

Lupin (LPC) - ADD

Company Update

Current Market Price (CMP) Rs.2153	Fair Value (FV) Rs.2525
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Rationale:

- LPC’s Q2FY27 print will be a litmus test to ascertain its steady state margins.
- LPC’s margins are at crossroads with Tolvaptan and Mirabegron’s sales to fall from Q2.
- Management guidance implies EBITDA margins of 22-23% over the remaining quarters of FY27E.
- US sales to cross US\$100 cr even in FY29E; US\$120+ cr on the cards in FY28E and FY30E.
- LPC has a pipeline of 200+ products with a TAM of US\$33,000+ cr.
- We forecast ~7% overall sales CAGR over FY26-29E for LPC.
- While we bake in EPS decline in FY27 post a robust FY2026, we estimate an ~8% EPS CAGR for LPC over FY27-29E.
- At a target multiple of 23x Sep 2028E PER, we derive an FV of Rs2,525 (Rs2,730 earlier).

 Positives:

- Overall sales grew 32% yoy in Q1FY27; India sales grew 14% yoy.
- Growth markets sales grew 52% yoy in Q1FY27.
- EBITDA margins stood at 30.2% (+400 bps yoy) in Q1FY27.

 Negatives:

- US sales declined 1% qoq in Q1FY27.
- We lower LPC’s FY27-29E EPS by 1-8% on lower margin assumptions.

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; CAGR: Compound Annual Growth Rate; TAM: Total Addressable Market; PER: Price to Earnings Ratio)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

- BUY

– We expect the stock to deliver more than 15% returns over the next 12 months
- ADD

– We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE

– We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL

– We expect the stock to deliver < -5% returns over the next 12 months
- NR

– **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
- SUBSCRIBE

– We advise investor to subscribe to the IPO.
- RS

– **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
- NA

– **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM

– **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE

– Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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