Dated: 31 Oct 2025

Cipla (CIPLA) - BUY

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1540	**Rs.1785**

Rationale:

- Cipla delivered a 5% EBITDA beat in Q2FY26, led by higher US sales.
- Owing to higher R&D, it has lowered its FY26E EBITDA margin guidance by 50-75 bps.
- As has been long speculated, Cipla's MD & CEO, Mr Umang Vohra, has resigned after a decade at Cipla. Mr Achin Gupta (current COO) will succeed Umang.
- While we do not expect any major strategy shift in generics, we would keep a close eye on Cipla's innovation strategy under the new leadership.
- Despite the gRevlimid cliff, we expect scale-up in recent molecules and new launches to drive a 2% US sales CAGR over FY25-28E.
- This, along with healthy growth in India/EMs, should drive an ~11% ex-gRevlimid EPS CAGR for Cipla over FY25-28E. Retain BUY with an FV of Rs1,785.

(CAGR - Compound Annual Growth Rate, EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortization, EPS- Earning Per Share)

Positives:

- Cipla's Q2FY26 revenues grew 8% yoy (+9% qoq) to Rs7590 cr.
- EBITDA at Rs1890 cr (flat yoy, +7% qoq) beat our estimates by 5%, with EBITDA margin at 25% (-170 bps yoy, +60 bps versus KIE).
- US - gAbraxane to scale up further, gAdvair launch in Q4FY26.

Negatives:

- FY26E EBITDA margin guidance lowered.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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