

BUY

TP: Rs 2,553 | ▲ 16%

LUPIN

| Pharmaceuticals

| 15 February 2026

Multiple growth levers for multiple years

- **Sales/EBITDA /APAT reported 8.2%/13.1%/25% above our estimates.**
EBITDA Margin reported 130 bps above our estimates
- **US sales reported a record USD 350 mn in 3QFY26. US sales expected to sustain USD1bn post the FY26 high base**
- **Massive beat on estimates. Continue to ascribe 26x and roll forward to Dec'27 EPS to arrive at a PT of Rs 2553**

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All round beat – Lupin reported healthy set of earnings, with sales growth of 24.3% YoY driven by 54% YoY growth in the US region, 42% YoY growth in the Emerging Market region, 10.8% YoY growth in the Other Developed markets, and 5.6% YoY growth in the domestic region. This led to 390 bps YoY expansion in Gross Margin to 73.8% and 727 bps YoY increase in EBITDA Margin to 30.8%. During the quarter, there was an exceptional cost of Rs 4,265 mn attributed towards multiple costs, out of which Rs 512 mn is towards the new labour code, Rs 1348 mn towards Mirabegron settlement etc. Thus, reported PAT grew by 37% YoY to Rs 11.8bn and adjusting against exceptional costs and forex, PAT grew by 79% YoY to Rs 15.4 bn.

US sales reported at an all-time high, driven by multiple factors – US sales were 18% above our estimates to Rs 31bn. In cc terms, sales grew by 46% YoY and 11% QoQ to USD 350mn. The growth was driven by 1) Tolvaptan which had 180 days exclusivity till Nov'25, 2) higher volume growth in the base business due to healthy flu season, and 3) new product launches like Risperdal Consta (180 days exclusivity), Glucagon etc. which aided in offsetting single digit price erosion pressure. Going forward, the company is confident about sustaining its USD 1bn sales, with Mirabegron and Tolvaptan being the key contributors, and the launch of biosimilars like Pegfilgrastim and Ranibizumab in FY27, and Aflibercept and Etanercept by FY30. The company to also launch 505B2 products on the injectable front, which have the potential to scale up to USD 150mn over time. The company has a wide array of products like injectables, biosimilars, and respiratory; however, with Tolvaptan and Mirabegron cliffs and factoring in a high base, we expect sales to decline by 9% from FY26–28E to Rs 92bn in FY28E.

Domestic region Rx portfolio growing in-line with the IPM – Domestic sales were reported 2% above estimates, driven by the Rx portfolio, which grew by 10.9%, but was offset by the local tender business. The Rx sales were driven by the Chronic portfolio, which now contributes 67% of domestic sales vs. 64% in 3QFY25, due to better productivity from 8,900 MRs. Due to the unpredictable nature of the tender business, we expect the company's domestic region to grow at a 6% CAGR from FY26–28E to Rs 92bn in FY28E.

Key changes

	Target	Rating
Ticker/Price	LPC IN/Rs 2,199	
Market cap	US\$ 11.0bn	
Free float	53%	
3M ADV	US\$ 20.4mn	
52wk high/low	Rs 2,245/Rs 1,795	
Promoter/FPI/DII	46%/14%/29%	

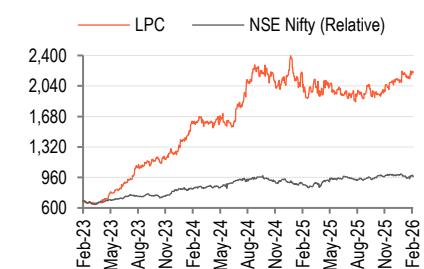
Source: NSE | Price as of 13 Feb 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	227,079	277,638	269,767
EBITDA (Rs mn)	52,775	76,276	66,884
Adj. net profit (Rs mn)	32,816	50,172	41,526
Adj. EPS (Rs)	72.5	110.9	91.8
Consensus EPS (Rs)	72.5	98.3	89.7
Adj. ROAE (%)	20.7	27.2	19.8
Adj. P/E (x)	30.3	19.8	24.0
EV/EBITDA (x)	19.0	13.4	15.7
Adj. EPS growth (%)	71.4	52.9	(17.2)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Emerging market growth driven by new launches - Lupin's Emerging Markets reported sales 14% above our estimates at Rs 9.1bn. The growth in cc terms was 99%, driven by the launch of Dapagliflozin in Brazil, which offset the decline in the South Africa region. Other geographies in Emerging Markets include Mexico, the Philippines, and South Africa.

Other Developed Markets expect to grow further – This segment reported growth 11% above our estimates. The growth was driven by geographies such as Europe, Canada, and Australia. This region is expected to grow further with the closure of the Visu Pharma acquisition in 4QFY26. Visu Pharma is specialized in the Ophthalmology segment and has a presence in EU4 countries, with sales expected to be ~Euro 50mn and a 21% EBITDA margin, and is expected to scale up to 25% eventually. Organically, we expect this region to grow at a CAGR of 15% from FY26–28E to Rs 38bn in FY28E.

EBITDA Margin guidance increased for FY26 – EBITDA margin for 3QFY26 was reported 130 bps above our estimates at 30.8%. The increase was due to a healthy Gross Margin, which was 80 bps above our estimates at 73.8%, driven by 1) a healthy product mix, 2) a lower share of 6% of total sales for the in-licenses portfolio, 3) increased volume due to LoE of drugs, and 4) cost rationalization. For 9MFY26, EBITDA margin was reported at 29.2%, primarily due to healthy margins from complex generics launches like Tolvaptan, which had 180 days of exclusivity, and Mirabegron. Thus, the management has increased EBITDA margin guidance to 27–28% from the earlier guidance of 25–26%. Due to the higher base, we expect Lupin's sustainable EBITDA margin to be 24.8% in FY27E and 25.7% in FY26E, driven by healthy Biosimilars and 505B2 products.

Valuation - Lupin has a rich portfolio of 80 products in the pipeline in the domestic business and biosimilars, with the biosimilars themselves have the potential to scale up to USD 100mn, and a specialty portfolio up to USD 150mn. Post-closure of the Visu Pharma acquisition, the Other Developed Market is also expected to continue its growth momentum; however, FY26 marks a year of a very high base.

However, there are many unbaked opportunities, such as the Semaglutide launch in the domestic market, injectable launches from the Naomi subsidiary, the newly ventured peptide opportunity, and the Visu Pharma acquisition; thus, we maintain a BUY on the stock. We continue to ascribe a PE of 26x vs. the 1-year forward PE of 22x due to its ability to crack complex products for three years in a row (Tiotropium, Mirabegron, and Tolvaptan) and the above mentioned opportunities and roll forward to Dec'27 EPS to arrive at a PT of Rs 2,555.

Financial Highlights

Fig 1 – Quarterly Snapshot

(Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	BoB EST	Var. (%)
Net Sales	71,675	57,677	24.3	70,475	1.7	66,250	8.2
Total Expenses	49,580	44,018	12.6	49,099	1.0	46,706	6
(%) of net sales	69.2	76.3		69.7		70.5	
Raw material consumed	18,781	17,216	9.1	18,248	2.9	17,888	
(%) of net sales	26.2	29.8		25.9		27.0	
Staff cost	11,433	9,843	16.2	11,056	3.4	9,938	
(%) of net sales	16.0	17.1		15.7		15.0	
R&D cost	6,092	4,344	40.2	5,638	8.1	5,631	
(%) of net sales	8.5	7.5		8.0		8.5	
SG&A	13,274	12,615	5.2	14,158	(6.2)	13,250	
(%) of net sales	18.5	21.9		20.1		20.0	
EBITDA	22,095	13,659	61.8	21,376	3.4	19,544	13.1
Depreciation	3,130	2,715	15.3	3,168	(1.2)	2,981	
EBIT	18,965	10,945	73.3	18,208	4.2	16,563	
Interest	1,150	669	71.9	1,076	6.9	994	
Other Income	1,147	537	113.6	900	27.4	1,000	
PBT	18,963	10,813	75.4	18,032	5.2	16,569	
Less: Taxation	3,415	2,124		5,221		4,170	
PAT	15,547	8,689	78.9	12,811	21.4	12,398	25.4
Exceptional items	(3,742)	(100)		2,037		0	
PAT attributable to shareholders	11,805	8,590	37.4	14,848	(20.5)	12,398	(4.8)
Key Ratios (%)							
Gross Margin	73.8	70.2	390bps	74.1	238bps	73.0	
EBITDA Margin	30.8	23.7	727bps	30.3	415bps	29.5	
Tax / PBT	18.0	19.6		29.0		25.2	
NPM	21.7	15.1		18.2		18.7	
Recurring EPS (Rs)	34.2	19.1		28.2		27.2	

Source: Company, BOBCAPS Research

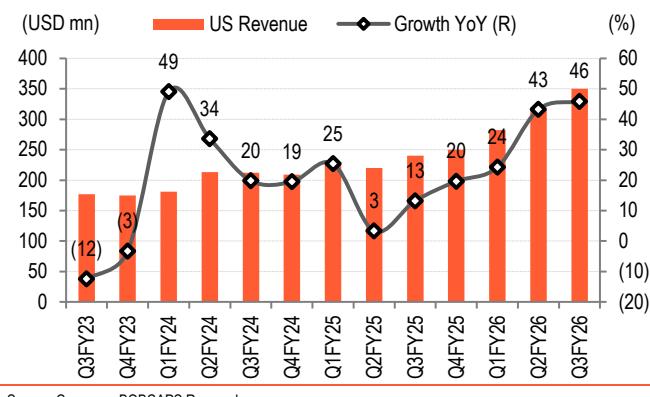
Fig 2 – Segmental mix

(Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	BoB EST	Var. (%)
Formulations	68,810	53,295	29.1	65,746	4.7	61,719	11.5
US	31,132	20,221	54.0	27,624	12.7	26,304	18.4
India	20,387	19,305	5.6	20,777	(1.9)	20,077	1.5
Other Developed Markets	8,121	7,328	10.8	8,117	0.0	7,289	11.4
EM	9,170	6,441	42.4	9,228	(0.6)	8,049	13.9
APIs	2,195	2,891	(24.1)	2,568	(14.5)	2,602	(15.6)
Licensing Income	-	-		0		-	
Other Operating income	671	1,492	(55.0)	2,161	(69.0)	1,930	(65.2)
Net Sales	71,676	57,678	24.3	70,475	1.7	66,250	8.2

Source: Company, BOBCAPS Research

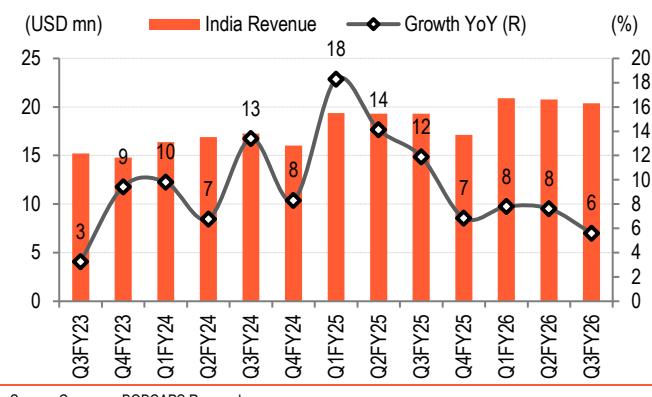
Financial Charts

Fig 3 – US sales increased with new product launches



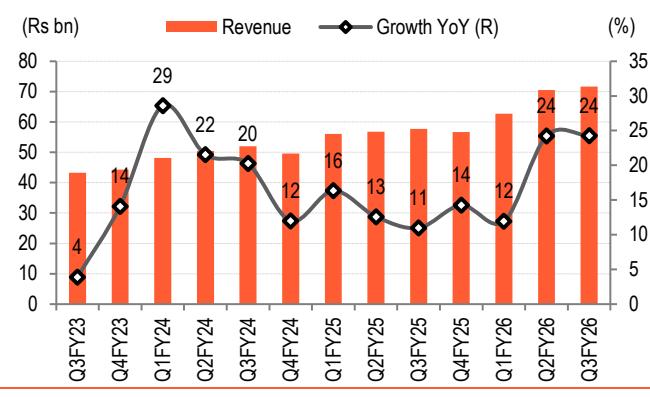
Source: Company, BOBCAPS Research

Fig 4 – Domestic sales growth lowered due to slowdown in tender business



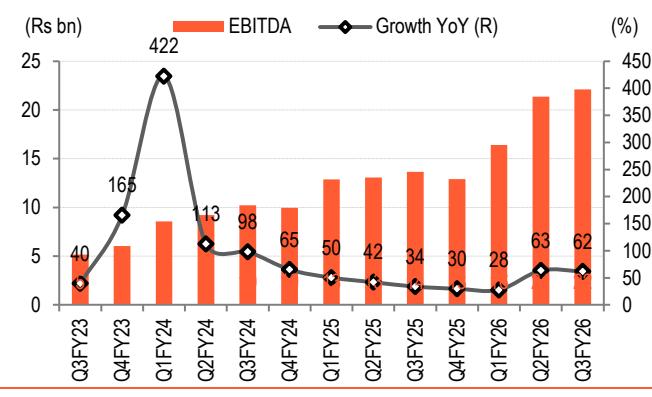
Source: Company, BOBCAPS Research

Fig 5 – Sales increased due to better US sales



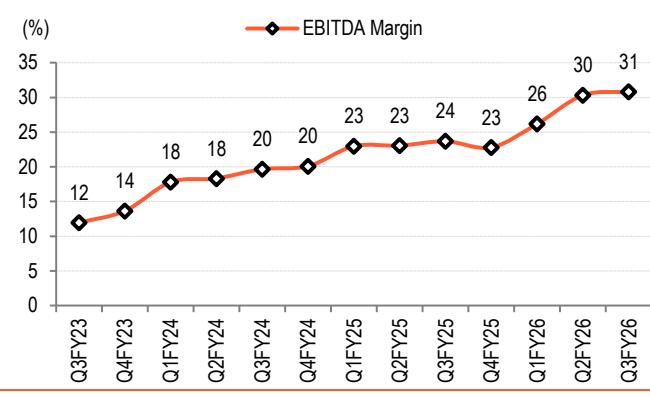
Source: Company, BOBCAPS Research

Fig 6 – EBITDA sales driven by healthy product mix



Source: Company, BOBCAPS Research

Fig 7 – EBITDA Margin increased due to healthy product mix



Source: Company, BOBCAPS Research

Fig 8 – Healthy operations led to healthy PAT



Source: Company, BOBCAPS Research

Earnings call highlights

Outlook

- Targeting doubling complex product share in US Business over next few years; specialty portfolio expansion via organic initiatives + targeted acquisitions.
- India formulations to outperform IPM by 1.2x–1.3x, supported by 11,000+ salesforce & 80+ launches pipeline, including innovative in-house and in-license products. Double digit growth is assured in Indian market as the market is growing strong.
- Other developed markets (Europe, Canada, Australia) at 11% of sales delivered 11% YoY Growth; contribution to rise post VisuPharma acquisition expected to complete this quarter (EUR 60mn+ revenue next fiscal year, ~21% starting margin, improving to 25–30%).
- Increasing R&D allocation toward specialty, injectables, green propellant products & 505(b)(2) Assets.
- FY26 R&D Guidance: 7.5–8.5% of sales.
- FY26 EBITDA margin guidance raised to **27–28%** (earlier 25–26%).
- FY27 EBITDA margin expected at **24–25%** (competition + higher R&D + tapering off top-line products).
- Q4 margins moderated due to higher R&D & lower PLI income.
- ETR for FY26 Guided: ~21–22%.
- Strong balance sheet; borrowing capacity ~\$1.5–1.6bn. Specialty M&A sweet spot (US, Europe & developed markets): **\$250–300mn**, with potential for higher values, targeting therapies like respiratory, neurology & ophthalmology.
- Expected the Injectable portfolio(US) ramping up in the next 3 years to \$100 million plus with the multiple the tens of millions of dollars in individual products and then biosimilars adding to it.
- Pegfilgrastim: Expected to launch in Q4FY26 with Numbers can be seen in next fiscal year.

Key Pipeline & Growth Drivers

- US pipeline includes multiple product approvals & launches planned over next few years, particularly in injectables (Glucagon, Liraglutide, Risperdal Consta, Dalbavancin, Eribulin (Small Product), Ion Sucrose (Material)), respiratory, and biosimilars (Ranibizumab (FY27), on-body Pegfilgrastim, Aflibercept (FY30), Etanercept (FY30), Mepolizumab), with 505(b)(2) products starting in FY27.
- Over 50 active products in the pipeline, with near-term emphasis on respiratory complex injectables and biosimilars.

US Business

- US sales stood at \$ 350 million, up 46% YoY and 11% QoQ (CC), highest ever quarterly sales.
- Growth driven by Tolvaptan (only generic; ~35% market share), launch of generic Risperdal Consta with CGT exclusivity (Nanomi long-acting platform), and base business volume growth.
- Seasonal products like Albuterol, Tiotropium and Oseltamivir supported growth; normalization expected over next two quarters.
- Low single-digit price erosion more than offset by volumes and new launches.
- Successful US FDA inspection of Pune biologics facility; approval received for Pegfilgrastim (first US biosimilar), launch expected shortly.
- Mirabegron will be a material contributor in next 2 years; currently ~40% generic share. Settlement includes USD 15 million past provision and USD 75 million future payment will spread over the next to Sept'27 (amortized; no EBITDA impact).
- Institutional business expected to scale meaningfully over next 3–5 years.
- Exclusive first-to-file status for Zywave with tentative approval; probabilistic potential launch in FY29.
- Development ongoing for Tiotropium, Elipta and NextPlanon (drug-device); filing for NextPlanon planned in FY28.

India Business

- India revenue grew 5.6% YoY; core prescription business grew 10.9%, partially offset by lower tender sales in global institutional business.
- 9M prescription growth at 9.4% vs IPM 9.3%; 11.2% excluding LOE impact of products such as GIBTULIO & AJADUO.
- Q3 volume growth at 6.5%; 9M volume growth at 5.6%.
- Chronic share increased to 67% (from 65% QoQ); in-licensed product share reduced to 6%.
- Respiratory and Cardiac therapies grew 1.6x and 1.3x IPM respectively.
- 900 sales representatives added in last six months; continued expansion into new divisions and therapy areas.
- New obesity-focused division (~200 people) created ahead of semaglutide launch; oral formulation under parallel development.
- Partnership with Gan & Lee (China) for Bofanglutide (Novel fortnightly GLP-1 agonist).
- Semaglutide market estimated at Rs 1,500 crore in year one; Lupin targeting Rs 50–60 crore initially.

- Insulin opportunity and semaglutide expected to support near-term growth; aspiration to maintain double-digit growth vs market growth of 7–8%.
- Strong compliance track record with NAI for Nagpur Unit 1 and EIRs for Nagpur Unit 2 and Aurangabad facility.

Other developed Markets

- Revenues at Rs 812 crore, up 11% YoY.
- Contribute ~11% of total sales; share expected to increase post VISUfarma acquisition.

Emerging Markets

- Revenue grew 42% YoY led by Brazil, Mexico and Philippines.
- Brazil grew 99% YoY (local currency), driven by Dapagliflozin launch.
- Momentum expected to continue supported by product pipeline.

Biosimilars & Strategic Positioning

- Management highlighted that PBMs are partnering now with biosimilars to really bring access to biosimilars in the marketplace.
- Selective pipeline strategy targeting first-wave or limited-competition launches.
- Biosimilars industry structurally less crowded vs small-molecule generics, improving long-term opportunity.

Valuation methodology

Lupin's 9MFY26 earnings are well ahead of our estimates, and due to a healthy 3QFY26, we have revised our FY26 Sales/EBITDA/PAT by 9%/15%/23%, respectively. This brings the risk of a high-base effect amidst the Tolvaptan and Mirabegron cliffs, though they would continue to remain meaningful contributors to US sales. Thus, we expect FY27/FY28 to be normalized years, and on the high base of FY26, we expect Sales/EBITDA/PAT CAGR to grow at 1%/-2%/-3%, respectively, from FY26–28E.

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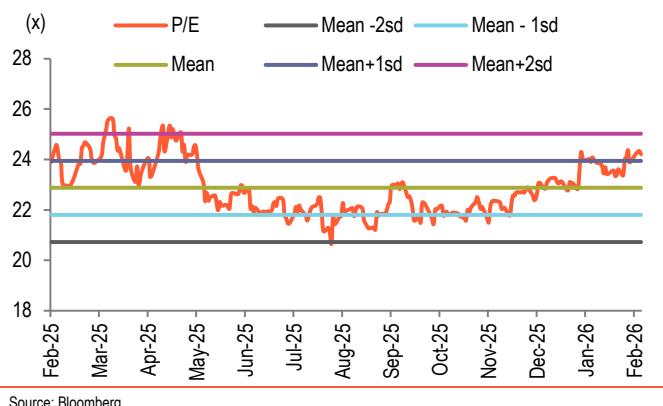
Fig 9 – Change in Estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	277,638	269,767	283,096	254,550	268,873	282,283	9.1	0.3	0.3
EBITDA	76,276	66,884	72,693	66,485	67,913	73,796	14.7	(1.5)	(1.5)
EBITDA margin (%)	27.5	24.8	25.7	26.1	25.3	26.1	170bps	(23bps)	64bps
EPS (Rs)	110.9	91.8	100.5	90	92	101	22.9	(0.5)	(0.6)

Source: Company, BOBCAPS Research

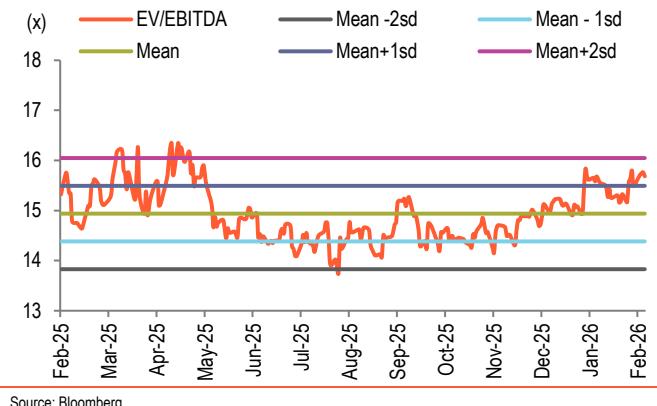
Valuation Bands

Fig 10 – 1YF PE Band



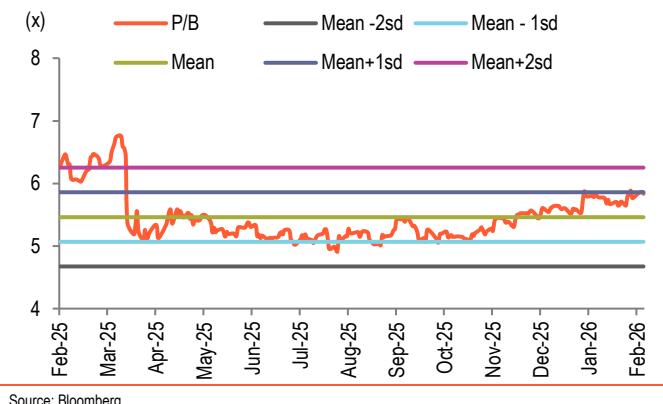
Source: Bloomberg

Fig 11 – 1Y F EV/EBITDA Band



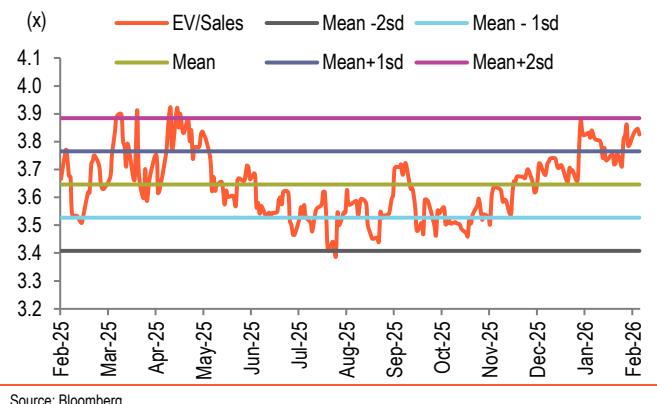
Source: Bloomberg

Fig 12 – 1Y F P/BV Band



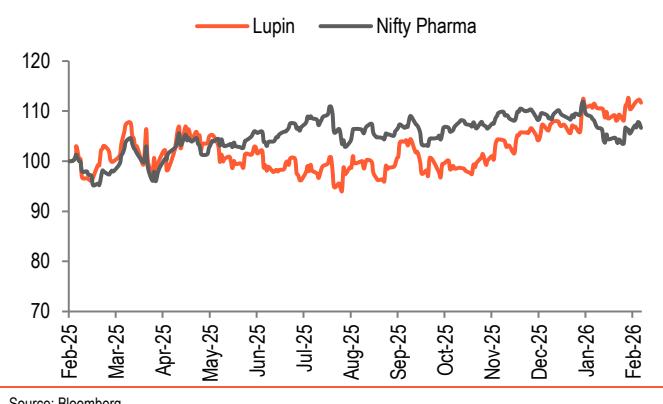
Source: Bloomberg

Fig 13 – 1Y F EV/Sales Band



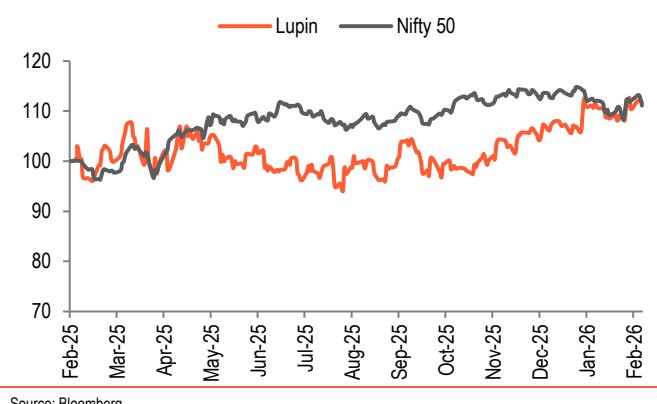
Source: Bloomberg

Fig 14 – Lupin vs Nifty 50



Source: Bloomberg

Fig 15 – Lupin vs Nifty 50



Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	200,106	227,079	277,638	269,767	283,096
EBITDA	38,105	52,775	76,276	66,884	72,693
Depreciation	11,968	11,693	12,550	13,126	13,702
EBIT	26,137	41,083	63,726	53,758	58,991
Net interest inc./exp.)	(3,116)	(2,949)	(3,774)	(4,481)	(4,257)
Other inc./exp.)	1,202	2,016	3,900	3,700	3,300
Exceptional items	0	0	0	0	0
EBT	24,223	40,150	63,853	52,977	58,034
Income taxes	4,867	7,087	13,409	11,125	12,187
Extraordinary items	0	0	846	846	846
Min. int./Inc. from assoc.	211	246	271	325	390
Reported net profit	19,145	32,816	51,019	42,373	46,303
Adjustments	0	0	(846)	(846)	(846)
Adjusted net profit	19,145	32,816	50,172	41,526	45,456

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	29,581	29,632	32,436	33,851	35,524
Other current liabilities	30,954	31,664	31,664	31,664	31,664
Provisions	9,003	7,093	23,811	21,069	23,061
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	195,489	222,070	251,116
Shareholders' fund	143,734	172,942	196,403	222,983	252,029
Total liab. and equities	239,972	292,097	315,763	339,444	370,661
Cash and cash eq.	12,736	46,231	56,630	87,510	116,877
Accounts receivables	46,921	54,971	62,289	60,523	63,513
Inventories	49,539	54,764	63,763	61,955	65,016
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	51,671	46,545	40,843
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	315,763	339,444	370,661

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	30,803	26,979	69,549	61,226	60,875
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)	(3,774)	(4,481)	(4,257)
Dividends paid	(5,249)	(2,732)	(19,015)	(15,792)	(17,257)
Other financing cash flows	6,045	1,747	(8,544)	0	0
Cash flow from financing	(18,060)	20,135	(50,650)	(21,846)	(23,008)
Chg in cash & cash eq.	(195)	33,495	10,399	30,880	29,367
Closing cash & cash eq.	12,736	46,231	56,630	87,510	116,877

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	42.0	72.0	112.0	93.0	101.6
Adjusted EPS	42.3	72.5	110.9	91.8	100.5
Dividend per share	15.8	27.0	42.0	34.9	38.1
Book value per share	315.8	380.2	432.0	490.8	555.0

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	4.9	4.4	3.7	3.9	3.8
EV/EBITDA	25.9	19.0	13.4	15.7	14.9
Adjusted P/E	52.0	30.3	19.8	24.0	21.9
P/BV	7.0	5.8	5.1	4.5	4.0

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	79.0	81.7	78.6	78.4	78.3
Interest burden (PBT/EBIT)	92.7	97.7	100.2	98.5	98.4
EBIT margin (EBIT/Revenue)	13.1	18.1	23.0	19.9	20.8
Asset turnover (Rev./Avg TA)	21.3	21.3	22.8	20.6	19.9
Leverage (Avg TA/Avg Equity)	1.7	1.7	1.6	1.6	1.5
Adjusted ROAE	14.2	20.7	27.2	19.8	19.1

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	20.2	13.5	22.3	(2.8)	4.9
EBITDA	111.9	38.5	44.5	(12.3)	8.7
Adjusted EPS	345.1	71.4	52.9	(17.2)	9.5
Profitability & Return ratios (%)					
EBITDA margin	19.0	23.2	27.5	24.8	25.7
EBIT margin	13.1	18.1	23.0	19.9	20.8
Adjusted profit margin	9.6	14.5	18.1	15.4	16.1
Adjusted ROAE	14.2	20.7	27.2	19.8	19.1
ROCE	12.4	17.3	22.9	18.2	17.8
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	1.6	1.4	1.5
Current ratio	2.1	2.9	2.6	2.9	3.2
Net interest coverage ratio	8.4	13.9	16.9	12.0	13.9
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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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

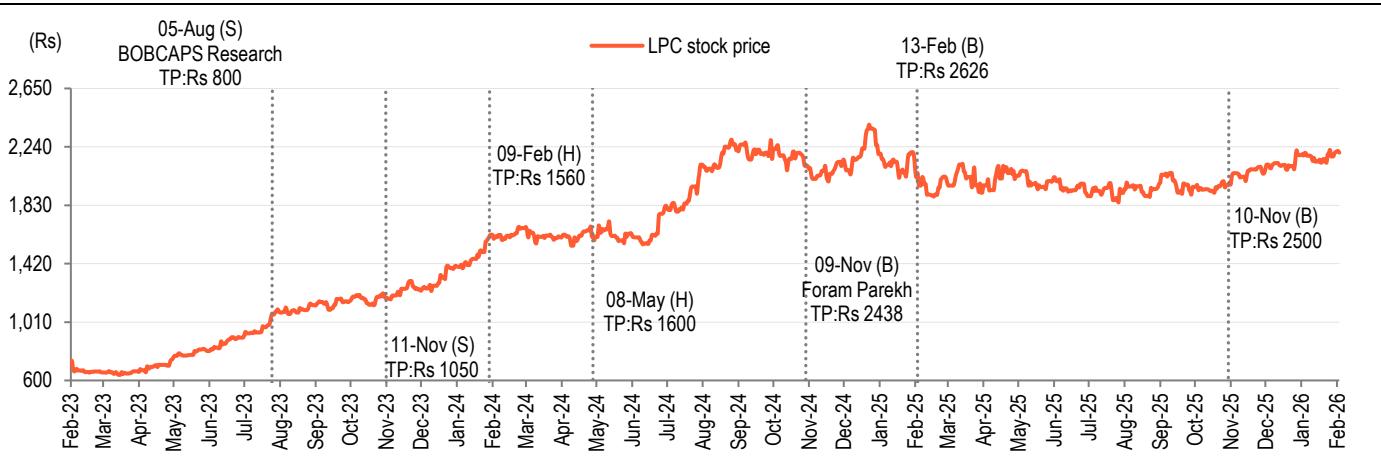
HOLD – Expected return from -6% to +15%

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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