

Cipla

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

Pharmaceuticals

COMPANY DETAILS

Market cap:	Rs. 1,16,990 cr
52-week high/low:	Rs. 1673/1281
NSE volume: (No of shares)	26.3 lakh
BSE code:	500087
NSE code:	CIPLA
Free float: (No of shares)	57.2 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	29.2
FII	23.9
DII	30.5
Others	16.4

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-12.8	-17.1	-15.8	-6.0
Relative to Sensex	-9.1	-13.7	-16.3	-14.6

Source: Mirae Asset Sharekhan Research, Bloomberg

Reco/View: **BUY**

CMP: **Rs. 1,332**

Price Target: **Rs. 1,585**

Quick Snapshot

- One India revenues grew 10% y-o-y to Rs. 3,457 crore, on double-digit gains in branded formulations across respiratory, anti-diabetes/cardiac and urology therapies.
- North America sales fell 22% to \$167 million on decline in gRevlimid and Lanreotide supply halt that also shrunk margins.
- Strong US product pipeline would offset fall margin compression in the medium to long term; strategic deals to also drive growth.
- Margins and return ratios are near pre-lenalidomide levels and with launches and strategic deals aiding growth from H2FY27 onwards, we believe valuations are attractive at current levels. We recommend Buy with a PT of Rs. 1,585.

Result overview

Q3FY26 revenue was steady at Rs. 7,074 crore y-o-y. One India grew 10% to Rs. 3,457 crore, fuelled by growth across therapies - respiratory (11%), anti-diabetes and cardiac segments (13% each), and urology (15%). Chronic portfolio mix improving to 62.3%. North America sales declined 22% to \$167 million, on lower sales of gRevlimid, though this was partially offset by gAlbuterol securing the top US MDI position with a 22% market share. Meanwhile, emerging markets and Europe expanded 13% to \$104 million, and Africa saw a modest 3% increase.

EBITDA declined 34% to Rs. 1,461 crore (20.7% margin v/s 31.3%), impacted by lower US generics sales, 13% y-o-y rise in total expenses to Rs. 3,187 crore, and a 37% rise in R&D costs to Rs. 494 crore (7% of sales). PAT fell 57% to Rs. 675 crore (9.5% margin).

Profitability concerns persist

Company has lowered FY26 EBITDA margin guidance downward to around 21% (from prior 22.75-24%), reflecting Q3's sharp drop to 17.7% due to lower gRevlimid revenues, Lanreotide supply disruptions, elevated R&D spend at 7% of sales (up 37% y-o-y), and higher operating expenses. The lanreotide halt persists into H1FY27. New launches (gVictoza, respiratory assets) are expected to offset the same but the contributions are delayed to late FY27/FY28. R&D costs remains lumpy at elevated levels.

Deal/launch pipeline

Cipla has inked a strategic deal with Pfizer to gain exclusive marketing and distribution rights for four Pfizer brands in India. The company also acquired Inspera Health Sciences to integrate its pediatric, pharmaceutical, and wellness products into Cipla's extensive distribution network. Additionally, the company launched AfreZZA, marking India's first inhaled rapid-acting insulin to transform insulin therapy, and introduced a once-weekly Tirzepatide therapy from Eli Lilly partnership—for obesity and type 2 diabetes treatment. Furthermore, Cipla secured perpetual manufacturing and trademark rights for Galvus and its combinations from Novartis, recorded as intangibles and capital advances on the balance sheet.

Our Call

The impact of gRevlimid, though expected, and Lanreotide supply disruptions has caused stress to margins in the near term. However, new launches during H2FY27 and beyond, will help margins and return ratios improve from FY28E onwards. We roll forward our estimates to FY28E and continue to value the stock at 24x, on FY28E EPS of Rs.66, arriving at a price target of Rs. 1,585.

Valuation

Particulars	FY24	FY25	FY26	FY27E	FY28E	Rs cr
Sales	25774	27548	28879	30910	33917	
EBITDA	6,291	7,128	6,208	6,750	7,782	
EBITDA M (%)	24.4	25.9	21.5	21.8	22.9	
PAT	4121.6	5257.3	4231.6	4609.9	5336.6	
NPM (%)	16.0	19.1	14.7	14.9	15.7	
EPS	53.4	65.0	52.4	57.0	66.0	
P/E	28.0	22.2	30.2	27.7	19.9	
P/BV	4.5	3.7	3.7	3.3	2.4	
EV/EBIDTA	19.2	16.3	20.6	18.9	13.5	
ROE (%)	16.1	16.8	12.1	11.9	12.3	
ROCE (%)	19.2	19.0	14.3	14.1	14.7	

Source: Company; Mirae Asset Sharekhan estimates

Concall highlights:

India business:

- One India revenue grew 10% y-o-y to Rs. 3,457 crore, with branded Rx up double-digits.
- Respiratory rose 11% (outpacing IPM by 400 bps, crossing Rs. 5,000 crore threshold), anti-diabetes and cardiac therapies grew by 13% each, urology by 15%, while chronic product mix grew at 62.3%.
- The company launched AfreZZa, India's first and only inhaled rapid-acting insulin, and Europe (Tirzepatide) for obesity and Type 2 Diabetes through a partnership with Eli Lilly.

North America Business:

- North America sales fell 22% y-o-y at \$167 million, with base ex-Lenalidomide (gRevlimid) up double-digits despite supply issues.
- Lanreotide production paused post-partner Pharmathen's FDA inspection related issues. Resupply is expected in H1FY27, and the company is exploring alternate sites for manufacture.
- Company continues to hold highest market share of 22% for Albuterol. This has helped offset some of the margin pressures on account of gRevlimid.
- Pipeline includes four significant respiratory launches (one being generic Advair) and three peptide assets expected in FY27, with generic Victoza launching soon.
- Two large respiratory opportunities are anticipated in the next six months, where the company is expected to be the sole generic for a substantial period, with another large respiratory launch in 6-12 months.

Guidance:

- FY26 margin guidance at ~21%.
- R&D investments are on the upward trajectory accounting for reaching 7% of revenue in Q3, driven by product filings and key development programs. The same is expected to normalise at ~6% in FY27E.

Change in management:

- Umang Vohra, the outgoing MD & Global CEO, will step down after his term ends on March 31, 2026.
- Achin Gupta, previously the global COO, has been elevated to MD and Global CEO for a five-year term (subject to shareholder approval); he became MD & Global CEO Designate from January 1, 2026.

Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Rs cr Q-o-Q %
Net sales	7,074.5	7,073.0	0.0%	7,858.4	-10.0%
Total Expenditure	5,613.1	4,862.4	15.4%	5,694.7	-1.4%
EBITDA	1,461.4	2,210.5	-33.9%	2,163.7	-32.5%
Depreciation & amortisation	278.35	279.8	-0.5%	296.99	-6.3%
EBIT	1,183.05	1,930.73	-38.7%	1,866.71	-36.6%
Finance cost	14.03	14.64	-4.2%	13.18	6.4%
PBT	1,169.02	1,916.09	-39.0%	1,853.53	-36.9%
Tax provision	218.55	332.37	-34.2%	500.46	-56.3%
Exceptional Item	-275.91	-	-	-	-
Net profit	674.56	1,583.72	-57.4%	1,353.07	-50.1%
Margin (%)					
EBITDA	20.7%	31.3%	-1059.6	27.5%	-687.6
EBIT	16.7%	27.3%	-1057.5	23.8%	-703.2
NPM	9.5%	22.4%	-1285.6	17.2%	-768.3

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Hamied Yusuf K	18.63
2	Ahmed Sophie	5.69
3	Blackrock Inc	5.00
4	HDFC Asset Management Co Ltd	4.68
5	Hamied Mustafa Kamil	3.45
6	SBI Funds Management Ltd	3.42
7	Vanguard Group Inc/The	3.00
8	Norges Bank	2.33
9	ICICI Prudential AMC	1.90
10	Nippon Life India AMC	1.59

Source: Bloomberg

Key management personnel

Name	Designation
Uman Vohra *	MD/GCEO
Ashish Adukia	GCFO

Source: Bloomberg

* Uman Vohra, the outgoing Managing Director and Global CEO, will step down after his term ends on March 31, 2026. Achin Gupta, previously Global Chief Operating Officer, is currently the MD & Global CEO Designate from January 1, 2026.

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