

**BUY****TP: Rs 2,626 | ▲ 33%****LUPIN**

| Pharmaceuticals

| 03 July 2025

## Lupin carves out Consumer Healthcare business

- **LPC's OTC carve-out won't significantly impact financials, but aims to double OTC sales by sharpening focus**
- **A slew of new product launches coming up in FY27 in the US, apart from GLP, with a focus on complex generics**
- **We like LPC as no Revlimid in the base and no dependence on GLP launches. Ascribe PE of 27x on FY27E EPS to arrive at TP of Rs 2,626**

**Foram Parekh**

research@bobcaps.in

**OTC update** – LPC carves out LupinLife Consumer Healthcare into a wholly owned subsidiary, with an enhanced focus on India's rapidly growing self-care market. Lupin's OTC business has sales of Rs ~2bn and expects to grow in double digits, by increasing the direct retail coverage. Currently, the business consists of 4-5 products — Softovac, Softolax, Aptivate, Corcium and Beplex Forte — which contributes ~96% of the OTC sales.

**Domestic region** – LPC's domestic region consists of Rx (90% of domestic sales), Tender business (7% of domestic sales) and Adjacencies (3% of domestic sales). Currently, Lupin has 5 adjacencies, out of which Diagnostic and OTC have sales of Rs 1-2bn — the rest is very new.

**New launches in the US** - LPC has a slew of new product launches like Tolvaptan (USD 200mn in FY26 and 97 mn in FY27), Dulera (USD 23 mn in FY27), Glucagon (USD 15 mn in FY27), Risperdal Consta (USD 27 mn in FY27), Liraglutide (USD 15 mn in FY27), Pegfilgrastim (USD 36 mn in FY27), and Ranibizumab (USD 36 mn in FY27). New launches would aid US growth in FY27, post Tolvaptan's exclusivity.

**Export data to US** - As per May'25 sales export data, Tolvaptan sales were at USD 55 mn, Mirabegron's at USD 15mn, Tiotropium is at USD 10 mn, and Albuterol's at USD 4mn.

**Greater focus on complex generics:** Complex generics sales were mere 2% of US sales in FY20 that has increased to 34% in FY25 and will likely continue rising to 55% by FY30. Hence, LPC's R&D cost has gone up 18% CAGR from FY23-25 vs 5% CAGR from FY20-25.

**Valuation:** We like LPC given that it does not have Revlimid in the base and is not entirely focused on GLP launches. While management has guided for ~25% EBITDA margin in FY27E, we believe this would be healthy vs other companies whose margins will shrink, as Revlimid sales would be negligible. At CMP, LPC is very attractively valued at 20x on FY27E EPS of Rs 97.68.

## Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	LPC IN/Rs 1,968
Market cap	US\$ 10.4bn
Free float	53%
3M ADV	US\$ 27.8mn
52wk high/low	Rs 2,403/Rs 1,626
Promoter/FPI/DII	46%/14%/29%

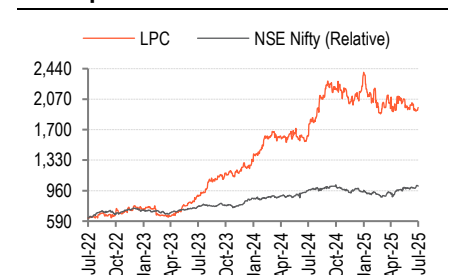
Source: NSE | Price as of 2 Jul 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	227,079	256,002	279,398
EBITDA (Rs mn)	52,775	62,511	71,192
Adj. net profit (Rs mn)	32,816	37,845	44,200
Adj. EPS (Rs)	72.5	83.6	97.7
Consensus EPS (Rs)	72.5	83.0	86.9
Adj. ROAE (%)	20.7	21.0	21.9
Adj. P/E (x)	27.1	23.5	20.2
EV/EBITDA (x)	17.2	14.3	12.3
Adj. EPS growth (%)	71.4	15.3	16.8

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**Fig 1 – SOFTOVAC sales data with peers**

Sub Group	Brand	Corporate	Sales Value (Rs mn)					Value MS (%)				
			May-21 MAT	May-22 MAT	May-23 MAT	May-24 MAT	May-25 MAT	May-21 MAT	May-22 MAT	May-23 MAT	May-24 MAT	May-25 MAT
Ayurvedic based laxatives	TOTAL		761.9	820.8	885.6	1040.9	1087.3	100.00	100.00	100.00	100.00	100.00
Ayurvedic based laxatives	SOFTOVAC	LUPIN	447.6	404.5	412.3	522.5	501.5	58.74	49.29	46.56	50.19	46.12
Ayurvedic based laxatives	SOFTOLAX	LUPIN	66.2	79.6	105.6	112.4	130.7	8.69	9.70	11.93	10.80	12.02
Ayurvedic based laxatives	HERBOLAX	HIMALAYA	42.6	63.8	72.8	78.9	113.2	5.59	7.77	8.22	7.58	10.41
Ayurvedic based laxatives	TRIPHALA	HIMALAYA	46.3	64.6	71.7	89.4	98.5	6.08	7.87	8.09	8.59	9.06
Ayurvedic based laxatives	FABOLITE	ABBOTT*	69.6	104.4	106.7	96.3	72.2	9.14	12.72	12.05	9.25	6.64

Source: BOBCAPS Research

**Fig 2 – APTIVAT sales data with peers**

Sub Group	Brand	Corporate	Sales Value (Rs mn)					Value MS (%)				
			May-21 MAT	May-22 MAT	May-23 MAT	May-24 MAT	May-25 MAT	May-21 MAT	May-22 MAT	May-23 MAT	May-24 MAT	May-25 MAT
Appetite stimulants	NEOGADINE	RAPTAKOS	446.1	607.8	693.0	537.9	504.2	52.54	58.60	61.25	51.42	48.34
Appetite stimulants	APTIVATE	LUPIN	301.7	316.7	314.2	384.3	401.6	35.53	30.53	27.77	36.74	38.49
Appetite stimulants	HAPENZ	TABLETS INDIA	40.7	48.7	51.1	44.9	46.1	4.79	4.69	4.52	4.29	4.41
Appetite stimulants	CYPON H PLUS	GENO	23.1	30.3	33.7	34.8	38.0	2.72	2.92	2.98	3.33	3.64
Appetite stimulants	APTIZOOM	CHARAK	5.5	10.4	10.9	9.9	13.1	0.64	1.01	0.97	0.95	1.25

Source: BOBCAPS Research

**Fig 3 – CORCIUM sales data with peers**

Sub Group	Brand	Corporate	Sales Value (Rs mn)					Value MS (%)				
			May-21 MAT	May-22 MAT	May-23 MAT	May-24 MAT	May-25 MAT	May-21 MAT	May-22 MAT	May-23 MAT	May-24 MAT	May-25 MAT
Calcium	CORCIUM	LUPIN	128.7	148.8	130.4	104.1	107.0	26.57	24.18	21.68	19.22	21.59
Calcium	CORAL CALCIUM	PREMIER NUTRA	24.5	85.4	92.2	89.3	90.6	5.06	13.89	15.34	16.49	18.28
Calcium	TRIPLEACAL	USV	116.0	127.2	117.7	103.4	67.6	23.93	20.68	19.58	19.09	13.63
Calcium	GLUCI	NEON	19.1	41.2	50.2	42.5	31.5	3.95	6.69	8.35	7.86	6.36
Calcium	EZORB HD	OVERSEAS	14.2	23.5	19.9	22.3	22.6	2.93	3.82	3.32	4.13	4.56
Calcium	CALTOTO XT	VASU ORG	0.00	10.2	9.9	18.9	21.7	0.00	1.66	1.64	3.49	4.37

Source: BOBCAPS Research

**Fig 4 – BEPLEX FORTE sales data with peers**

Sub Group	Brand	Corporate	Sales Value (Rs mn)					Value MS (%)				
			May-21 MAT	May-22 MAT	May-23 MAT	May-24 MAT	May-25 MAT	May-21 MAT	May-22 MAT	May-23 MAT	May-24 MAT	May-25 MAT
Vitamin Bcomplex	BECOSULES	PFIZER	4,020.4	3,047.8	3,062.6	3,289.3	3,701.6	72.74	62.98	65.96	63.43	68.46
Vitamin Bcomplex	BEPLEX FORTE	LUPIN	724.4	916.6	705.4	876.3	800.5	13.11	18.94	15.19	16.90	14.80
Vitamin Bcomplex	BECOZYM C FORTE	PIRAMAL	286.3	263.5	303.6	375.8	361.6	5.18	5.44	6.54	7.25	6.69
Vitamin Bcomplex	VITCOFOL-C COMBIPACK	FDC	238.0	230.4	221.2	251.8	272.4	4.31	4.76	4.76	4.86	5.04
Vitamin Bcomplex	ELDERVIT-12 (ELDER PROJECTS)	ELDER PROJECTS LIMITED	160.1	270.2	233.8	274.4	162.3	2.90	5.58	5.04	5.29	3.00
Vitamin Bcomplex	BASITON FORTE	ABBOTT	31.9	40.7	39.3	38.4	42.7	0.58	0.84	0.85	0.74	0.79

Source: BOBCAPS Research

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Total revenue</b>	<b>166,417</b>	<b>200,106</b>	<b>227,079</b>	<b>256,002</b>	<b>279,398</b>
EBITDA	17,982	38,105	52,775	62,511	71,192
Depreciation	8,807	11,968	11,693	11,330	11,850
EBIT	9,175	26,137	41,083	51,181	59,342
Net interest inc./(exp.)	(2,743)	(3,116)	(2,949)	(1,827)	(1,735)
Other inc./(exp.)	734	1,202	2,016	1,500	1,800
Exceptional items	0	0	0	0	0
EBT	7,165	24,223	40,150	50,854	59,407
Income taxes	2,688	4,867	7,087	12,714	14,852
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	176	211	246	296	355
<b>Reported net profit</b>	<b>4,301</b>	<b>19,145</b>	<b>32,816</b>	<b>37,845</b>	<b>44,200</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>4,301</b>	<b>19,145</b>	<b>32,816</b>	<b>37,845</b>	<b>44,200</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
Accounts payables	25,315	29,581	29,632	33,232	35,060
Other current liabilities	27,794	30,954	31,664	31,664	31,664
Provisions	8,581	9,003	7,093	18,902	21,750
Debt funds	42,441	26,699	50,767	31,449	29,877
Other liabilities	0	0	0	0	0
Equity capital	910	911	913	913	913
Reserves & surplus	124,518	142,823	172,029	187,225	214,952
Shareholders' fund	125,428	143,734	172,942	188,139	215,866
<b>Total liab. and equities</b>	<b>229,559</b>	<b>239,972</b>	<b>292,097</b>	<b>303,385</b>	<b>334,216</b>
Cash and cash eq.	12,931	12,736	46,231	52,855	75,413
Accounts receivables	44,807	46,921	54,971	57,435	62,684
Inventories	44,918	49,539	54,764	58,794	64,167
Other current assets	36,830	39,734	43,162	44,162	45,162
Investments	5,169	10,746	10,868	10,868	10,868
Net fixed assets	53,768	51,089	56,221	52,891	49,041
CWIP	8,948	5,957	3,555	4,055	4,555
Intangible assets	22,188	23,250	22,326	22,326	22,326
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
<b>Total assets</b>	<b>229,559</b>	<b>239,972</b>	<b>292,097</b>	<b>303,385</b>	<b>334,216</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Cash flow from operations</b>	<b>3,964</b>	<b>30,803</b>	<b>26,979</b>	<b>58,916</b>	<b>50,840</b>
Capital expenditures	(11,420)	(7,361)	(13,498)	(8,500)	(8,500)
Change in investments	3,831	(5,577)	(122)	0	0
Other investing cash flows	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(7,589)</b>	<b>(12,938)</b>	<b>(13,620)</b>	<b>(8,500)</b>	<b>(8,500)</b>
Equities issued/Others	1	1	2	0	0
Debt raised/repaid	3,999	(15,741)	24,067	(19,318)	(1,572)
Interest expenses	(2,743)	(3,116)	(2,949)	(1,827)	(1,735)
Dividends paid	(5,151)	(5,249)	(2,732)	(14,105)	(16,473)
Other financing cash flows	8,702	6,045	1,747	(8,544)	0
<b>Cash flow from financing</b>	<b>4,808</b>	<b>(18,060)</b>	<b>20,135</b>	<b>(43,793)</b>	<b>(19,781)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>1,183</b>	<b>(195)</b>	<b>33,495</b>	<b>6,624</b>	<b>22,559</b>
<b>Closing cash &amp; cash eq.</b>	<b>12,931</b>	<b>12,736</b>	<b>46,231</b>	<b>52,855</b>	<b>75,413</b>

### Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25A	FY26E	FY27E
Reported EPS	9.5	42.0	72.0	83.0	97.0
Adjusted EPS	9.5	42.3	72.5	83.6	97.7
Dividend per share	3.5	15.8	27.0	31.2	36.4
Book value per share	275.5	315.8	380.2	413.8	475.0

### Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25A	FY26E	FY27E
EV/Sales	5.4	4.6	4.0	3.5	3.1
EV/EBITDA	50.0	24.1	17.2	14.3	12.3
Adjusted P/E	207.1	46.5	27.1	23.5	20.2
P/BV	7.1	6.2	5.2	4.8	4.1

### DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25A	FY26E	FY27E
Tax burden (Net profit/PBT)	60.0	79.0	81.7	74.4	74.4
Interest burden (PBT/EBIT)	78.1	92.7	97.7	99.4	100.1
EBIT margin (EBIT/Revenue)	5.5	13.1	18.1	20.0	21.2
Asset turnover (Rev./Avg TA)	18.8	21.3	21.3	21.5	21.9
Leverage (Avg TA/Avg Equity)	1.8	1.7	1.7	1.6	1.6
<b>Adjusted ROAE</b>	<b>3.5</b>	<b>14.2</b>	<b>20.7</b>	<b>21.0</b>	<b>21.9</b>

### Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25A	FY26E	FY27E
<b>YoY growth (%)</b>					
Revenue	1.4	20.2	13.5	12.7	9.1
EBITDA	(13.5)	111.9	38.5	18.4	13.9
Adjusted EPS	63.2	345.1	71.4	15.3	16.8

### Profitability & Return ratios (%)

EBITDA margin	10.8	19.0	23.2	24.4	25.5
EBIT margin	5.5	13.1	18.1	20.0	21.2
Adjusted profit margin	2.6	9.6	14.5	14.8	15.8
Adjusted ROAE	3.5	14.2	20.7	21.0	21.9
ROCE	3.6	12.4	17.3	17.2	19.0

### Working capital days (days)

Receivables	96	84	82	82	82
Inventory	100	86	84	84	84
Payables	130	151	158	158	158

### Ratios (x)

Gross asset turnover	1.2	1.3	1.3	1.4	1.5
Current ratio	2.3	2.1	2.9	2.5	2.8
Net interest coverage ratio	3.3	8.4	13.9	28.0	34.2
<b>Adjusted debt/equity</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.2)</b>	<b>(0.3)</b>

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

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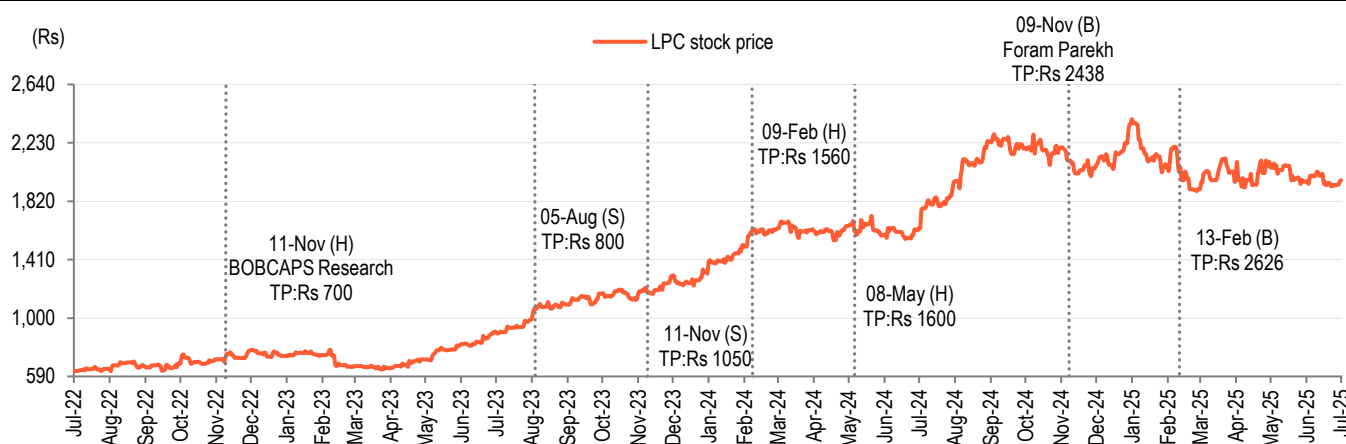
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

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## Ratings and Target Price (3-year history): LUPIN (LPC IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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