

RECOMMENDATION SNAPSHOT				
*CMP	Target	Potential Upside	MCap (Rsbn)	Recommendation
Rs1360	Rs1500	10%	1096	Hold

*as on 28th Oct, 2026

About the Company:

Established in 1935, Cipla Limited (Cipla) is a global pharmaceutical company with a geographically diversified presence, focused on responsible and sustainable growth through deep and wide portfolio coupled with strong customer relationships across markets of India, South Africa, US and other key regulated and emerging markets. The company is building long-term growth platforms in the regulated generics market and drug discovery research. It is developing a comprehensive portfolio of respiratory products across varied dosage forms (MDI, DPI and nasal sprays) for the regulated markets of the EU and the US. It has presence in over 80 countries with 1500+ products across therapies with 50+ dosage forms through 46 manufacturing facilities around the world using cutting-edge technology.

Results: Quick Glance:

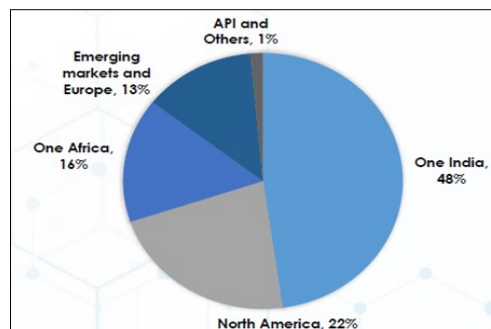
- The net sales for the quarter under review came in at Rs74.04bn as compared to Rs75.89bn in Q2FY26
- The Ebitda margins for the quarter under review stood at 18.7% as against 24.9% in Q2FY26
- The net profit came in at Rs8.52bn as against Rs13.53bn in the comparative quarter last year
- The EPS for the quarter under review stood at Rs10.86 as compared to Rs16.73 in the corresponding period last year
- For H1FY27, the revenues came in at Rs145.23bn as compared to Rs145.47bn; marginal drop of 0.2% while the PAT stood at Rs16.37bn as against Rs26.45bn. The EPS came in at Rs20.63 as against Rs32.79 in H1FY26

Other Highlights:

Geographical performance for the quarter: The key markets continued to demonstrate decent growth momentum in the quarter

- **One-India:** The One India business reported the highest quarterly sales with a solid growth of 12% on a y-o-y basis. The overall chronic mix improved to 60.3% in the market. The branded Rx delivered market growth of 15%. Key therapies like respiratory, urology, cardiac and anti-diabetes grew at strong double-digit market growth
- For **Consumer Health**, anchor brands of Nicotex, Omnigel and Cipladine maintained their leadership positions in the respective segments
- **One Africa:** In South Africa private market the secondary growth was at 6.5% v/s the market growth of 5.0% (as per IQVIA MAT Aug 2026). The prescription business maintained its No.2 position
- **EMs and Europe:** delivered USD101mn revenues in Q2FY27. The business operated in a challenging environment marked by geopolitical uncertainties and market-specific headwinds; however, it continued to demonstrate resilience through strong execution & cost discipline across both DTM and B2B segments
- **US:** reported quarterly sale of USD172mn; an improvement of USD10mn as compared to the previous quarter. Albuterol ranked No. 1 in the overall US Albuterol MDI market, with a 22% market share. The quarter was marked by key strategic milestones in the US including the FDA approval of gAdvair Diskus, the first dry powder inhaler approval from Cipla's US manufacturing network. The business entered an exclusive partnership with **Qilu Pharmaceutical** for the commercialization of a Keytruda biosimilar, strengthening its presence in complex respiratory therapies and oncology biosimilars
- **API and Others:** revenues came in at Rs1070mn for the quarter, drop of 59% on a y-o-y basis

Exhibit 1: Revenue Breakup Q2FY27



Source: Company Presentation

Conference Call Highlights:

- **One India business** reported the highest quarterly sales of Rs35.16bn. The branded Rx business continued the portfolio expansion with the launch of Yurpeak, Duolin Syncrobreathe, Revesmart, and Rizontem. The company has 23 brands in the top 300 brands in IPM and has 36 brands with a revenue of Rs1bn+. The branded prescription market had key therapies that reported growth as: anti-diabetic at ~50.0%, cardio at ~20.0%, urology at 11.0% and respiratory at ~11.0%
- The **trade generics** business recorded strong growth double digit growth on a q-o-q basis; while the y-o-y growth was mid-single digit due to seasonality and cost factors. The performance was supported by execution excellence in distribution and new introductions. The business launched 18 new products during the quarter. There are 3 brands with TTM revenue of Rs1bn+ and 5 brands with TTM revenue of Rs500-1000mn

Conference Call Highlights (contd.):

- The **consumer health** business reported high single digit growth, held back by input cost and pricing headwinds that are being addressed. Nicotex, Omnigel and Cipladine maintained their leadership positions in the market. Overall, double digit growth is anticipated going forward
- With regard to **Yurpeak**, the brand is seeing 5-10% m-o-m growth and is regarded as the 2nd largest in the GLP-1 segment by the IQVIA. Cipla is undertaking steps to expand the distribution reach for this brand as it sees no saturation and expects steady growth in the coming months
- **In-licensing:** the company has entered into exclusive deal with CTTQ (Sino Biopharm group) for a novel HER2 bispecific ADC in oncology (breast cancer)
- **gProventil** is ranked No. 1 with total market share at 22% (50 mn+ inhaler units supplied to US market cumulatively) **gVentolin** was approved and launched in Q1, but the market share is still in single digits as the ramp-up is constrained by supply from the new US facility, not by demand. The market is ~24 million units and Cipla is the only generic. The Management expects an exponential increase from current levels; customers are the same as for the rest of the respiratory portfolio, so commercial access is not a concern. **gAdvair** was approved in July, the first DPI approval from Cipla's US manufacturing network. It is likely to be launched in Q3 with revenue ramp-up through Q3/Q4. The launch took a couple of months longer than usual because it is the first DPI from the new plant
- In terms of the **pending FY27E launches**; there are three significant launches remaining; two respiratory (incl. gSymbicort) and one peptide. The approvals are expected within FY27E, but timing depends on FDA review. **gSymbicort** is still a few-player market given the product's complexity. Cipla sees a large opportunity if competitive dynamics do not change dramatically before entry
- **Lanreotide** is not expected back in FY27E and excluded from the exit run-rate guidance. Cipla is pursuing two parallel paths i.e. supporting Pharmathen's remediation and re-presentation to FDA, and filing from new North America site
- Cipla has entered into **exclusive partnership** with Qilu for US commercialisation of Pembrolizumab (Keytruda biosimilar). The filing is expected next year to target launch at patent expiry (~CY29E) as part of the first wave. Cipla's teams will be involved in filing and approval
- The company has received USFDA approval for **gAdvair Diskus** across all three strengths (100/50, 250/50, and 500/50mcg), an important milestone for the US respiratory business
- For the **biosimilars**, the pipeline has four programs under development for global markets, and clinical development started this quarter on one more respiratory biosimilar from Cipla's own pipeline. The plan is to add one-two assets each year
- As on 30th Sept 2026, Cipla has a total of 281 ANDAs of which 191 are approved, 44 TAs and 46 under approval
- **Inspection update:** (i) InvaGen: Unit 3 (New York) was classified VAI last quarter, (ii) routine GMP inspection at the Long Island facility ended with zero 483s, (iii) For Indore (Pithampur), a follow-up FDA inspection last quarter resulted in seven 483 observations, with no repeats and no data integrity observations. The site received an OAI ~3.5 years ago, and Cipla is working to get it out of OAI. New approvals are already de-risked through US sites and Goa. A VAI would open up further opportunities
- **One Africa:** has reported sales of USD123mn in Q2FY27. The overall growth of Cipla in South Africa market stood at ~6.5% as against the market growth of ~5.0%. Revenue decline is driven by accounting change and by the loss of a tender. Healthy performance was observed across key therapies like G U system, sex hormones, CNS and derma. There are 10 brands with MAT market revenue of ZAR100mn+. The private business revenue stood at ZAR1294mn for the quarter under review
- **Emerging and Europe Markets:** the quarterly revenue came in at USD101mn, despite geopolitical uncertainties and market specific headwinds. Deep market focus strategy in Emerging Markets and Europe has laid a solid foundation and has seen an uptick in both DTM and B2B categories, along with sustained overall margins
- **Financials:** (i) total expenses stood at Rs33.8bn, up 4% q-o-q; the Q2 expense base is usually higher than Q1, and spending on upcoming launches and manufacturing readiness is coming ahead of revenue, (ii) the GM stood at ~64.4%; with a q-o-q improvement mainly on better product mix, (iii) the Management has retained the Ebitda margin guidance of ~18.5-20% for FY27E. Going forward, the Management anticipates further headroom for improvement driven by the US ramp up, (iv) for the US business, earlier indicated exit run-rate of USD1bn by FY27E remains intact which is dependent on the approvals and commercialization of assets in the pipeline, (v) Q2FY27 R&D spend of Rs4230mn, 5.7% of the revenues, with the guidance maintained at 6-7% for FY27E including biosimilar, (vi) ETR for Q2FY27 stood at 27.2%, guidance of 27-27.5%, (vii) cash balance stood at Rs105.52bn; net cash stood at Rs98.2bn, (viii) the total debt as on Sept'26 stood at Rs6,900mn; this includes lease liabilities and working capital requirements

Financials:

Performance (Q2FY27)									
Q2FY27 Result (Rs mn)	Sept-26	Sept-25	y-o-y	Jun-26	q-o-q	H1FY27	H1FY26	y-o-y	FY27E
Total Revenue	74039	75894	(2.4%)	71193	4.0%	145232	145469	(0.2%)	308127
EBITDA	13878	18948	(26.8%)	11923	16.4%	25801	36729	(29.8%)	61009
Other Income	1512	2690	(43.8%)	2109	(28.3%)	3621	5275	(31.4%)	9893
Interest	167	132	27.0%	170	(1.7%)	338	272	24.0%	684
Depreciation	3449	2970	16.1%	3042	13.4%	6491	5497	18.1%	12910
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	3208	5005	(35.9%)	2948	8.8%	6157	9783	(37.1%)	14327
Net Profit (after asso. share)	8515	13534	(37.1%)	7856	8.4%	16371	26450	(38.1%)	42972

Outlook and Recommendations:

It was a muted quarter for the company with revenue de-growth of 2.4% y-o-y. The margins also came lower at 18.7%, translating into PAT de-growth of 37.1% y-o-y. On the Ebitda margins as well, the guidance remains intact at 18.5-20% for FY27E. The key factors chalked for this drop has been the high Revlimid in the base (which also led to the margin contraction by 266bps), supply constraints in the US, with slower ramp up of gVentolin and gAdvair. Furthermore, on the international markets, geopolitical and market specific headwinds further added to tepid performance. The standout was the **India business** reporting 12% y-o-y growth backed by strong execution majorly across the chronic therapies. The branded prescription business delivered a robust growth, with key therapies outpacing the market. **Yurpeak** has become the 2nd largest brand in GLP in India, and steady growth expected, no significant impact due to Semaglutide generic. **US business** was weak for the quarter at USD172mn; down by 19% y-o-y but continuing the q-o-q growth trajectory (up 6% q-o-q). Despite this, the Management has re-iterated USD1bn exit run-rate; the bridge comes from the gVentolin and gAdvair ramp-up and two respiratory launches ahead. Cipla's **South African** private-market secondary sales grew 6.5%, ahead of market growth of 5%; the primary sales were affected by an accounting change that reduced revenue recognition without affecting Ebitda, while a favourable court ruling on a previously lost tender is expected to support a correction in reported performance. **Europe and emerging markets** generated revenue of USD101mn, with performance affected by geopolitical conditions and market-specific headwinds. Management is focusing on commercial execution and cost discipline across go-to-market and business-to-business operations, while targeting growth ahead of the market in private-sector emerging markets and Europe. As a part of strengthening its **R&D pipeline**, Cipla has signed two deals i.e. with CTTQ for an advanced bispecific HER2 ADC for India, SA and five other EMs and with Qilu Pharmaceuticals for Keytruda biosimilar for US markets. Cipla also has four biosimilar assets in its pipeline. Cipla is working on resuming Lanreotide supplies through resolution of Pharmathen plant and adding second supplier in the US. Advair to be launched in Q3/Q4FY27. US launch pipeline has three additional significant launches including 1 peptide asset. The key focus areas for Cipla going ahead include the focus on One India business to sustain the growth momentum and outperform IPM across the Rx portfolio, TGx and consumer segments. Within US, focus is to drive growth through new launches including the anticipated key products. For South Africa it shall be focusing on growing faster than the market. Top priority for EM-EU is to drive topline growth with improving profitability. We have tweaked our numbers to factor in the quarter lag and maintain Hold for target price of Rs1500.

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