148	12,079	8.9	13,123	0.2	48,328	52,195	55,848	59,199
(%) of net sales	17.3	17.1		18.9		18	18	18	18
R&D cost	5,390	3,878	39.0	4,320	24.8	15,151	18,120	19,716	19,579
(%) of net sales	7.1	5.5		6.2		6	6	7	6
SG&A	13,433	12,867	4.4	12,643	6.2	66,579	51,430	53,138	57,876
(%) of net sales	17.7	18.2		18.2		24	18	18	18
EBITDA	18,947	18,856	0.5	17,781	6.6	71,283	70,023	73,821	80,024
Depreciation	2,970	2,717	9.3	2,527	17.5	11,070	11,845	13,862	13,576
EBIT	15,977	16,139	(1.0)	15,254	4.7	60,213	58,178	59,958	66,448
Interest	132	154	(14.4)	141	(6.2)	620	402	323	248
Other Income	2,690	1,906	41.1	2,586	4.0	8,610	9,286	9,420	9,729
PBT	18,535	17,891	3.6	17,699	15	68,203	67,062	69,056	75,928
Less: Taxation	5,005	4,830		4,779	4.7	15,298	16,880	17,381	19,111
Less: Minority Interest	19	35		(56)		185	185	185	185
Recurring PAT	13,512	13,025	3.7	12,976	10	52,720	49,997	51,489	56,632
Exceptional items	0	0		0		0	0	0	0
Reported PAT	13,512	13,025	3.7	12,976	10	52,720	49,997	51,489	56,632
Key Ratios (%)									
Gross Margin	67.1	67.6	(53)	68.8	100.0	67.6	65.5	66.0	66.0
EBITDA Margin	25.0	26.7	(178)	25.6	72.2	25.9	24.2	24.3	24.5
Tax / PBT	27.0	27.0		27.0	31.6	22.4	25.2	25.2	25.2
NPM	17.8	18.5	(67)	18.7	112.6	19.1	17.2	17.0	17.4
EPS (Rs)	16.8	16.1		16.1	0.0	65.4	62.0	63.9	70.3

Source: Company, BOBCAPS Research

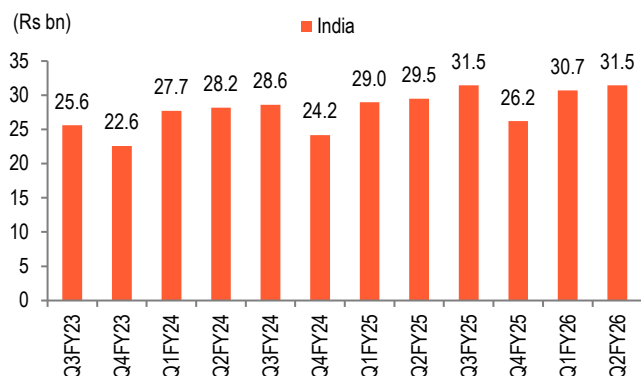
Fig 2 – Segmental Revenue

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY25	FY26E	FY27E	FY28E
Formulations	73,300	64,790	13.1	67,350	8.8	2,66,460	2,80,167	2,92,772	3,14,902
India	31,460	29,480	6.7	30,700	2.5	1,16,150	1,30,271	1,40,693	1,51,949
North America	20,390	19,860	2.7	19,330	5.5	78,990	76,051	70,525	72,546
SAGA	11,780	10,680	53.8	8,710	35.2	38,270	38,812	44,420	51,044
International	9,670	7,790	24.1	8,610	12.3	33,050	35,033	37,135	39,363
APIs	1,480	1,600	(7.5)	1,020	45.1	5,660	6,226	6,849	7,533
Others	1,110	820	35.4	1,210	(8.3)	3,360	3,528	3,704	3,890
Net Sales	75,890	70,230	12.9	69,580	9	2,75,480	2,89,921	3,03,325	3,26,325

Source: Company, BOBCAPS Research

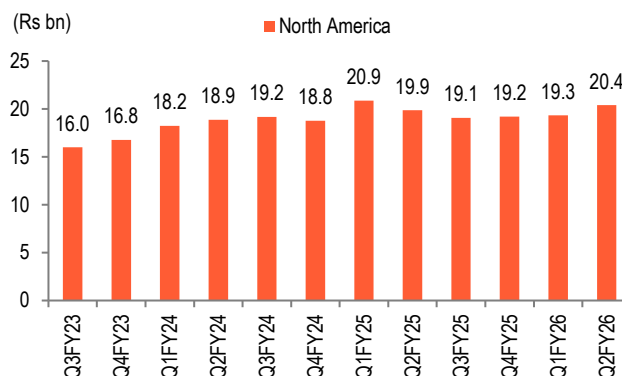
Financials in Charts

Fig 3 – Domestic sales



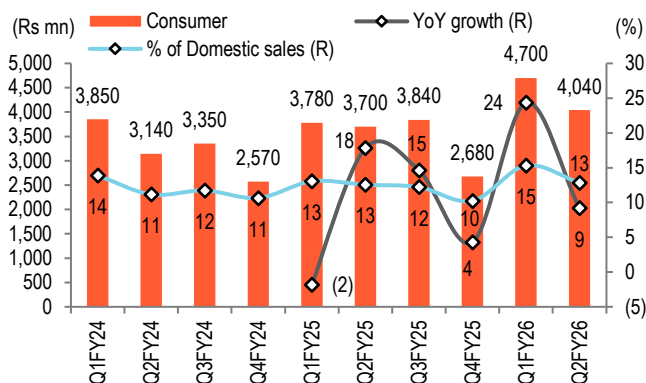
Source: Company, BOBCAPS Research

Fig 4 – North America sales (Rs bn)



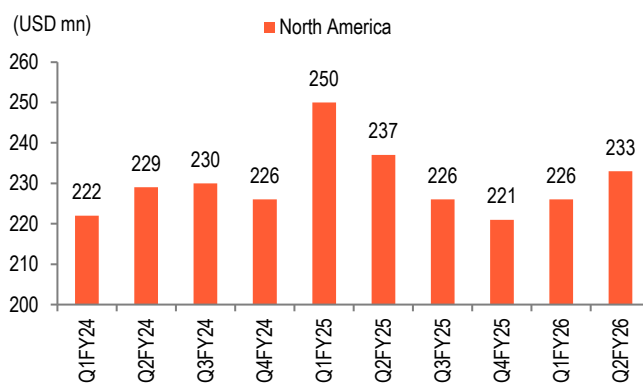
Source: Company, BOBCAPS Research

Fig 5 – Domestic Consumer segment



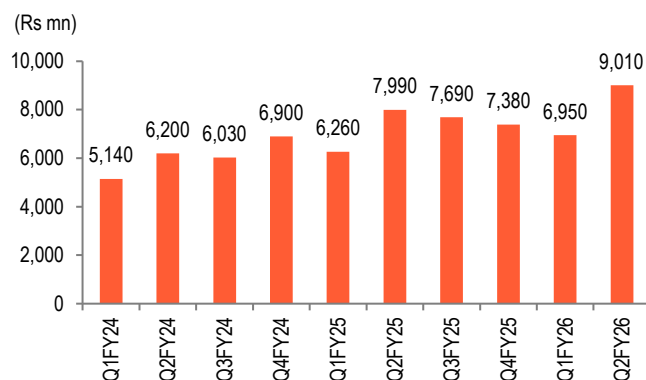
Source: Company, BOBCAPS Research

Fig 6 – North America sales (USD mn)



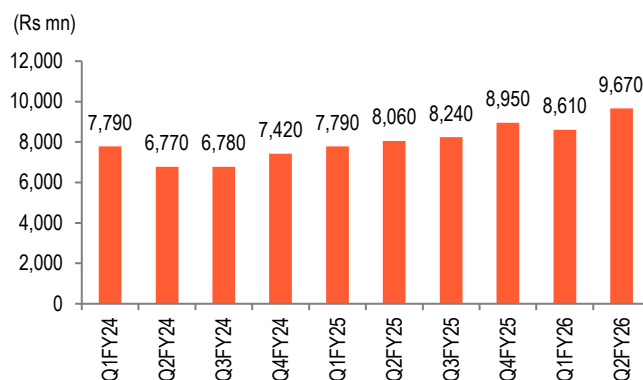
Source: Company, BOBCAPS Research

Fig 7 – South Africa sales



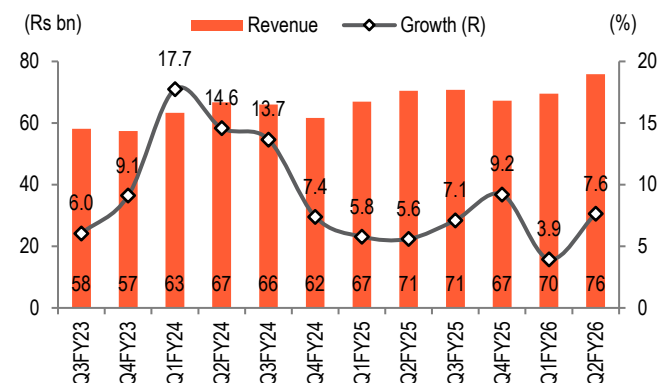
Source: Company, BOBCAPS Research

Fig 8 – Emerging markets and Europe sales



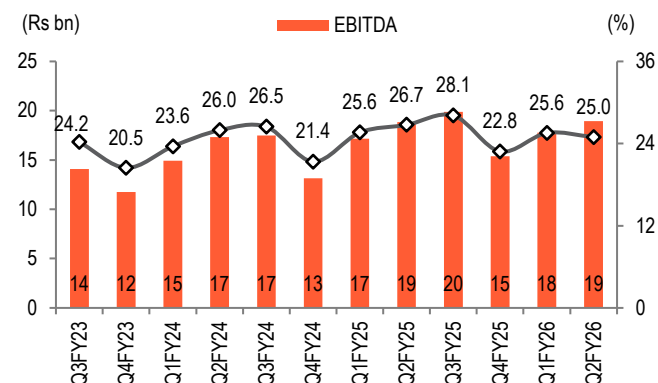
Source: Company, BOBCAPS Research

Fig 9 – Sales and sales growth



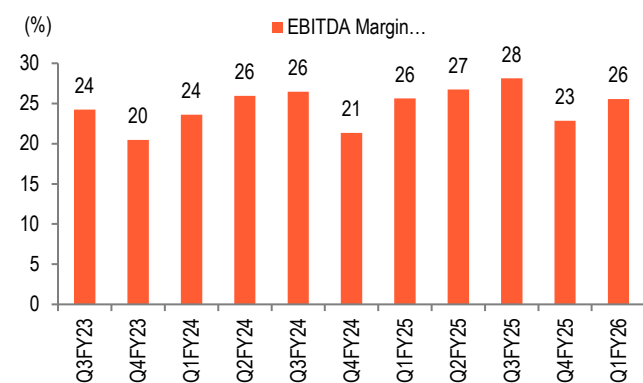
Source: Company, BOBCAPS Research

Fig 10 – EBITDA trend



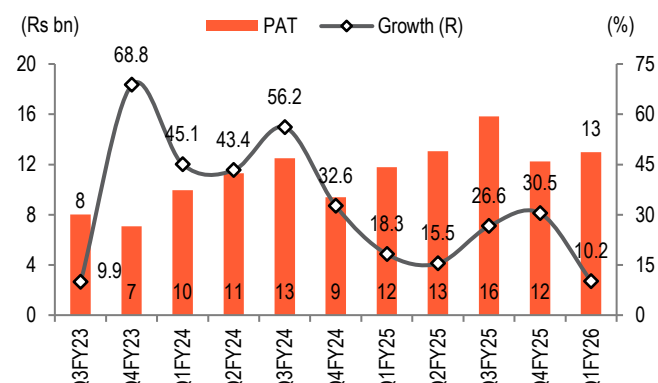
Source: Company, BOBCAPS Research

Fig 11 – EBITDA Margin



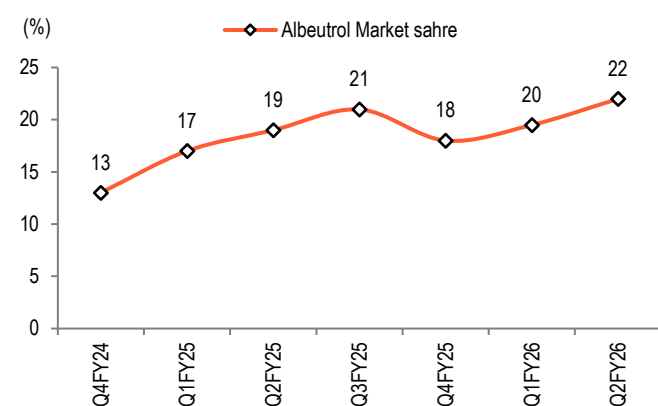
Source: Company, BOBCAPS Research

Fig 12 – PAT trend



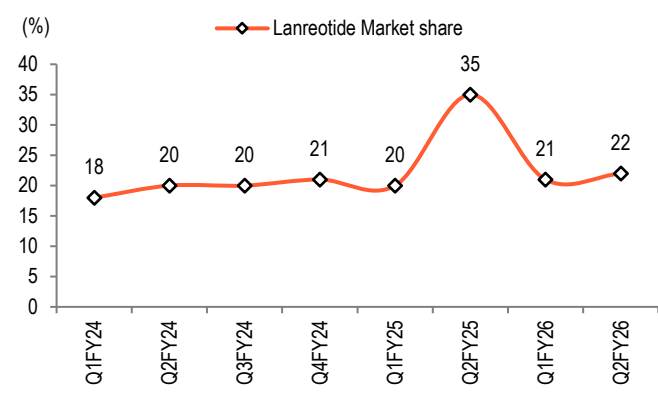
Source: Company, BOBCAPS Research

Fig 13 – Albuterol market share trend



Source: Company, BOBCAPS Research

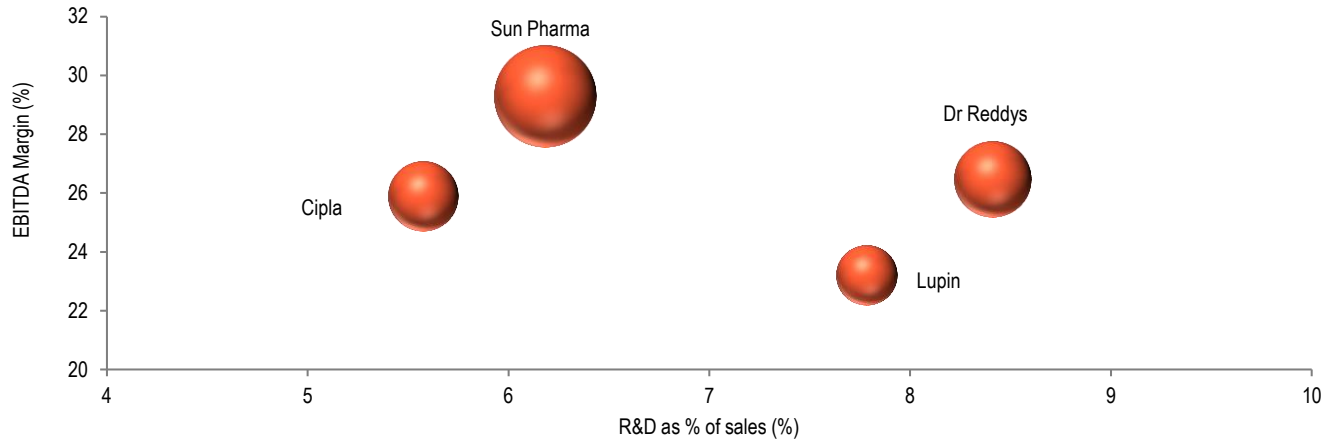
Fig 14 – Lanreotide market share trend



Source: Company, BOBCAPS Research

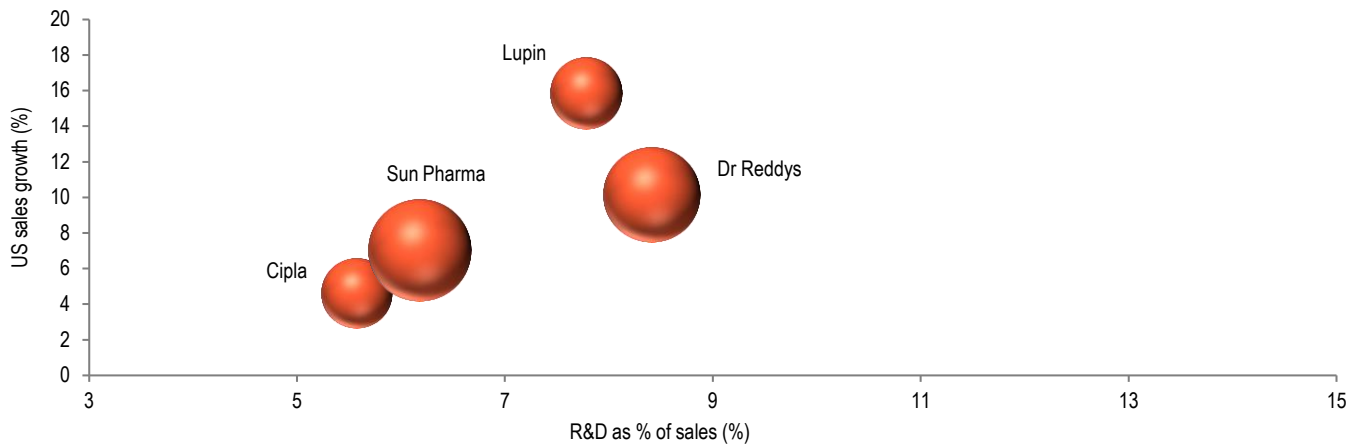
Peer Charts

Fig 15 – Sun Pharma’s investments in specialty R&D reflect in higher EBITDA



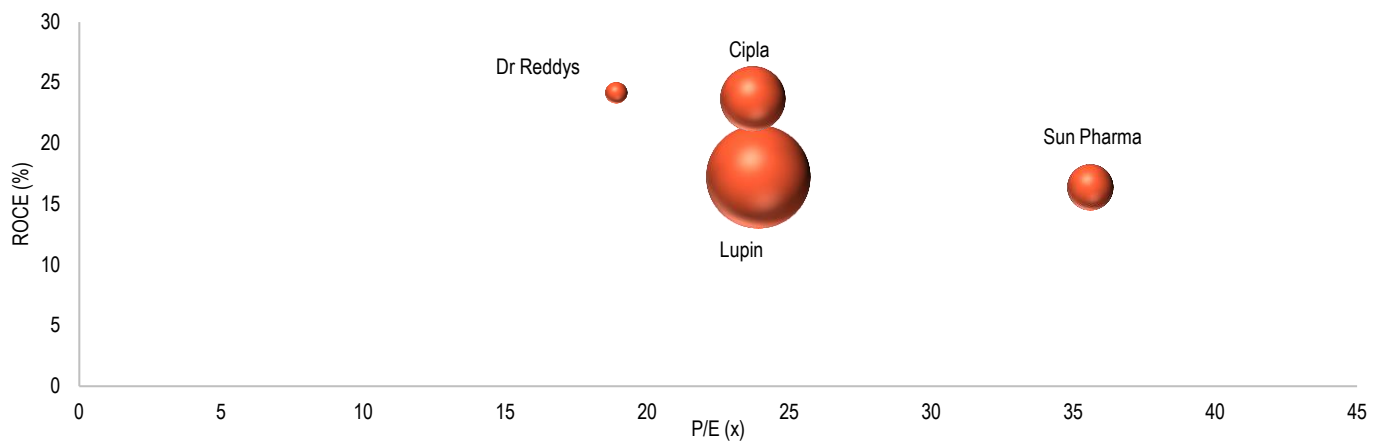
Source: Company, BOBCAPS Research, Bubble size is proportional to FY25 EBITDA

Fig 16 – Dr.Reddy’s has the highest investments in R&D amongst peers



Source: Company, BOBCAPS Research, Bubble size is proportional to FY25 US sales

Fig 17 – Due to the generic nature of the company, DRRD gets a lower valuation among peers



Source: Company, BOBCAPS Research, Bubble size is proportional to FY25 EPS growth

Fig 18 – Cipla's top 20 products sales (Rs mn)

Brand (Rs mn)	Therapeutic Area	Acute/Chronic	July '25	Aug '25	Sep'25
Total			9,058	10,304	11,807
FORACORT	RESPIRATORY	CHRONIC	528	611	642
DUOLIN	RESPIRATORY	CHRONIC	326	400	508
BUDECORT	RESPIRATORY	CHRONIC	224	294	440
SEROFLO	RESPIRATORY	CHRONIC	231	262	216
DYTOR	CARDIAC	CHRONIC	229	252	356
MONTAIR LC	RESPIRATORY	ACUTE	179	246	306
ASTHALIN	RESPIRATORY	CHRONIC	161	223	283
IBUGESIC PLUS	PAIN / ANALGESICS	ACUTE	185	228	292
URIMAX D	UROLOGY	SUB CHRONIC	147	163	235
LEVOLIN	RESPIRATORY	CHRONIC	102	156	217
AZEE	ANTI-INFECTIVES	ACUTE	118	165	223
AEROCORT	RESPIRATORY	CHRONIC	132	157	177
URIMAX	UROLOGY	SUB CHRONIC	141	142	212
DYTOR PLUS	CARDIAC	CHRONIC	126	142	196
GALVUS MET	ANTI DIABETIC	CHRONIC	112	133	248
MUCINAC	RESPIRATORY	CHRONIC	86	109	131
EMESET	GASTRO INTESTINAL	ACUTE	107	99	104
ADVENT	ANTI-INFECTIVES	ACUTE	69	89	124
ELORES	ANTI-INFECTIVES	ACUTE	95	103	105
METOLAR	CARDIAC	CHRONIC	74	78	118

Source: Company, BOBCAPS Research

Earnings Call Highlights

Management Guidance

- **EBITDA Margin:** FY26 EBITDA margin guidance revised downwards to 22.75% to 24% (down from prior range of 23.5 to 24.5%).
- **Rationale** for margin guidance downward revision: (a) expected lower Revlimid contribution in H2 (b) higher R&D spend in H2 (c) seasonal margin patterns (Q4 typically weaker).
- **R&D cost** during the quarter was 7.1% of revenue. Management expects incremental R&D of ~0.5% of revenue due to the increase in select filings.

One India Business

- **Sales:** One India business grew ~7% YoY in the quarter.
- **Branded prescriptions** overall grew ~8% (IQVIA MAT Sept '25) with strong therapy-level performance (anti-diabetes +10%, cardiac +13%, urology +7%, dermatology +18%).
- **Growth:** The improvement was driven by respiratory recovery, chronic portfolio expansion and new brand additions.
- **Chronic mix:** Chronic mix stood at 61.8%.
- **Brands:** Additionally, CIPLA added four Rs 100-crore+ brands (29 total) and increased presence in IPM top-300 brands (22).
- **Trade generics** delivered strong double-digit growth from distribution execution, new launches and tech investments.
- **Consumer Health business** continued to consolidate leadership (brands like Nicotex, Omnigel, Cipladine) with improving secondary growth and scaling profitability.

North America

- **Sales:** North America revenue was \$233mn for the quarter.
- **Respiratory franchise:** Albuterol MDI gained leadership with ~22% market share and over 50mn inhalers supplied since the launch.
- **Lanreotide** market share is at ~22% and CIPLA expects it to continue rising; other players have filed for product approval but timing will determine competitive dynamics.
- **Biosimilar:** CIPLA launched Filgrastim (first US biosimilar) in the quarter and received a generic Glutathione approval and a tentative approval for Lanreotide.
- **Other launches:** Multiple respiratory and peptide launches (including generic Advair in Q4FY26) are expected over the next year to support growth.
- **Revlimid:** Revlimid contribution is expected to be insignificant in Q3 and materially low for H2.

One Africa Business

- **Sales:** One Africa recorded ~5% YoY growth in USD with South Africa growing 6% in ZAR.
- **Growth Vs market:** In the private market, CIPLA delivered a revenue growth of 6.2% vs market growth of 4.7%. Growth in One Africa was driven by key territories, key therapies and successful new launches.

EMEU (Emerging Markets & Europe)

- **Sales:** EMEU delivered its strongest quarterly revenue to date at USD 110mn, up ~15% YoY in USD, driven by execution across DTM and B2B channels and internal pipeline assets.
- **Margins:** The company was able to maintain margin stability across the region.

R&D

- **R&D spend** was Rs 5,390mn this quarter, 7.1% of revenue. Key focus areas are complex generics, respiratory, peptides and certain biosimilars/peptides.

Regulatory Update

- USFDA inspected the Bommasandra (Bengaluru) manufacturing facility and the inspection outcome was VAI (Voluntary Action Indicated). Management expects a re-inspection later this year or early next year.

Product and launch pipeline

- **Tirzepatide:** Cipla will launch a Tirzepatide in India under an exclusive arrangement with Lilly under the brand Yurpeak. For GLP-1 / Tirzepatide, API will be procured and CIPLA will have CMO arrangement for fill and finish.
- **Semaglutide** launch will be evaluated post Cipla regulatory approval.
- **Respiratory launches:** Multiple respiratory assets filed / planned — including generic Advair expected in Q4FY26 — and three other respiratory filings from the US facility.
- **Lanreotide** tentative approval received and further peptide launches are expected.
- **Biosimilars:** Filgrastim launched in the US (first biosimilar entry in US for Cipla).

Valuation Methodology

Cipla reported in-line set of earnings despite lower sales from Revlimid, which was offset by higher traction in the complex generic business. During the quarter, the India business witnessed 7% driven by 8% growth in the Rx business and 9% growth in the consumer business. Healthy growth in both North America region and domestic region resulted in sustenance of 25% EBITDA margin in 2QFY26, despite higher R&D cost.

Going forward, Cipla to launch in-licensed brand Yurpeak (Tirzepatide) under an exclusive arrangement for the Indian market and sees significant pan-India potential. The company will assess its participation in the Semaglutide market once it receives approval, given the already crowded competitive landscape. In US, the company is on track to launch gAdair (GSK'S global sales of USD ~864 mn) by 4QFY26 and gSymbicort launch in FY27 (Astrazeneca's US sales USD 1276 mn). We expect USD 77mn sales from gSymbicort and USD 40 mn sales from gAdair in FY27E. These sales to aid in offsetting gRevlimid base and achieving USD1bn sales in FY27E in the North America region.

Although management has lowered their EBITDA guidance due to lower gRevlimid sales, they have hinted at positivity for achieving USD1bn sales in North America region in FY27. Hence, we maintain BUY and continue to ascribe a multiple of 27x on Sep'27 roll forward basis to arrive at TP of Rs 1,771.

Fig 19 – Actual Vs Estimates

Rs mn	Q2FY26A	Q2FY26E	Var (%)	Cons. Est	Var. (%)
Revenue	75,894	73,873	2.7	74,875	1.36
EBITDA	18,947	18,468	2.6	18,739	1.11
EBITDA Margin (%)	25.0	25.0	0.0	25.0	(0.1)
PAT	13,512	12,575	7.4	13,138	2.85
EPS	16.8	15.6	7.4	16.4	2.11

Source: Company, BOBCAPS Research

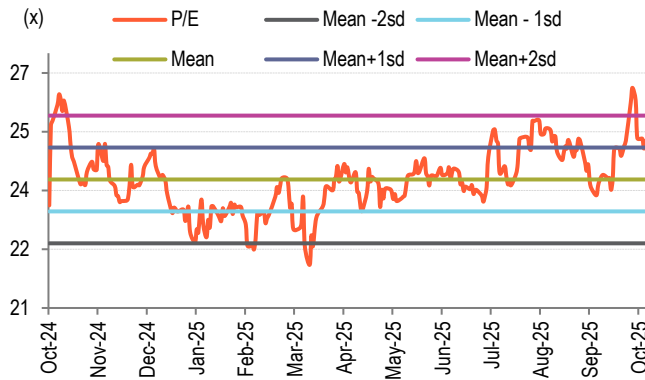
Fig 20 – Revised Estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	2,89,921	3,03,325	3,26,325	2,89,921	3,03,325	3,26,325	0.0	0.0	0.0
EBITDA	70,023	73,821	80,024	72,922	73,299	78,829	(4)	1	2
EBITDA margin (%)	24.2	24.3	24.5	25.2	24.2	24.2	(1.0)	0.2	0.4
EPS (Rs)	62.1	63.9	70.3	64.7	63.6	69.3	(4)	0	1

Source: Company, BOBCAPS Research

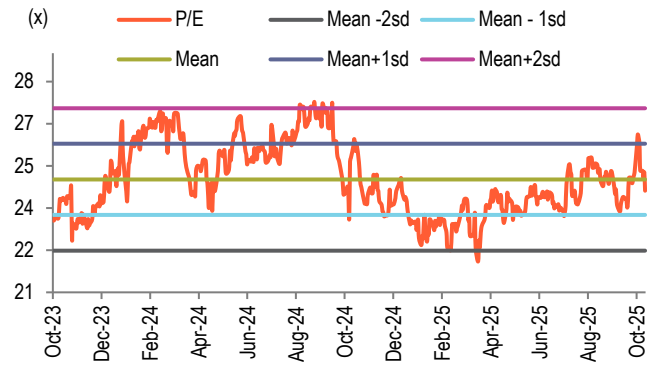
Valuation Bands

Fig 21 – 1YF P/E



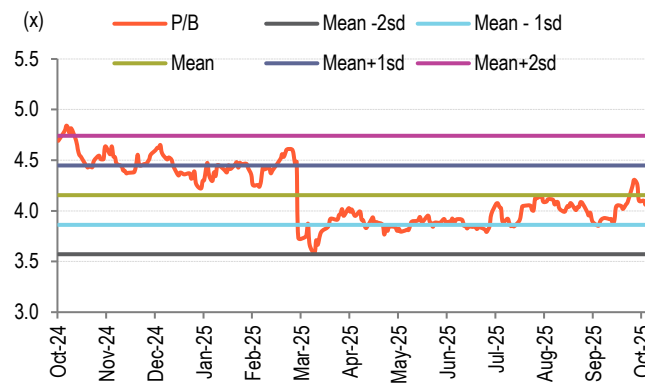
Source: Company, BOBCAPS Research

Fig 22 – 2YF P/E



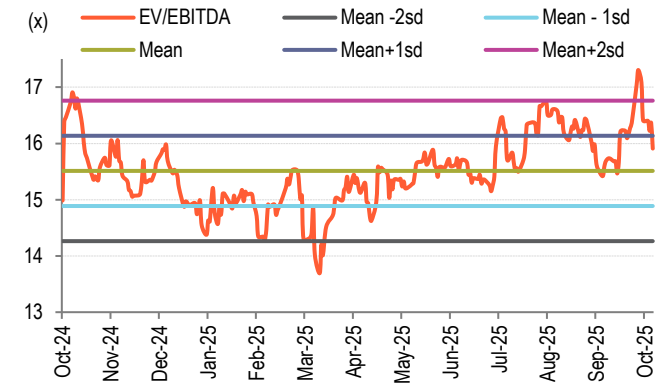
Source: Company, BOBCAPS Research

Fig 23 – 1YF P/B



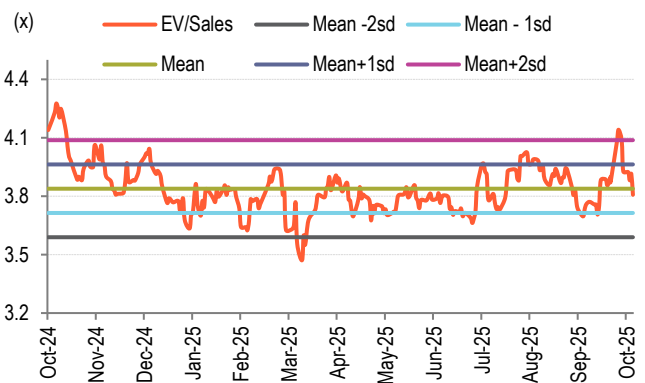
Source: Company, BOBCAPS Research

Fig 24 – 1YF EV/EBITDA



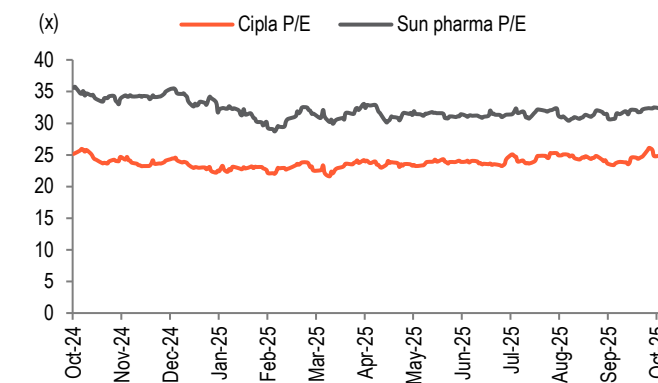
Source: Company, BOBCAPS Research

Fig 25 – 1YF EV/Sales



Source: Company, BOBCAPS Research

Fig 26 – Discount to Sun Pharma



Source: Company, BOBCAPS Research

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	257,741	275,480	289,921	303,325	326,325
EBITDA	62,915	71,283	70,023	73,821	80,024
Depreciation	10,510	11,070	11,845	13,862	13,576
EBIT	52,405	60,213	58,178	59,958	66,448
Net interest inc./(exp.)	(899)	(620)	(402)	(323)	(248)
Other inc./(exp.)	7,466	8,610	9,286	9,420	9,729
Exceptional items	0	0	0	0	0
EBT	58,972	68,203	67,062	69,056	75,928
Income taxes	15,466	15,298	16,880	17,381	19,111
Extraordinary items	(1,948)	0	0	0	0
Min. int./Inc. from assoc.	338	185	185	185	185
Reported net profit	41,220	52,720	49,997	51,489	56,632
Adjustments	(1,948)	0	0	0	0
Adjusted net profit	43,168	52,720	49,997	51,489	56,632

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	24,740	28,375	27,801	24,931	26,821
Other current liabilities	9,558	9,033	5,798	3,033	3,263
Provisions	17,410	18,653	19,631	20,538	22,096
Debt funds	5,594	4,382	3,652	2,809	2,161
Other liabilities	0	0	0	0	0
Equity capital	1,615	1,615	1,615	1,615	1,615
Reserves & surplus	262,384	305,364	351,510	399,147	451,928
Shareholders' fund	263,998	306,979	353,124	400,762	453,543
Total liab. and equities	321,300	367,421	410,006	452,074	507,883
Cash and cash eq.	8,750	7,998	7,392	12,518	14,058
Accounts receivables	47,707	55,064	67,516	73,130	78,676
Inventories	52,380	56,421	60,367	63,989	68,841
Other current assets	50,373	52,884	60,159	57,632	62,002
Investments	55,628	80,440	97,279	126,463	164,402
Net fixed assets	50,690	52,623	52,778	51,916	51,340
CWIP	11,527	15,663	15,663	15,663	15,663
Intangible assets	44,246	46,329	48,853	50,763	52,903
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	321,300	367,421	410,006	452,074	507,883

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	41,304	54,853	35,740	54,237	59,367
Capital expenditures	(13,150)	(15,000)	(12,000)	(13,000)	(13,000)
Change in investments	(18,406)	(24,812)	(16,839)	(29,184)	(37,939)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(31,556)	(39,812)	(28,839)	(42,184)	(50,939)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(2,437)	(1,212)	(730)	(843)	(648)
Interest expenses	(899)	(620)	(402)	(323)	(248)
Dividends paid	(4,037)	(4,037)	(4,037)	(4,037)	(4,037)
Other financing cash flows	(9,272)	(9,923)	(2,339)	(1,725)	(1,954)
Cash flow from financing	(16,644)	(15,793)	(7,507)	(6,928)	(6,888)
Chg in cash & cash eq.	(6,897)	(752)	(606)	5,126	1,540
Closing cash & cash eq.	8,750	7,998	7,392	12,518	14,058

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	51.2	65.4	62.1	63.9	70.3
Adjusted EPS	53.6	65.4	62.1	63.9	70.3
Dividend per share	5.0	5.0	5.0	5.0	5.0
Book value per share	326.3	379.6	436.6	495.4	560.7

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	5.0	4.7	4.6	4.5	4.2
EV/EBITDA	20.5	18.3	18.9	18.3	17.3
Adjusted P/E	28.7	23.5	24.8	24.1	21.9
P/BV	4.7	4.1	3.5	3.1	2.7

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	73.2	77.3	74.6	74.6	74.6
Interest burden (PBT/EBIT)	112.5	113.3	115.3	115.2	114.3
EBIT margin (EBIT/Revenue)	20.3	21.9	20.1	19.8	20.4
Asset turnover (Rev./Avg TA)	25.2	23.7	21.7	19.9	19.0
Leverage (Avg TA/Avg Equity)	1.0	1.0	1.0	1.0	1.0
Adjusted ROAE	17.5	18.5	15.2	13.7	13.3

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	13.3	6.9	5.2	4.6	7.6
EBITDA	25.2	13.3	(1.8)	5.4	8.4
Adjusted EPS	44.7	22.1	(5.2)	3.0	10.0

Profitability & Return ratios (%)

EBITDA margin	24.4	25.9	24.2	24.3	24.5
EBIT margin	20.3	21.9	20.1	19.8	20.4
Adjusted profit margin	16.7	19.1	17.2	17.0	17.4
Adjusted ROAE	17.5	18.5	15.2	13.7	13.3
ROCE	23.4	23.7	20.2	18.2	17.7

Working capital days (days)

Receivables	68	73	85	88	88
Inventory	74	75	76	77	77
Payables	35	38	35	30	30

Ratios (x)

Gross asset turnover	1.4	1.4	1.4	1.4	1.4
Current ratio	3.1	3.1	3.7	4.3	4.3
Net interest coverage ratio	58.3	97.1	144.8	185.6	267.4
Adjusted debt/equity	(0.2)	(0.3)	(0.3)	(0.3)	(0.4)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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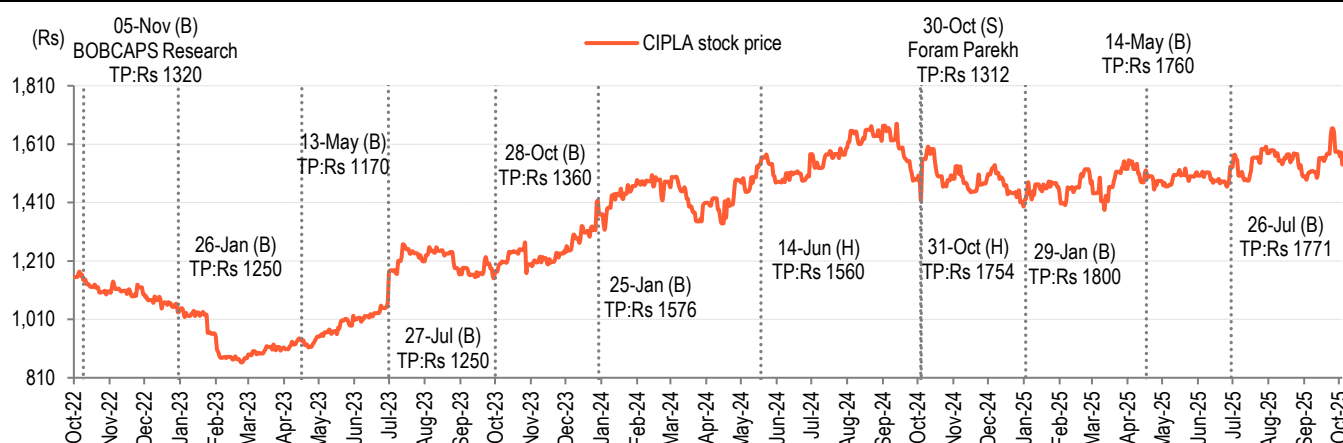
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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