kotak Securities

Dated: 10th Nov 2025

Lupin (LPC) - ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1972	**Rs.2255**

Rationale:

- Q2FY26: LPC's outperformance streak continued; Tolvaptan, India, Brazil, PLI and lower R&D drive record margins.
- Buoyed by other launches, LPC continues to guide for US$27.5-30 cr quarterly US sales in H2FY26 and US$100 cr US sales in FY27E.
- Other markets: LPC expects double-digit constant currency growth in non-US and non-India markets.
- EBITDA margin guidance of 24-25% in FY27E, led by strong ex-US growth and cost efficiencies, assuages concerns of a steep margin drop.
- Despite factoring in an EPS decline in FY27E, we estimate a healthy ~10% EPS CAGR for LPC over FY25-28E.
- FY26E to be a noteworthy year; we retain ADD with FV of Rs2,255.

Positives:

- Revenues, at Rs7,048 cr (+24% yoy, +12% qoq), beat our estimates by 4%.
- Gross margin was 74.1% (+240 bps qoq, +390 bps yoy), 180 bps above our estimates.
- EBITDA margin was 30.3% (+200 bps vs our estimate, +410 bps qoq, +730 bps yoy).
- Reported PAT, at Rs1,478 cr (+21% qoq, +73% yoy), was 14% ahead of our estimates.

Negatives:

- US: LPC is witnessing low single-digit sequential price erosion in base products.
- Q2FY26 US sales, at US$31.5 cr, were 5% below our estimate of US$33 cr.

(PLI: Production Linked Incentive; R&D: Research & Development; CAGR: Compound Annual Growth Rate; EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; PAT: Profit After Tax)

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 The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.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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