

May 16, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	2,400		2,420	
Sales (Rs. m)	2,53,588	2,70,287	2,49,570	2,70,486
% Chng.	1.6	(0.1)		
EBITDA (Rs. m)	63,923	65,373	59,315	64,603
% Chng.	7.8	1.2		
EPS (Rs.)	88.8	93.5	84.5	94.6
% Chng.	5.1	(1.2)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,98,055	2,27,079	2,53,588	2,70,287
EBITDA (Rs. m)	35,947	52,775	63,923	65,373
Margin (%)	18.1	23.2	25.2	24.2
PAT (Rs. m)	18,999	32,758	40,531	42,676
EPS (Rs.)	41.7	71.7	88.8	93.5
Gr. (%)	341.0	72.1	23.7	5.3
DPS (Rs.)	5.9	14.0	7.0	7.0
Yield (%)	0.3	0.7	0.3	0.3
RoE (%)	14.2	20.8	21.3	18.6
RoCE (%)	15.4	20.9	22.1	20.5
EV/Sales (x)	4.8	4.3	3.7	3.3
EV/EBITDA (x)	26.7	18.3	14.6	13.7
PE (x)	49.7	28.9	23.4	22.2
P/BV (x)	6.6	5.5	4.5	3.8

Key Data

LUPN.BO | LPC IN

52-W High / Low	Rs.2,403 / Rs.1,493
Sensex / Nifty	82,531 / 25,062
Market Cap	Rs.947bn/ \$ 11,064m
Shares Outstanding	457m
3M Avg. Daily Value	Rs.2187.83m

Shareholding Pattern (%)

Promoter's	46.91
Foreign	21.46
Domestic Institution	25.41
Public & Others	6.22
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	3.0	2.8	26.5
Relative	(4.2)	(3.3)	11.8

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Strong US visibility

Quick Pointers:

- Focus remains on increasing share of complex generics to ~50% by FY30.
- Targeting to grow 1.2-1.3x of IPM market. Chronic share to increase to 70%

Lupin's (LPC) Q4FY25 EBITDA was at Rs13bn (up 30% YoY) ~10% beat to our estimates on the back of higher US sales supported by niche launches. GMs improved YoY. LPC saw remarkable turnaround in profitability with ~2x jump in EBITDA over FY23-24 aided by better product mix, continued niche launches in the US, clearance from USFDA for facilities, domestic formulations regaining momentum and cost optimization measures. We expect margins to sustain given a strong pipeline in the US. Our FY26E stands increase by 5% as we factor in higher gTolvaptan sales however our FY27E broadly remain unchanged. We maintain BUY rating with TP of Rs2,420 (25x FY27E EPS. Any competition in gSpiriva and delay in new launches in the US will be key risks to our estimates.

- Higher US sales aided growth:** Revenues grew 14% YoY to Rs57bn, vs our estimate Rs 56bn largely aided by US markets. It increased 4% QoQ at \$245mn, vs our est \$230mn. Such performance was backed by seasonality and new launches. India formulation business growth was mere 6% YoY; below our est. EMEA delivered steady growth up 10%, while other developed markets rise by 30% YoY. API business remained muted; down 10% YoY.
- EBITDA above est, QoQ margins decline led by higher R&D spend:** The company reported EBITDA of Rs13bn; up 30% YoY. OPM declined 90bps QoQ to 22.8% led by higher R&D and lower other operating income. GM's continue to remain strong at 70.2%, flat QoQ and up 200bps YoY. Other operating income came at Rs 1.1bn down QoQ. R&D expenses increased 26% YoY; 9% of sales. Ex R&D other expenses were down 9% QoQ. The company booked forex gain of Rs290mn while tax rate came in lower. Reported PAT came in at Rs7.7bn, above our est.

Analyst meet key takeaways:

US:

- Net sales at \$925mn (FY25), up 13% YoY
- Contribution of Complex generics to increase from current 31% to 49% in FY30.
- gAlbuterol enjoys 20% market share. Expect further competition to kick in 2H26.
- Guided for \$250mn quarterly run rate as new base in US market from Q1.
- 3 injectables namely Glucagon, Liraglutide (Victoza) and Risperidone LAI to drive US sales in H2FY26. Expect to get approval in coming months

- FY27 will see high value launches like gSaxenda, couple of biosimilars and high value OSDs , one 505 (b) (2) which will drive US sales
- On gTolvaptan, given it is REMS product and limited competition, company may continue to enjoy higher market share beyond exclusivity period also.
- On gSpiriva, do not see any generic competition for at least the next 9-12 months. Continues to enjoy market share at +30%.
- On gMirabegron- continues to sell in US market; next trial hearing is on Feb 2026.
- Key growth drivers would be mainly complex generics
 - Targets 100+ new product launches, 65% of the revenue would be derived from complex generics by FY30
 - Expects to file 60+ products by FY30 which would include 30+ para 4drugs and 20+ FTF with addressable market of \$19bn
 - Will built Specialty drugs through M&A and partnership

India:

- Strong in chronic therapies (cardiac, diabetes, respiratory). Chronic mix in FY25 stood at 64%. Target to reach 70% by FY30.
- Focus remains on in-licensing, new divisions, expanding field force (+2,000 reps in 5 yrs), digital, diagnostics, OTC, and tier-2/3 market penetration. Current MR headcount stands at 10400
- Targeting 1.2–1.3x IPM growth with 80+ new product launches. Aspiration to reach in top 5
- Continued focus on GLP-1s and therapies such as GI, Onco, CNS, VMS

Developed markets: (Europe, Canada, Australia):

- **Europe:** Growth driver remains complex generics & specialty portfolio.
 - Current run-rate stands at \$195mn
 - Products such as NaMuscla, Luforbec, Nepexto (Etanercept biosimilar)
 - Targets 50+ new products launches with focus on Day 1 launches by FY30.
 - Complex generics to contribute 55% revenue by FY30.
- **Canada:** Largely focused towards specialty products.
 - Current run-rate stands at \$47mn
 - Targets 40% revenue from Complex generics and inhalation products.
 - Products such as Zaxine, Intrarosa, Tiotropium to aid growth.

- **Australia:** Growth largely backed by B2B business
 - Current run-rate stands at \$78mn
 - Focus remains on new product launches including biosimilars
 - Will be launching Etanercept in Australia market in FY26

Emerging markets:

- Intends to expand in SA region by participation in ARV tenders. Currently enjoys presence in CVS, Pain & GI markets.
- Mexico generates 69% contribution from opthal portfolio.
- Brazil has 40% OTC portfolio.

R&D and pipeline:

- Focus on 505(b)(2), long-acting injectables, green propellants.
- Etanercept biosimilar already launched outside US. Plans to enter US post-patent expiry FY29.

Other highlights:

- R&D spend to inch up at 8.5% of revenues. About 70% of R&D spend is towards complex generics of which 30% is towards inhalation products.
- Mgmt cited IRA, MFN and tariff to have limited impact on generics.
- Optimized costs by using more ocean freight. Overall saved \$50mn in opex in FY25.
- **Net Debt:** Zero; improved free cash flow and working capital efficiency.

Exhibit 1: Q4FY25 Result Overview (Rs mn): In-line EBITDA, Uptick in Revenues YoY

Y/e March	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Net Sales	56,671	49,608	14.2	57,678	(1.7)	2,27,080	2,00,108	13.5
Raw Material	16,862	15,738	7.1	17,216	(2.1)	68,423	66,435	3.0
% of Net Sales	29.8	31.7		29.8		30.1	33.2	
Personnel Cost	10,013	9,002	11.2	9,844	1.7	39,642	34,945	13.4
% of Net Sales	17.7	18.1		17.1		17.5	17.5	
Others	16,876	14,900	13.3	16,959	(0.5)	66,488	60,745	9.5
% of Net Sales	29.8	30.0		29.4		29.3	30.4	
Total Expenditure	43,750	39,640	10.4	44,019	(0.6)	1,74,553	1,62,125	7.7
EBITDA	12,921	9,968	29.6	13,659	(5.4)	52,527	37,983	38.3
Margin (%)	22.8	20.1		23.7		23.1	19.0	
Depreciation	3,932	4,571	(14.0)	2,715	44.8	11,693	11,968	(2.3)
EBIT	8,989	5,397	66.6	10,944	(17.9)	40,833	26,015	57.0
Other Income (Includes FX)	860	293	193.1	438	96.3	2,266	1,324	71.1
Interest	891	713	25.0	669	33.2	2,949	3,116	(5.4)
PBT	8,958	4,977	80.0	10,713	(16.4)	40,150	24,223	65.8
Total Taxes	1,135	1,295	(12.4)	2,124	(46.6)	7,087	4,867	45.6
ETR (%)	12.7	26.0		19.8		17.7	20.1	
PAT before exceptional	7,824	3,682	112.5	8,589	(8.9)	33,063	19,356	70.8
Minority interest	(99)	(88)		(37)		(246)	(211)	
Exceptional Item								
Reported PAT	7,725	3,594	114.9	8,552	(9.7)	32,817	19,145	71.4

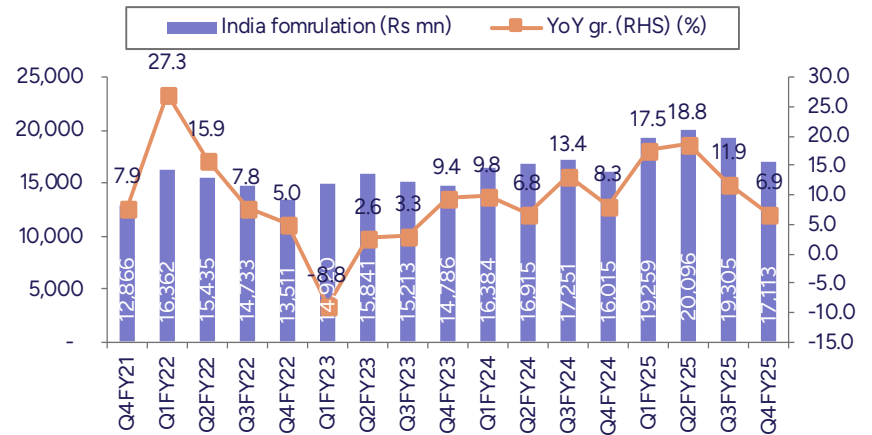
Source: Company, PL

Exhibit 2: Healthy US revenues aided performance

Major Sources of Revenues	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Domestic market	17,113	16,015	6.9	19,305	(11.4)	75,773	66,565	13.8
% of Sales	30.8	32.7		34.4		34.1	34.2	
International market (Exports)	38,509	32,936	16.9	36,881	4.4	1,46,147	1,27,945	14.2
% of Sales	69.2	67.3		65.6		65.9	65.8	
Total	55,622	48,951	13.6	56,186	(1.0)	2,21,920	1,94,510	14.1
Formulations	53,306	46,370	15.0	53,295	0.0	2,10,147	1,83,095	14.8
% of Sales	95.8	94.7		94.9		94.7	94.1	
India	17,113	16,015	6.9	19,305	(11.4)	75,773	66,565	13.8
% of Sales	30.8	32.7		34.4		34.1	34.2	
International market (Exports)	36,193	30,355	19.2	33,990	6.5	1,34,374	1,16,530	15.3
% of Sales	65.1	62.0		60.5		60.6	59.9	
North America	22,618	19,006	19.0	21,213	6.6	83,950	72,462	15.9
% of Sales	40.7	38.8		37.8		37.8	37.3	
Europe, Middle East, Africa (EMEA)	6,660	5,318	25.2	6,249	6.6	23,633	19,234	22.9
% of Sales	12.0	10.9		11.1		10.6	9.9	
Emerging markets	6,915	6,031	14.7	6,528	5.9	26,791	24,834	7.9
% of Sales	12.4	12.3		11.6		12.1	12.8	
APIs	2,316	2,581	(10.3)	2,891	(19.9)	11,773	11,415	3.1
% of Sales	4.2	5.3		5.1		5.3	5.9	
Grand Total	55,622	48,951	13.6	56,186	(1.0)	2,21,920	1,94,510	14.1

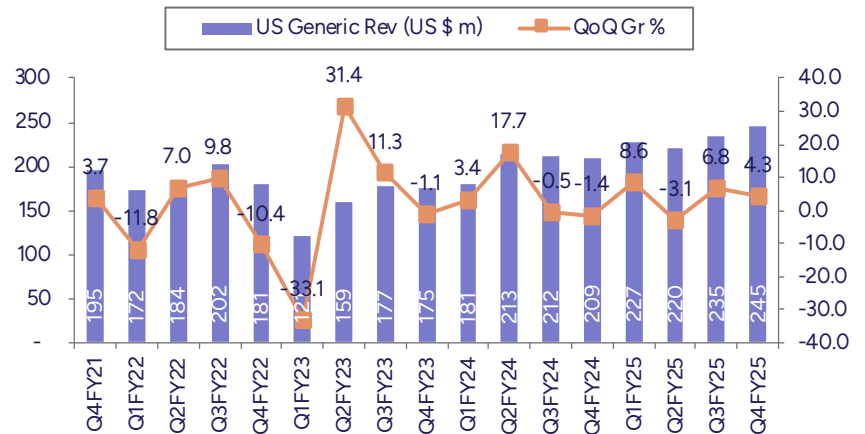
Source: Company, PL

Exhibit 3: Key therapies aided domestic growth



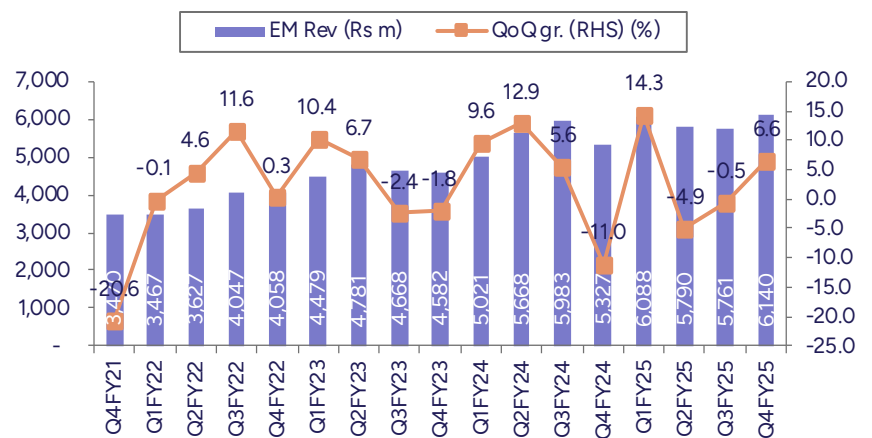
Source: Company, PL

Exhibit 4: Niche launches continue to aid growth



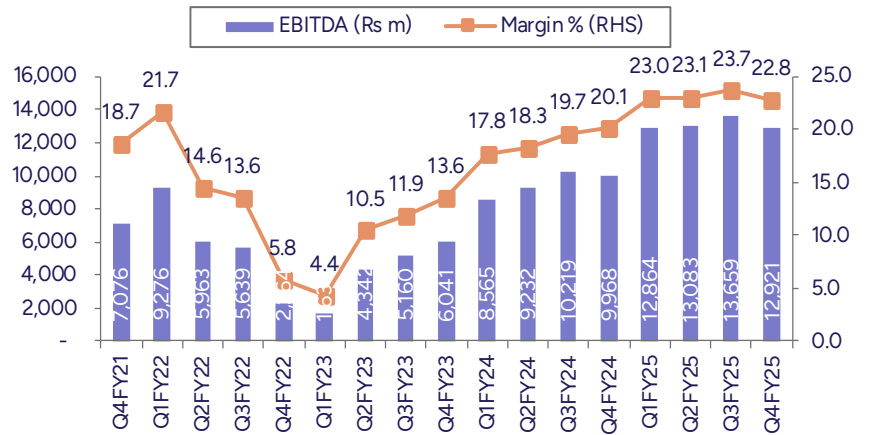
Source: Company, PL

Exhibit 5: Witnessed recovery in business



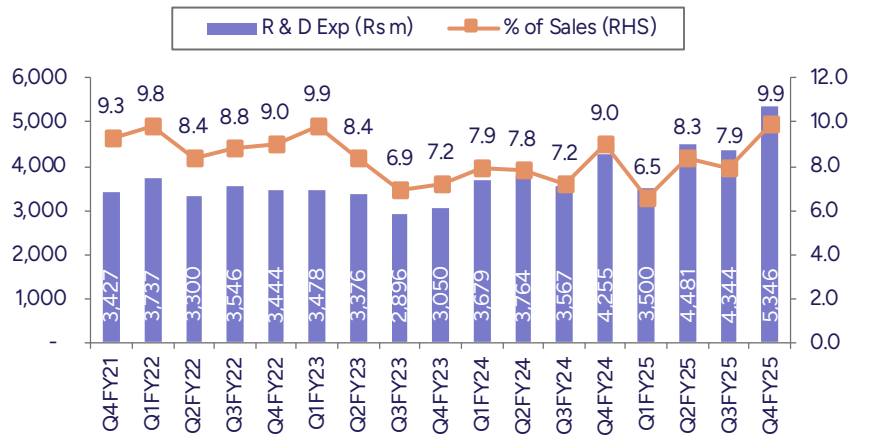
Source: Company, PL

Exhibit 6: GMs remained higher YoY



Source: Company, PL

Exhibit 7: R&D cost inch up QoQ



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,98,055	2,27,079	2,53,588	2,70,287
YoY gr. (%)	19.0	14.7	11.7	6.6
Cost of Goods Sold	66,435	68,423	75,501	82,871
Gross Profit	1,31,620	1,58,656	1,78,087	1,87,417
Margin (%)	66.5	69.9	70.2	69.3
Employee Cost	34,946	39,642	44,399	47,951
Other Expenses	60,728	66,239	69,765	74,092
EBITDA	35,947	52,775	63,923	65,373
YoY gr. (%)	108.9	46.8	21.1	2.3
Margin (%)	18.1	23.2	25.2	24.2
Depreciation and Amortization	9,956	11,693	12,043	12,405
EBIT	25,991	41,082	51,879	52,969
Margin (%)	13.1	18.1	20.5	19.6
Net Interest	3,116	2,949	2,757	1,632
Other Income	1,202	1,958	2,500	3,000
Profit Before Tax	24,077	40,092	51,622	54,336
Margin (%)	12.2	17.7	20.4	20.1
Total Tax	4,867	7,087	10,841	11,411
Effective tax rate (%)	20.2	17.7	21.0	21.0
Profit after tax	19,210	33,005	40,781	42,926
Minority interest	211	246	250	250
Share Profit from Associate	-	-	-	-
Adjusted PAT	18,999	32,758	40,531	42,676
YoY gr. (%)	341.7	72.4	23.7	5.3
Margin (%)	9.6	14.4	16.0	15.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	18,999	32,758	40,531	42,676
YoY gr. (%)	341.7	72.4	23.7	5.3
Margin (%)	9.6	14.4	16.0	15.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	18,999	32,758	40,531	42,676
Equity Shares O/s (m)	456	457	457	457
EPS (Rs)	41.7	71.7	88.8	93.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	1,72,151	1,91,377	2,01,377	2,11,377
Tangibles	92,621	1,06,637	1,12,209	1,17,781
Intangibles	79,529	84,740	89,168	93,596
Acc: Dep / Amortization	1,04,849	1,16,542	1,28,585	1,40,990
Tangibles	43,636	48,502	53,514	58,677
Intangibles	61,213	68,040	75,071	82,313
Net fixed assets	67,301	74,835	72,792	70,387
Tangibles	48,986	58,135	58,695	59,104
Intangibles	18,316	16,700	14,097	11,283
Capital Work In Progress	5,957	3,555	3,555	3,555
Goodwill	23,250	22,326	22,326	22,326
Non-Current Investments	10,746	11,464	11,464	11,464
Net Deferred tax assets	567	3,327	3,327	3,327
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	49,539	54,764	61,995	66,160
Trade receivables	46,921	54,971	60,647	64,722
Cash & Bank Balance	12,025	31,423	51,361	74,053
Other Current Assets	-	-	-	-
Total Assets	2,36,947	2,84,814	3,15,615	3,44,143
Equity				
Equity Share Capital	911	913	913	913
Other Equity	1,41,992	1,71,122	2,08,448	2,47,918
Total Network	1,42,903	1,72,035	2,09,361	2,48,831
Non-Current Liabilities				
Long Term borrowings	-	17,662	7,662	2,662
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	26,699	33,104	29,104	19,104
Trade payables	29,581	29,582	33,693	35,957
Other current liabilities	37,498	36,493	37,963	39,507
Total Equity & Liabilities	2,36,947	2,86,458	3,15,615	3,44,143

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	24,182	40,150	51,622	54,336
Add. Depreciation	9,956	11,693	12,043	12,405
Add. Interest	3,116	2,949	2,757	1,632
Less Financial Other Income	1,202	1,958	2,500	3,000
Add. Other	1,636	(1,451)	-	-
Op. profit before WC changes	38,889	53,341	66,423	68,373
Net Changes-WC	855	(14,280)	(7,326)	(4,433)
Direct tax	(3,261)	(9,060)	(10,841)	(11,411)
Net cash from Op. activities	36,484	30,000	48,256	52,530
Capital expenditures	(10,754)	(17,287)	(10,000)	(10,000)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Invst. activities	(10,754)	(17,287)	(10,000)	(10,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	(16,171)	12,069	(10,000)	(5,000)
Dividend paid	(1,828)	(3,653)	(3,205)	(3,205)
Interest paid	(3,116)	(2,949)	(2,757)	(1,632)
Others	(5,520)	1,218	1,644	-
Net cash from Fin. activities	(26,636)	6,685	(14,319)	(9,838)
Net change in cash	(906)	19,398	23,937	32,692
Free Cash Flow	27,195	13,176	38,256	42,530

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	56,003	56,727	57,678	56,671
YoY gr. (%)	16.3	12.6	11.0	14.2
Raw Material Expenses	17,446	16,899	17,216	16,862
Gross Profit	38,558	39,828	40,462	39,809
Margin (%)	68.8	70.2	70.2	70.2
EBITDA	12,864	13,083	13,659	12,921
YoY gr. (%)	50.2	41.7	33.7	29.6
Margin (%)	23.0	23.1	23.7	22.8
Depreciation / Depletion	2,477	2,569	2,715	3,932
EBIT	10,387	10,514	10,944	8,989
Margin (%)	18.5	18.5	19.0	15.9
Net Interest	680	709	669	891
Other Income	224	744	438	860
Profit before Tax	9,930	10,549	10,713	8,958
Margin (%)	17.7	18.6	18.6	15.8
Total Tax	1,875	1,954	2,124	1,135
Effective tax rate (%)	18.9	18.5	19.8	12.7
Profit after Tax	8,055	8,595	8,589	7,824
Minority interest	42	69	37	99
Share Profit from Associates	-	-	-	-
Adjusted PAT	8,013	8,526	8,552	7,725
YoY gr. (%)	77.2	74.1	39.5	114.9
Margin (%)	14.3	15.0	14.8	13.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	8,013	8,526	8,552	7,725
YoY gr. (%)	77.2	74.1	39.5	114.9
Margin (%)	14.3	15.0	14.8	13.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,013	8,526	8,552	7,725
Avg. Shares O/s (m)	456	456	456	456
EPS (Rs)	17.6	18.7	18.8	16.9

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	41.7	71.7	88.8	93.5
CEPS	63.5	97.4	115.1	120.6
BVPS	313.6	376.8	458.5	545.0
FCF	59.7	28.9	83.8	93.1
DPS	5.9	14.0	7.0	7.0
Return Ratio(%)				
RoCE	15.4	20.9	22.1	20.5
ROIC	11.6	16.2	19.6	19.6
RoE	14.2	20.8	21.3	18.6
Balance Sheet				
Net Debt : Equity (x)	0.1	0.1	(0.1)	(0.2)
Net Working Capital (Days)	123	129	128	128
Valuation(x)				
PER	49.7	28.9	23.4	22.2
P/B	6.6	5.5	4.5	3.8
P/CEPS	32.6	21.3	18.0	17.2
EV/EBITDA	26.7	18.3	14.6	13.7
EV/Sales	4.8	4.3	3.7	3.3
Dividend Yield (%)	0.3	0.7	0.3	0.3

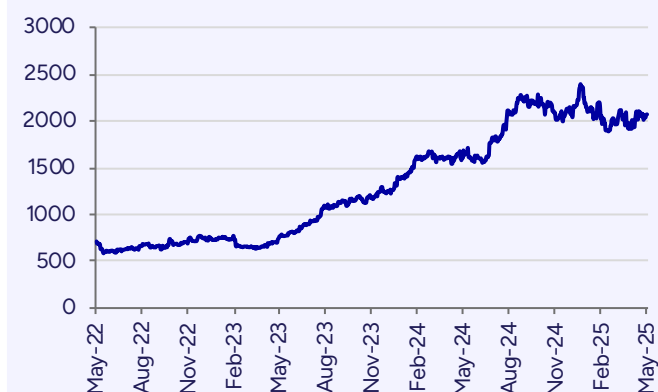
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
India Formulations	66,564	75,773	83,946	92,350
US formulations	67,581	78,250	89,759	90,182
EU	6,218	7,192	8,038	8,884
ROW	27,486	30,838	34,249	38,192
API	11,415	11,772	12,714	13,731
Other	8,426	10,858	11,000	11,400

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	BUY	2,420	1,923
2	13-Feb-25	BUY	2,420	2,025
3	08-Jan-25	BUY	2,420	2,359
4	10-Nov-24	BUY	2,420	2,105
5	07-Oct-24	BUY	2,300	2,198
6	08-Aug-24	BUY	2,300	1,994
7	08-Jul-24	Hold	1,675	1,770

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,100	6,683
2	Aster DM Healthcare	BUY	620	476
3	Aurobindo Pharma	BUY	1,510	1,097
4	Cipla	BUY	1,730	1,520
5	Divi's Laboratories	Accumulate	6,250	5,309
6	Dr. Reddy's Laboratories	Reduce	1,225	1,156
7	Eris Lifesciences	BUY	1,450	1,275
8	Fortis Healthcare	BUY	760	636
9	HealthCare Global Enterprises	BUY	555	523
10	Indoco Remedies	Hold	325	233
11	Ipca Laboratories	Accumulate	1,700	1,316
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,641
13	Jupiter Life Line Hospitals	BUY	1,720	1,422
14	Krishna Institute of Medical Sciences	BUY	725	656
15	Lupin	BUY	2,420	1,923
16	Max Healthcare Institute	BUY	1,300	1,084
17	Narayana Hrudayalaya	BUY	1,560	1,644
18	Rainbow Children's Medicare	BUY	1,785	1,406
19	Sun Pharmaceutical Industries	BUY	2,275	1,677
20	Sunteck Realty	BUY	650	401
21	Torrent Pharmaceuticals	Accumulate	3,750	3,234
22	Zydus Lifesciences	Accumulate	1,050	841

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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