

Estimate change



TP change



Rating change



CMP: INR2,073

TP: INR2,200 (+7%)

Neutral

Niche products and superior execution lead to robust 4Q and FY25 performance

Steady progress, but upside capped

- Lupin (LPC) delivered slightly better-than-expected revenue, EBITDA, and PAT for the quarter (4% beat).
- LPC continues to track well in the US generics segment (40% of 4Q sales), clocking the highest quarterly run-rate of USD245m over the past 24 quarters.
- The strong 47% YoY earnings growth for 4QFY25 was supported by healthy growth in key geographies, a higher share of limited competition products, PLI income, and a lower tax rate.
- The superior product mix has led LPC to achieve a peak gross margin of 70% in 36 quarters.
- Outperformance to the industry in certain therapies, such as diabetes, cardiology, and gastrointestinal in the domestic formulation (DF; 30% of 4Q sales) segment, is offset by subdued performance in the in-licensed portfolio and a weak show in the anti-infectives segment.
- LPC delivered strong execution in other developed markets (up 30% YoY) as well, by expanding its offerings and its reach.
- We raise our earnings estimates by 8%/7% for FY26/FY27, factoring in 1) launches in inhalation/injectables/biosimilars segments in the US/EU and other developed markets, 2) better-than-industry growth aided by rising chronic therapies' share in the DF segment, and 3) increased R&D spending towards building a complex product pipeline. We value LPC at 25x 12M forward earnings to arrive at our TP of INR2,220.
- While LPC has delivered phenomenal financial performance over the past three years (adj. PAT surged from a low of INR4b in FY23 to INR33b in FY25), we expect 12% earnings CAGR over FY25-27, as new launch benefits would be offset to some extent by higher competition in the base business. **We reiterate our Neutral rating.**

Broad-based growth and margin expansion lift PAT (up 47% YoY)

- LPC expects the EBITDA margin to be 23-23.5% for FY25. LPC delivered a 9MFY25 EBITDA margin of 24%.
- Lupin's (LPC) 4QFY25 revenue grew 14.2% YoY to INR56.7b (our est. INR54.7b). The US sales rose 19% YoY to INR22.6b (up 17% YoY in CC to USD245m; 41% of sales). Domestic formulation (DF) sales grew 6.9% YoY to INR17.1b (31% of sales). Other developed market sales increased 30.9% YoY to INR6.9b (12% of sales). Emerging market sales rose 10.4% YoY to INR 6.7b (12% of sales), while API sales dipped 10.3% YoY to INR2.3b (4% of sales).
- Gross margin (GM) expanded 200bp YoY to 70.2% due to better product mix.
- EBITDA margin expanded 270bp YoY to 22.8%, largely fueled by better GM and aided by reduced other expenses (-110bp YoY as a % of sales).
- As a result, EBITDA grew 29.6% YoY to INR12.9b (vs. our est: INR12.4b).
- Adj. PAT grew 47% YoY INR7.5b (vs. our est: INR7.45b).
- For FY25, its revenue/EBITDA/PAT grew 14%/47%/73% YoY to INR225b/ INR52.7b/INR32.7b.

Bloomberg	LPC IN
Equity Shares (m)	457
M.Cap.(INRb)/(USDb)	946.5 / 11.1
52-Week Range (INR)	2403 / 1493
1, 6, 12 Rel. Per (%)	-4/-4/14
12M Avg Val (INR M)	2418

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	225.0	252.1	277.9
EBITDA	52.7	60.4	64.9
Adj. PAT	32.7	38.3	41.1
EBIT Margin (%)	18.2	19.4	19.1
Cons. Adj. EPS (INR)	71.6	84.2	90.3
EPS Gr. (%)	72.4	17.1	7.3
BV/Sh. (INR)	376.8	460.0	550.8

Ratios

Net D:E	0.1	-0.1	-0.2
RoE (%)	20.8	20.1	17.9
RoCE (%)	17.7	16.9	15.7
Payout (%)	4.1	3.5	0.0

Valuations

P/E (x)	28.9	24.6	22.9
EV/EBITDA (x)	18.3	15.3	13.7
Div. Yield (%)	0.1	0.1	0.0
FCF Yield (%)	0.2	4.1	4.2
EV/Sales (x)	4.3	3.7	3.2

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	46.9	47.0	47.0
DII	25.4	24.8	27.8
FII	21.5	22.0	18.3
Others	6.2	6.3	6.9

FII Includes depository receipts

Highlights from the management commentary

- LPC expects the EBITDA margin to be 23-23.5% for FY25. LPC delivered a 9MFY25 EBITDA margin of 24%.
- LPC expects a double-digit YoY growth in the US business vs. earlier guidance of a single-digit YoY growth for FY25.
- LPC projected USD1b in US sales for FY26E, assuming competition for Mirabegron and Albuterol, while incremental revenue is likely from Tolvaptan in 1HFY26 and injectables in 2HFY26.
- R&D spending will be INR18b for FY25, implying R&D to be higher for 4QFY25. Five complex generic nasal sprays are expected to be filed in 4Q.
- LPC filed Ranibizumab for the EU market.

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25E	% Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Net Sales	46,087	50,385	51,974	49,608	56,003	55,427	56,927	56,671	1,98,054	2,25,028	54,671	3.7
YoY Change (%)	23.1	21.5	20.2	12.0	21.5	10.0	9.5	14.2	19.0	13.6	10.2	
Total Expenditure	39,574	41,153	41,755	39,640	42,389	43,059	43,162	43,750	1,62,123	1,72,361	42,229	
EBITDA	6,513	9,232	10,220	9,968	13,614	12,368	13,765	12,921	35,932	52,668	12,442	3.9
YoY Change (%)	297.3	112.6	83.8	65.0	109.0	34.0	34.7	29.6	104.4	46.6	24.8	
Margins (%)	14.1	18.3	19.7	20.1	24.3	22.3	24.2	22.8	18.1	23.4	22.8	
Depreciation	2,347	2,479	2,572	2,559	2,477	2,569	2,715	3,932	9,956	11,693	2,495	
EBIT	4,166	6,754	7,648	7,409	11,137	9,799	11,050	8,989	25,977	40,975	9,947	-9.6
YoY Change (%)		192.7	127.9	117.9	167.3	45.1	44.5	21.3	196.0	57.7	34.3	
Margins (%)	9.0	13.4	14.7	14.9	19.9	17.7	19.4	15.9	13.1	18.2	18.2	
Interest	856	806	740	713	680	709	669	891	3,116	2,949	711	
Other Income	228	404	294	293	678	423	537	570	1,218	2,207	462	
EO Exp/(Inc)	-2,053	54	-160	2,012	1,204	-1,036	956	-291	-147	834	0	
PBT	5,591	6,298	7,361	4,977	9,930	10,549	9,963	8,958	24,227	39,401	9,698	-7.6
Tax	1,055	1,344	1,174	1,295	1,875	1,954	2,124	1,135	4,867	7,087	2,300	
Rate (%)	18.9	21.3	15.9	26.0	18.9	18.5	21.3	12.7	20.1	18.0	23.7	
Minority Interest	-11	-57	-56	-88	-42	-69	-37	-99	-211	-246	51	
Reported PAT	4,525	4,898	6,131	3,594	8,013	8,526	7,802	7,726	19,149	32,067	7,450	3.7
Adj PAT	2,855	4,940	5,997	5,083	8,990	7,682	8,554	7,472	18,875	32,698	7,450	0.3
YoY Change (%)	LP	319.9	256.1	95.0	214.9	55.5	42.6	47.0	382.1	73.2	46.6	
Margins (%)	6.2	9.8	11.5	10.2	16.1	13.9	15.0	13.2	9.5	14.5	13.6	
EPS	6	11	13	11	20	17	19	16	42	72	16	0.3

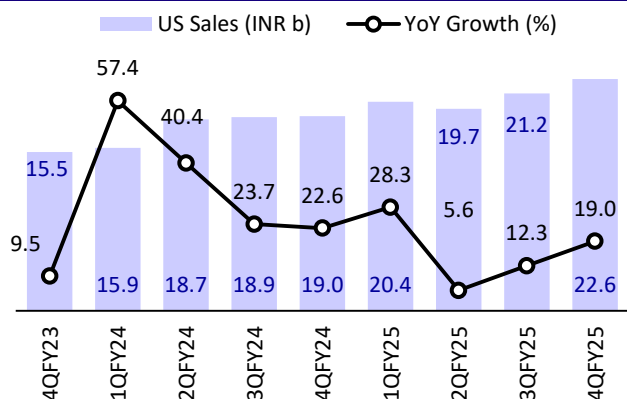
Key performance Indicators (Consolidated)

(INR m)

Y/E March	FY24				FY25				FY24	FY25	FY25
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
Domestic formulations	16,384	16,915	17,251	16,015	19,259	20,096	19,305	17,113	66,564	75,773	17,889
YoY Change (%)	9.8	6.8	13.4	8.3	17.5	18.8	11.9	6.9	9.6	13.8	11.7
US formulations	15,905	18,666	18,885	19,006	20,408	19,711	21,213	22,618	72,462	83,950	21,514
YoY Change (%)	57.4	40.4	23.7	22.6	28.3	5.6	12.3	19.0	33.8	15.9	13.2
Other developed markets	3987	4759	5170	5318	5031	5693	6249	6915	19235	23888	5724.3
YoY Change (%)	19.6	23.9	36.0	17.3	26.2	19.6	20.9	30.0	24.0	18.0	7.6
Emerging markets	5721	6368	6714	6031	6823	6525	6528	6660	24834	26536	4441.6
YoY Change (%)	11.5	17.2	25.6	14.8	19.3	2.5	(2.8)	10.4	17.3	6.9	(12.8)
API	3,371	2,684	2,779	2,581	3,622	2,944	2,891	2,316	11,415	11,773	2,757
YoY Change (%)	32.1	7.4	(1.3)	(20.0)	7.4	9.7	4.0	(10.3)	2.9	7.0	6.8
Cost Break-up											
RM Cost (% of Sales)	35.6	33.8	33.2	31.7	31.2	30.5	30.2	29.8	34.2	30.8	30.1
Staff Cost (% of Sales)	18.3	17.1	17.1	18.1	17.3	18.2	17.3	17.7	18.0	17.9	17.6
R&D Expenses(% of Sales)	8.0	7.5	6.9	8.6	6.2	8.1	7.6	9.4	7.8	8.0	8.9
Other Cost (% of Sales)	24.0	23.3	23.2	21.5	21.0	20.9	20.7	20.3	23.4	21.0	20.7
Gross Margins(%)	64.4	66.2	66.8	68.3	68.8	69.5	69.8	70.2	65.8	69.2	69.9
EBITDA Margins(%)	14.1	18.3	19.7	20.1	24.3	22.3	24.2	22.8	18.1	23.4	22.8
EBIT Margins(%)	9.0	13.4	14.7	14.9	19.9	17.7	19.4	15.9	13.1	18.2	18.2

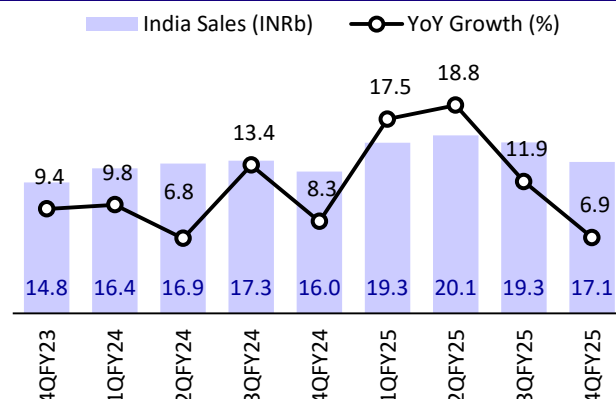
Key exhibits

Exhibit 1: US sales increased 19% YoY in 4QFY25



Source: MOFSL, Company

Exhibit 2: DF sales up 6.9% YoY in 4QFY25



Source: MOFSL, Company

A short phase of steady growth after two high-growth years

US – progress underway to strengthen the complex generics pipeline

- In FY25, the US sales grew 16% YoY to INR84b (USD925m; up 13.4% in CC terms), supported by limited competition product launches like g-spiriva, Pred Forte Gx, and Mirabegron. Accordingly, from the low of USD632m, LPC achieved annual sales of USD925m in FY25.
- LPC has a target of 100 new launches, with 65% of new launches from the complex generic category by FY30.
- LPC's R&D effort towards product development is expected to increase the share of complex generics by 49% in FY30 from 31% in FY25.
- The complex generics are going to be injectables, inhalations, biosimilars, and other value-added medicines.
- While new approvals are expected to drive US generics sales, the competition in the base portfolio might keep growth in US generics in check. We expect 8% sales CAGR in the US over FY25-27 to USD1.1b.

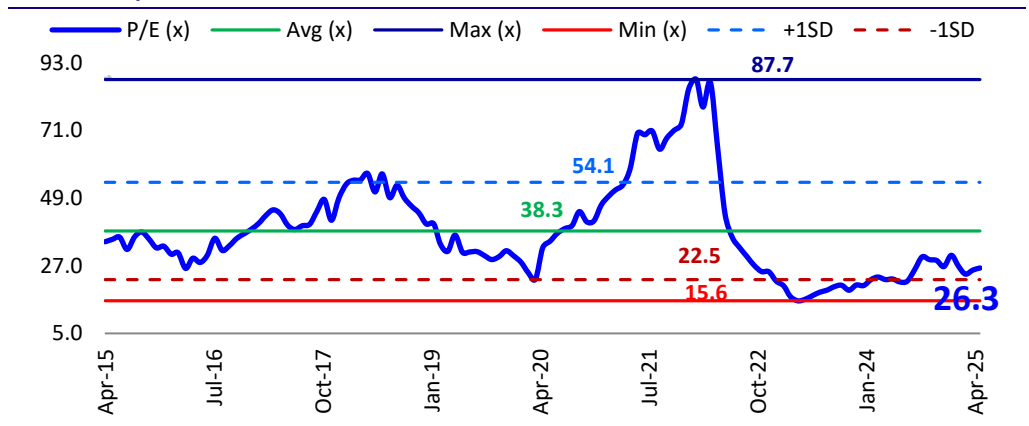
DF – Efforts ongoing to enhance differentiated offerings and increase the overall chronic share

- In FY25, DF sales grew at a robust rate of 14% YoY to INR75b due to industry outperformance in therapies like diabetes/cardiology and GI.
- The subdued growth in the anti-infectives segment affected the overall performance to some extent.
- With an MR strength of 10,400 and a focus on innovation pipeline, LPC is implementing the effort to increase the share of the chronic segment, thereby aiding consistent growth prospects in the DF segment going forward.
- Further, focus on GLP-1 and expansion in therapies such as GI, onco, CNS, and VMS are likely to sustain better-than-industry growth in the DF segment.
- We expect an 11% sales CAGR in this segment to reach INR94b over FY25-27.

Maintain Neutral

- We raise our earnings estimates by 8%/7% for FY26/FY27, factoring in 1) launches in inhalation/injectables/biosimilars segments in the US/EU and other developed markets, 2) better-than-industry growth aided by rising chronic therapies' share in the DF segment, and 3) increased R&D spending towards building a complex product pipeline. We value LPC at 25x 12M forward earnings to arrive at our TP of INR2,220.
- While LPC has delivered phenomenal financial performance over the past three years (adj. PAT surged from a low of INR4b in FY23 to INR33b in FY25), we expect 12% earnings CAGR over FY25-27, as new launch benefits would be offset to some extent by higher competition in the base business. **We reiterate our Neutral rating.**

Exhibit 3: P/E chart



Story in charts

Exhibit 4: Revenue mix in 4QFY25

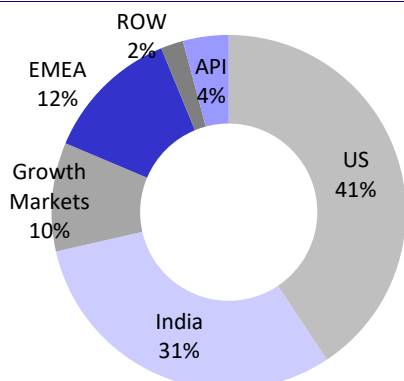


Exhibit 5: Expect 11% sales CAGR over FY25-27

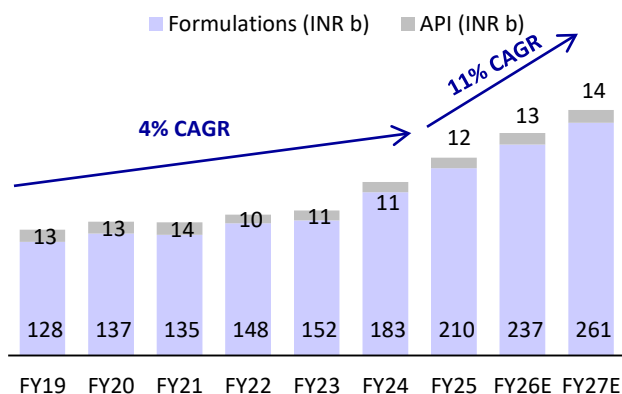


Exhibit 6: R&D spending to inch up going forward

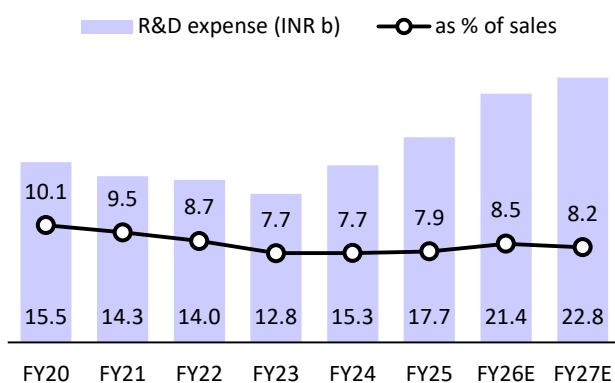


Exhibit 7: EBITDA margin to be stable over FY25-27

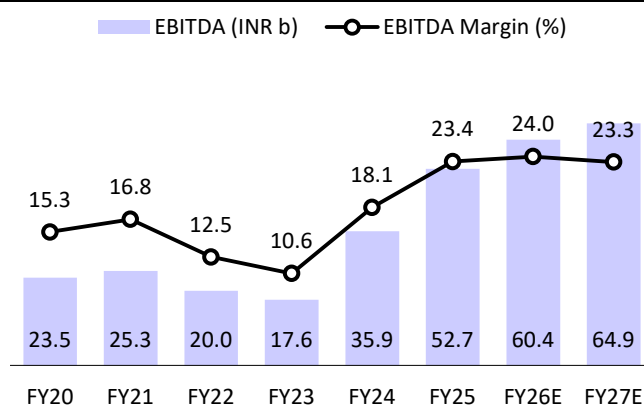


Exhibit 8: Expect EPS to register 12% CAGR over FY25-27

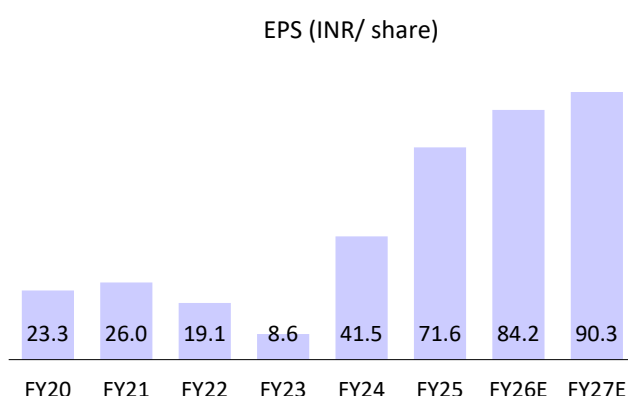
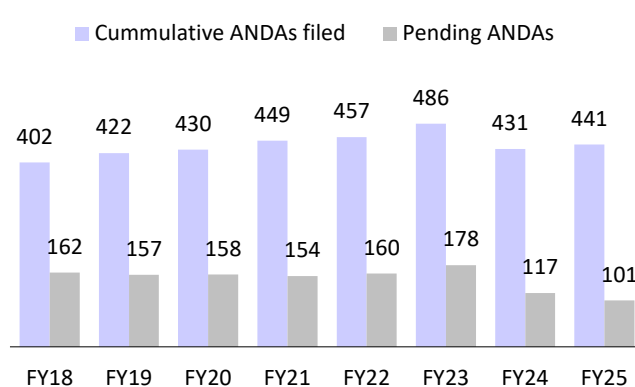


Exhibit 9: 101 ANDAs – pending approval



Source: MOFSL, Company,

Financials and valuations

Income Statement									(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	1,46,646	1,53,748	1,50,930	1,60,321	1,66,417	1,98,054	2,25,028	2,52,134	2,77,861
Change (%)	-7.2	4.8	-1.8	6.2	3.8	19.0	13.6	12.0	10.2
EBITDA	25,607	23,548	25,316	19,968	17,582	35,932	52,668	60,436	64,875
Margin (%)	17.5	15.3	16.8	12.5	10.6	18.1	23.4	24.0	23.3
Depreciation	8,461	9,702	8,874	8,220	8,807	9,956	11,693	11,428	11,910
EBIT	17,147	13,846	16,442	11,748	8,775	25,977	40,975	49,009	52,965
Int. and Finance Charges	3,025	3,630	1,406	1,428	2,743	3,116	2,949	3,367	3,043
Other Income - Rec.	3,330	3,578	1,479	1,504	757	1,218	2,207	2,350	2,550
PBT before EO item	17,452	13,794	16,515	11,824	6,790	24,079	40,234	47,992	52,472
EO Expense/(Income)	3,400	6,261	-236	25,550	-375	-147	834	0	0
PBT after EO item	14,052	7,533	16,751	-13,726	7,165	24,227	39,400	47,992	52,472
Tax	8,879	11,571	4,485	1,372	2,688	4,867	7,087	9,618	11,322
Tax Rate (%)	63.2	153.6	26.8	-10.0	37.5	20.1	18.0	20.0	21.6
Less: Minority Interest	52	-43	-101	-183	-176	-211	-246	-97	-97
Reported PAT	5,121	-3,995	12,165	-15,280	4,301	19,149	32,066	38,277	41,053
PAT Adj for EO items	6,066	10,572	11,790	8,699	3,915	18,875	32,698	38,277	41,053
Change (%)	-58.0	74.3	11.5	-26.2	-55.0	382.1	73.2	17.1	7.3
Margin (%)	4.1	6.9	7.8	5.4	2.4	9.5	14.5	15.2	14.8

Consolidated Balance Sheet									(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	905	906	907	909	910	909	913	909	909
Total Reserves	1,36,517	1,24,461	1,37,124	1,20,624	1,23,695	1,41,992	1,71,122	2,15,562	2,56,802
Net Worth	1,37,422	1,25,367	1,38,031	1,21,533	1,24,605	1,42,901	1,72,035	2,16,471	2,57,711
Minority Interest	469	445	550	687	783	831	909	1,006	1,103
Deferred liabilities	-4,457	252	496	711	738	-567	-6,053	-3,327	-3,327
Secured Loan	70,546	25,180	6,133	6,147	4,153	3,115	20,820	20,570	20,320
Unsecured Loan	15,802	24,928	30,494	37,023	42,165	26,699	34,173	29,104	25,104
Total Loans	86,347	50,108	36,627	43,170	46,318	29,814	54,993	49,675	45,425
Capital Employed	2,19,781	1,76,172	1,75,704	1,66,101	1,72,444	1,72,979	2,21,884	2,63,824	3,00,912
Gross Block	72,189	76,431	85,479	95,368	1,05,127	1,17,618	1,31,807	1,37,084	1,43,147
Less: Accum. Deprn.	23,073	32,776	41,650	49,870	58,677	68,632	80,325	91,753	1,03,662
Net Fixed Assets	49,115	43,656	43,829	45,498	46,450	48,986	51,482	45,331	39,485
Capital WIP	10,186	7,582	8,515	8,475	8,948	5,957	3,555	5,127	5,914
Investments	22,954	23,743	24,549	9,000	5,169	10,747	13,840	13,840	13,840
Goodwill & Intangibles	67,963	37,540	37,126	31,306	40,534	41,566	47,323	47,323	47,323
Curr. Assets	1,21,935	1,35,575	1,20,283	1,22,236	1,26,861	1,29,656	1,69,796	2,20,575	2,70,680
Inventory	38,368	34,569	40,920	46,307	44,918	49,539	54,764	58,220	67,391
Account Receivables	51,498	54,459	44,743	42,619	44,807	46,920	54,971	63,501	72,225
Cash and Bank Balance	9,872	24,543	17,425	10,981	12,931	12,025	31,423	70,168	1,02,378
Others	22,197	22,004	17,195	22,328	24,205	21,171	28,638	28,686	28,686
Curr. Liability & Prov.	52,372	71,924	58,598	50,414	55,519	63,931	64,111	68,372	76,329
Account Payables	41,390	59,884	47,460	42,254	46,937	54,928	57,019	61,280	69,236
Provisions	10,982	12,040	11,139	8,160	8,581	9,003	7,093	7,093	7,093
Net Current Assets	69,563	63,651	61,685	71,822	71,342	65,725	1,05,685	1,52,203	1,94,351
Appl. of Funds	2,19,781	1,76,172	1,75,704	1,66,101	1,72,444	1,72,979	2,21,884	2,63,823	3,00,911

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
EPS (Fully Diluted)	13.4	23.3	26.0	19.1	8.6	41.5	71.6	84.2	90.3
Cash EPS (Fully Diluted)	32.1	44.8	45.5	37.2	28.0	63.4	97.2	109.4	116.5
BV/Share	303.7	276.7	304.2	267.4	273.9	314.4	376.8	476.3	567.0
DPS	5.0	9.0	7.0	9.0	2.0	2.5	2.5	2.5	0.0
Payout (%)	53.3	-119.0	30.4	-31.3	24.7	6.9	4.1	3.5	0.0
Valuation (x)									
P/E (Fully Diluted)	154.4	88.8	79.7	108.2	240.6	49.8	28.9	24.6	22.9
Cash P/E (Fully Diluted)	64.5	46.3	45.4	55.6	74.0	32.6	21.3	18.9	17.8
P/BV	6.8	7.5	6.8	7.7	7.6	6.6	5.5	4.3	3.7
EV/Sales	6.9	6.3	6.4	6.1	5.9	4.8	4.3	3.7	3.2
EV/EBITDA	39.7	41.0	37.9	48.7	55.4	26.7	18.3	15.2	13.6
Return Ratios (%)									
RoE	4.4	8.0	9.0	6.7	3.2	14.1	20.8	19.7	17.3
RoCE	3.5	4.8	7.5	8.6	3.5	12.6	17.7	16.7	15.3
RoIC	3.6	5.1	9.8	9.8	3.9	14.3	21.2	22.5	23.5
Working Capital Ratios									
Asset Turnover (x)	0.7	0.9	0.9	1.0	1.0	1.1	1.0	1.0	0.9
Fixed Asset Turnover (x)	3.0	3.3	3.5	3.6	3.6	4.2	4.5	5.2	6.6
Debtor (Days)	128	129	108	97	98	86	89	92	95
Creditor (Days)	184	162	137	129	136	163	158	156	159
Inventory (Days)	95	82	99	105	99	91	89	84	89
Leverage Ratio									
Current Ratio	2.3	1.9	2.1	2.4	2.3	2.0	2.6	3.2	3.5
Interest Cover Ratio	5.7	3.8	11.7	8.2	3.2	8.3	13.9	14.6	17.4
Debt/Equity (x)	0.6	0.2	0.1	0.3	0.3	0.1	0.1	-0.1	-0.2

Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
PBT Before Extraordinary items	15,172	8,768	16,765	-13,722	7,165	24,223	40,150	60,436	64,875
Interest/Dividends Recd.	2,037	2,194	808	468	2,422	2,280	1,589	2,350	2,550
Direct Taxes Paid	-9,394	-5,112	-6,954	469	-2,432	-3,261	-9,060	-6,892	-11,322
(Inc)/Dec in WC	-5,002	-4,710	-1,925	-150	3,265	855	-14,105	-7,773	-9,937
CF from Operations	2,812	1,139	8,694	-12,936	10,420	24,098	18,573	48,121	46,166
Others	13,847	13,549	9,524	16,609	8,552	12,386	11,426	2	2
CF from Op. incl EO Exp.	16,660	14,688	18,218	3,673	18,972	36,484	29,999	48,123	46,168
(inc)/dec in FA	-9,599	-6,713	-6,714	-8,980	-14,611	-9,166	-16,531	-6,850	-6,850
Free Cash Flow	-6,786	-5,574	1,980	-21,916	-4,191	14,931	2,042	41,271	39,316
(Pur)/Sale of Investments	-20,245	-1,192	-255	15,891	3,958	-5,374	-324	0	0
Others	-2,981	18,974	-5,427	6,011	-2,214	-2,582	-24,864	0	0
CF from Investments	-32,825	11,070	-12,396	12,922	-12,868	-17,122	-41,719	-6,850	-6,850
Change in Net Worth	37	60	108	161	19	146	399	7,486	185
Inc/(Dec) in Debt	12,922	-2,674	-14,719	-11,693	700	-17,331	24,277	-5,319	-4,250
Interest Paid	-2,804	-3,562	-1,518	-1,240	-2,267	-2,829	-2,295	-3,367	-3,043
Dividend Paid	-2,248	-2,265	-2,723	-2,951	-1,825	-1,828	-3,653	-1,329	0
CF from Fin. Activity	7,441	-8,906	-18,853	-15,723	-3,373	-21,842	17,319	-2,528	-7,107
Inc/Dec of Cash	-8,724	16,853	-13,031	872	2,732	-2,481	5,599	38,745	32,210
Add: Beginning Balance	14,164	5,441	22,293	9,262	9,913	12,317	9,836	15,436	54,180
Cash/Cash Eq. at end of the year	5,441	22,293	9,262	10,134	12,645	9,836	15,436	54,180	86,390
Forex/Bank	0	0	0	-221	-328	0	15,988	15,988	15,988
Closing Balance	5,441	22,293	9,262	9,913	12,317	9,836	31,423	70,168	1,02,378

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NOTES

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