

November 10, 2025

Q2FY26 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	2,400		2,400	
Sales (Rs. m)	2,72,798	2,95,293	2,70,287	2,95,522
% Chng.	0.9	(0.1)		
EBITDA (Rs. m)	67,097	74,351	65,373	74,928
% Chng.	2.6	(0.8)		
EPS (Rs.)	94.2	107.6	94.7	108.9
% Chng.	(0.5)	(1.2)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	2,27,079	2,59,019	2,72,798	2,95,293
EBITDA (Rs. m)	52,775	70,382	67,097	74,351
Margin (%)	23.2	27.2	24.6	25.2
PAT (Rs. m)	32,816	46,854	42,997	49,143
EPS (Rs.)	71.9	102.6	94.2	107.6
Gr. (%)	71.4	42.8	(8.2)	14.3
DPS (Rs.)	14.0	7.0	7.0	7.0
Yield (%)	0.7	0.4	0.4	0.4
RoE (%)	20.8	24.2	18.3	17.6
RoCE (%)	20.9	24.6	20.7	21.0
EV/Sales (x)	4.0	3.4	3.1	2.8
EV/EBITDA (x)	17.4	12.6	12.7	11.0
PE (x)	27.4	19.2	20.9	18.3
P/BV (x)	5.2	4.2	3.5	3.0

Key Data

LUPN.BO | LPC IN

52-W High / Low	Rs.2,403 / Rs.1,774
Sensex / Nifty	83,216 / 25,492
Market Cap	Rs.901bn/ \$ 10,158m
Shares Outstanding	457m
3M Avg. Daily Value	Rs.1790.31m

Shareholding Pattern (%)

Promoter's	46.90
Foreign	21.25
Domestic Institution	25.55
Public & Others	6.30
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	2.4	(4.8)	(6.6)
Relative	0.9	(7.6)	(10.7)

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Strong beat aided by higher US sales

Quick Pointers:

- Margins revised upwards for FY26E by 100bps.
- Mgmt guides \$275-300mn quarterly run rate in H2 FY26.

Lupin's (LPC) Q2FY26 EBITDA stood at Rs21.4bn 20% beat to our estimates on the back of higher US sales supported by niche launches like gTolvaptan. 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 FY27E and FY28E EPS broadly remain unchanged. We maintain BUY rating with TP of Rs2,400 (24x Sept 2027E EPS). Any competition in gSpiriva and delay in new launches in the US will be key risks to our estimates.

- **Higher revenues aided by US & RoW markets:** Revenues grew 24% YoY to Rs 70bn, vs our estimate Rs 66bn. Beat was on account of higher US, EMs and other operating income. US revenues came at \$317mn, up 15% QoQ we estimated \$300mn. Performance was largely aided by contribution from gTolvaptan and other new launches. India formulation grew by 3% YoY; below our est. EMs grew by 45%, while other developed markets increased by 19% YoY. API business was down by 13% YoY.
- **GMs remain strong, EBITDA above est:** The company reported EBITDA of Rs21.4bn; up 63.4% YoY. 20% beat our estimates. OPM increased by +400bps QoQ at 30.3%. Increased contribution from gTolvaptan supported margins. GM's continue to remain strong at 73.3%, up 200bps QoQ given better product mix in US markets. R&D expenses increased by 14% YoY; 7.5% of sales at Rs 5.1bn. Ex R&D other expenses were up 21% YoY. The company booked forex gain of Rs2bn. Other operating income came in higher at Rs 2.1bn. Tax rate higher at 26%. Resultant PAT at Rs14.8bn, above our est. EPS of Rs 29.

Key Conference Call Takeaways:

- **India business:** Volume growth at 5.2%. Chronic portfolio at 65%. Key therapies such as GI, Cardiac and Respiratory outperformed. Targets 80 product launches by FY30. Revived respiratory and diabetes segments to drive near-term growth. Subdued growth in Q2 given lower tender business
- **Semaglutide & peptide portfolio:** Semaglutide expected in first wave in India (CY26); capacities secured through partners. Semaglutide & Tirzepatide under development (India and select EMs first).
- **US:** Net sales at \$315mn, up 11.5% QoQ. Driven by gTolvaptan (180-day exclusivity), Mirabegron, and gSpiriva. Base products like gAlbuterol saw low single-digit price decline. gTolvaptan exclusivity to end soon; expecting limited new entrants \$275-300mn/quarter guided for H2FY26. Expect to

sustain +\$1bn sales for FY27. gSpiriva: share stable; no near-term competition expected. Mgmt. remains confident of achieving favourable outcome in gMirabegron in Feb 2026. On respiratory pipeline, gDulera has been filed and couple of other large products are under development.

- **Biosimilars:** 5 products to be commercialized by FY30. Focus on ophthalmology and oncology (bPegfilgrastim) segments. Expect positive contribution from FY27E onwards.
- **EMs:** Growth driven by Brazil and SA markets. Brazil: turnaround driven by diabetes launches (*Dapagliflozin*, *Empagliflozin*). South Africa: portfolio restructuring complete; strong double-digit growth expected to sustain. EMs expected to maintain double-digit constant-currency growth.
- **R&D and pipeline:** Spent Rs 5bn (7.5% of sales) in Q2FY26. 70% directed to complex generics, injectables, and biosimilars. 50+ filings planned for the US; focus on respiratory, complex injectables, 505(b)(2)s, and green-propellant-based products.
- **Other highlights:** GMs 73.3% aided by better mix and lower in-licensed product share. FY26E EBITDA margin revised upward to 25–26%; sustainable margins for FY27E at 24–25%. **ETR:** 21–22% in FY26E.

Exhibit 1: Q2FY26 Result Overview (Rs mn): Strong revenues, gTolvaptan supports performance

Y/e March	Q2FY26	Q2FY25	YoY gr. (%)	Q2FY26E	% Var	Q1FY26	QoQ gr. (%)	H1 FY26	H1 FY25	YoY gr. (%)
Net Sales	70,475	56,727	24.2	65,914	6.9	62,683	12.4	1,33,159	1,12,731	18.1
Raw Material	18,248	16,899	8.0	18,551	(1.6)	17,719	3.0	35,967	34,345	4.7
% of Net Sales	25.9	29.8		28.1		28.3		27.0	30.5	
Personnel Cost	11,056	10,075	9.7	11,284	(2.0)	10,830	2.1	21,886	19,786	10.6
% of Net Sales	15.7	17.8		17.1		17.3		16.4	17.6	
Others	19,796	16,670	18.8	18,337	8.0	17,720	11.7	37,516	32,654	14.9
% of Net Sales	28.1	29.4		27.8		28.3		28.2	29.0	
Total Expenditure	49,099	43,645	12.5	48,172	1.9	46,270	6.1	95,369	86,784	9.9
EBITDA	21,376	13,083	63.4	17,742	20.5	16,414	30.2	37,790	25,946	45.6
Margin (%)	30.3	23.1		26.9		26.2		28.4	23.0	
Depreciation	3,168	2,569	23.3	3,000	5.6	2,990	6.0	6,158	5,046	22.0
EBIT	18,208	10,514	73.2	14,742	23.5	13,424	35.6	31,632	20,900	51.3
Other Income (Includes FX)	2,937	744	295.0	800	267.2	1,649	78.1	4,586	968	374.0
Interest	1,076	709	51.8	900	19.5	918	17.3	1,994	1,389	43.5
PBT	20,070	10,549	90.3	14,642	37.1	14,155	41.8	34,225	20,479	67.1
Total Taxes	5,221	1,954	167.2	2,782	87.7	1,941	169.0	7,162	3,829	87.1
ETR (%)	26.0	18.5		19.0		13.7		20.9	18.7	
PAT before exceptional	14,848	8,595	72.8	11,860	25.2	12,215	21.6	27,063	16,650	62.5
Minority interest	69	(69)		(50)		(24)		45	(111)	(140.4)
Exceptional Item										
Reported PAT	14,917	8,526	75.0	11,810	26.3	12,190	22.4	27,018	16,539	63.4

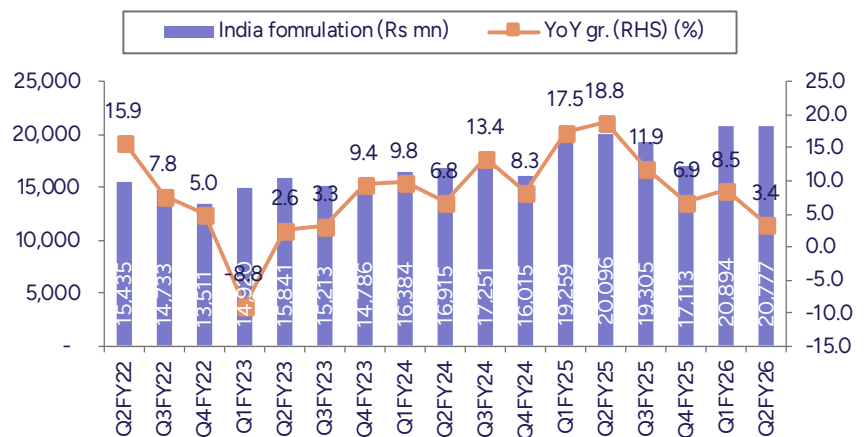
Source: Company, PL

Exhibit 2: Growth supported by niche launches in US and RoW markets

Major Sources of Revenues	Q2FY26	Q2FY25	YoY gr. (%)	Q1FY26	QoQ gr. (%)	H1 FY26	H1 FY25	YoY gr. (%)
Domestic market	20,777	20,096	3.4	17,113	21.4	41,671	39,355	5.9
% of Sales	30.4	36.6		31.6		32.1	36.1	
Export markets	47,537	34,873	36.3	37,056	28.3	88,281	69,686	26.7
% of Sales	69.6	63.4		68.4		67.9	63.9	
Total	68,314	54,969	24.3	54,169	26.1	1,29,952	1,09,041	19.2
Formulations	65,746	52,025	26.4	51,853	26.8	1,24,953	1,02,475	21.9
% of Sales	96.2	94.6		95.7		96.2	94.0	
India	20,777	20,096	3.4	17,113	21.4	41,671	39,355	5.9
% of Sales	30.4	36.6		31.6		32.1	36.1	
International market (Exports)	44,969	31,929	40.8	34,740	29.4	83,282	63,120	31.9
% of Sales	65.8	58.1		64.1		64.1	57.9	
North America	27,624	19,711	40.1	21,165	30.5	51,665	39,048	32.3
% of Sales	40.4	35.9		39.1		39.8	35.8	
Europe, Middle East, Africa (EMEA)	9,228	5,693	62.1	6,660	38.6	15,752	7,324	115.1
% of Sales	13.5	10.4		12.3		12.1	6.7	
Emerging markets	8,117	4,896	65.8	6,915	17.4	15,865	13,447	18.0
% of Sales	11.9	8.9		12.8		12.2	12.3	
ROW	-	1,629	(100.0)	-	#DIV/0!	-	3,301	(100.0)
% of Sales	-	3.0		-		-	3.0	
APIs	2,568	2,944	(12.8)	2,316	10.9	4,999	6,566	(23.9)
% of Sales	3.8	5.4		4.3		3.8	6.0	
Grand Total								19.2

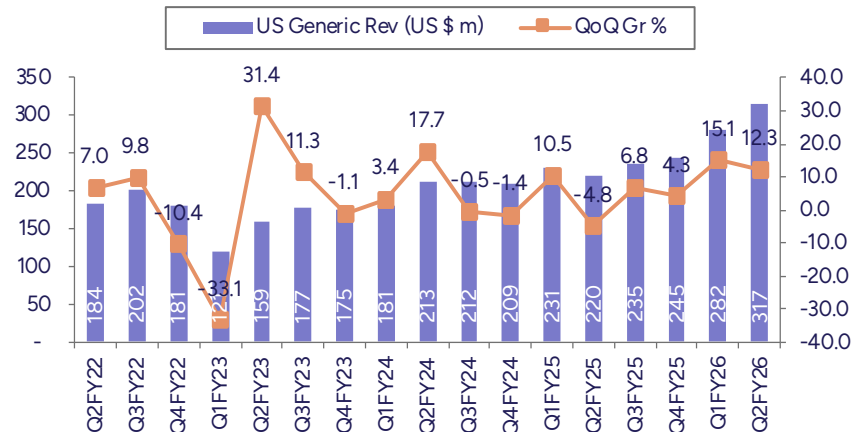
Source: Company, PL

Exhibit 3: Lower tender business impacted Q2 growth



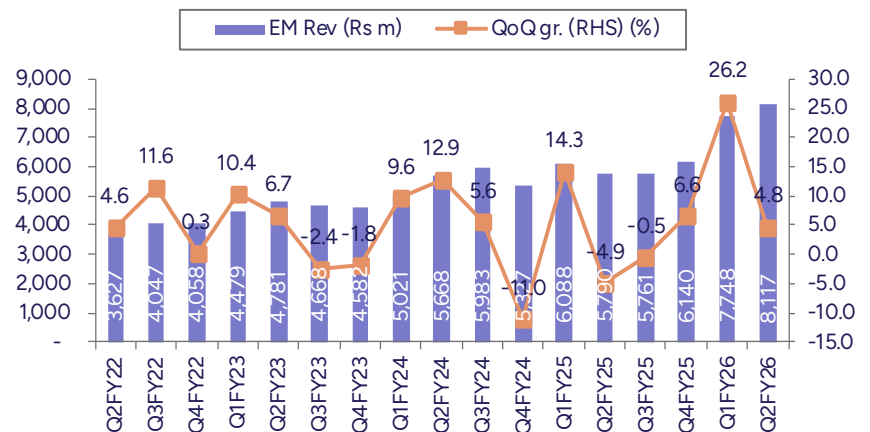
Source: Company, PL

Exhibit 4: Niche launches aid higher growth



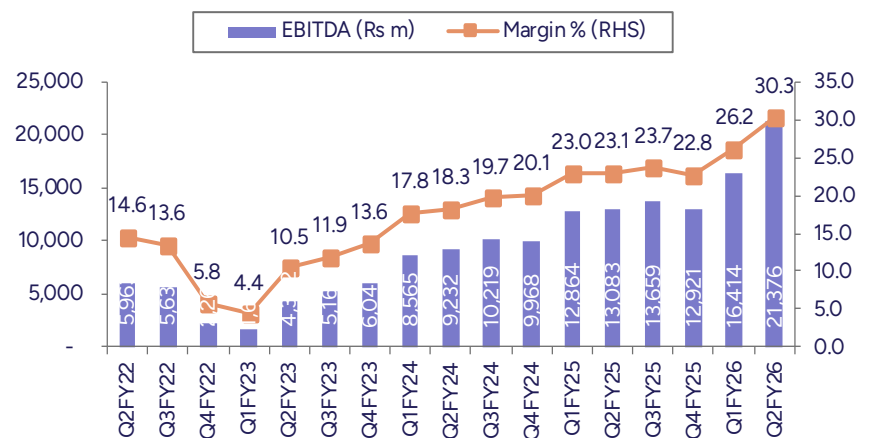
Source: Company, PL

Exhibit 5: Growth backed by Brazil and SA markets YoY



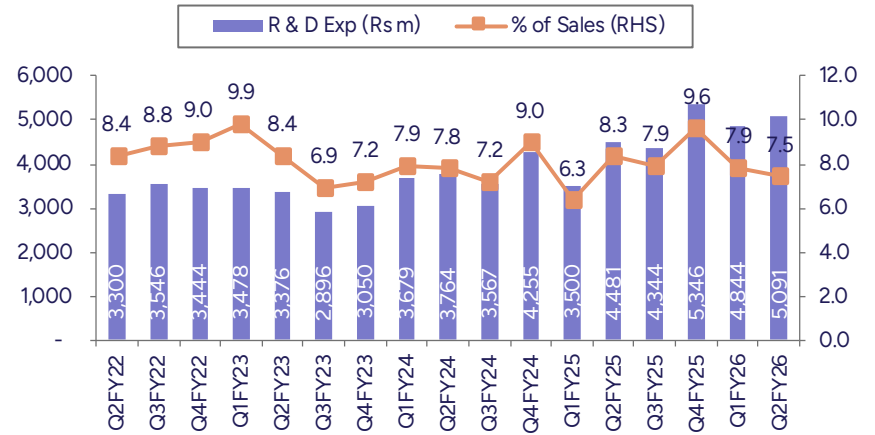
Source: Company, PL

Exhibit 6: Healthy GMs supported YoY



Source: Company, PL

Exhibit 7: R&D spend to sustain at current levels



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	2,27,079	2,59,019	2,72,798	2,95,293
YoY gr. (%)	14.7	14.1	5.3	8.2
Cost of Goods Sold	68,423	74,229	83,398	90,655
Gross Profit	1,58,656	1,84,790	1,89,400	2,04,638
Margin (%)	69.9	71.3	69.4	69.3
Employee Cost	39,642	44,399	47,951	51,787
Other Expenses	66,239	70,009	74,352	78,499
EBITDA	52,775	70,382	67,097	74,351
YoY gr. (%)	46.8	33.4	(4.7)	10.8
Margin (%)	23.2	27.2	24.6	25.2
Depreciation and Amortization	11,693	12,043	12,405	12,777
EBIT	41,082	58,338	54,692	61,574
Margin (%)	18.1	22.5	20.0	20.9
Net Interest	2,949	4,044	2,612	1,093
Other Income	2,016	6,096	3,300	3,600
Profit Before Tax	40,150	60,390	55,380	64,082
Margin (%)	17.7	23.3	20.3	21.7
Total Tax	7,087	13,286	12,184	14,739
Effective tax rate (%)	17.7	22.0	22.0	23.0
Profit after tax	33,062	47,104	43,197	49,343
Minority interest	246	250	200	200
Share Profit from Associate	-	-	-	-
Adjusted PAT	32,816	46,854	42,997	49,143
YoY gr. (%)	71.8	42.8	(8.2)	14.3
Margin (%)	14.5	18.1	15.8	16.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	32,816	46,854	42,997	49,143
YoY gr. (%)	71.8	42.8	(8.2)	14.3
Margin (%)	14.5	18.1	15.8	16.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	32,816	46,854	42,997	49,143
Equity Shares O/s (m)	457	457	457	457
EPS (Rs)	71.9	102.6	94.2	107.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	1,93,021	2,08,021	2,21,021	2,34,021
Tangibles	99,937	1,15,911	1,23,155	1,30,399
Intangibles	93,084	92,110	97,866	1,03,622
Acc: Dep / Amortization	1,16,542	1,28,585	1,40,990	1,53,767
Tangibles	48,502	53,514	58,677	63,994
Intangibles	68,040	75,071	82,313	89,772
Net fixed assets	76,479	79,436	80,031	80,254
Tangibles	51,435	62,397	64,478	66,404
Intangibles	25,045	17,039	15,553	13,850
Capital Work In Progress	3,555	3,555	3,555	3,555
Goodwill	22,326	22,326	22,326	22,326
Non-Current Investments	11,464	11,464	11,464	11,464
Net Deferred tax assets	3,327	3,327	3,327	3,327
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	54,764	63,383	67,476	73,287
Trade receivables	54,971	62,005	66,025	71,711
Cash & Bank Balance	31,423	49,048	68,704	95,204
Other Current Assets	-	-	-	-
Total Assets	2,86,458	3,22,692	3,51,057	3,89,278
Equity				
Equity Share Capital	913	913	913	913
Other Equity	1,71,122	2,14,771	2,54,562	3,00,500
Total Network	1,72,035	2,15,684	2,55,475	3,01,413
Non-Current Liabilities				
Long Term borrowings	17,662	7,662	2,662	0
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	33,104	29,104	19,104	9,104
Trade payables	29,582	34,447	36,277	39,402
Other current liabilities	36,493	37,963	39,507	41,127
Total Equity & Liabilities	2,86,458	3,22,692	3,51,057	3,89,278

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	40,150	60,390	55,380	64,082
Add. Depreciation	11,693	12,043	12,405	12,777
Add. Interest	2,949	4,044	2,612	1,093
Less Financial Other Income	2,016	6,096	3,300	3,600
Add. Other	(1,451)	-	-	-
Op. profit before WC changes	53,341	76,478	70,397	77,951
Net Changes-WC	(14,280)	(9,317)	(4,740)	(6,753)
Direct tax	(9,060)	(13,286)	(12,184)	(14,739)
Net cash from Op. activities	30,000	53,874	53,474	56,460
Capital expenditures	(17,287)	(15,000)	(13,000)	(13,000)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Invst. activities	(17,287)	(15,000)	(13,000)	(13,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	12,069	(10,000)	(5,000)	(2,662)
Dividend paid	(3,653)	(3,205)	(3,205)	(3,205)
Interest paid	(2,949)	(4,044)	(2,612)	(1,093)
Others	1,218	0	-	-
Net cash from Fin. activities	6,685	(17,250)	(10,817)	(6,960)
Net change in cash	19,398	21,624	29,656	36,500
Free Cash Flow	13,176	38,874	40,474	43,460

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	57,678	56,671	62,683	70,475
YoY gr. (%)	11.0	14.2	11.9	24.2
Raw Material Expenses	17,216	16,862	17,719	18,248
Gross Profit	40,462	39,809	44,964	52,227
Margin (%)	70.2	70.2	71.7	74.1
EBITDA	13,659	12,921	16,414	21,376
YoY gr. (%)	33.7	29.6	27.6	63.4
Margin (%)	23.7	22.8	26.2	30.3
Depreciation / Depletion	2,715	3,932	2,990	3,168
EBIT	10,944	8,989	13,424	18,208
Margin (%)	19.0	15.9	21.4	25.8
Net Interest	669	891	918	1,076
Other Income	438	860	1,649	2,937
Profit before Tax	10,713	8,958	14,155	20,070
Margin (%)	18.6	15.8	22.6	28.5
Total Tax	2,124	1,135	1,941	5,221
Effective tax rate (%)	19.8	12.7	13.7	26.0
Profit after Tax	8,589	7,824	12,215	14,848
Minority interest	37	99	24	(69)
Share Profit from Associates	-	-	-	-
Adjusted PAT	8,552	7,725	12,190	14,917
YoY gr. (%)	39.5	114.9	52.1	75.0
Margin (%)	14.8	13.6	19.4	21.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	8,552	7,725	12,190	14,917
YoY gr. (%)	39.5	114.9	52.1	75.0
Margin (%)	14.8	13.6	19.4	21.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,552	7,725	12,190	14,917
Avg. Shares O/s (m)	456	456	456	456
EPS (Rs)	18.8	16.9	26.7	32.7

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	71.9	102.6	94.2	107.6
CEPS	97.5	129.0	121.3	135.6
BVPS	376.8	472.4	559.5	660.1
FCF	28.9	85.1	88.6	95.2
DPS	14.0	7.0	7.0	7.0
Return Ratio(%)				
RoCE	20.9	24.6	20.7	21.0
ROIC	16.1	21.3	19.4	20.9
RoE	20.8	24.2	18.3	17.6
Balance Sheet				
Net Debt : Equity (x)	0.1	(0.1)	(0.2)	(0.3)
Net Working Capital (Days)	129	128	130	131
Valuation(x)				
PER	27.4	19.2	20.9	18.3
P/B	5.2	4.2	3.5	3.0
P/CEPS	20.2	15.3	16.3	14.5
EV/EBITDA	17.4	12.6	12.7	11.0
EV/Sales	4.0	3.4	3.1	2.8
Dividend Yield (%)	0.7	0.4	0.4	0.4

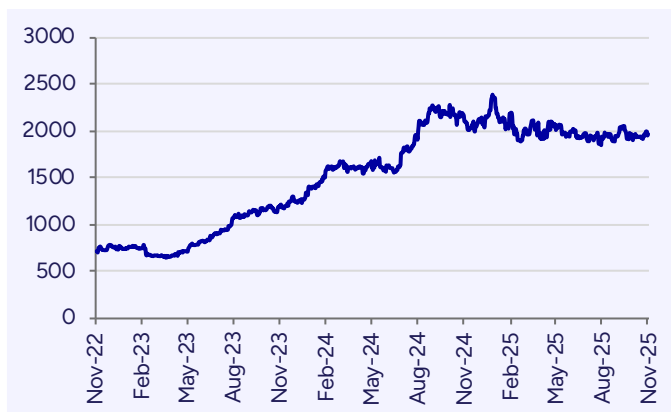
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
India Formulations	75,773	81,000	89,245	98,952
US formulations	78,250	97,543	93,696	97,454
EU	7,192	8,123	8,978	8,978
ROW	30,838	36,287	41,653	47,851
API	11,772	11,183	12,078	13,044
Other	10,858	11,000	11,600	11,600

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	BUY	2,400	1,925
2	07-Aug-25	BUY	2,400	1,852
3	08-Jul-25	BUY	2,400	1,979
4	16-May-25	BUY	2,400	2,073
5	08-Apr-25	BUY	2,420	1,923
6	13-Feb-25	BUY	2,420	2,025
7	08-Jan-25	BUY	2,420	2,359

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ajanta Pharma	BUY	3,200	2,539
2	Apollo Hospitals Enterprise	BUY	9,300	7,700
3	Aster DM Healthcare	BUY	700	662
4	Aurobindo Pharma	BUY	1,300	1,141
5	Cipla	Accumulate	1,675	1,541
6	Divi's Laboratories	Accumulate	6,550	6,105
7	Dr. Reddy's Laboratories	Reduce	1,270	1,284
8	Eris Lifesciences	BUY	1,975	1,590
9	Fortis Healthcare	BUY	1,000	1,042
10	HealthCare Global Enterprises	BUY	620	651
11	Indoco Remedies	Hold	325	290
12	Ipca Laboratories	Accumulate	1,525	1,360
13	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,657
14	Jupiter Life Line Hospitals	BUY	1,720	1,521
15	Krishna Institute of Medical Sciences	BUY	815	706
16	Lupin	BUY	2,400	1,925
17	Max Healthcare Institute	BUY	1,355	1,131
18	Narayana Hrudayalaya	BUY	2,000	1,783
19	Rainbow Children's Medicare	BUY	1,725	1,331
20	Sun Pharmaceutical Industries	BUY	1,875	1,703
21	Suntech Realty	BUY	600	432
22	Torrent Pharmaceuticals	Accumulate	4,000	3,539
23	Zydus Lifesciences	Accumulate	1,020	937

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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