RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 3,095 | ⮝ 31%

LUPIN | Pharmaceuticals | 08 August 2026

Quarterly pain, annual gain

- **Sales/EBITDA/APAT were 6.6%/18%/-1.4% above our estimates, while EBITDA Margin was 286 bps above our estimate at 29.8%**
- **Quarterly US cc sales likely to slip to ~USD250mn; however, we expect sales to recover to USD300+ mn in FY28 due to new launches**
- **We continue to ascribe a PE of 26x and roll forward to Jun'28 EPS to arrive at a PT of Rs 3095, implying 31% upside; Maintain BUY**

Foram Parekh
Research Analyst
research@bobcaps.in

Healthy set of earnings – LPC reported strong earnings, with sales growing 32% YoY driven by 42% YoY growth in the US business, 48% YoY growth in Other Developed markets (aided by the integration of Visufarma), 52% YoY growth in EMs, and 14% YoY growth in the domestic region. Healthy product mix, improved profitability in the domestic business, and cost efficiencies over the quarters led to a 303 bps increase in gross margin to 74.8% and a 358 bps increase in EBITDA margin to 29.8%. Thus, EBITDA grew 50% YoY to Rs 24.6bn. However, a 51% YoY increase in depreciation (due to higher amortization from Visufarma) and a higher tax rate of 29.6% led to slower PAT growth of 16% YoY to Rs 14.2bn.

US growth remains higher amidst competition in the key product – On a higher sequential base, the US region declined by only 3% QoQ to USD 366 mn in 1QFY27 due to competition in Mirabegron, which was offset by growth in Tolvaptan and Tiotropium (35% market share). In INR terms, the region grew by 42.9% YoY to Rs 34.34bn due to higher volume in the base business and the benefit of currency depreciation. Going forward, competition is expected in key products like Tolvaptan (a four-player market expected) and Mirabegron, leading to lower US sales in H2FY27 (~USD 250–280mn quarterly run rate); however, due to a strong H1FY27, the exit rate for FY27 is expected to be ~USD 1.2bn (earlier guided for USD1bn) The company also has meaningful launches in H2FY27 like bPegfilgrastim and Saxenda among others and the full year impact of these sales would bring growth back in FY28 on the base of USD ~1.2bn sales in FY27. In INR terms, we expect the region to grow at a CAGR of 10% over FY27-29E to Rs 140bn while in cc terms, we expect a CAGR of 4% to USD 1.33bn in FY29E.

Valuation – As earnings were above our estimates, we have revised our EPS upwards. On rolling forward to Jun'28 EPS, the stock trades at a PE of 20x at CMP, and we continue to ascribe 26x to arrive at a PT of Rs 3,095 on the stock. We ascribe a higher multiple of 26x due to: 1) industry-high margins (guided at 25% in FY27) in the formulations space post Revlimid genericization, 2) 50 new launches in the US and 80 new launches in the domestic market, and 3) doubling of the complex generic portfolio in the US market, which is unique in the industry.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	LPC IN/Rs 2,364
Market cap	US$ 11.3bn
Free float	53%
3M ADV	US$ 26.1mn
52wk high/low	Rs 2,530/Rs 1,875
Promoter/FPI/DII	46%/14%/29%

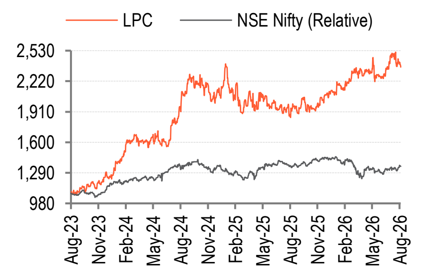
Source: NSE | Price as of 7 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	279,580	307,799	338,779
EBITDA (Rs mn)	81,595	77,374	88,430
Adj. net profit (Rs mn)	52,343	43,939	51,283
Adj. EPS (Rs)	115.7	96.4	112.5
Consensus EPS (Rs)	117.0	101.0	103.0
Adj. ROAE (%)	26.3	18.4	19.1
Adj. P/E (x)	20.4	24.5	21.0
EV/EBITDA (x)	13.3	14.5	13.1
Adj. EPS growth (%)	59.5	(16.6)	16.7

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Emerging Markets are expected to grow in double digits on a high base - In 1QFY27, the region grew 51.7% YoY to Rs 9.8bn, primarily due to growth in markets like Brazil, South Africa, and Philippines. In Brazil, LPC launched Empagliflozin, and healthy traction in Dapagliflozin led to 117% YoY growth in cc terms. Going forward, Brazil and South Africa are expected to perform well, with a pickup in Empagliflozin sales in Brazil and the launch of Semaglutide in South Africa. Hence, we expect this region to grow at a CAGR of 10% over FY27-29E, on a higher base of 21% CAGR over FY24-26.

Domestic region growth driven by the branded prescription business – Sales grew 13.9% YoY to Rs 23.7bn, primarily driven by 15% YoY growth in the Rx business, which outperformed IPM growth of 13.5%. The 15% Rx growth was driven by 6% volume growth and 7 new launches. Therapeutically, the growth was driven by the chronic portfolio, which contributed 67% of sales in 1QFY27 vs. 65% in 4QFY26 and is marketed by 8,700 MRs. Within the chronic portfolio, the Diabetes segment grew 31.8%, aided by above-20% growth in human insulin and Semaglutide. Going forward, the company intends to launch 33% of its 80 new launches as novel products, either through in-house development or in-licensing of late-stage programs. Thus, we expect this segment to grow at a CAGR of 13% over FY27-29E to Rs 118.1bn in FY29E.

Other developed market growth aided by the integration of Visufarma – Sales grew 48% YoY to Rs 11.49bn, driven by geographies like Australia, Canada, and Europe, where Europe grew 83% YoY. The company has many biosimilars, complex products, and injectables to launch in Europe. We expect this segment to grow at a CAGR of 15% over FY27-29E to Rs 58bn in FY29E.

Fig 1 – foreign subsidiaries profitability

Profitability (Rs mn)	FY24	FY25	FY26
Pharma Dynamics (Proprietary) Limited, South Africa	473	240	549
YoY growth (%)		(49.3)	128.9
% of profit (%)	2.50	0.70	1.00
Multicare Pharmaceuticals Philippines Inc., Philippines	442	509	467
YoY growth (%)		15.2	(8.3)
% of profit (%)	2.30	1.60	0.90
Lupin Philippines Inc., Philippines	(107)	266	46
YoY growth (%)		(349.8)	(82.6)
% of profit (%)	(0.60)	0.70	0.10
Laboratorios Grin, S.A. de C.V., Mexico	(32)	352	369
YoY growth (%)		NA	4.9
% of profit (%)	(0.2)	1.10	0.70
Medquimica Industria Farmaceutica LTDA, Brazil	(1415)	(1682)	1173
YoY growth (%)		18.8	(169.7)
% of profit (%)	(7.40)	(5.10)	2.20

Source: Company, BOBCAPS Research

EBITDA margin guidance maintained at 25% - In 1QFY27, EBITDA margin came in at 29.8%, due to higher US sales and improving profitability in the domestic region. LPC is likely to witness lower margins in some quarters in H2FY27 due to the impact of the Middle East war and competition in key products like Tolvaptan and Mirabegron; however, the company maintains its FY27 EBITDA margin guidance at 25%

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Quarterly Highlights

Fig 2 – Financial highlights

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Var. (%)
Net Sales	82,769	62,683	32.0	74,747	10.7	77,634	6.6
Total Expenses	58,134	46,270	25.6	53,036	9.6	56,750	2.4
(%) of net sales	70.2	73.8		71.0		73.1	
Raw material consumed	20,892	17,719	17.9	18,516	12.8	19,408	7.6
(%) of net sales	25.2	28.3		24.8		25.0	
Gross Profit	61,877	44,964	37.6	56,230	10.0	58,225	6.3
Staff cost	13,830	10,830	27.7	12,427	11.3	13,431	3.0
(%) of net sales	16.7	17.3		16.6		17.3	
R&D cost	6,456	5,328	21.2	5,898	9.5	6,055	6.6
(%) of net sales	7.8	8.5		7.9		7.8	
SG&A	16,956	12,392	36.8	16,195	4.7	17,856	(5.0)
(%) of net sales	20.5	19.8		21.7		23.0	
EBITDA	24,635	16,414	50.1	21,711	13.5	20,883	18.0
Depreciation	4,529	2,990	51.5	4,467	1.4	3,494	29.6
EBIT	20,106	13,424	49.8	17,244	16.6	17,390	15.6
Interest	1,096	918	19.5	1,202	(8.8)	1,242	(11.7)
Other Income	1,303	790	65.0	1,407	(7.4)	932	39.9
PBT	20,313	13,296	52.8	17,449	16.4	17,079	18.9
Less: Taxation	6,004	1,941		4,593		2,562	
Recurring PAT	14,309	11,356	26.0	12,856	11.3	14,517	(1.4)
Exceptional items	(139)	859		1,832		0	
PAT attributable to shareholders	14,150	12,190	16.1	14,604	(3.1)	14,517	(2.5)
Key Ratios (%)			**(bps)**		**(bps)**		**(bps)**
Gross Margin	74.8	71.7	303	75.2	(47)	75.0	(24.2)
EBITDA Margin	29.8	26.2	358	29.0	72	26.9	286.3
Tax / PBT	29.6	14.6	1496	26.3	323	15.0	1,455.7
NPM	17.3	18.1	(83)	17.2	9	18.7	(141.2)
Recurring EPS (Rs)	31.5	25.0	26.0	28.3	11.3	32.0	(1.4)
Reported EPS (Rs)	31.2	26.8	16.1	32.2	(3.1)	31.8	(2.0)

Source: Company, BOBCAPS Research

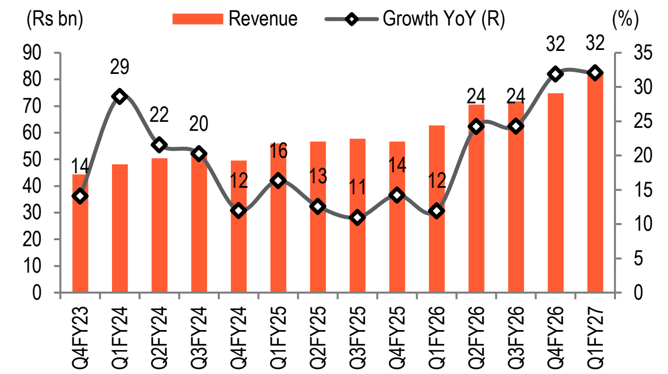
Fig 3 – Segmental mix

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Q1FY27E	Var. (%)
Formulations	79,535	59,207	34.3	71,428	11.3	74,312	7.0
US	34,348	24,041	42.9	33,987	1.1	32,200	6.7
India	23,796	20,894	13.9	19,082	24.7	22,983	3.5
Other Developed Markets	11,494	7,748	48.3	8,453	36.0	9,995	15.0
EM	9,897	6,524	51.7	9,906	(0.1)	9,134	8.4
APIs	2,637	2,431	8.5	2,491	5.9	2,553	3.3
Licensing Income	-	-		0		-	
Other Operating income	597	1,046	(43.0)	828	(27.9)	769	(22.4)
Net Sales	82,769	62,684	32.0	74,747	10.7	77,634	6.6

Source: Company, BOBCAPS Research

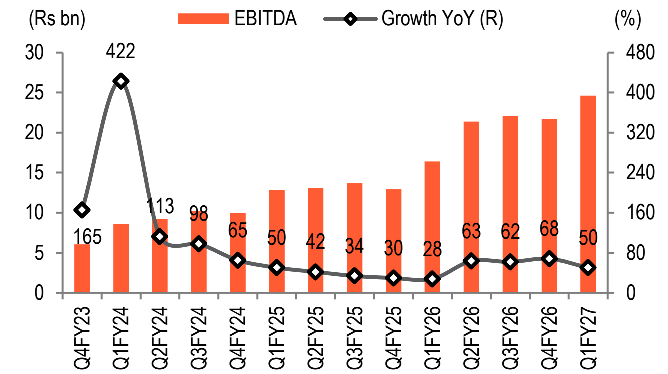
Financial Charts

Fig 4 – Sales growth driven by healthy growth across geographies



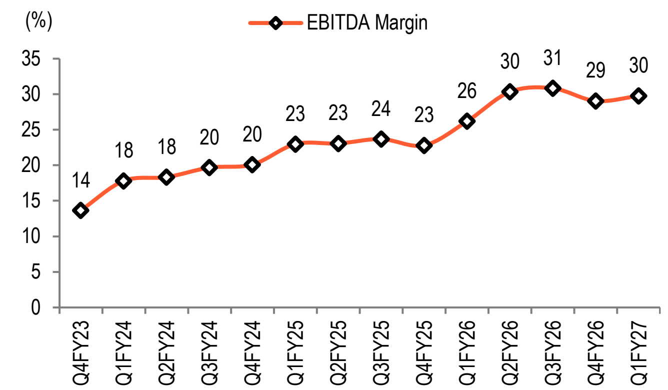
Source: Company, BOBCAPS Research

Fig 5 – EBITDA growth driven by healthy product mix and cost efficiencies



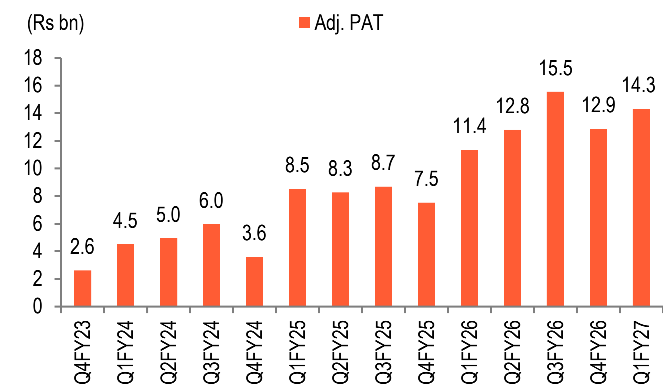
Source: Company, BOBCAPS Research

Fig 6 – EBITDA Margin maintained towards its highs due to increasing profitability across regions



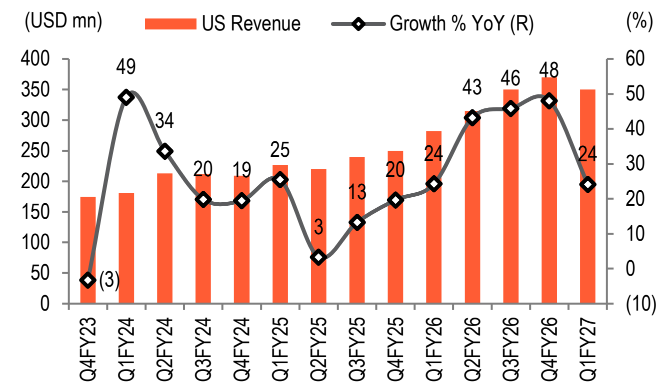
Source: Company, BOBCAPS Research

Fig 7 – Healthy operations led to healthy PAT



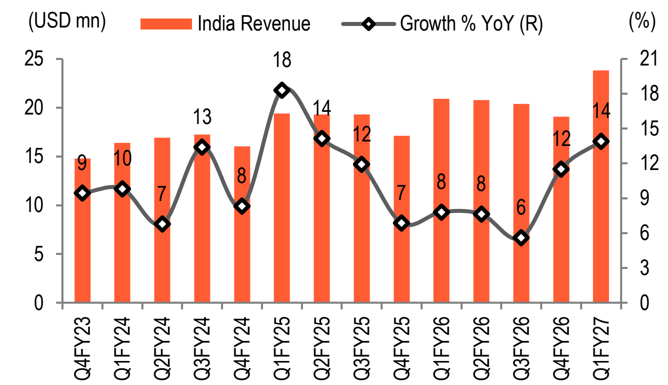
Source: Company, BOBCAPS Research

Fig 8 – US sales declined QoQ due to competition in Mirabegron



Source: Company, BOBCAPS Research

Fig 9 – Domestic sales driven by higher Rx sales



Source: Company, BOBCAPS Research

Valuation methodology

Earnings were above our estimates on all fronts. Going forward, the company has increased its US CC FY27 sales guidance from USD 1bn to USD 1.2bn and expects growth to return from FY28E. The domestic business has also reported healthy 14% growth and is expected to grow at 1.2-1.3x the IPM growth (IPM growth has increased to double digits). However, the company has guided for a higher tax rate of 27-28% going forward. Thus, we revise our EPS marginally upwards by 0.4% and 3.4% for FY28E and FY29E, to Rs 112.5 in FY28E and Rs 135 in FY29E. We arrive at a sales/EBITDA/PAT CAGR of 11%/15%/18%, respectively.

On rolling forward to Jun'28 EPS of Rs 118 per share, the stock trades at a PE of 20x at CMP, and we continue to ascribe 26x to arrive at a PT of Rs 3,095 on the stock

We ascribe a higher multiple of 26x due to: 1) industry-high margins (guided at 25%) in the US formulations space post genericization of Revlimid (peers guiding for 20%), 2) a healthy pipeline of 50+ product launches in the US, including 10 FTFs and 2 505(b)2s over the next 3 years (peer guiding for ~8-10 products in the US), and 80 new launches in the domestic market, of which one-third are to be novel products, 3) doubling of complex products in the US from the current ~30%, and 4) scouting for value-accretive opportunities with net cash of Rs 28bn, which we believe is unique in the industry.

This diversification into high-value complex products is not factored into the current stock price, as there seems to be pessimism about the sustainability of quarterly US sales in cc terms, which we believe is an anomaly relative to the current market price.

Fig 10 – Change in estimates

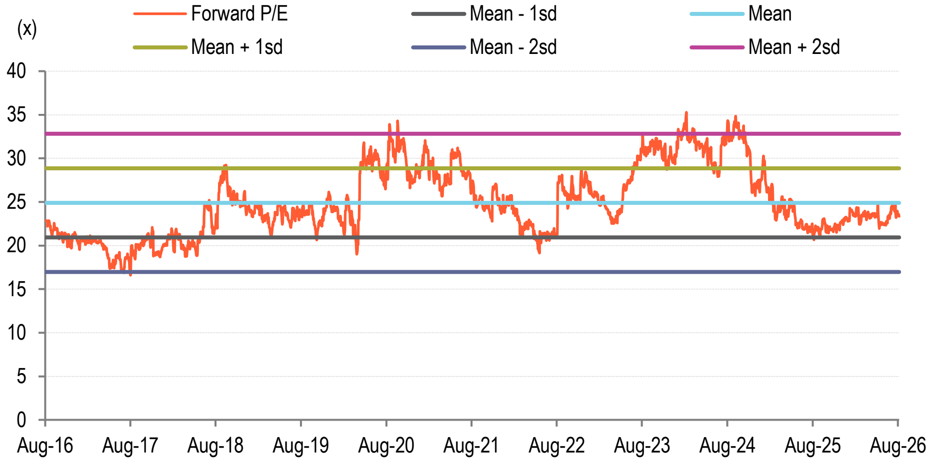
(Rs mn)	New			Old			Change (%)		
Particulars	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	307799	338779	378316	300895	322372	354083	2.3	5.1	6.8
EBITDA	77374	88430	102110	75783	84494	96072	2.1	4.7	6.3
EBITDA Margin (%)	25	26	27	25	26	27	0.0bps	(0.1bps)	(0.1bps)
EPS	96.4	112.5	135.1	101.5	112.1	130.6	(5.0)	0.4	3.4

Source: Company, BOBCAPS Research

Key Risks

- Higher competition in key products in the US region
- Higher raw material pries
- Non sustenance of higher growth in the domestic business.

Fig 11 – 1 year forward PE band



Source: Company, BOBCAPS Research

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Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**227,079**	**279,580**	**307,799**	**338,779**	**378,316**
EBITDA	52,775	81,595	77,374	88,430	102,110
Depreciation	11,693	13,755	16,327	17,007	17,687
EBIT	41,083	67,840	61,047	71,423	84,423
Net interest inc./(exp.)	(2,949)	(4,345)	(4,185)	(3,908)	(3,652)
Other inc./(exp.)	2,016	4,245	3,700	3,200	4,100
Exceptional items	0	0	0	0	1
EBT	40,150	67,740	60,562	70,715	84,871
Income taxes	7,087	15,171	16,352	19,093	22,915
Extraordinary items	0	986	0	0	0
Min. int./Inc. from assoc.	246	226	272	339	407
Reported net profit	**32,816**	**53,329**	**43,939**	**51,283**	**61,549**
Adjustments	0	(986)	0	0	0
Adjusted net profit	**32,816**	**52,343**	**43,939**	**51,283**	**61,549**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	29,632	41,731	38,975	42,898	49,194
Other current liabilities	31,664	46,742	46,742	46,742	46,742
Provisions	7,093	10,939	22,236	25,559	30,029
Debt funds	53,409	64,051	59,779	55,828	52,170
Other liabilities	0	0	0	0	1
Equity capital	913	914	914	911	911
Reserves & surplus	172,030	224,219	251,781	283,951	322,561
Shareholders' fund	172,943	225,133	252,696	284,863	323,472
Total liab. and equities	**294,741**	**388,596**	**420,428**	**455,889**	**501,608**
Cash and cash eq.	31,423	56,508	91,795	121,654	158,830
Accounts receivables	54,971	66,041	66,613	73,317	81,874
Inventories	54,764	60,833	63,632	70,036	78,210
Other current assets	60,907	75,374	76,374	77,374	78,374
Investments	10,868	36,061	36,061	36,061	36,061
Net fixed assets	55,927	60,244	51,917	42,910	33,223
CWIP	3,555	6,952	7,452	7,952	8,452
Intangible assets	22,326	26,585	26,585	26,585	26,585
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**294,741**	**388,596**	**420,428**	**455,889**	**501,608**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**11,796**	**70,925**	**68,619**	**65,334**	**75,925**
Capital expenditures	(13,205)	(25,728)	(8,500)	(8,500)	(8,500)
Change in investments	(122)	(25,193)	0	0	0
Other investing cash flows	0	0	0	0	1
Cash flow from investing	**(13,326)**	**(50,921)**	**(8,500)**	**(8,500)**	**(8,499)**
Equities issued/Others	2	1	0	(3)	0
Debt raised/repaid	26,710	10,642	(4,272)	(3,951)	(3,657)
Interest expenses	(2,949)	(4,345)	(4,185)	(3,908)	(3,652)
Dividends paid	(2,732)	(5,612)	(16,376)	(19,113)	(22,939)
Other financing cash flows	1,748	4,395	0	0	0
Cash flow from financing	**22,779**	**5,081**	**(24,832)**	**(26,975)**	**(30,248)**
Chg in cash & cash eq.	**21,249**	**25,085**	**35,287**	**29,859**	**37,178**
Closing cash & cash eq.	**31,423**	**56,508**	**91,795**	**121,654**	**158,832**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	72.0	117.0	96.4	112.5	135.1
Adjusted EPS	72.5	115.7	96.4	112.5	135.1
Dividend per share	8.1	43.9	36.2	42.2	50.7
Book value per share	380.2	496.1	557.0	628.1	713.4

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	4.7	3.9	3.7	3.4	3.2
EV/EBITDA	20.2	13.3	14.5	13.1	11.7
Adjusted P/E	32.6	20.4	24.5	21.0	17.5
P/BV	6.2	4.8	4.2	3.8	3.3

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	81.7	77.3	72.6	72.5	72.5
Interest burden (PBT/EBIT)	97.7	99.9	99.2	99.0	100.5
EBIT margin (EBIT/Revenue)	18.1	24.3	19.8	21.1	22.3
Asset turnover (Rev./Avg TA)	21.2	20.5	19.0	19.3	19.8
Leverage (Avg TA/Avg Equity)	1.7	1.7	1.7	1.6	1.6
Adjusted ROAE	20.7	26.3	18.4	19.1	20.2

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	13.5	23.1	10.1	10.1	11.7
EBITDA	38.5	54.6	(5.2)	14.3	15.5
Adjusted EPS	71.4	59.5	(16.6)	16.7	20.0
Profitability & Return ratios (%)					
EBITDA margin	23.2	29.2	25.1	26.1	27.0
EBIT margin	18.1	24.3	19.8	21.1	22.3
Adjusted profit margin	14.5	18.7	14.3	15.1	16.3
Adjusted ROAE	20.7	26.3	18.4	19.1	20.2
ROCE	17.2	21.0	15.2	16.2	17.5
Working capital days (days)					
Receivables	82	79	79	79	79
Inventory	84	75	75	75	75
Payables	158	178	178	178	178
Ratios (x)					
Gross asset turnover	1.3	1.5	1.6	1.7	1.8
Current ratio	3.0	2.6	2.8	3.0	3.2
Net interest coverage ratio	13.9	15.6	14.6	18.3	23.1
Adjusted debt/equity	0.1	(0.1)	(0.3)	(0.4)	(0.4)

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

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Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 (Perpetual)**
SEBI Stock Broker Registration No: **INZ000159332**
SEBI Depository Participant Registration No: **IN-DP-728-2022**
SEBI Merchant Banker Registration No: **INM000009926**
Phone: +91-22-61389300
Name of the Compliance Officer: Mr. Sameer Khobrekar
Email ID: Compliance@bobcaps.in; Phone no.: +91-22-61389358
For any queries or grievances, you may contact the Grievance Officer.
Name of the Grievance Officer: Mr. Nilesh Mehta
Email ID: head-customercare@bobcaps.in; Phone no: 92288 60945

Brand Name: **BOBCAPS**
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CIN: **U65999MH1996GOI098009**

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Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

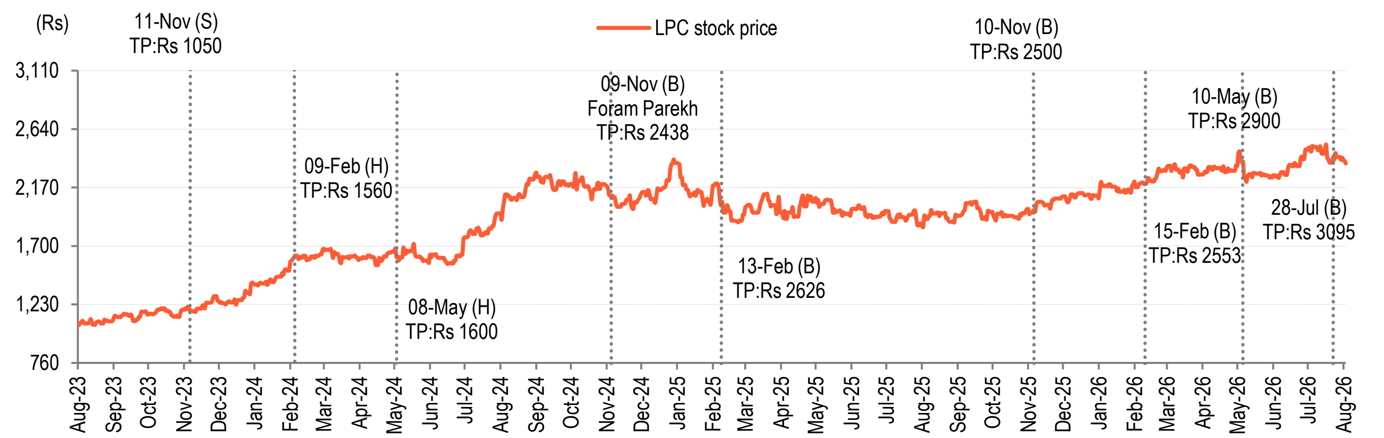
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

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



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

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