



Action:
BUY

CMP: ₹1,424

TGT1/TGT2:
₹1,486-1,536

Stop Loss:
₹1,350

**Time frame: 5-6
WEEKS**

Profile: Cipla is a global Pharmaceutical Company. Manufacturing, developing, and marketing a wide range of branded and generic formulations and APIs serving patients in diverse therapeutic areas.

Guidance: Management expects EBITDA margins to be in the range of 18.5% to 20% for FY27. Aims to sustain margins at 20% plus. R&D Investment targeted at approximately 7% of total revenue. Strategic focuses on strengthening its presence in chronic therapies like diabetes, cardiology, urology, and dermatology. The company anticipates three additional respiratory approvals (including Advair and Symbicort) during H1 and H2 of FY27. Cipla is aiming to build a pipeline of 6 to 8 in-house assets in the Biosimilars space.

Fundamentals: Company 5-year revenue increase from ₹19,160Cr (FY21) to ₹28,163Cr (FY26) at 8.01% CAGR. Company YOY revenue increase from ₹27,548Cr (FY25) to 28,163Cr (FY26) at 2.23%. The Company operating margin has been reduce at 21% (FY26) from 26% (FY25). Company Net Profit has decrease from ₹5,269Cr (FY25) to ₹3,862Cr (FY26) at -21% CAGR. Company current ROE is 12.4%. With one of lowest debt to equity of 0.02 within Pharmaceutical sector.

Key Data

Nifty CMP	23,937
Sector	Pharmaceuticals
52 Week H/L(Rs)	1,673/1,165
Market Cap (Rs Cr)	1,15,095
Face Value (Rs)	2.00
Daily Oscillator Direction	
20 DEMA	+ve
50 DEMA	+ve
100 DEMA	+ve
200 DEMA	+ve



TECHNICAL RATIONALE

- The chart is showing a bullish trendline breakout from a long-term Downward Channel.
- Price has moved above all major moving averages, indicating improving momentum and strengthening trend structure.
- The stock is currently sustaining above the key ₹1,486 breakout zone, and if this level holds on a closing basis, the next major resistance is likely around ₹1,536, which also coincides with previous swing highs and psychological resistance.
- RSI is near the bullish zone around 65, reflecting strong momentum, although slightly overheated in the short term. Volume expansion during the breakout phase adds credibility to the move. On sustaining above ₹1,486 can keep the momentum intact towards ₹1,536 and potentially higher levels, while immediate support now shifts to ₹1,391.
- We recommend to buy at current market price ₹1,424 with short-term targets of ₹ 1,486-1,536, and keep a stop-loss at ₹1,350.

TECHNICAL GLOSSARY:

- **Symmetrical Triangle Breakout:** A chart pattern where the price consolidates within converging trendlines, forming lower highs and higher lows. A breakout above the upper trendline signals bullish momentum, while a breakdown below the lower trendline indicates bearish movement. Volume expansion during the breakout strengthens confirmation.
- **Channel/trendline Breakout:** A technical event where the price moves above the resistance or below the support line of a price channel/trendline, signaling a potential trend continuation or reversal.
- **Retest:** The price action where the stock revisits a previously broken resistance (now acting as support) to confirm the breakout's validity.
- **MACD (Moving Average Convergence Divergence):** A trend-following momentum indicator that shows the relationship between two moving averages of the stock price. Used to identify bullish or bearish signals.
- **Positive Crossover (MACD):** Occurs when the MACD line crosses above the signal line, often interpreted as a buy signal or bullish momentum.
- **RSI (Relative Strength Index):** A momentum oscillator that measures the magnitude of recent price changes to evaluate whether a stock is overbought (above 70) or oversold (below 30).
- **DEMA (Daily Exponential Moving Average):** A type of moving average that places a higher weight on recent prices, making it more responsive to recent price changes compared to a simple moving average (SMA). It is widely used in technical analysis to identify trends, support/resistance levels, and momentum.
- **A higher high occurs** when the price reaches a new peak above the previous high, indicating strong buying pressure and an ongoing uptrend in the market.
- **A higher low forms** when the price pulls back but remains above the previous low, signaling sustained buying interest and confirming the continuation of an uptrend.
- **The signal line in technical analysis** is a smoothed moving average of an indicator, such as the MACD, used to generate buy or sell signals by identifying crossovers, confirming trends, and enhancing decision-making for traders and investors.



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