

Cipla Limited

23rd December, 2025

HOLD

Data as of: 23-Dec-2025, 17:00 hrs

Near-Term Risks Persist; Execution Pivotal

Cipla Ltd is a holding company that operates in the pharmaceutical space. Its business units are Active Pharmaceutical Ingredients (APIs), Respiratory, and Cipla Global Access, with operations spread globally.

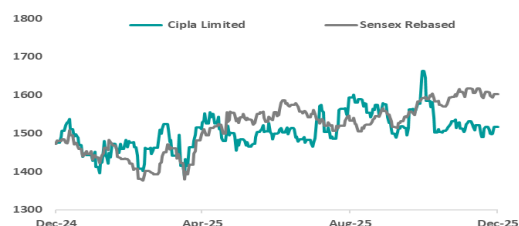
- In Q2FY26, consolidated revenue rose 7.6% YoY to Rs. 7,589cr, driven by strong traction in branded diabetes and cardiac therapies, along with better execution in trade generics, despite lower revenue from Revlimid.
- The One African business grew 5% YoY, supported by strong execution in the South Africa private market, though gains were offset by a lower gross margin tender mix.
- EBITDA was steady at Rs. 1,895cr (+0.5% YoY), but EBITDA margin contracted 170bps YoY to 25.0%, due to higher material costs associated with R&D.
- Cipla secured the opportunity to market Mounjaro (Tirzepatide) in India, strengthening its position in the high-growth obesity and diabetes segment.
- Cipla partnered exclusively with Pfizer India to distribute four brands, boosting its domestic portfolio and revenue streams.

Cipla Ltd delivered a steady Q2FY26 performance, supported by strong branded generics in India and continued leadership in its US respiratory business (albuterol MDI). The company's strategic focus on high-growth therapies such as obesity and diabetes (exclusive launch of Tirzepatide – Yurpeak in India) underpins its long-term growth potential. However, near-term challenges remain, including the anticipated revenue erosion from the Revlimid cliff, increased R&D intensity weighing on margins, and execution risk related to timely approvals, which could limit earnings visibility and margin recovery in the medium term, thereby warranting a more cautious stance despite a strong long-term pipeline. Hence, **we revise our rating to HOLD on the stock, with a revised target price of Rs. 1,645, based on 26x FY27E adjusted earnings per share.**

Quarterly Financial Consol.

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	7,589	7,051	7.6	6,957	9.1	14,547	13,745	5.8
EBITDA	1,895	1,886	0.5	1,778	6.6	3,673	3,601	2.0
Margin (%)	25.0	26.7	-170bps	25.6	-60bps	25.2	26.2	-100bps
EBIT	1,598	1,614	-1.0	1,525	4.7	3,123	3,083	1.3
PBT	1,854	1,789	3.6	1,770	4.7	3,623	3,400	6.6
Rep. PAT	1,353	1,306	3.6	1,292	4.7	2,645	2,482	6.6
Adj PAT	1,351	1,303	3.7	1,298	4.1	2,649	2,480	6.8
Adj. EPS (Rs)	16.7	16.1	3.7	16.1	4.1	32.8	30.7	6.8

*over or under performance to benchmark index



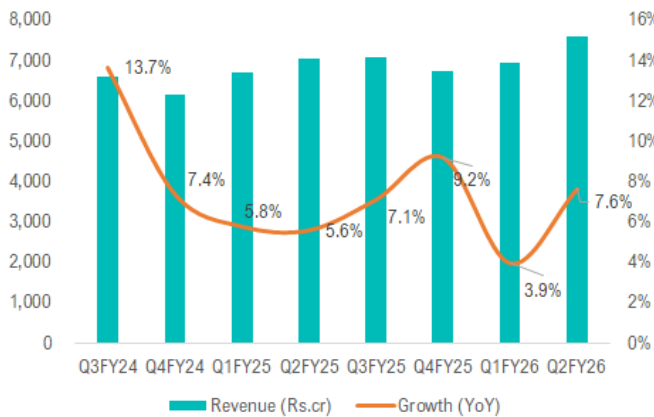
Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	27,548	29,384	31,793
Growth (%)	6.9	6.7	8.2
EBITDA	7,128	6,876	7,344
EBITDA Margin (%)	25.9	23.4	23.1
PAT Adjusted	5,273	4,882	5,171
Growth (%)	22.2	-7.4	5.9
Adjusted EPS	65.3	60.4	64.0
Growth (%)	22.1	-7.4	5.9
P/E	22.1	25.2	23.8
P/B	3.7	3.5	3.2
EV/EBITDA	16.3	17.9	16.8
ROE (%)	17.0	13.9	13.3
D/E	0.0	0.0	0.0



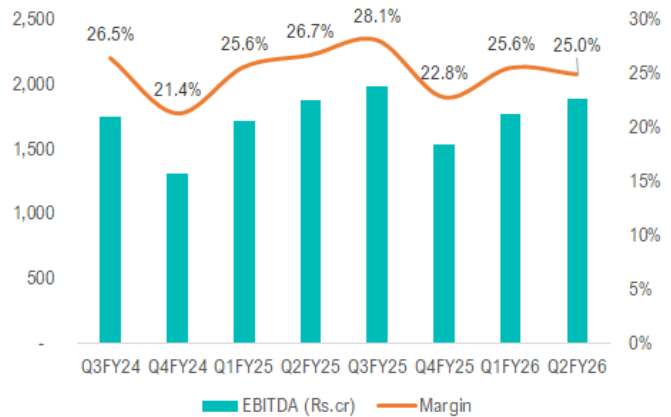
Key concall highlights

- Cipla launched Doloneuron for neuropathic pain and Zolsoma for sleep disorders, while strengthening its urology portfolio with Xtiktr for urethral stricture management, moves expected to accelerate the mix of specialty and chronic categories.
- The company launched Tirzepatide (Yurpeak) in India with Eli Lilly. The product will be supplied by Eli Lilly and marketed by Cipla. The partnership aims to make the treatment more accessible in India, particularly beyond metro areas.
- Revenue from Revlimid declined in Q2FY26 compared to Q2FY25. The decline is expected to be mitigated by product launches over the next four quarters. In Q3FY26, generic Revlimid is expected to have a very small contribution to the U.S. revenue. There could be a delay in realising the full benefits of the launches.
- Cipla expects four major respiratory launches including generic Advair by Q4FY26, and three peptide launches, one of which is Liraglutide, to drive medium-term US growth, thereby reducing regulatory risks and enabling faster manufacturing scale-up.
- Three additional launches are planned in India: Elbicip (constipation), Aprela (first topical apremilast for psoriasis), and Rizontem and Tedispan (infectives), which will enhance the company's therapeutic depth.
- The company cut its FY26 EBITDA margin guidance to 22.75-24.00% from 23.50-24.50%, due to the tapering of Revlimid, an increased R&D programme, and Q4 seasonality, excluding Yurpeak's contribution.

Revenue



EBITDA



Segment Revenue

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
India (Rx+Gx+CHL)	3,146	2,948	6.7%	3,070	2.5%
North America	2,039	1,986	2.7%	1,933	5.5%
One Africa	1,178	1,068	10.3%	871	35.2%
South Africa	901	799	12.8%	695	29.6%
Emerging Markets and Europe	967	806	20.0%	861	12.3%
APIs	148	160	-7.5%	102	45.1%
Others	111	83	33.7%	121	-8.3%
Total Sales	7,589	7,051	7.6%	6,957	9.1%

Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	27,829	30,639	29,384	31,793	5.6	3.8
EBITDA	6,888	7,660	6,876	7,344	-0.2	-4.1
Margins (%)	24.8	25.0	23.4	23.1	-140	-190
Adj. PAT	4,739	5,262	4,882	5,171	3.0	-1.7
EPS	58.7	65.2	60.4	64.0	2.9	-1.8



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	22,753	25,774	27,548	29,384	31,793
% change	4.5	13.3	6.9	6.7	8.2
EBITDA	5,027	6,291	7,128	6,876	7,344
% change	10.4	25.1	13.3	-3.5	6.8
Depreciation	1,172	1,051	1,107	1,110	1,232
EBIT	3,855	5,240	6,021	5,766	6,112
Interest	110	90	62	63	65
Other Income	293	552	862	758	796
PBT	4,038	5,702	6,821	6,461	6,844
% change	15.6	41.2	19.6	-5.3	5.9
Tax	1,203	1,547	1,530	1,615	1,711
Tax Rate (%)	29.8	27.1	22.4	25.0	25.0
Reported PAT	2,835	4,155	5,291	4,846	5,133
Adj.*	182	195	-	-	-
Adj. PAT	2,984	4,316	5,273	4,882	5,171
% change	10.6	44.6	22.2	-7.4	5.9
No. of shares (cr)	80.7	80.7	80.8	80.8	80.8
Adj EPS (Rs.)	37.0	53.5	65.3	60.4	64.0
% change	10.5	44.6	22.1	-7.4	5.9
DPS (Rs.)	8.5	13.0	16.0	16.0	16.0

Cashflow

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	4,008	5,206	6,398	5,956	6,365
Non-cash adj.	-211	-266	-728	-19	-148
Other adjustments	-	-	-	-	-
Changes in W.C	-559	-806	-665	-1,596	-170
C.F. Operation	3,238	4,134	5,005	4,342	6,047
Capital exp.	-1,136	-1,315	-1,504	-2,075	-2,083
Change in inv.	-1,375	-1,894	-2,462	-997	-2,497
Other invest.CF	122	221	275	-161	-170
C.F - Investment	-2,388	-2,988	-3,691	-3,233	-4,749
Issue of equity	-	-	-	-	-
Issue/repay debt	-486	-377	-209	235	50
Dividends paid	-403	-686	-1,050	-1,292	-1,292
Other finance.CF	-69	-137	-34	-63	-65
C.F - Finance	-958	-1,200	-1,293	-1,120	-1,307
Chg. in cash	-109	-55	21	-12	-9
Closing Cash	1,565	875	800	787	778

Balance Sheet

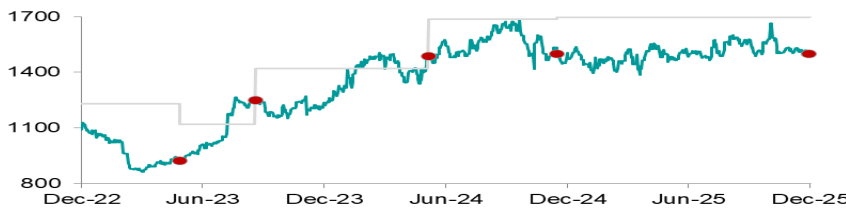
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	1,565	875	800	787	778
Accts. Receivable	4,057	4,771	5,506	6,949	7,312
Inventories	5,156	5,238	5,642	6,197	6,749
Other Cur. Assets	6,497	8,558	11,340	12,606	15,396
Investments	632	756	751	796	843
Gross Fixed As-sets	6,388	7,486	8,648	10,294	12,074
Net Fixed Assets	4,991	5,069	5,262	5,616	5,955
CWIP	689	864	1,213	1,395	1,604
Intangible Assets	4,514	4,713	4,986	5,416	5,719
Def. Tax -Net	457	588	645	703	736
Other Assets	905	1,286	1,241	1,280	1,321
Total Assets	29,463	32,718	37,387	41,746	46,413
Current Liabilities	4,589	4,999	5,404	5,819	6,578
Provisions	102	129	149	160	163
Debt Funds	843	540	435	670	720
Other Liabilities	215	247	110	251	262
Equity Capital	161	161	162	162	162
Res. & Surplus	23,246	26,545	31,032	34,622	38,501
Shareholder Funds	23,408	26,706	31,193	34,783	38,662
Minority Interest	306	96	96	63	27
Total Liabilities	29,463	32,718	37,387	41,746	46,413
BVPS	290	331	386	431	479

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	22.1	24.4	25.9	23.4	23.1
EBIT margin (%)	16.9	20.3	21.9	19.6	19.2
Net profit mgn.(%)	12.3	16.0	19.1	16.6	16.3
ROE (%)	12.1	15.6	17.0	13.9	13.3
ROCE (%)	15.7	19.2	19.0	16.2	15.5
W.C & Liquidity					
Receivables (days)	65.1	67.6	73.0	86.3	84.0
Inventory (days)	228.1	216.8	230.6	212.1	211.7
Payables (days)	112.1	102.4	116.0	104.4	105.5
Current ratio (x)	3.4	3.7	4.2	4.5	4.5
Quick ratio (x)	1.7	2.0	2.5	2.7	2.8
Turnover & Leverage					
Gross asset T.O (x)	3.8	3.7	3.4	3.1	2.8
Total asset T.O (x)	0.8	0.8	0.8	0.7	0.7
Int. covge. ratio (x)	35.2	58.3	97.1	91.2	94.7
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	3.2	4.7	4.2	4.2	3.9
EV/EBITDA (x)	14.4	19.1	16.3	17.9	16.8
P/E (x)	24.4	28.0	22.1	25.2	23.8
P/BV (x)	3.1	4.5	3.7	3.5	3.2



Recommendation Summary - (last 3 years)



Dates	Rating	Target
29-Oct-21	BUY	1,050
17-May-22	BUY	1,080
10-Nov-22	HOLD	1,230
17-May-23	BUY	1,120
07-Sep-23	BUY	1,420
24-May-24	BUY	1,685
04-Dec-24	BUY	1,695
23-Dec-25	HOLD	1,645


Investment Rating Criteria


Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%


Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:  Upgrade

 No Change

 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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