

BUY

TP: Rs 2,626 | ▲ 30%

LUPIN

| Pharmaceuticals

| 13 February 2025

High-margin US region to have growth visibility till FY27

- US sales cc quarterly run rate at its highest-ever level of US\$ 235mn, expect to inch up to US\$ 250mn in FY26E and US\$ 280mn in FY27E
- EBITDA margin reported at 23.5% in 9MFY25, retains guided level of ~23.5% in FY25E despite higher R&D cost in Q4FY25
- We maintain BUY on the stock and continue to value LPC at 30x P/E on Dec'26 rollover to arrive at a TP of Rs 2,626 (earlier Rs 2,438)

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Q3 earnings above our estimates: LPC's earnings exceeded our estimates, where sales grew by 11% (2% above our estimate), EBITDA by 34% (5% above our estimate) and PAT by 39.3% (8% above our estimate). Revenue growth was spearheaded by strong execution across regions like India (11.9% YoY), North America (12.3% YoY) and EMEA (20.9% YoY) but was offset by Growth market (-4.7% YoY). Better product mix, RM cost rationalization and lower Other expense resulted in EBITDA margin increasing 402bps YoY to 23.7%. Higher other income due to increase in PLI and lower finance cost resulted in 39% jump in PAT.

Tolvaptan market share expected to be stable ~40% post exclusivity: LPC has many limited product launches in FY26 where Tolvaptan is expected to be the major contributor as Tolvaptan is going to enjoy exclusivity in H1FY26. Post the exclusivity, since it is a REMS (Risk Evaluation and Mitigation Strategies) product and due to slower entry of generic players, LPC expects market share to be stable at ~40% by FY27. LPC's other launches like Glucagon, Risperdal Consta and Liraglutide are likely to be major sales contributors in H2FY26. Hence we expect LPC's US business to grow at a CAGR of 13% from FY25-27E.

Higher EBITDA margin to sustain despite increase in R&D cost: Due to the filing of five nasal sprays and injectables in the US region, R&D cost has increased to Rs 18bn in FY25 and ~Rs 20bn in FY26. However, management has retained its FY25 EBITDA margin guidance of ~22.5-23.5%. LPC reported 23.2% EBITDA margin in 9MFY25 and we believe EBITDA margin will rise to 26% in FY27 due to (1) many limited competition products in FY26 and FY27, (2) input cost rationalisation, and (3) narrowing losses in adjacencies.

Valuation: We factor in sales from gGlucagon, Risperdal Consta, Liraglutide and Duler in our US sales. Hence, we expect our US sales to increase to US\$ 1.14bn in FY27E from US\$ 1bn earlier and subsequently increase our earnings estimates by 4.8% in FY25E, 7.1% in FY26E and by 15.8% in FY27E. Hence we maintain BUY on the stock and continue to value LPC at 30x P/E on Dec'26 rollover to arrive at a TP of Rs 2,626 (earlier Rs 2,438).

Key changes

| Target | Rating |
|--------|--------|
| ▲ | ◀▶ |

| | |
|------------------|-------------------|
| Ticker/Price | LPC IN/Rs 2,025 |
| Market cap | US\$ 10.6bn |
| Free float | 53% |
| 3M ADV | US\$ 22.0mn |
| 52wk high/low | Rs 2,403/Rs 1,493 |
| Promoter/FPI/DII | 46%/14%/29% |

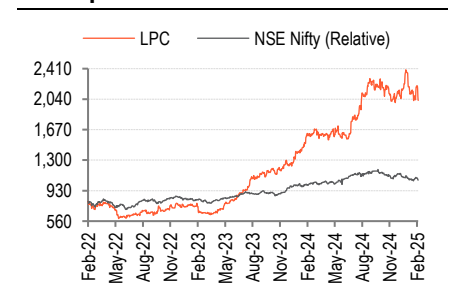
Source: NSE | Price as of 12 Feb 2025

Key financials

| Y/E 31 Mar | FY24A | FY25E | FY26E |
|-------------------------|---------|---------|---------|
| Total revenue (Rs mn) | 200,107 | 229,346 | 261,969 |
| EBITDA (Rs mn) | 38,105 | 53,836 | 65,143 |
| Adj. net profit (Rs mn) | 19,145 | 30,012 | 37,350 |
| Adj. EPS (Rs) | 42.3 | 66.3 | 82.5 |
| Consensus EPS (Rs) | 42.3 | 67.0 | 83.0 |
| Adj. ROAE (%) | 14.2 | 19.6 | 21.4 |
| Adj. P/E (x) | 47.9 | 30.5 | 24.5 |
| EV/EBITDA (x) | 24.7 | 17.4 | 14.1 |
| Adj. EPS growth (%) | 345.1 | 56.8 | 24.5 |

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Concall highlights

FY25 guidance

Management expects the US business to deliver double-digit growth ahead of its earlier guidance of high single-digit growth in the segment.

FY25 EBITDA margin at 22-23%.

R&D cost to be at Rs 18bn in FY25 and ~Rs 2bn in FY26.

ETR to be ~20-21% of sales

US

Sales: During the quarter, the US business recorded sales of US\$ 235mn. The increase in sales was due to volume growth in online products and contribution from new products like Mirabegron that helped us offset the anticipated competition in products like Albuterol and Suprep.

Profitability: Management expects profitability to continue to improve in the US led by a better product mix and higher efficiencies in the base business.

Complex product portfolio: The pipeline will continue to drive the shift to complex products to over 50% of LPC's portfolio over the next couple of years.

Limited competition product launches: Tolvaptan is likely to be the major contributor in H1FY26, and Glucagon, Risperdal Consta and Liraglutide in H2FY26.

Specialty respiratory portfolio: Flu season in the US has picked up. The opportunity to bring to market brands like Xopenex in the US have been stable.

Green Propellant: The meter dose inhaler market will move materially or maybe start in the next five to ten years in green propellant products. Major pharma companies have made the product like GSK, AstraZeneca from Europe. LPC hopes to be at the forefront as a material player, and on the respiratory front with the Xopenex brand as well as other MDIs to bring better propellant products to the market. So LPC has multiple products in development right now but not in the filing stage but plans to file from FY27.

US tariffs: The situation is being monitored carefully. The industry has made a strong pitch both from the AAM (Association for Accessible Medicines) standpoint as well as IPA that tariffs will have a significant impact on the generic industry.

Mitigation plan: Pharmaceuticals and generic drugs will be exempted from increasing tariff and if otherwise look for other ways to mitigate the impact if levied with a combination of manufacturing in the US as well as wherever possible by controlling costs.

Tolvaptan is expected to have a stronger tail because it is a specialty product name, patient REMS products. The conversion is going to be slower than what you would

expect in a simple oral solid and the tail should be longer. So LPC expects other competition in H2FY26 and a meaningful product in FY27.

Mirabegron: No change in terms of litigation status. The level of generic substitution has increased and so too has the overall available market, with LPC's share ramping up nicely as well.

Semaglutide Canada: LPC is hopeful that the launch will be in the first wave between FY26 and FY27.

India

Sales growth: LPC expects sales growth in the India formulations business and additional tenders in the global institutional business (major part is India).

Sales outlook continues to deliver above-market growth in the India formulations business backed by a strong portfolio of innovative medicines and in-licence products and extensive reach through the 10,000-strong sales force.

In-licence portfolio: The share of in-licence products is around 12%, similar to the 12% last year, which positively impacts profitability going ahead.

Tender business growth: Though fairly flat it is a meaningful number. It will continue to be flat next year but a meaningful number.

EMEA

Sales: The EMEA region constitutes the EU Region and South Africa businesses. Sales have been driven by healthy double-digit growth in EU markets like the UK and Germany from products like Luforbec and NaMuscla.

EMS

Sales: Emerging markets include APAC and LATAM regions and have registered sales of Rs 4.51bn, a decline of 4.7% YoY. On a nine-month basis, revenue grew by 10.5% YoY to Rs 1,4.56 bn, while Latin America's Brazil and Mexico grew in local currency terms but overall growth was impacted by forex in this region.

R&D: LPC has an exciting pipeline with more than 20 respiratory products and 40 injectable products in development. LPC plans to file more than 30 ANDAs in the next two years, of which more than 50% will be complex products.

R&D cost to increase in Q4FY25 as LPC expects to launch five nasal sprays and injectables.

Fig 1 – Financial highlights

| (Rs mn) | Q3FY25 | Q3FY24 | YoY (%) | Q2FY25 | 9MFY24 | 9MFY23 | YoY (%) | FY24 | FY25E | FY26E | FY27E |
|-------------------------|--------|--------|---------|--------|---------|---------|---------|---------|---------|---------|---------|
| Net Sales | 57,677 | 51,974 | 11.0 | 56,727 | 170,408 | 150,500 | 13.2 | 200,107 | 229,346 | 261,969 | 298,700 |
| Total Expenses | 44,018 | 41,755 | 5.4 | 43,645 | 130,802 | 122,540 | | 162,001 | 175,510 | 196,825 | 220,048 |
| (%) of net sales | 76.3 | 80.3 | | 76.9 | 77 | 81 | | 81 | 77 | 75 | 74 |
| Raw material consumed | 17,216 | 17,261 | -0.3 | 16,899 | 51,561 | 50,696 | | 66,435 | 69,951 | 78,591 | 86,623 |
| (%) of net sales | 29.8 | 33.2 | | 29.8 | 30 | 34 | | 33 | 31 | 30 | 29 |
| Staff cost | 9,843 | 8,892 | 10.7 | 10,075 | 29,629 | 25,944 | | 34,946 | 38,989 | 43,225 | 49,285 |
| (%) of net sales | 17.1 | 17.1 | | 17.8 | 17 | 17 | | 17 | 17 | 17 | 17 |
| R&D cost | 4,344 | 3,567 | 21.8 | 4,481 | 12,325 | 11,010 | | 15,265 | 18,118 | 19,648 | 20,909 |
| (%) of net sales | 7.5 | 6.9 | | 7.9 | 7 | 7 | | 8 | 8 | 8 | 7 |
| SG&A | 12,615 | 12,034 | 4.8 | 12,189 | 37,288 | 34,890 | | 45,356 | 48,452 | 55,362 | 63,231 |
| (%) of net sales | 21.9 | 23.2 | | 21.5 | 22 | 23 | | 23 | 21 | 21 | 21 |
| EBITDA | 13,659 | 10,220 | 33.7 | 13,083 | 39,606 | 27,960 | 41.7 | 38,105 | 53,836 | 65,143 | 78,651 |
| Depreciation | 2,715 | 2,572 | 5.5 | 2,569 | 7,761 | 7,397 | | 11,968 | 12,690 | 13,628 | 14,284 |
| EBIT | 10,945 | 7,648 | 43.1 | 10,514 | 31,845 | 20,563 | 54.9 | 26,137 | 41,146 | 51,516 | 64,368 |
| Interest | 669 | 740 | -9.6 | 709 | 2,058 | 2,403 | | 3,116 | 2,643 | 2,511 | 2,385 |
| Other Income | 438 | 454 | -3.5 | 744 | 1,405 | 1,086 | | 1,202 | 1,850 | 1,200 | 1,300 |
| PBT | 10,714 | 7,361 | 45.5 | 10,549 | 31,193 | 19,246 | 62.1 | 24,223 | 40,353 | 50,205 | 63,282 |
| Less: Taxation | 2,124 | 1,174 | | 1,954 | 5,953 | 3,572 | | 4,867 | 10,088 | 12,551 | 15,821 |
| Less: Minority Interest | 50 | 56 | | 69 | 161 | 123 | | 211 | 253 | 304 | 364 |
| Recurring PAT | 8,540 | 6,131 | 39.3 | 8,526 | 25,079 | 15,551 | 61.3 | 19,145 | 30,012 | 37,350 | 47,097 |
| Exceptional items | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Reported PAT | 8,540 | 6,131 | 39.3 | 8,526 | 25,079 | 15,551 | 61.3 | 19,145 | 30,012 | 37,350 | 47,097 |
| Key Ratios (%) | | | | | | | | | | | |
| Gross Margin | 70.2 | 66.8 | 336 | 70.2 | 69.7 | 66.3 | 343 | 66.8 | 69.5 | 70.0 | 71.0 |
| EBITDA Margin | 23.7 | 19.7 | 402 | 23.1 | 23.2 | 18.6 | 466 | 19.0 | 23.5 | 24.9 | 26.3 |
| Tax / PBT | 19.8 | 15.9 | | 18.5 | 19.1 | 18.6 | | 20.1 | 25.0 | 25.0 | 25.0 |
| NPM | 14.8 | 11.8 | | 15.0 | 14.7 | 10.3 | | 9.6 | 13.1 | 14.3 | 15.8 |
| EPS (Rs) | 18.8 | 13.5 | | 18.7 | 55.4 | 34.4 | | 42.1 | 66.0 | 82.2 | 103.6 |

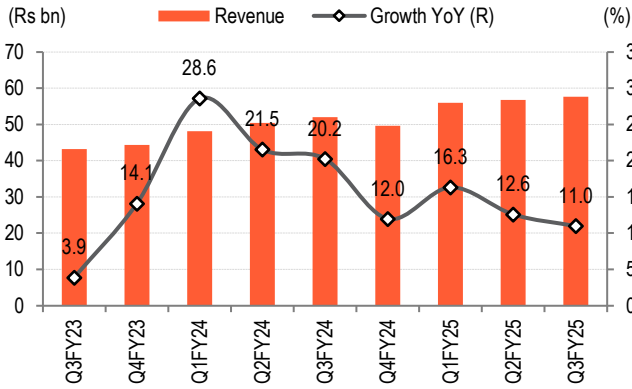
Source: Company, BOBCAPS Research

Fig 2 – Segmental revenue

| (Rs mn) | Q3FY25 | Q3FY24 | YoY (%) | Q2FY25 | 9MFY24 | 9MFY23 | YoY (%) | FY24 | FY25E | FY26E | FY27E |
|------------------------|--------|--------|---------|--------|---------|---------|---------|---------|---------|---------|---------|
| Formulations | 53,295 | 48,020 | 11.0 | 52,025 | 156,841 | 136,725 | 14.7 | 183,094 | 211,380 | 242,992 | 278,649 |
| North America | 21,213 | 18,885 | 12.3 | 19,711 | 61,332 | 53,456 | 14.7 | 72,462 | 80,075 | 91,770 | 101,873 |
| India | 19,305 | 17,251 | 11.9 | 20,096 | 58,660 | 50,550 | 16.0 | 66,563 | 79,875 | 90,013 | 101,415 |
| Growth Markets | 4,508 | 4,729 | -4.7 | 4,896 | 14,555 | 13,173 | | 18,266 | 20,081 | 21,581 | 23,238 |
| EMEA | 6,249 | 5,170 | 20.9 | 5,693 | 16,973 | 13,916 | 22.0 | 19,235 | 24,584 | 32,660 | 44,947 |
| RoW | 2,020 | 1,985 | 1.8 | 1,629 | 5,321 | 5,630 | -5.5 | 6,568 | 6,765 | 6,968 | 7,177 |
| APIs | 2,891 | 2,779 | 4.0 | 2,944 | 9,457 | 8,834 | 7.1 | 11,415 | 11,986 | 12,585 | 13,214 |
| Licensing Income | - | - | | 0 | - | 2,053 | | 2,053 | 2,258 | 2,484 | 2,733 |
| Other Operating income | 1,124 | 1,175 | -4.4 | 1,757 | 3,741 | 2,888 | 29.5 | 3,545 | 3,722 | 3,908 | 4,104 |
| Net Sales | 57,310 | 51,974 | 10.3 | 56,726 | 170,039 | 150,500 | 13.0 | 200,107 | 229,346 | 261,969 | 298,700 |

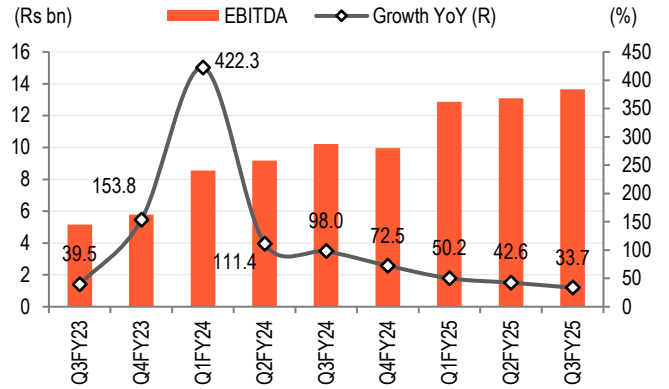
Source: Company, BOBCAPS Research

Fig 3 – Sales growth lowered due to lower Growth market sales



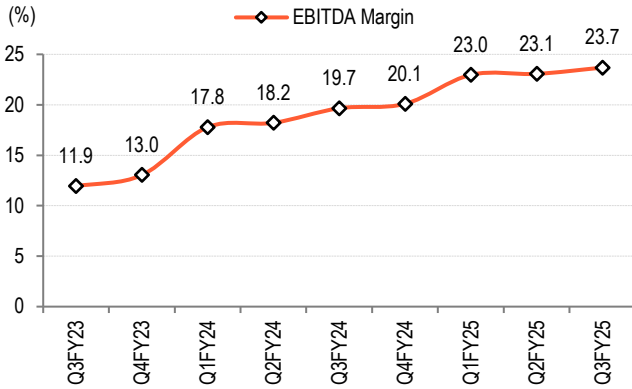
Source: Company, BOBCAPS Research

Fig 4 – EBITDA towards its all time high due to healthy product mix



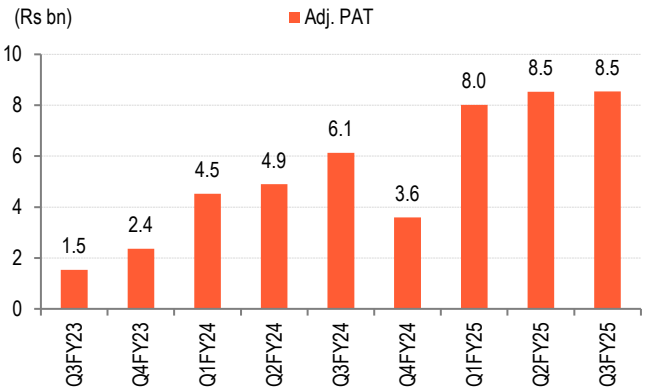
Source: Company, BOBCAPS Research

Fig 5 – EBITDA Margin increased due to complex product launches with exclusivity



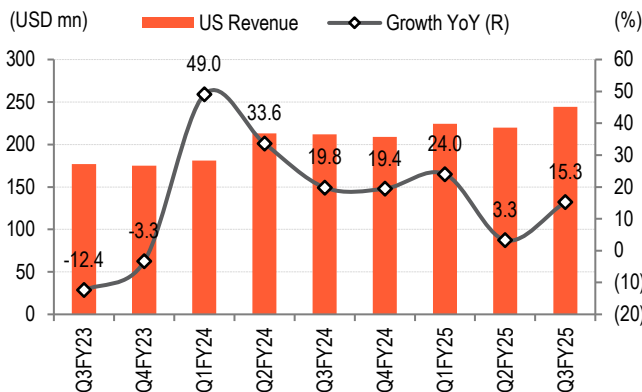
Source: Company, BOBCAPS Research

Fig 6 – PAT increased due to higher Other Income received from PLI



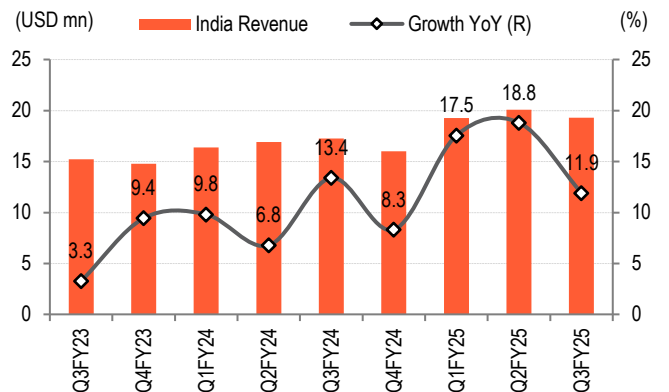
Source: Company, BOBCAPS Research

Fig 7 – US sales grew due to healthy volume in line products



Source: Company, BOBCAPS Research

Fig 8 – Domestic sales growth lowered due to lower RX sales



Source: Company, BOBCAPS Research

Valuation methodology

LPC reported healthy numbers that were above our estimates largely due to healthy US, India and EM sales. US sales was driven by Mirabegron and 23% market share in Albuterol due to a healthy flu season and volume pick up in online products which offset low single-digit price erosion pressure in the base portfolio. Domestic sales underperformance in the RX segment was largely offset by higher global tender sales (major contribution to the Indian market). Overall healthy product mix resulted in a five-year-high EBITDA margin of 23.7%.

We expect LPC's US sales to continue the growth momentum and increase its cc sales from the current quarterly run rate of US\$ 235mn to US\$ 250mn in FY26 driven by exclusivity in Tolvaptan and other high-value low-competition products like gGlucagon, Risperdal Consta, Liraglutide, etc. We expect Tolvaptan's market share to be stable at ~40% by FY27 post the loss of exclusivity due to its REMS portfolio and limited entry of 2-3 players.

We factor in sales from gGlucagon, Risperdal Consta, Liraglutide and Duler in our US sales. Hence, we expect our US sales to increase to US\$ 1.14bn in FY27E from US\$ 1bn earlier and subsequently increase our earnings estimates by 4.8% in FY25E, 7.1% in FY26E and by 15.8% in FY27E. Hence we maintain BUY on the stock and continue to value LPC at 30x P/E on Dec'26 rollover to arrive at a TP of Rs 2,626 (earlier Rs 2,438).

Fig 9 – Revised estimates

| (Rs mn) | Actual | New | | | Old | | | Change (%) | | |
|-------------------|---------|---------|---------|---------|---------|---------|---------|------------|-------|-------|
| | FY24 | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E |
| Sales | 200,107 | 229,346 | 261,969 | 298,700 | 219,253 | 242,151 | 260,625 | 4.6 | 8.2 | 14.6 |
| EBITDA | 38,105 | 53,836 | 65,143 | 78,651 | 51,215 | 59,158 | 66,539 | 5.1 | 10.1 | 18.2 |
| EBITDA margin (%) | 19.0 | 23.5 | 24.9 | 26.3 | 23.4 | 24.4 | 25.5 | 12bps | 44bps | 80bps |
| EPS (Rs) | 42.3 | 66.3 | 82.5 | 104.1 | 63 | 77 | 90 | 4.8 | 7.1 | 15.8 |

Source: BOBCAPS Research, Company

Fig 10 – Key assumption

| (Rs mn) | FY24 | FY25E | FY26E | FY27E |
|----------|---------|---------|---------|---------|
| Sales | 200,107 | 229,346 | 261,969 | 298,700 |
| EBITDA | 38,105 | 53,836 | 65,143 | 78,651 |
| PAT | 19,145 | 30,012 | 37,350 | 47,097 |
| EPS | 42.3 | 66.3 | 82.5 | 104.1 |
| EBITDA M | 19.0 | 23.5 | 24.9 | 26.3 |
| PATM | 9.6 | 13.1 | 14.3 | 15.8 |
| PE | 51.6 | 32.9 | 26.4 | 21.0 |

Source: Company, BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- Delays in launches of key products, and,
- regulatory events on key facilities.

Financials

Income Statement

| Y/E 31 Mar (Rs mn) | FY23A | FY24A | FY25E | FY26E | FY27E |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Total revenue | 166,417 | 200,107 | 229,346 | 261,969 | 298,700 |
| EBITDA | 17,982 | 38,105 | 53,836 | 65,143 | 78,651 |
| Depreciation | 8,807 | 11,968 | 12,690 | 13,628 | 14,284 |
| EBIT | 9,175 | 26,137 | 41,146 | 51,516 | 64,368 |
| Net interest inc./(exp.) | (2,743) | (3,116) | (2,643) | (2,511) | (2,385) |
| Other inc./(exp.) | 734 | 1,202 | 1,850 | 1,200 | 1,300 |
| Exceptional items | 0 | 0 | 0 | 0 | 0 |
| EBT | 7,165 | 24,223 | 40,353 | 50,205 | 63,282 |
| Income taxes | 2,688 | 4,867 | 10,088 | 12,551 | 15,821 |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Min. int./Inc. from assoc. | 176 | 211 | 253 | 304 | 364 |
| Reported net profit | 4,301 | 19,145 | 30,012 | 37,350 | 47,097 |
| Adjustments | 0 | 0 | 0 | 0 | 0 |
| Adjusted net profit | 4,301 | 19,145 | 30,012 | 37,350 | 47,097 |

Balance Sheet

| Y/E 31 Mar (Rs mn) | FY23A | FY24A | FY25E | FY26E | FY27E |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| Accounts payables | 25,315 | 29,581 | 28,901 | 32,471 | 35,789 |
| Other current liabilities | 27,794 | 30,954 | 30,954 | 30,954 | 30,954 |
| Provisions | 8,581 | 9,003 | 15,315 | 18,463 | 22,550 |
| Debt funds | 42,441 | 26,699 | 24,029 | 22,828 | 21,686 |
| Other liabilities | 0 | 0 | 0 | 0 | 0 |
| Equity capital | 910 | 911 | 911 | 911 | 911 |
| Reserves & surplus | 124,518 | 142,823 | 161,650 | 185,079 | 214,624 |
| Shareholders' fund | 125,428 | 143,734 | 162,561 | 185,991 | 215,535 |
| Total liab. and equities | 229,559 | 239,972 | 261,759 | 290,705 | 326,514 |
| Cash and cash eq. | 12,931 | 12,025 | 28,775 | 46,672 | 70,177 |
| Accounts receivables | 44,807 | 46,921 | 52,565 | 60,042 | 68,461 |
| Inventories | 44,918 | 49,539 | 54,129 | 61,829 | 70,498 |
| Other current assets | 36,830 | 39,734 | 40,734 | 41,734 | 42,734 |
| Investments | 5,169 | 10,746 | 8,738 | 8,738 | 8,738 |
| Net fixed assets | 53,768 | 51,800 | 47,110 | 41,482 | 35,199 |
| CWIP | 8,948 | 5,957 | 6,457 | 6,957 | 7,457 |
| Intangible assets | 22,188 | 23,250 | 23,250 | 23,250 | 23,250 |
| Deferred tax assets, net | 0 | 0 | 0 | 0 | 0 |
| Other assets | 0 | 0 | 0 | 0 | 0 |
| Total assets | 229,559 | 239,972 | 261,759 | 290,705 | 326,514 |

Cash Flows

| Y/E 31 Mar (Rs mn) | FY23A | FY24A | FY25E | FY26E | FY27E |
|------------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Cash flow from operations | 3,964 | 30,803 | 39,741 | 44,030 | 53,084 |
| Capital expenditures | (11,420) | (8,072) | (8,500) | (8,500) | (8,500) |
| Change in investments | 3,831 | (5,577) | 2,008 | 0 | 0 |
| Other investing cash flows | 0 | 0 | 0 | 0 | 0 |
| Cash flow from investing | (7,589) | (13,649) | (6,492) | (8,500) | (8,500) |
| Equities issued/Others | 1 | 1 | 0 | 0 | 0 |
| Debt raised/repaid | 3,999 | (15,741) | (2,670) | (1,201) | (1,141) |
| Interest expenses | (2,743) | (3,116) | (2,643) | (2,511) | (2,385) |
| Dividends paid | (5,151) | (5,249) | (11,185) | (13,920) | (17,553) |
| Other financing cash flows | 8,702 | 6,045 | 0 | 0 | 0 |
| Cash flow from financing | 4,808 | (18,060) | (16,498) | (17,633) | (21,080) |
| Chg in cash & cash eq. | 1,183 | (906) | 16,750 | 17,897 | 23,504 |
| Closing cash & cash eq. | 12,931 | 12,025 | 28,775 | 46,672 | 70,177 |

Per Share

| Y/E 31 Mar (Rs) | FY23A | FY24A | FY25E | FY26E | FY27E |
|----------------------|-------|-------|-------|-------|-------|
| Reported EPS | 9.5 | 42.0 | 65.9 | 82.0 | 103.4 |
| Adjusted EPS | 9.5 | 42.3 | 66.3 | 82.5 | 104.1 |
| Dividend per share | 3.5 | 15.8 | 24.7 | 30.8 | 38.8 |
| Book value per share | 275.5 | 315.8 | 357.4 | 409.2 | 474.5 |

Valuations Ratios

| Y/E 31 Mar (x) | FY23A | FY24A | FY25E | FY26E | FY27E |
|----------------|-------|-------|-------|-------|-------|
| EV/Sales | 5.6 | 4.7 | 4.1 | 3.5 | 3.0 |
| EV/EBITDA | 51.4 | 24.7 | 17.4 | 14.1 | 11.4 |
| Adjusted P/E | 213.0 | 47.9 | 30.5 | 24.5 | 19.5 |
| P/BV | 7.4 | 6.4 | 5.7 | 4.9 | 4.3 |

DuPont Analysis

| Y/E 31 Mar (%) | FY23A | FY24A | FY25E | FY26E | FY27E |
|------------------------------|------------|-------------|-------------|-------------|-------------|
| Tax burden (Net profit/PBT) | 60.0 | 79.0 | 74.4 | 74.4 | 74.4 |
| Interest burden (PBT/EBIT) | 78.1 | 92.7 | 98.1 | 97.5 | 98.3 |
| EBIT margin (EBIT/Revenue) | 5.5 | 13.1 | 17.9 | 19.7 | 21.5 |
| Asset turnover (Rev./Avg TA) | 18.8 | 21.3 | 22.9 | 23.7 | 24.2 |
| Leverage (Avg TA/Avg Equity) | 1.8 | 1.7 | 1.6 | 1.6 | 1.5 |
| Adjusted ROAE | 3.5 | 14.2 | 19.6 | 21.4 | 23.5 |

Ratio Analysis

| Y/E 31 Mar | FY23A | FY24A | FY25E | FY26E | FY27E |
|--|------------|------------|--------------|--------------|--------------|
| YoY growth (%) | | | | | |
| Revenue | 1.4 | 20.2 | 14.6 | 14.2 | 14.0 |
| EBITDA | (13.5) | 111.9 | 41.3 | 21.0 | 20.7 |
| Adjusted EPS | 63.2 | 345.1 | 56.8 | 24.5 | 26.1 |
| Profitability & Return ratios (%) | | | | | |
| EBITDA margin | 10.8 | 19.0 | 23.5 | 24.9 | 26.3 |
| EBIT margin | 5.5 | 13.1 | 17.9 | 19.7 | 21.5 |
| Adjusted profit margin | 2.6 | 9.6 | 13.1 | 14.3 | 15.8 |
| Adjusted ROAE | 3.5 | 14.2 | 19.6 | 21.4 | 23.5 |
| ROCE | 3.6 | 12.4 | 17.3 | 19.2 | 21.2 |
| Working capital days (days) | | | | | |
| Receivables | 96 | 84 | 84 | 84 | 84 |
| Inventory | 100 | 86 | 86 | 86 | 86 |
| Payables | 130 | 151 | 151 | 151 | 151 |
| Ratios (x) | | | | | |
| Gross asset turnover | 1.2 | 1.3 | 1.4 | 1.5 | 1.7 |
| Current ratio | 2.3 | 2.1 | 2.3 | 2.6 | 2.8 |
| Net interest coverage ratio | 3.3 | 8.4 | 15.6 | 20.5 | 27.0 |
| Adjusted debt/equity | 0.2 | 0.0 | (0.1) | (0.2) | (0.3) |

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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CIN: **U65999MH1996GOI098009**



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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

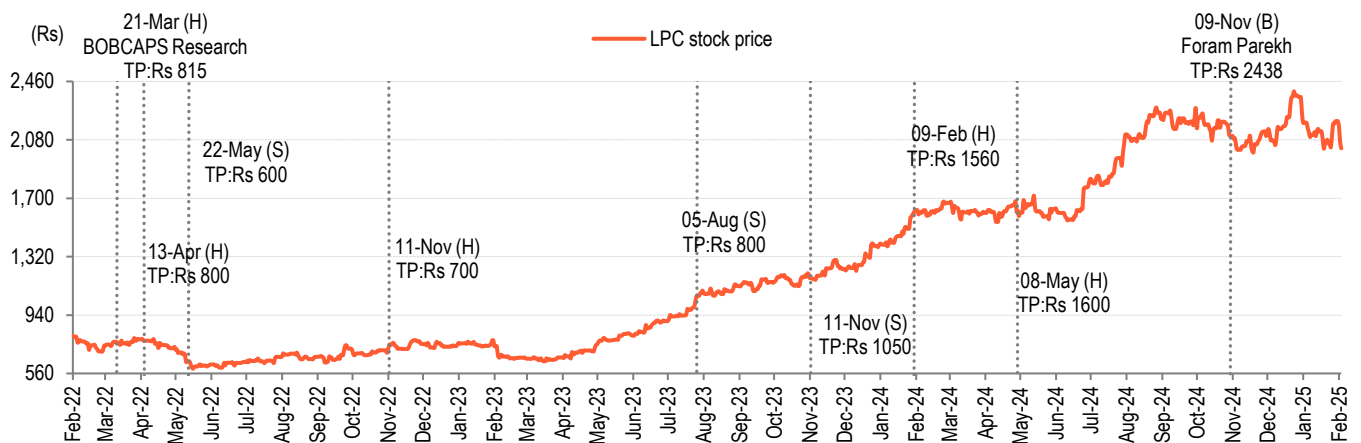
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): LUPIN (LPC IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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