Cipla Limited

August 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	2,268.00	CARE AAA; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned of bank facilities of Cipla Limited (Cipla) factor in the company's strong business profile with a leading and dominant share in multiple therapeutic segments, such as respiratory, urology, anti-infective, and cardiology in the domestic and international markets. Ratings also consider Cipla's extensive portfolio of over 1,500 products covering diverse therapeutic categories, and a robust pipeline comprising respiratory therapies, peptide injectables, and other complex assets. Ratings also factor in the continuous growth in its scale of operations and the improvement in its debt coverage indicators in FY25 (refers to April 1 to March 31) and Q1FY26 (UA), the immense experience of its promoters in the pharmaceuticals industry, and its strong liquidity position.

Ratings are further supported by the successful completion of multiple United States Food and Drug Administration (USFDA) inspections across its facilities in FY25, with all observations now resolved, including for the Goa plant. However, ratings continue to reflect the regulatory risks associated with the geographies in which Cipla operates. CARE Ratings Limited (CareEdge Ratings) continues to monitor the update regarding the pending litigation with National Pharmaceutical Pricing Authority (NPPA) for pricing issue and the observations received from USFDA for Pithampur manufacturing plants.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors:

- Declining operating profitability to below 15% either due to increased competition or regulatory issues.
- Weakening of financial and business profiles as a result of crystallisation of NPPA liability and/or untoward regulatory issues.
- Significantly deteriorating credit metrics because of large debt-funded capex or acquisitions resulting in net debt to profit before interest, lease rentals, depreciation, and taxation (PBILDT) going beyond 0.75x on a sustained basis.

Analytical approach: Consolidated; CareEdge Ratings has analysed Cipla's credit profile by considering the consolidated financial statements owing to financial and operational linkages between the parent and subsidiaries and common management. The list of entities consolidated is given in Annexure-6.

Outlook: Stable

The stable outlook reflects the expectation that the rated entity will maintain its strong business, financial, and liquidity profile over the medium term.

Detailed description of key rating drivers:

Key strengths

Reputed brand with leading market position across therapies

Cipla is one of the leading pharmaceutical companies in India. Per the IQVIA MAT February and March 2025, the company is ranked third largest in India and holds second position in the pharma prescription market of South Africa. The company is second-largest Indian exporter to emerging markets and the seventh-largest Indian exporter to Europe. It has a widespread presence across the globe through subsidiaries/associates. The company has 23 brands (PY: 21) in top 300 India Pharma Market (IPM) brands and 29 brands (PY: 22) with sales greater than ₹100 crore in IPM. Cipla leads in respiratory therapy with a market share of 25.30% in India followed by urology and chronic segment, where the company in domestic market stands at second position with the market share of 12.40% and 8.60%, respectively.

Diversified product portfolio and geographical presence

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

The company features a broad range of products and a substantial global footprint with presence in 73 countries. Its diverse portfolio includes therapies for respiratory issues, anti-infectives, cardiac conditions, urology, and gastro-intestinal health. The company operates in both regulated and semi-regulated markets. In FY25, domestic sales represented 42% of total revenue, followed by 29% from the US, 12% from Emerging Markets and Europe, and 14% from South Africa.

Continuous launch of new products with strong product pipeline

Cipla operates well-equipped research and development (R&D) facility with over 1,700 dedicated employees. Driven by strong research and development (R&D), Cipla has been launching new products every year. The company expended ₹1,536 crore on R&D, which comprises ~5.60% of its total operating income (TOI) of FY25. In FY25, the company launched 133 new products across the world. The newly launched products cater to chronic pulmonary disease, respiratory disease, oncology, cardiology, acid refluxes, stomach diseases, and oncology, among others. It has also filed 13 abbreviated new drug applications (ANDAs) and have received 20 approvals. The company has healthy product pipeline consisting of respiratory products, peptide injectables, and other complex assets. CareEdge Ratings expects that Cipla will continue to maintain its dominant position in the domestic and international pharmaceutical market supported by continuous launch of new products.

Accredited manufacturing facilities

Cipla has 46 state-of-the-art manufacturing facilities for API and formulations across five countries. The company has 38 manufacturing sites across India in Maharashtra, Goa, Madhya Pradesh, Karnataka, Himachal Pradesh, and Sikkim. Apart from India, the company has manufacturing plants in the US, Africa, and China. It has manufacturing capacity to produce 32.15 billion tablets and capsules, 679 million respules, 48.30 million oral liquids, 51.80 million nasal spray,144.30 million aerosol pMDI, 1.50 million lyophillsed injections, 4.60 million dry powder inhalation and 881.74 tonnes API capacity. The company's manufacturing facilities have approvals from major regulators including India's Central Drugs Standard Control Organisation, USA's Food and Drug Administration (FDA), UK's Medicines and Healthcare Products Regulatory Agency (MHRA), World Health Organisation (WHO), South African Health Products Regulatory Authority (SAPHRA), Therapeutic Goods Administration (TGA), Australia and Brazil's National Health Surveillance Agency (ANVISA).

Steady growth in operation with improving margins

The company has demonstrated consistent and sustained improvement in its financial performance, with steady growth in both revenue and operating margins. In FY25, revenue grew over 6% to ₹27,531 crore from ₹25,875 crore in FY24, while in Q1FY26 it rose ~4% year-on-year to ₹6,957 crore. PBILDT margins improved by 113 basis points to 25.83% in FY25, driven by a better product mix, cost rationalisation, and enhanced operational efficiency. CareEdge Ratings anticipates the growth momentum to sustain, driven by Cipla's strong product pipeline, operational efficiency, and presence in high-growth therapeutic segments. However, PBILDT margins are likely to soften in FY26 owing to the expiry of exclusivity benefits from key products such as Revlimid, increased pricing pressure in the U.S. generics market, and higher outlays towards R&D and new product launches.

Healthy capital structure and strong debt coverage indicators

The company's capital structure remained robust as of March 31, 2025. The debt-to-equity ratio stood stable at 0.01x, unchanged from March 31, 2024. Overall gearing also remained well below unity at 0.02x in FY25. Backed by healthy cash accruals and improved profitability, key debt protection metrics strengthened in FY25. Total debt to gross cash accruals (TD/GCA) improved to 0.07x (against 0.11x in FY24), interest coverage parameters (PBILDT/interest and Profit Before Interest and Taxes [PBIT]/interest) also improved to 114.67x and 96.82x in FY25 (71.12x and 59.42x in FY24) considering the increase in profitability. CareEdge Ratings expects that the company's credit risk profile will continue to remain comfortable supported by strong cash and liquid investments and no large debt-funded capex/acquisition.

Key weaknesses

Liability under NPPA

Since 1998, the NPPA has raised overcharging demands on Cipla under the Drugs (Price Control) Order-1995, which the company initially contested successfully in the Bombay High Court however the Supreme Court ordered a fresh hearing in 2003 and directed a 50% deposit of the alleged amount (₹175.08 crore). Subsequent demands, including duplicates, took the total claim to ₹3,707 crore; after removing duplicates, ₹2,011 crore (₹863 crore principal and ₹1,148 crore interest) remains under litigation. The matter is still sub judice, and management, confident of a favourable outcome, has made no provision in the accounts. In its analysis, CareEdge Ratings has factored in the scenario where if the liability materialises and the same has to be funded by debt, even then the adjusted overall gearing remains comfortable below 0.10x as on March 31, 2026. Apart from the above, the company has ~₹10,800 crore in the form of cash and liquid investments, which provides an adequate liquidity cushion.

Acquisitions risk

With a robust cash flow, the company might develop strategic strengths in focused therapies and expand its geographical presence. Post the large debt-funded acquisitions of US-based Invagen Pharmaceuticals Inc and Exelan Pharmaceuticals Inc in FY16 for US$ 550 million, Cipla did not venture into large-size capex. However, significant outflow will remain a key credit monitorable.

Regulatory risk

Cipla sells its products in over 70 countries across the world with its production units spread across locations. Also, the company has entered in-licensing agreements with global partners across countries for manufacturing/marketing of drugs. Hence, the company is required to comply with laws, rules and regulations and operate under strict regulatory environment in India and abroad considering the nature of business. In FY25, the USFDA inspected manufacturing sites at Patalganga, Kurkumbh, Goa, Virgonagar, and the Goa facility of subsidiary Medispray Laboratories Pvt. Ltd., issuing a total of 22 Form 483 observations. All inspections were closed with a Voluntary Action Indicated (VAI) classification, followed by Establishment Inspection Reports (EIRs). No USFDA Warning Letters were received during the year. The Pithampur plant which received warning letter in FY24, continues to address pending USFDA observations. In May 2025, Cipla's Bommasandra (Bengaluru) plant was classified as Official Action Indicated (OAI) by the USFDA, which was later revised to VAI in August 2025. CareEdge Ratings notes that the possibility of tariff impositions by the US poses an additional regulatory and trade risk for the company.

Liquidity: Strong

Cipla's liquidity profile continued to remain healthy on the backdrop of significant liquid investments of ~₹10,800 crore as on March 31, 2025. The company has no term debt repayments. The company continues to report healthy GCA of over ₹6,000 crore per annum. The company's working capital utilisation is low which further adds to its financial flexibility. With overall gearing at 0.02x as on March 31, 2025, and with the unutilised lines providing the additional cushion, CareEdge Ratings expects Cipla to have comfortable liquidity position. The company's current ratio also stood comfortable at 4.26x as on March 31, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

For the pharma industry, the main factor of ESG affecting the sector is the social aspects such as product safety and quality, human capital and development, and access to healthcare. Governance remains a universal concept affecting sectors and geographies. Amongst the ESG factors, majority of pharma companies seem to be focusing on product quality and safety and regulatory compliance in governance. Since these companies have exposure to different geographies, each having its own regulatory requirements which are continuously evolving, non-compliance with regulations or scrutiny process can result in product withdrawals, recalls, regulatory action, declining sales, reputational damage, increased litigation, and related expenses. It might also result in regulatory ban on products/facilities (as in the recent cases of import alerts issued by the USFDA to top pharma companies) and may impact a company's future approvals from regulators such as USFDA.

Cipla's ESG approach integrates employee well-being, community development, and environmental stewardship into its operations. The company focuses on fostering an inclusive and safe workplace through diversity initiatives, training, occupational health and safety programmes, and fair labour practices. Socially, it engages with local communities via targeted CSR projects in health, education, skilling, disaster relief, and rural development, while maintaining active stakeholder engagement processes. Environmentally, Cipla implements energy efficiency, water conservation, waste management, and emission reduction initiatives, supported by defined policies, measurable targets, and third-party assurance, aiming to mitigate environmental impacts across its operations and value chain.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Pharmaceuticals
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Pharmaceuticals & Biotechnology	Pharmaceuticals

Incorporated in 1935, Cipla was promoted by the late Dr K A Hamied, and is currently spearheaded by Dr Y K Hamied. The promoter group holds a 29.19% equity stake in the company as on June 30, 2025. It is engaged in manufacturing formulations and active pharmaceutical ingredients (APIs), with over 97% of the sales being contributed from the formulation segment in FY25. Cipla has a diversified product portfolio of over 1,500 different types of drugs catering to segments such as anti-infective, cardiac, gynaecology, and gastrointestinal in 73 markets across the world.

Brief Consolidated Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26(UA)
Total operating income	25,875.02	27,530.70	6,957.47
PBILDT	6,391.98	7,110.98	1,778.14
PAT	4,153.72	5,269.20	1,291.61
Overall gearing (times)	0.02	0.02	NA
Interest coverage (times)	71.12	114.67	126.55

A: Audited UA: Unaudited; NA: Not available, Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	-	-	-	-	277.00	CARE AAA; Stable / CARE A1+
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	-	-	-	-	1991.00	CARE AAA; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	277.00	CARE AAA; Stable / CARE A1+	-	1)CARE AAA; Stable / CARE A1+ (08-Oct-24)	1)CARE AAA; Stable / CARE A1+ (09-Oct-23)	1)CARE AAA; Stable / CARE A1+ (27-Sep-22)
2	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	1991.00	CARE AAA; Stable / CARE A1+	-	1)CARE AAA; Stable / CARE A1+ (08-Oct-24)	1)CARE AAA; Stable / CARE A1+ (09-Oct-23)	1)CARE AAA; Stable / CARE A1+ (27-Sep-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Goldencross Pharma Ltd.	Full	Subsidiary
2	Meditab Specialities Ltd.	Full	Subsidiary
3	Cipla Medpro South Africa (Pty) Limited	Full	Subsidiary
4	Cipla Holding B.V.	Full	Subsidiary
5	Cipla Pharma and Life Sciences Limited	Full	Subsidiary
6	Cipla (EU) Limited	Full	Subsidiary
7	Jay Precision Pharmaceuticals Pvt. Ltd.	Full	Subsidiary
8	Cipla Health Ltd.	Full	Subsidiary
9	Cipla Pharmaceuticals Limited	Full	Subsidiary
10	Cipla Digital Health Limited	Full	Subsidiary
11	Cipla Australia Pty Limited	Full	Subsidiary
12	Medispray Laboratories Private Limited	Full	Subsidiary
13	Sitec Labs Ltd.	Full	Subsidiary
14	Meditab Holdings Limited	Full	Subsidiary
15	Cipla USA Inc.	Full	Subsidiary
16	Cipla Kenya Ltd.	Full	Subsidiary
17	Cipla Malaysia Sdn. Bhd.	Full	Subsidiary

18	Cipla Europe NV	Full	Subsidiary
19	Actor Pharma (Pty) Limited	Full	Subsidiary
20	Mexico S.A. de CV	Full	Subsidiary
21	Cipla Medpro Manufacturing (Pty) Limited	Full	Subsidiary
22	Cipla-Medpro (Pty) Limited	Full	Subsidiary
23	Cipla-Medpro Distribution Centre (Pty) Ltd.	Full	Subsidiary
24	Cipla Medpro Holdings (Pty) Limited	Full	Subsidiary
25	Cipla Medpro Botswana (Pty) Limited	Full	Subsidiary
26	Cipla Select (Pty) Limited	Full	Subsidiary
27	Medpro Pharmaceutical (Pty) Ltd.	Full	Subsidiary
28	Breathe Free Lanka (Private) Ltd.	Full	Subsidiary
29	Cipla Brasil Importadora E Distribuidora De Medicamentos Ltda	Full	Subsidiary
30	Cipla Maroc SA	Full	Subsidiary
31	InvaGen Pharmaceuticals Inc.	Full	Subsidiary
32	Exelan Pharmaceuticals Inc.	Full	Subsidiary
33	CIPLA Algérie	Full	Subsidiary
34	Cipla Gulf FZ-LLC	Full	Subsidiary
35	Mirren (Pty) Ltd	Full	Subsidiary
36	Cipla Colombia SAS	Full	Subsidiary
37	Cipla (China) Pharmaceutical Co., Ltd.	Full	Subsidiary
38	Cipla (Jiangsu) Pharmaceutical Co., Ltd.	Full	Subsidiary
39	Cipla Therapeutics Inc.	Full	Subsidiary
40	Aspergen Inc	Full	Subsidiary
41	AMP Solar Power Systems Private Limited	Proportionate	Associate
42	GoAPPTIV Private Limited	Proportionate	Associate
43	AMP Energy Green Eleven Private Limited	Proportionate	Associate
44	Clean Max Auriga Power LLP	Proportionate	Associate
45	Achira Labs Private Limited	Proportionate	Associate
46	Stempeutics Research Pvt. Ltd.	Proportionate	Associate
47	Brandmed (pty) Ltd	Proportionate	Associate
48	Iconphygital Private Limited	Proportionate	Associate
49	Pactiv Healthcare Private Limited	Proportionate	Associate
50	MKC Biotherapeutics Inc	Proportionate	Associate
51	Cipla Health Employee Stock Option Trust	Full	Trust
52	The Cipla Empowerment Trust	Full	Trust

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone:+ 91-22-675 43404 E-mail: saikat.roy@careedge.in	Ranjan Sharma Senior Director **CARE Ratings Limited** Phone: +91-22-6754-3453 E-mail: ranjan.sharma@careedge.in Pulkit Agarwal Director **CARE Ratings Limited** Phone: 912267543505 E-mail: pulkit.agarwal@careedge.in Naveen Kumar Dhondy Associate Director **CARE Ratings Limited** Phone: +91-40-40102030 E-mail: dnaveen.kumar@careedge.in

About us:

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