



Strong Results Led by New Launches

Est. vs. Actual for Q1FY26: Revenue – **INLINE**; EBITDA Margin – **BEAT**; PAT – **BEAT**

Changes in Estimates (%) post Q1FY26

FY26E/FY27E: Revenue: 0.3%/1.2%; EBITDA Abs 0.7%/2.0%; PAT: 0%.6/0.8%

Recommendation Rationale

- **A strong set of results:** Lupin reported a robust performance for Q1FY26, with revenue of Rs 6,268 Cr, up 12% YoY and 10.6% QoQ, broadly in line with estimates. Growth was led by strong execution in the US business (+24.3% YoY, Rs 2,404 Cr / \$282 Mn) and steady momentum in the India business (+7.8% YoY). The EMEA region also witnessed healthy growth, while Other Developed Markets grew moderately. However, the API segment saw a YoY decline, impacted by pricing pressure.
- **Improvement in gross margin:** Gross margin expanded by 288 bps YoY to 71.7%, aided by a better product mix (including Tolvaptan and Myrbetriq), lower share of in-licensed products, and improved cost efficiencies.
- **EBITDA & Profitability:** EBITDA stood at Rs 1,727 Cr, up 39% YoY and 31% QoQ, with EBITDA margin improving by 540 bps YoY to 27.6%, driven by strong operating leverage. Reported PAT grew 52% YoY to Rs 1,221 Cr, significantly beating expectations.

Sector Outlook: Positive

Company Outlook & Guidance: Lupin is poised for sustained double-digit revenue growth in FY26, led by strong US market execution, new launches like Glucagon and Liraglutide, and a robust injectable and biosimilar pipeline. While some loss of exclusivity in FY27 (e.g., Tolvaptan, Mirabegron) may create near-term volatility, management projects high single-digit to potential double-digit growth, supported by new approvals including Risperdal, Pegfilgrastim, and Ranibizumab. EBITDA margins are expected to remain healthy at 24–25% in FY26, with further expansion in FY27 driven by premium product mix and continued cost optimization. R&D spending will stay elevated (7.5–8.5% of sales) as focus shifts toward complex generics, 505(b)(2) products, and global biosimilar expansion. Adjacency businesses are currently dragging margins by ~1% but are expected to break even by FY27, adding further upside to profitability.

Current Valuation: 27x PE for FY27 earnings (Earlier 29x/FY27E)

Current TP: Rs 2,400/share (Earlier TP: Rs 2,500/share)

Recommendation: BUY

Financial Performance

Lupin reported a strong set of results that exceeded expectations. Reported revenue grew 12% YoY, led by US businesses, which grew 24% YoY (largely driven by Tolvaptan and Myrbetriq), along with a 7.8% YoY increase in the Indian business. The EMEA and Other Developed Markets segment grew 27% and 17% YoY respectively, while the API segment declined 33% YoY.

Gross margin expanded by 288 bps YoY to 71.7%, aided by a better product mix (including Tolvaptan and Myrbetriq), lower share of in-licensed products, and improved cost efficiencies. EBITDA stood at Rs 1,727 Cr, up 39% YoY and 31% QoQ, with EBITDA margin improving by 540 bps YoY to 27.6%, driven by strong operating leverage. Reported PAT grew 52% YoY to Rs 1,221 Cr, significantly beating expectations. The company remains debt-free and cash surplus, backed by strong cash flows. Lupin continues to sell the product under litigation, supported by non-infringement and invalidity defenses.

Key Financials (Consolidated)

(Rs Cr)	Q1FY26	QoQ (%)	YoY (%)	Axis Est.	Variance %
Net Sales	6,268	10.6%	12%	6,267	0.0%
EBITDA	1,727	30.7%	39%	1,510	14.4%
EBITDA Margin	27.6%	424	539	24.1%	-
Net Profit	1,221	56.1%	43%	930	31.3%
EPS (Rs)	26.8	56.1%	43%	20.4	30.9%

Source: Company, Axis Securities Research

(CMP as of 06th August 2025)

CMP (Rs)	1,851
Upside /Downside (%)	30%
High/Low (Rs)	2,402/1,493
Market cap (Cr)	84,520
Avg. daily vol. (6m) Shrs.	1,20,000
No. of shares (Cr)	45.5

Shareholding (%)

	Dec-24	Mar-25	Jun-25
Promoter	47.0	46.9	46.9
FIIIs	22.0	21.5	21.3
MFs / UTI	16.9	17.6	19.4
Others	14.1	14.1	12.5

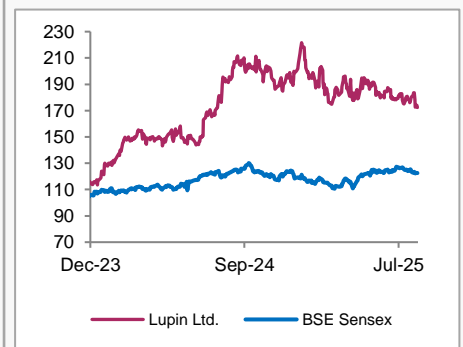
Financial & Valuations

Y/E Mar, Rs. Cr	FY25	FY26E	FY27E
Net Sales	22,708	25,162	27,113
EBITDA	5,283	5,963	6,480
Net Profit	3,306	3,717	4,053
EPS (Rs.)	72.4	81.4	88.8
PER (x)	25.6	22.7	20.9
EV/EBITDA (x)	16.4	13.8	12.2
P/BV (x)	4.9	4.1	3.5
ROE (%)	19.1	18.2	16.9

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0.3%	1.2%
EBITDA	0.7%	2.0%
PAT	0.6%	0.8%

Relative Performance



Source: Ace Equity

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Financial Performance (Cont'd)

US sales stood at \$282 Mn, registering a 24.2% YoY growth in constant currency terms, the highest since Q4FY17, while overall reported revenue from the US was Rs 2,516 Cr, up 23% YoY. This growth was primarily driven by new launches and 180-day exclusivity of Tolvaptan. However, lower seasonal business and competition in Suprep and Albuterol weighed on performance. Despite this, the company maintained a 19% market share in Albuterol.

India Business: Lupin reported Rs 2,089 Cr in Q1FY26, reflecting a modest 7.8% YoY growth, driven by strong performance in chronic therapies such as diabetes, cardiology, and gastroenterology, in line with market growth. The company has launched 5 Products in the Quarter in India and Planning of 20+ Products For FY26.

Valuation & Recommendation:

Lupin's strong pipeline in generics, biosimilars, and specialty drugs could drive double-digit growth in the U.S. market. Additionally, the company is continuously gaining market share in the diabetes and cardiac segments in India, supported by a 10,000-strong medical representative team that is outpacing industry growth. We recommend a **BUY** rating with a target price of Rs 2,500/share.

Outlook

Lupin remains confident in its growth trajectory, supported by strong new launches, an expanding complex generics portfolio, and a solid pipeline. In the US market, recently launched Tolvaptan (market size: \$287 Mn), Glucagen, and Xyway are expected to contribute to meaningful revenue in FY26, and the upcoming launch of Liraglutide in Oct '25 reflects strong execution. Additionally, injectable products like Dalbavancin, a \$500 Mn market opportunity, are expected to be launched within the next six months. Lupin continues to build a robust pipeline with products such as Cyanocobalamin, Diazepam Gel, Varenicline, Bromfenac, and Risperidone. The India business is expected to maintain double-digit growth, driven by a 10,000-strong MR team and ongoing new product introductions. The API segment is witnessing a revival in demand, further strengthening Lupin's revenue base. With strong execution, continued R&D investments, and a well-diversified product portfolio, Lupin is well-positioned for sustainable long-term growth and profitability across its key markets.

Key Risks to Our Estimates and TP

- USFDA inspection and issuing of WL/OAI or 483 observations may impact the revenue growth
- Entry of new players may increase pricing pressure in the injectables portfolio
- Delay in launching Biosimilars in the market

Change in Estimates

(Rs Cr)	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	25,162	27,113	25,093	26,794	0.3%	1.2%
EBITDA	5,963	6,480	5,922	6,350	0.7%	2.0%
PAT	3,717	4,053	3,694	4,019	0.6%	0.8%

Source: Company, Axis Securities Research

Results Review

Particulars (Rs Cr)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
Net Sales	5,600	5,673	5,768	5,667	6,268	11.9%	10.6%
Growth (%)	16.3%	12.6%	11.0%	14.2%	11.9%		
Total Expenditure	4,359	4,332	4,412	4,346	4,541	4.2%	4.5%
Raw Material Consumed	1,146	1,118	1,084	1,109	1,127	-1.7%	1.5%
Stock Adjustment	641	660	766	576	714		
Development Costs	-42	-88	-129	1	-69		
% of sales	31.2%	29.8%	29.8%	29.8%	28.3%		
Gross margins (%)	68.8%	70.2%	70.2%	70.2%	71.7%	288	149
Employee Expenses	971	1,008	984	1,001	1,083	11.5%	8.2%
% of sales	17.3%	17.8%	17.1%	17.7%	17.3%		
Other Expenses	1,644	1,635	1,706	1,659	1,686	2.6%	1.7%
% of sales	29.3%	28.8%	29.6%	29.3%	26.9%		
EBITDA	1,241	1,340	1,356	1,321	1,727	39.2%	30.7%
EBITDAM (%)	22.2%	23.6%	23.5%	23.3%	27.6%	539	424
Interest	68	71	67	89	92		
Depreciation	248	257	271	393	299		
Other Income	68	42	54	57	79		
Exceptional Items	0	0	0	0	0		
PBT	993	1,055	1,071	896	1,416	42.5%	58.0%
Tax	187	195	212	113	194		
Tax (%)	18.9%	18.5%	19.8%	12.7%	13.7%		
PAT	806	860	859	782	1,221	51.6%	56.1%
P/L Ass	-4	0	0	0	0		
Reported PAT	802	860	859	782	1,221	52.4%	56.1%

Source: Company, Axis Securities Research

Geographical Breakup

Particulars (Rs Cr)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
US Business (USD Millions)	227	220	235	245	282
Geographical Revenue Breakdown					
North America	2,041	1,971	2,121	2,262	2,516
India	1,938	2,010	1,931	1,711	2,089
Emerging	515	569	625	666	652
Other developed markets	670	653	653	693	775
API	362	294	289	232	243

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar, Rs Cr	FY25	FY26E	FY27E	FY28E
Total Net Sales	22,708	25,162	27,113	28,571
% Change	13.5%	10.8%	7.8%	5.4%
Raw Material Consumption	6,842	7,675	8,242	8,686
Staff costs	3,964	4,252	4,555	4,786
Other Expenditure	6,618	7,272	7,836	8,234
Total Expenditure	17,425	19,199	20,633	21,705
EBITDA	5,283	5,963	6,480	6,866
% Change	38.6%	12.9%	8.7%	5.9%
EBITDA Margin %	23.3%	23.7%	23.9%	24.0%
Depreciation	1,169	1,172	1,262	1,322
EBIT	4,114	4,791	5,218	5,544
EBIT Margin %	18.1%	19.0%	19.2%	19.4%
Interest	295	257	225	193
Other Income	196	200	200	200
PBT	4,015	4,735	5,193	5,550
Tax	709	1,018	1,140	1,219
<i>Tax Rate %</i>	<i>17.7%</i>	<i>21.5%</i>	<i>22.0%</i>	<i>22.0%</i>
APAT	3,306	3,717	4,053	4,331
P/L after discontinuation	0	0	0	0
PAT after Ass.	3,306	3,717	4,053	4,331
Adj. PAT	3,306	3,717	4,053	4,331
Growth %	72.7%	12.4%	9.0%	6.9%

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E Mar, Rs. Cr	FY25	FY26E	FY27E	FY28E
Share Capital	91	91	91	91
Reserves & Surplus	17,203	20,372	23,876	27,660
Shareholders Fund	17,294	20,463	23,968	27,751
Total Debt	5,448	4,848	4,248	3,648
- Trade Payables	2,958	3,723	4,011	4,227
- Other Long-Term Liabilities	256	414	446	470
- Other Current Liabilities	2,313	2,826	3,046	3,209
TOTAL EQUITY & LIABILITIES	29,205	33,461	36,905	40,492
Gross Block	10,820	11,720	12,620	13,220
Depreciation	6,121	7,293	8,555	9,877
% of GB	56.6%	62.2%	67.8%	74.7%
- Fixed Assets(incl. Capital Work in Progress)	10,254	9,982	9,620	8,898
- Other Non-Current Assets	2,153	1,200	1,000	1,000
- Current Investments	1,059	1,059	1,059	1,059
- Inventories	5,476	6,204	6,686	7,045
- Trade Receivables	5,497	5,929	6,388	6,732
- Cash & Cash Equivalents	3,142	6,881	9,776	13,254
- Other Current Assets	1,624	2,206	2,377	2,505
TOTAL ASSETS	29,205	33,461	36,905	40,492

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
PBT	4,015	4,735	5,193	5,550
Add: Depreciation	1,169	1,172	1,262	1,322
Add: Interest	295	257	225	193
Cash flow from operations	5,479	6,163	6,680	7,066
Change in working capital	2,699	-898	372	427
Taxes	709	1,018	1,140	1,219
Miscellaneous expenses	0	0	0	0
Net cash from operations	2,071	6,044	5,168	5,420
Capital expenditure	-1,746	-900	-900	-600
Change in Investments	-212	0	0	0
Net cash from investing	-1,958	-900	-900	-600
Increase/Decrease in debt	2,526	-600	-600	-600
Dividends	-548	-548	-548	-548
Proceedings from equity	0	0	0	0
Interest	-295	-257	-225	-193
Others	143	0	0	0
Net cash from financing	1,827	-1,405	-1,373	-1,341
Net Inc./ (Dec.) in Cash	1,940	3,739	2,895	3,478
Opening cash balance	1,202	3,142	6,881	9,776
Closing cash balance	3,142	6,881	9,776	13,254

Source: Company, Axis Securities Research

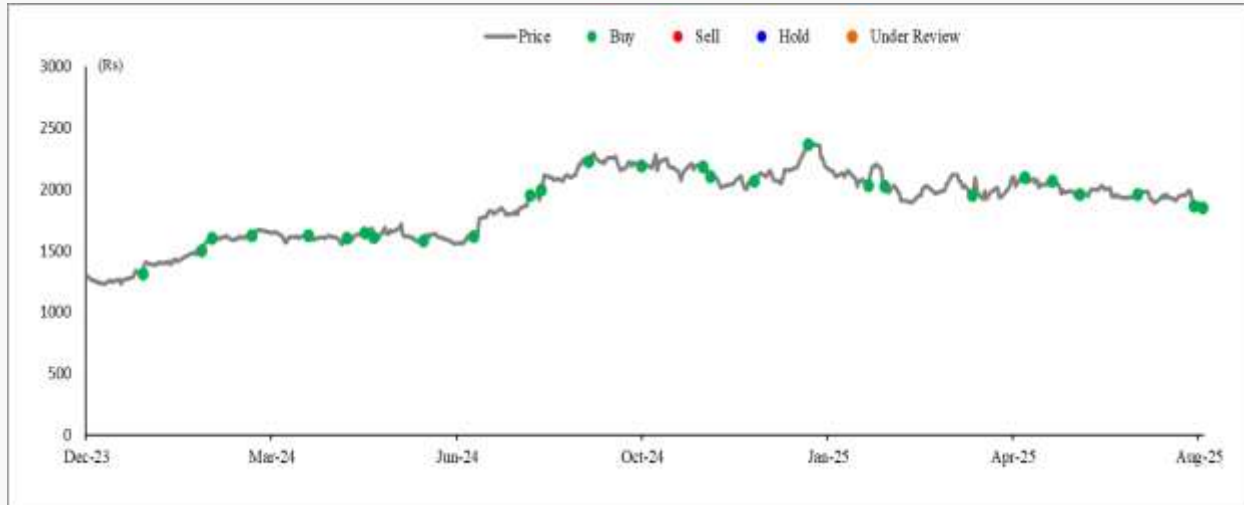
Ratio Analysis

(%)

Y/E Mar, Rs. Cr	FY25	FY26E	FY27E	FY28E
Sales growth (%)	13.5	10.8	7.8	5.4
OPM	23.3	23.7	23.9	24.0
Oper. profit growth	38.6	12.9	8.7	5.9
COGS / Net sales	30.1	30.5	30.4	30.4
Overheads/Net sales	-	-	-	-
Depreciation / G. block	10.8	10.0	10.0	10.0
Effective interest rate	17.7	21.5	22.0	22.0
Net kg.cap / Net sales (%)	37.5	30.3	29.5	29.5
Net sales / Gr block (x)	2.1	2.1	2.1	2.2
RoCE	18.1	18.9	18.5	17.7
Debt/equity (x)	0.3	0.2	0.2	0.1
Effective tax rate	17.7	21.5	22.0	22.0
RoE	19.1	18.2	16.9	15.6
Payout ratio (Div/NP)	600.0	600.0	600.0	600.0
EPS (Rs.)	72.4	81.4	88.8	94.9
EPS Growth	72.7	12.4	9.0	6.9
CEPS (Rs.)	98.0	107.1	116.4	123.8
DPS (Rs.)	12.0	12.0	12.0	12.0

Source: Company, Axis Securities Research

Lupin Ltd Price Chart and Recommendation History



Date	Reco	TP	Research
01-Sep-23	BUY	1,210	Top Picks
03-Oct-23	BUY	1,290	Top Picks
01-Nov-23	BUY	1,290	Top Picks
09-Nov-23	BUY	1,300	Result Update
01-Dec-23	BUY	1,470	Top Picks
01-Jan-24	BUY	1,470	Top Picks
02-Feb-24	BUY	1,670	Top Picks
09-Feb-24	BUY	1,770	Result Update
01-Mar-24	BUY	1,785	Top Picks
01-Apr-24	BUY	1,785	Top Picks
23-Apr-24	BUY	1,770	Company Update
02-May-24	BUY	1,815	Top Picks
08-May-24	BUY	1,800	Result Update
03-Jun-24	BUY	1,764	Top Picks
01-Jul-24	BUY	1,785	Top Picks
01-Aug-24	BUY	2,105	Top Picks
08-Aug-24	BUY	2,200	Result Update
02-Sep-24	BUY	2,105	Top Picks
01-Oct-24	BUY	2,500	Top Picks
04-Nov-24	BUY	2,600	Top Picks
11-Nov-24	BUY	2,600	Result Update
02-Dec-24	BUY	2,600	Top Picks
01-Jan-25	BUY	2,600	Top Picks
03-Feb-25	BUY	2,600	Top Picks
13-Feb-25	BUY	2,500	Result Update
01-Mar-25	BUY	2,500	Top Picks
01-Apr-25	BUY	2,500	Top Picks
30-Apr-25	BUY	2,500	Top Picks
16-May-25	BUY	2,500	Result Update
07-Aug-25	BUY	2,400	Result Update

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Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.