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BUY
TP: Rs 2,500 | ⮝ 27%

LUPIN | Pharmaceuticals | 10 November 2025

Massive beat on earnings; margin guidance raised for FY26

- **Sales/EBITDA/PAT reported 15%/37%/47% above estimates. Adj. forex gain PAT reported 27% above estimates.**
- **US sales in cc terms reported at USD 315 mn, largely due to Tolvaptan's exclusivity. Quarterly sales upped to USD 280 – 300 mn in H2FY26**
- **Focus on rising in Ophthalmology after Respiratory across globe; continue to ascribe PE of 26x on Sep'27 roll forward vs 1YF PE of 25x**

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Strong beat on all fronts – LPC reported 24%YoY growth in sales to Rs 70bn, 63% YoY growth in EBITDA and 73% YoY growth in reported PAT. During the quarter, there was a forex gain of Rs 2bn, adjusting for the forex gain, PAT grew by 50% YoY. Geographically, US rose by 47.3% YoY, EMs grew by 45% YoY, Other developed market grew by 18.9% YoY and domestic market grew by 3% YoY.

US sales growth aided by Tolvaptan's exclusivity – US sales reported 21.9% above our estimates. In cc terms, US sales reported at USD315 mn, primarily driven by Tolvaptan's exclusivity and higher growth in gSpiriva, strong QoQ growth in Mirabegron and new complex injectable launches like Glucagon and gVictoza.

Emerging markets growth supported by strong Diabetes portfolio in Brazil – EMs sales reported 43% above our estimates. The growth came from strong performance in countries like Brazil and South Africa, offset by lower performance in Philippines. Brazil, in cc terms, grew by 141% YoY, aided by new launches and strong sales from Dapagliflozin.

Other Developed Markets growth was driven by Europe – sales reported 19% above our estimates. Growth came from markets like Europe, Canada and Australia, where Europe reported 26.8% YoY growth, led by higher sales in Germany and UK. Going forward, Europe is expected to continue growing higher than the company level growth rate, driven by VISUfarma acquisition and new launches.

Domestic region growth impacted by LOE in Diabetes portfolio – sales reported 4.3% below our estimates, affected by LOE in the Diabetes brands and low tender business. Rx business grew by 8.8% and excluding the impact on LOE brands like Gibtulio and Ajaduo, sales grew by 10.7% supported by 8200 MRs.

Valuation - At CMP, the stock is trading at PE of 20x on Sep'27 EPS and due to sustenance of strong growth across geographies, we continue to ascribe PE of 26x on Sep'27 roll forward basis vs 1 year forward mean PE of 25x to arrive at a PR of Rs 2500 (earlier Rs 2626)

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	LPC IN/Rs 1,972
Market cap	US$ 10.1bn
Free float	53%
3M ADV	US$ 19.1mn
52wk high/low	Rs 2,403/Rs 1,795
Promoter/FPI/DII	46%/14%/29%

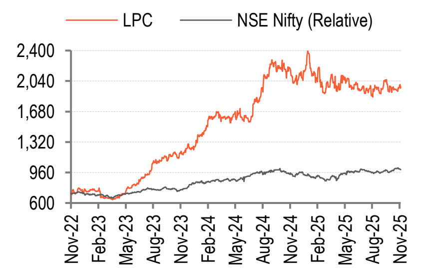
Source: NSE | Price as of 7 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	227,079	254,550	268,873
EBITDA (Rs mn)	52,775	66,485	67,913
Adj. net profit (Rs mn)	32,816	40,826	41,741
Adj. EPS (Rs)	72.5	90.2	92.2
Consensus EPS (Rs)	72.5	90.8	88.1
Adj. ROAE (%)	20.7	22.5	20.6
Adj. P/E (x)	27.2	21.9	21.4
EV/EBITDA (x)	17.0	13.8	13.9
Adj. EPS growth (%)	71.4	24.4	2.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Earnings Call highlights

Outlook

Global specialty business to report USD 150 mn sales in FY27

Expect US quarterly cc sales to be USD 275 – 300 mn

Aims to grow above 20% in Europe every year and for 3-5 years, expect growth to be higher than the company level growth rate

R&D spend to be around 7.5% - 8.5% of sales

Increased higher EBITDA margin from 25-26% vs earlier 24-25%

ETR to be 21-22%

US region

Biosimilars portfolio to positively contribute from FY27 and aims to have 5 products in the market by FY30.

Complex business share to double in the US over the next few years

Filings – have 50 products filings planned for US with a near-term focus on respiratory complex injectables and biosimilars

Tolvapton – Market share is 30%. There is still a lot of room for generic penetration and on an expansion of the market both for the company as well as new entrants

Domestic Region

New products – have 80+ new product launches planned over the coming years, including innovative products from both in-house development and in-licensed including GLPs

Rx business grew by 8.8% YoY in Q2 FY26, and 8.7% in H1, outperforming the IPM growth by 1.2x and 1.1x, respectively. Normalized for the loss of exclusivity on some of our diabetes products, the growth would have been 10.5% and 10.7% in Q2 and H1FY26.

R&D –

spend stood at 7.5% of sales this quarter, among the highest in the Indian pharma sector

An increasing share of R&D investments to flow into specialty programs and value-added medicines, including long-acting injectables, green propellant-based products, and 505(b)(2)s

70% of R&D directed to its complex portfolio

VISUfarma acquisition synergies

1) Lupin is underpenetrated in Europe with presence in UK, Germany and France, the acquisition would add Italy and Spain. 2)Have a good momentum on the commercial front as well as the pipeline front, which enables Lupin very nicely to build Ophthalmology franchise in Europe, US and other developed markets 3) Expect pipeline portfolio from VISUfarma into other markets like the emerging markets, Mexico and other countries in Latin America, Southeast Asia with potential in countries like Canada and Australia.

Global specialty portfolio

Global specialty sales expected to report USD 150 mn sales in FY27.

Specialty Brands – Lupin has Xopenex in the US where Lupin has to build up brand value , Zaxine in Canada and Namuscla in Europe.

Biosimilars update

Peg-Filgrastim goal date is end of Nov'25. Expect smaller number of market share due to competitive market, but expect to get reasonable ASP in terms of dollar sales. it should be a nice contributor in FY27 and FY28. This is expected to be a partner product hence, would not build on any commercial infrastructure.

On body Peg-Filgrastim- Expect to be third or fourth to market

Ranibizumab (pre-filled syringes) - goal date is middle of CY26. Multiple players exited the market due to pricing pressure, however, Lupin expects to launch the product at a reasonable price. Also, the company expects to invest in infrastructure like commercial team to be able to sell through to the ophthalmic distributors.

Eylea – Currently building on the ophthalmic product and expects to launch by the end of CY28 or early CY29, following the **Ranibizumab** launch.

Eternacept – The launch of first submarine patent in the US likely in 5 years.

Three focus therapy areas

Respiratory - Continues to be a focus, given Lupin's scale on respiratory in the US, Europe, other developed markets, as well as in India.

Neurology – Continues to build on the Neuromuscular area on DM (**Myotonic Dystrophy)** indication. Continuing to progress the clinical trial on the DM1(**Myotonic Dystrophy Type 1)** and DM2 **(Myotonic Dystrophy Type 2)** indication for global commercialization in US and Europe

Ophthalmology - VISUfarma gives a nice start and will continue to build on Ophthalmology in US, Europe, as well as other parts of the world.

Semaglutide - India is the key market from near-term perspective while in the longer term, would participate in the developed markets and South Africa as well. India and South Africa would be in-licensed opportunity.

gAlbuterol - It has stabilised but Amneal will likely come in at some point. So, Lupin expects further erosion.

gSpiriva- Market share has stabilised. Lupin has not been able to get good access on the Medicare front and hopes to be able to drive additional share. Lupin has not heard of any material progress on the competition front and has not heard from customers on any launch in the speedy market anytime soon.

Coral Spring facility

USD 250 mn invested in the facility and pipeline for Respimat as well as Ellipta franchise. Expect to do cartridge in Indian and packaging in Coral Spring.

Lupin also intends to start MDI line to get access to government business in the US, as a measure to diversify risk on the MDI front with Albuterol and other MDIs.

Other Highlights

Ventolin - To be filed with the new propellant in the US. There already have been multiple filings in Europe, so the company sees it as an essential part of the strategy on the Respiratory front to sustain growth on the franchise.

Xopenex – Lupin is the brand and has the ability to bring a green propellant Xopenex on the market and differentiate themselves and build the brand further.

Green Propellant - Sees a number of opportunities both in Europe as well as in the US, maybe near term in Europe and long term in the US.

Global Ophthalmology revenue mix – Lupin draws USD 140 mn from Ophthalmology franchise when combined with VISU plus India Ophthalmology business plus Mexico as well as a couple of other countries.

Financial Highlights

Fig 1 – Quarterly snapshot

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	BoB EST	Var. (%)
Net Sales	70,475	56,727	24.2	62,683	12.4	61,286	15.0
Total Expenses	49,099	43,645	12.5	46,270	6.1	45,658	8
(%) of net sales	69.7	76.9		73.8		74.5	
Raw material consumed	18,248	16,899	8.0	17,719	3.0	17,773	
(%) of net sales	25.9	29.8		28.3		29.0	
Staff cost	11,056	10,075	9.7	10,830	2.1	10,419	
(%) of net sales	15.7	17.8		17.3		17.0	
R&D cost	5,638	4,481	25.8	5,328	5.8	4,903	
(%) of net sales	8.0	7.9		8.5		8.0	
SG&A	14,158	12,189	16.2	12,392	14.2	12,564	
(%) of net sales	20.1	21.5		19.8		20.5	
EBITDA	21,376	13,083	63.4	16,414	30.2	15,628	36.8
Depreciation	3,168	2,569	23.3	2,990	6.0	2,990	
EBIT	18,208	10,514	73.2	13,424	35.6	12,638	
Interest	1,076	709	51.8	918	17.3	918	
Other Income	900	423	112.8	790	13.9	750	
PBT	18,032	10,228	76.3	13,296	35.6	12,470	
Less: Taxation	5,221	1,954		1,941		2,369	
Less: Minority Interest	69	69		24		50	
PAT	12,742	8,206	55.3	11,331	12.4	10,051	26.8
Exceptional items	2,037	321		859		0	
PAT attributable to shareholders	14,779	8,526	73.3	12,190	21.2	10,051	47.0
Key Ratios (%)							
Gross Margin	74.1	70.2	390bps	71.7	238bps	71.0	
EBITDA Margin	30.3	23.1	727bps	26.2	415bps	25.5	
Tax / PBT	29.0	19.1		14.6		19.0	
NPM	18.1	14.5		18.1		16.4	
EPS (Rs)	28.0	18.0		24.9		22.1	

Source: Company, BOBCAPS Research

Fig 2 – Segmental revenue

(Rs Mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	BoB EST	Var. (%)
Formulations	65,746	52,026	26.4	59,207	11.0	57,653	14.0
North America	27,624	18,753	47.3	24,041	14.9	22,668	21.9
India	20,777	20,096	3.4	20,894	(0.6)	21,704	(4.3)
Other Developed Markets	8,117	6,824	18.9	7,748	4.8	6,832	18.8
EM	9,228	6,353	45.3	6,524	41.4	6,450	43.1
APIs	2,568	2,944	(12.8)	2,431	5.6	2,431	5.6
Licensing Income	-	-		0		-	
Other Operating income	2,161	1,757	23.0	1,046	106.6	1,202	79.8
Net Sales	70,475	56,727	24.2	62,684	12.4	61,286	15.0

Source: Company, BOBCAPS Research

Valuation Methodology

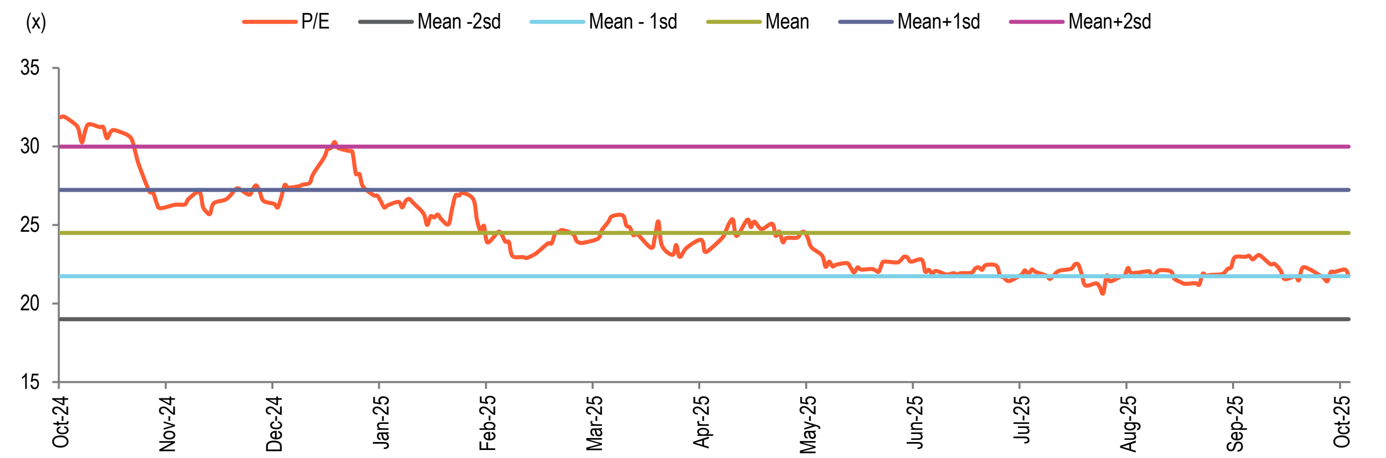
We maintain BUY on Lupin due to its healthy product pipeline in complex generics whose share in the US portfolio is expected to double. The company has upped margin guidance in FY26, but maintained EBITDA margin guidance at 24-25% for FY27E. Factoring in the same, we reduce our EPS by 4.6% in FY26 and 5.1% in FY27, thereby arriving at an EPS growth of 6% from FY26-28E. At CMP, the stock is trading at PE of 20x on Sep'27 EPS and due to the sustenance of strong growth across geographies with focus on Respiratory, Ophthalmology and Neurology, we continue to ascribe PE of 26x on Sep'27 roll forward, slightly higher than 1 YF mean PE of 25x to arrive at PT of Rs 2,500 (earlier Rs 2,626)

Fig 3 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	254,550	268,873	282,283	255,562	278,518	303,942	(0.4)	(3.5)	(7.1)
EBITDA	66,485	67,913	73,796	62,413	70,988	77,579	6.5	(4.3)	(4.9)
EBITDA margin (%)	26.1	25.3	26.1	24.4	25.5	25.5	170bps	(23bps)	64bps
EPS (Rs)	90.2	92.2	101.1	83	97	107	8.8	(4.6)	(5.1)

Source: Company, BOBCAPS Research

Fig 4 – 1YF PE band



Source: BOBCAPS Research, Bloomberg

Key risks

- Key downside risks to our estimates:
- Delay in launches of key products
- delay in Regulatory approval on key facilities

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Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**200,106**	**227,079**	**254,550**	**268,873**	**282,283**
EBITDA	38,105	52,775	66,485	67,913	73,796
Depreciation	11,968	11,693	11,330	11,850	12,370
EBIT	26,137	41,083	55,155	56,064	61,426
Net interest inc./(exp.)	(3,116)	(2,949)	(1,827)	(1,735)	(1,649)
Other inc./(exp.)	1,202	2,016	1,500	1,800	1,800
Exceptional items	0	0	0	0	0
EBT	24,223	40,150	54,828	56,128	61,578
Income taxes	4,867	7,087	13,707	14,032	15,394
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	211	246	296	355	426
Reported net profit	**19,145**	**32,816**	**40,826**	**41,741**	**45,757**
Adjustments	0	0	0	0	0
Adjusted net profit	**19,145**	**32,816**	**40,826**	**41,741**	**45,757**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	29,581	29,632	33,043	34,902	36,643
Other current liabilities	30,954	31,664	31,664	31,664	31,664
Provisions	9,003	7,093	20,012	20,833	22,858
Debt funds	26,699	50,767	31,449	29,877	28,383
Other liabilities	0	0	0	0	0
Equity capital	911	913	913	913	913
Reserves & surplus	142,823	172,029	189,095	215,280	243,983
Shareholders' fund	143,734	172,942	190,008	216,193	244,897
Total liab. and equities	**239,972**	**292,097**	**306,177**	**333,470**	**364,445**
Cash and cash eq.	12,736	46,231	56,306	79,445	107,202
Accounts receivables	46,921	54,971	57,109	60,322	63,331
Inventories	49,539	54,764	58,460	61,750	64,830
Other current assets	39,734	43,162	44,162	45,162	46,162
Investments	10,746	10,868	10,868	10,868	10,868
Net fixed assets	51,089	56,221	52,891	49,041	44,672
CWIP	5,957	3,555	4,055	4,555	5,055
Intangible assets	23,250	22,326	22,326	22,326	22,326
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**239,972**	**292,097**	**306,177**	**333,470**	**364,445**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**30,803**	**26,979**	**63,478**	**50,504**	**56,453**
Capital expenditures	(7,361)	(13,498)	(8,500)	(8,500)	(8,500)
Change in investments	(5,577)	(122)	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(12,938)**	**(13,620)**	**(8,500)**	**(8,500)**	**(8,500)**
Equities issued/Others	1	2	0	0	0
Debt raised/repaid	(15,741)	24,067	(19,318)	(1,572)	(1,494)
Interest expenses	(3,116)	(2,949)	(1,827)	(1,735)	(1,649)
Dividends paid	(5,249)	(2,732)	(15,216)	(15,557)	(17,054)
Other financing cash flows	6,045	1,747	(8,544)	0	0
Cash flow from financing	**(18,060)**	**20,135**	**(44,904)**	**(18,865)**	**(20,196)**
Chg in cash & cash eq.	**(195)**	**33,495**	**10,075**	**23,139**	**27,757**
Closing cash & cash eq.	**12,736**	**46,231**	**56,306**	**79,445**	**107,202**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	42.0	72.0	89.6	91.6	100.4
Adjusted EPS	42.3	72.5	90.2	92.2	101.1
Dividend per share	15.8	27.0	33.6	34.4	37.7
Book value per share	315.8	380.2	417.9	475.8	539.2

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.4	4.0	3.6	3.5	3.4
EV/EBITDA	23.2	17.0	13.8	13.9	13.2
Adjusted P/E	46.6	27.2	21.9	21.4	19.5
P/BV	6.2	5.2	4.7	4.1	3.7

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	79.0	81.7	74.5	74.4	74.3
Interest burden (PBT/EBIT)	92.7	97.7	99.4	100.1	100.2
EBIT margin (EBIT/Revenue)	13.1	18.1	21.7	20.9	21.8
Asset turnover (Rev./Avg TA)	21.3	21.3	21.3	21.0	20.2
Leverage (Avg TA/Avg Equity)	1.7	1.7	1.6	1.6	1.5
Adjusted ROAE	14.2	20.7	22.5	20.6	19.8

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	20.2	13.5	12.1	5.6	5.0
EBITDA	111.9	38.5	26.0	2.1	8.7
Adjusted EPS	345.1	71.4	24.4	2.2	9.6
Profitability & Return ratios (%)					
EBITDA margin	19.0	23.2	26.1	25.3	26.1
EBIT margin	13.1	18.1	21.7	20.9	21.8
Adjusted profit margin	9.6	14.5	16.0	15.5	16.2
Adjusted ROAE	14.2	20.7	22.5	20.6	19.8
ROCE	12.4	17.3	18.4	17.9	17.6
Working capital days (days)					
Receivables	84	82	82	82	82
Inventory	86	84	84	84	84
Payables	151	158	158	158	158
Ratios (x)					
Gross asset turnover	1.3	1.3	1.4	1.4	1.5
Current ratio	2.1	2.9	2.6	2.8	3.1
Net interest coverage ratio	8.4	13.9	30.2	32.3	37.3
Adjusted debt/equity	0.0	0.0	(0.2)	(0.3)	(0.4)

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

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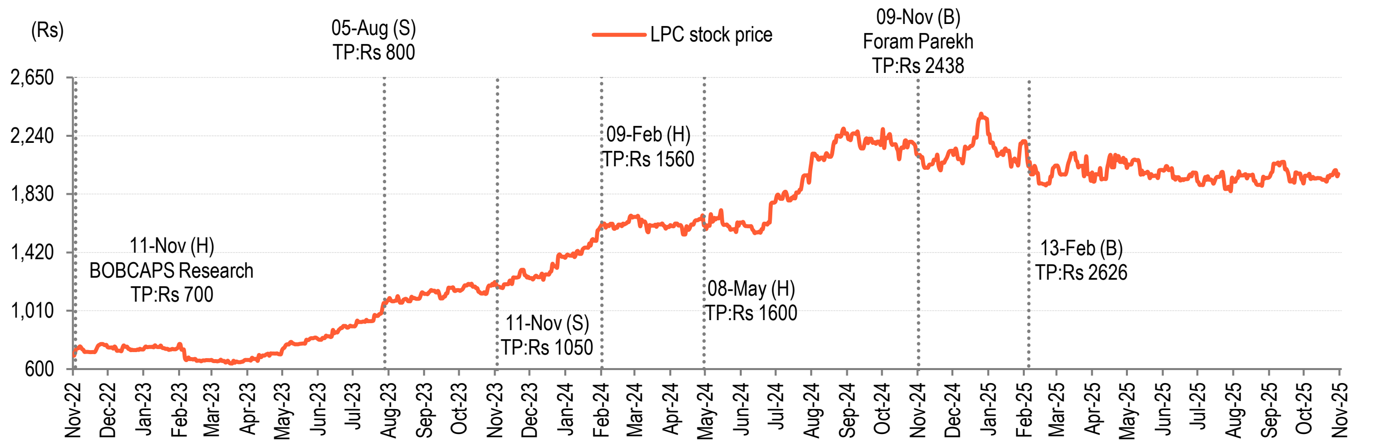
HOLD – Expected return from -6% to +15%
SELL – Expected return <-6%
Note: Recommendation structure changed with effect from 21 June 2021

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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