

October 31, 2025

## Future launches/ deals to hold key...

**About the stock:** Cipla is a global pharma company with over 1,500+ products in 65 therapeutic categories, with over 50 dosage forms.

- For Q2FY26, Indian formulations business accounted for ~44% of revenues and major therapies include respiratory, anti-infectives, gastro-intestinal among others
- For Q2FY26, Cipla derived ~27% of the revenues from the US followed by 13% from RoW markets, ~16% from Africa and ~2% from APIs.

## Investment Rationale:

- Q2FY26- In line numbers; Tirzepatide launch to be in focus -** Revenue from operations grew ~7% YoY to ₹ 7447.4 crore on the back of 7% growth in India, 16% growth in RoW and 13% growth in South Africa whereas the growth was dragged by the US which grew ~3%. EBITDA was flat at ₹ 1895 crore with EBITDA margins of 25% down 178 bps, GPM declined by 53 bps and stood at 67.1%. PAT grew ~4% to ₹ 1351 crore. US remained subdued (as expected) with a muted growth of 3% YoY to ₹ 2039 crore. India grew 7% YoY to ₹3146 crore, driven by growth in Urology, Cardiac, and Anti-diabetes slightly pulled down by acute therapies. Emerging Markets & Europe grew 20% to ₹ 967 crore on the back of traction in DTM and B2B markets. South Africa grew 13% YoY to ₹ 901 crore driven by advancement in key therapies, tender business as well as new launches
- The revenues were largely in line except India which was impacted by lower acute respiratory sales. The management is confident of better performance from India in the ensuing quarters. FY26 is likely to be a year of some consolidation with the genericization of gRevlimid and flattish US sales as major launches are expected to pick up momentum in FY27. On the EBITDA margins front, the management is guiding a range of 22.75-24% which is slightly below the H1 exit range, due to lower Lenalidomide sales and higher R&D. The future remains bright as the company expects critical launches such as gAdvair (respiratory) by H2FY26 and also has a strong future pipeline from respiratory and peptides space. India's growth is expected to maintain momentum and so is Africa. Also in focus would be the launch of Yurpeak, which would be Cipla's tirzepatide version (same as Eli Lilly's Mounjaro) for which Lilly has struck a distribution deal with Cipla. It is not clear whether this would be an exclusive deal, but Cipla is expected to enjoy first mover advantage in this growing category.

## Rating and Target price

- Our target price is ₹ 1745 based on 25x FY27E EPS of ₹ 69.8

## Key Financial Summary

Key Financials (₹ crore)	FY22	FY23	FY24	FY25	3 year CAGR (FY22-25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Revenues	21763.3	22753.0	25774.1	27547.6	8.2	29681.6	33038.1	9.5
EBITDA	4552.8	5026.9	6291.1	7127.9	16.1	6852.8	7807.0	4.7
EBITDA margins (%)	20.9	22.1	24.4	25.9		23.1	23.6	
Adjusted PAT	2650.2	2929.9	4263.5	5272.5	25.8	4878.7	5621.3	3.3
Adj. EPS (₹)	32.9	36.4	53.0	65.5		60.6	69.8	
PE (x)	48.3	43.4	29.5	23.1		24.9	21.6	
EV to EBITDA (x)	25.9	23.5	18.4	15.9		16.5	13.9	
RoNW (%)	12.7	12.5	16.0	16.9		14.8	15.3	
RoCE (%)	17.7	16.5	19.9	19.6		17.7	19.9	

Source: Company, ICICI Direct Research

Cipla

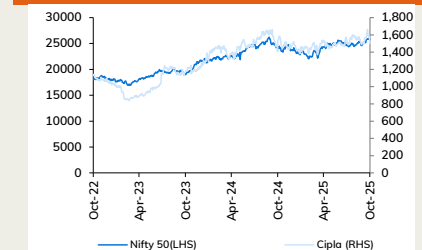
## Particulars

Particular	Amount
Market Capitalisation	₹ 121857 crore
Debt (FY25)	₹ 92 crore
Cash (FY25)	₹ 589 crore
EV	₹ 121360 crore
52 week H/L (₹)	1673/1310
Equity capital	₹ 161.4 crore
Face value	₹ 2

## Shareholding pattern

(in %)	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	29.2	29.2	29.2	29.2
FII's	26.7	26.3	25.2	24.5
DII's	27.5	27.9	29.0	30.0
Others	16.7	16.6	16.6	16.3

## Price Chart



## Key risks

- Slower ramp up in new launches especially in the US
- Issues popping up at the contract manufacturer's end (Lanreotide like cases)

## Research Analyst

Siddhant Khandekar  
siddhant.khandekar@icicisecurities.com

Shubh Mehta  
shubh.mehta@icicisecurities.com

Vedant Nilekar  
vedant.nilekar@icicisecurities.com

## Exhibit 1: Quarterly Summary

(₹ crore)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Net Sales	5759.3	5730.0	5666.0	6269.4	6589.2	6505.7	6082.4	6624.9	6961.2	6961.6	6597.7	6837.0	7447.4	7.0	8.9
Other Operating Income	69.3	80.0	73.4	59.5	88.9	98.2	80.9	69.1	89.8	111.4	132.0	120.4	142.0	58.2	17.9
Total Operating Income	5828.5	5810.0	5739.3	6328.9	6678.2	6603.8	6163.2	6693.9	7051.0	7073.0	6729.7	6957.5	7589.4	7.6	9.1
Raw Material Expenses	2160.2	2004.3	2063.4	2236.8	2313.1	2219.5	2050.1	2192.9	2283.0	2264.1	2189.0	2170.7	2497.6	9.4	15.1
Gross Profit	3668.4	3805.7	3675.9	4092.1	4365.1	4384.3	4113.1	4501.1	4768.0	4808.9	4540.7	4786.8	5091.8	6.8	6.4
Gross Profit Margins	62.9	65.5	64.0	64.7	65.4	66.4	66.7	67.2	67.6	68.0	67.5	68.8	67.1	-53 bps	-171 bps
Employee Expenses	960.8	948.7	964.8	1066.6	1091.1	1068.1	1084.2	1194.2	1207.9	1197.6	1233.1	1312.3	1314.8	8.9	0.2
% of revenues	16.5	16.3	16.8	16.9	16.3	16.2	17.6	17.8	17.1	16.9	18.3	18.9	17.3	19 bps	-154 bps
Other Expenditure	1405.8	1449.6	1537.4	1531.6	1540.2	1568.6	1713.0	1591.0	1674.5	1622.4	1770.0	1696.3	1882.3	12.4	11.0
% of revenues	24.1	24.9	26.8	24.2	23.1	23.8	27.8	23.8	23.7	22.9	26.3	24.4	24.8	105 bps	42 bps
Total Expenditure	4526.8	4402.5	4565.6	4835.0	4944.4	4856.3	4847.4	4978.1	5165.4	5084.1	5192.1	5179.3	5694.7	10.2	10.0
EBITDA	1301.7	1407.5	1173.7	1493.9	1733.8	1747.5	1315.9	1715.8	1885.6	1988.9	1537.6	1778.1	1894.8	0.5	6.6
EBITDA (%)	22.3	24.2	20.5	23.6	26.0	26.5	21.4	25.6	26.7	28.1	22.8	25.6	25.0	-178 bps	-59 bps
Interest	25.6	31.8	34.4	16.4	25.8	30.1	17.6	18.0	15.4	14.6	14.0	14.1	13.2	-14.4	-6.2
Depreciation	299.4	272.1	346.2	239.2	290.0	233.4	288.3	246.7	271.7	279.8	308.7	252.7	297.0	9.3	17.5
Other Income	123.0	114.4	134.6	136.3	176.3	184.6	249.3	160.2	190.6	221.6	289.5	258.6	269.0	41.1	4.0
PBT	1099.8	1218.0	927.8	1374.6	1594.2	1668.6	1259.3	1611.4	1789.1	1916.1	1504.3	1769.9	1853.5	3.6	4.7
Total Tax	302.6	410.0	222.3	378.0	438.4	405.3	324.9	435.1	483.0	332.4	279.3	477.9	500.5	3.6	4.7
PAT before MI	797.2	808.0	523.1	996.6	1155.8	1068.5	934.4	1176.3	1306.0	1583.7	1225.0	1292.1	1353.1	3.6	4.7
Minority Interest	8.5	6.9	-4.1	2.4	24.5	12.5	-7.2	-2.2	2.5	4.1	-7.7	-6.0	2.2	-11.3	-136.6
PAT	785.8	800.9	525.7	995.7	1130.9	1055.9	939.0	1177.6	1302.5	1570.5	1221.8	1297.6	1351.2	3.7	4.1
EPS (₹)	9.8	9.9	6.5	12.4	14.0	13.1	11.7	14.6	16.2	19.5	15.2	16.1	16.8		

Source: Company, ICICI Direct Research

## Q2FY26 Results / Conference call highlights

### India Business –

- Branded business reported 8% growth as urology, anti-diabetes, cardiac, anti-infectives, and dermatology outperformed the IPM.
- The company expects Q3 to be a seasonally strong quarter for its respiratory portfolio in India.
- Cipla launched 6 new products during the quarter.
- Cipla has entered in to marketing and distribution agreement with Eli Lilly to market Tirzepatide under the brand name Yurpeak (a multi-dose single-patient-use prefilled pen).
- Under the agreement Cipla has the right to distribute and promote Yurpeak - the second brand of Tirzepatide in India (first being Mounjaro). Lily will manufacture Yurpeak and supply to Cipla while the price will be same as Mounjaro.
- As of now, Yurpeak brand (Tirzepatide) will remain exclusive to Cipla, with Eli Lilly supplying the product and Cipla handling marketing responsibilities.
- The management believes Tirzepatide presents significant potential in tier-2 and tier-3 towns and for Semaglutide the market could get competitive.
- H1 remain impacted by a weak respiratory season however management expects Q3 to surpass the overall market growth rate.

### US Business –

- Cipla's Lanreotide market share stood at 22%. Supply conditions have improved, and management is optimistic about gaining further share in the coming quarters.
- Cipla launched its first biosimilar Filgrastim in the US during Q2FY26.
- Cipla recognized revenue from gRevlimid in Q2FY26, though the contribution was lower than in Q1FY26. The company expects minimal revenue from this product in Q3FY26.
- The management expects Indore facility is expected to undergo re inspection sometime between CY25 and CY26.
- gAbraxane's market share has been below expectations because of excess market inventory; however, the management stated that situation has stabilized recently and an uptick is anticipated ahead.
- Cipla plans to launch 4 major respiratory products and 3 peptide products including gAdvair (Q4FY26) and Liraglutide. Three of the four respiratory launches are filed from US-based facilities.

- The management has reaffirmed US revenue guidance of USD 1 billion for FY27.

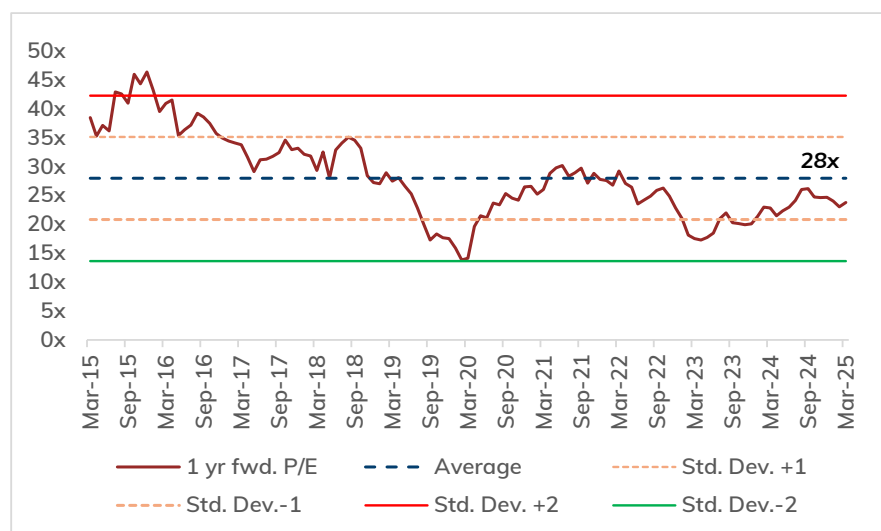
### Other Business –

- Cipla reported 6% constant currency growth in Africa. The private market business grew 6.2%, outperforming the market growth of 4%.
- Cipla launched six new products in Africa across various therapies during H1FY26.
- The company plans to file GLP-1 products in Rest of World (RoW), US, and European markets.
- Cipla will be outsource the manufacturing of GLP-1 products, with fill-finish operations handled by a CMO. It may establish in-house capacity at a later stage.

### Other Aspects –

- Management has revised FY26 EBITDA margin guidance to 22.75–24% (earlier 23.5–24.5%) owing to higher R&D spending and lower contribution from gRevlimid in H2FY26.
- FY26 R&D expenses are expected to be 50 bps higher than initially planned, driven by development of new products.
- The R&D pipeline remains focused on complex respiratory products, oligonucleotides, and peptides.

Exhibit 2: 1-year forward PE band



Source: Company, ICICI Direct Research

Exhibit 3: Top 10 performing brands in India (in ₹ crore)

Brand	Rank	Therapy	MAT SEP'22	MAT SEP'23	MAT SEP'24	MAT SEP'25	CAGR 22-25 YoY	
FORACORT	1	RESPIRATORY	635.4	792	888.2	941.2	14.0%	6.0%
DUOLIN	2	RESPIRATORY	393	473.5	529.1	609.3	15.7%	15.2%
BUDECORT	3	RESPIRATORY	322.6	433.8	478.5	503.6	16.0%	5.2%
DYTOR	4	CARDIAC	213.8	249.7	299	377.1	20.8%	26.1%
MONTAIR-LC	5	ANTI-INFECTIVES	260	282.9	296.6	327.4	8.0%	10.4%
ASTHALIN	6	ANTI-INFECTIVES	253.4	282.7	289.2	305.8	6.5%	5.7%
IBUGESIC PLUS	7	PAIN MANAGEMENT	167.2	218.6	245.6	291.4	20.3%	18.6%
SEROFLO	8	RESPIRATORY	297.2	288.5	312.7	290.5	-0.8%	-7.1%
AZEE	9	GASTRO INTESTINAL	232.6	238	228.5	234.6	0.3%	2.7%
URIMAX-D	10	UROLOGY	145.9	152.4	195.5	233.7	17.0%	19.5%
Top 10 brands			2921.1	3412.1	3762.9	4114.6	12.1%	9.3%
% of IQVIA sales			28%	30%	31%	31%		

Source: Company, ICICI Direct Research

## Financial Tables

**Exhibit 4: Profit and loss statement**

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
<b>Revenues</b>	<b>25,774.1</b>	<b>27,547.6</b>	<b>29,681.6</b>	<b>33,038.1</b>
Growth (%)	13.3	6.9	7.7	11.3
Raw Material Expenses	8,819.6	8,929.0	9,889.8	11,313.9
Gross Profit	16,954.5	18,618.6	19,791.8	21,724.2
Employee Expenses	4,310.0	4,832.8	5,048.7	5,447.9
Other Expenditure	6,353.4	6,657.9	7,890.4	8,469.3
Total Operating Expenditure	19,483.0	20,419.7	22,828.8	25,231.1
<b>EBITDA</b>	<b>6,291.1</b>	<b>7,127.9</b>	<b>6,852.8</b>	<b>7,807.0</b>
Growth (%)	25.1	13.3	-3.9	13.9
Depreciation	1,051.0	1,107.0	1,143.7	1,272.2
Interest	89.9	62.0	53.6	17.8
Other Income	746.6	861.9	1,074.1	1,206.2
PBT	5,701.9	6,820.8	6,729.6	7,723.2
Total Tax	1,546.6	1,529.8	1,817.0	2,085.3
PAT before MI	4,155.3	5,291.1	4,912.6	5,638.0
Minority Interest	32.2	-3.3	13.7	-3.5
<b>Adjusted PAT</b>	<b>4,263.5</b>	<b>5,272.5</b>	<b>4,878.7</b>	<b>5,621.3</b>
Growth (%)	45.5	23.7	-7.5	15.2
<b>EPS (Adjusted)</b>	<b>53.0</b>	<b>65.5</b>	<b>60.6</b>	<b>69.8</b>
Other income as % of Inv+cash	12%	10%	12%	9%

Source: Company, ICICI Direct Research

**Exhibit 5: Cash flow statement**

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit/(Loss) after taxation	4,299.2	5,152.7	4,878.7	5,621.3
Add: Depreciation	1,051.0	1,107.0	1,143.7	1,272.2
(inc)/Dec in Current Assets	-968.8	-1,124.4	-1,426.8	-2.4
inc/(Dec) in Current Liabilities	162.7	458.9	817.0	492.8
Others	-410.3	-589.2	53.6	17.8
<b>CF from Operating activities</b>	<b>4,133.9</b>	<b>5,005.0</b>	<b>5,466.1</b>	<b>7,401.7</b>
(Purchase)/Sale of Fixed Assets	-1,315.1	-1,514.8	-1,814.7	-1,200.0
Change In Investment	-1,474.0	-2,125.9	-231.9	-1,000.0
Others	-198.9	-50.5	-218.9	-72.1
<b>CF from Investing activities</b>	<b>-2,988.0</b>	<b>-3,691.1</b>	<b>-2,265.5</b>	<b>-2,272.1</b>
Change in Equity	0.0	0.1	0.0	0.0
Change in Loan	-377.5	-178.2	2.2	-67.8
Dividend & Dividend tax	-686.2	-1,049.8	-1,463.6	-1,686.4
Others	-136.8	-64.8	-53.6	-17.8
<b>CF from Financing activities</b>	<b>-1,200.4</b>	<b>-1,292.8</b>	<b>-1,515.0</b>	<b>-1,772.0</b>
Net Cash Flow	-54.6	76.4	173.4	3,357.6
Cash and Cash equ. at beginning	561.3	512.3	588.7	762.2
<b>Cash</b>	<b>506.8</b>	<b>588.7</b>	<b>762.1</b>	<b>4,119.7</b>
<b>Free Cash Flow</b>	<b>2,818.8</b>	<b>3,490.2</b>	<b>3,651.5</b>	<b>6,201.7</b>

Source: Company, ICICI Direct Research

**Exhibit 6: Balance Sheet**

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	161.5	161.5	161.6	161.6
Reserve and Surplus	26,545.0	31,031.9	32,757.4	36,692.4
Total Shareholders funds	26,706.4	31,193.5	32,919.0	36,853.9
Total Debt	247.0	92.1	94.3	26.4
Deferred Tax Liability	185.3	53.5	41.7	43.8
Long Term Provision	129.3	148.7	157.2	165.1
MI & Other Liabilities	451.1	495.4	731.3	759.0
<b>Source of Funds</b>	<b>27,719.1</b>	<b>31,983.2</b>	<b>33,943.4</b>	<b>37,848.2</b>
Gross Block - Fixed Assets	15,909.9	17,260.2	18,736.4	19,836.4
Accumulated Depreciation	9,528.4	10,635.3	11,779.0	13,051.2
Net Block	6,381.6	6,624.9	6,957.4	6,785.2
Capital WIP	1,152.7	1,566.3	1,904.7	2,004.7
Fixed Assets	7,534.3	8,191.1	8,862.1	8,789.9
Investments	5,562.8	8,044.0	8,275.9	9,275.9
Goodwill on Consolidation	3,112.0	3,270.3	3,451.3	3,451.3
Long term Loans & Advances	0.0	0.0	0.0	0.1
Other Non current assets	1,923.2	1,925.9	2,196.3	2,306.1
Inventory	5,238.0	5,642.1	6,160.1	7,005.3
Debtors	4,770.7	5,506.4	6,902.3	5,883.5
Loans and Advances	0.2	15.6	18.0	18.9
Other Current Assets	3,701.6	3,991.8	3,502.3	3,677.4
Cash	640.1	588.7	762.1	4,119.7
Bank Balance other than cash	234.9	211.2	33.7	33.7
Total Current Assets	14,350.5	15,744.6	17,344.8	20,704.9
Creditors	2,474.0	2,837.5	3,035.1	3,368.6
Provisions	1,611.8	1,716.6	1,831.0	1,922.5
Other current liabilities	913.0	849.7	1,354.8	1,422.5
Total Current Liabilities	4,998.8	5,403.8	6,220.8	6,713.6
Net Current Assets	9,351.8	10,340.8	11,124.0	13,991.2
<b>Application of Funds</b>	<b>27,719.1</b>	<b>31,983.2</b>	<b>33,943.4</b>	<b>37,848.2</b>

Source: Company, ICICI Direct Research

**Exhibit 7: Key ratios**

(Year-end March)	FY24	FY25	FY26E	FY27E
<b>Per share data (₹)</b>				
Adjusted EPS	53.0	65.5	60.6	69.8
BV per share	331.7	387.4	408.9	457.8
Cash per Share	8.0	7.3	9.5	51.2
Dividend per share	13.0	16.4	18.2	20.9
<b>Operating Ratios (%)</b>				
Gross Margins	65.8	67.6	66.7	65.8
EBITDA margins	24.4	25.9	23.1	23.6
PAT Margins	16.5	19.1	16.4	17.0
Inventory days	217	231	227	226
Debtor days	68	73	85	65
Creditor days	102	116	112	109
Asset Turnover	1.0	0.9	0.9	1.0
EBITDA convsn rate	65.7	70.2	79.8	94.8
<b>Return Ratios (%)</b>				
RoE	16.0	16.9	14.8	15.3
RoCE	19.9	19.6	17.7	19.9
RoIC	26.6	28.3	25.9	36.1
<b>Valuation Ratios (x)</b>				
P/E	29.5	23.1	24.9	21.6
EV / EBITDA	18.4	15.9	16.5	13.9
EV / Net Sales	4.5	4.1	3.8	3.3
Market Cap / Sales	4.7	4.4	4.1	3.7
Price to Book Value	4.6	3.9	3.7	3.3
<b>Solvency Ratios</b>				
Debt / EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	2.7	2.8	2.7	2.5
Quick Ratio	1.7	1.8	1.7	1.4
Working Capital Cycle	182	188	200	182
Net Debt/Equity	0.0	0.0	0.0	-0.1

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 **E-mail Address:** [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Bhavesh Soni Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

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