



New Drugs Approvals will Boost Future Prospects

Lupin has recently launched three major drugs in the US market: gMirabegron, gProlensa, and gChantix. The combined sales from these three drugs could potentially generate incremental sales of ~\$100 Mn per year in the US market.

- gMirabegron:** Lupin has launched gMirabegron, being the first to introduce the generic version in 25 mg dosages, in the US market. Mirabegron is utilized in treating overactive bladder (OAB) symptoms, including urge urinary incontinence, urgency, and urinary frequency. Lupin, along with Zydus Lifesciences, holds the distinction of being the initial suppliers, making them eligible for 180 days of shared generic drug exclusivity for Mirabegron. In the 25 mg strength segment, the total opportunity size is \$1,019 Mn, with Lupin having the potential to generate sales of \$55-60 Mn per year in this segment. We anticipate that 7-8 more players could enter this segment in the second half of FY25E, potentially leading to price erosion in the range of ~70%-80%.
- gProlensa:** Lupin has introduced gProlensa (Bromfenac) in the ophthalmic segment. The company holds the distinction of being the exclusive first to file for this product and is eligible for 180-day exclusivity. The total opportunity size for this segment is \$185 Mn, with Lupin having the potential to generate sales of \$15 Mn per year.
- gChantix:** Lupin has introduced gChantix (Varenicline) in the respiratory segment. The total opportunity size for this segment is \$412 Mn, with Lupin having the potential to generate sales of \$18-\$20 Mn per year.

Niche product approvals and a strong pipeline of new drugs could drive Revenue/PAT CAGR by 10%/19.5% over FY24E-FY26E. We maintain our BUY rating with a Target Price of Rs 1,770/share.

gMirabegron has potential to generate peak sales of \$60 Mn

(USD Mn)	FY25	FY26	FY27	FY28	FY29
gMirabegron size	1,019	1,019	1,019	1,019	1,019
Number of Players	7	8	8	8	8
Price erosion	70.0%	80.0%	80.0%	80.0%	80.0%
Size after Erosion	306	204	204	204	204
Market Share	20%	25%	24%	22%	20%
Sales	61	51	49	45	41
EBITDA	52	43	42	38	35
margins	85%	85%	85%	85%	85%
NOPAT	39	32	31	29	26
CoE	10%				
NPV	121				
Value (Rs Cr)	995				
Value/Share (Rs)	22				

Source: Company, Axis Research

(CMP as of 23 Apr 2024)

CMP (Rs)	1,581
Upside /Downside (%)	12%
High/Low (Rs)	1,704/680
Market cap (Cr)	72,000
Avg. daily vol. (6m) Shrs.	1,20,000
No. of shares (Cr)	45.5

Shareholding (%)

	Sep-23	Dec-23	Mar-24
Promoter	47.1	47.0	47.0
FIIs	15.0	16.1	18.3
MFs / UTI	16.7	18.9	16.8
Others	21.2	17.9	17.9

Financial & Valuations

Y/E Mar (Rs Cr)	FY24E	FY25E	FY26E
Net Sales	19,226	21,222	23,295
EBITDA	3,653	4,244	4,892
Net Profit	2,100	2,600	3,000
EPS (Rs)	46.2	57.1	65.9
PER (x)	34.8	28.1	24.4
P/BV (x)	20.6	17.3	14.5
EV/EBITDA (x)	5.1	4.4	3.8
ROE (%)	14.6	15.6	15.5

Change in Estimates (%)

Y/E Mar	FY25E	FY25E
Sales	-	-
EBITDA	-	-
PAT	-	-

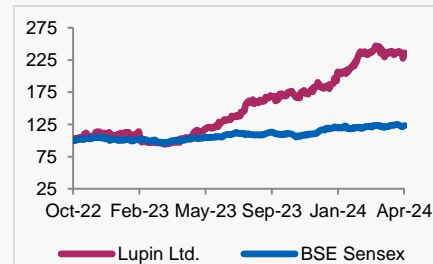
ESG disclosure Score**

Environmental Disclosure	N.A.
Social Disclosure Score	N.A.
Governance Disclosure	N.A.
Total ESG Disclosure Score	N.A.
Sector Average	N.A.

Source: Bloomberg, Scale: 0.1-100

**Note: This score measures the amount of ESG data a company reports publicly and does not measure the company's performance on any data point. All scores are based on 2022 disclosures

Relative performance



Source: AceEquity, Axis Securities

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Financials (consolidated)

Profit & Loss

(Rs Cr)

Y/E Mar, Rs. Cr	FY23	FY24E	FY25E	FY26E
Total Net Sales	16,642	19,226	21,222	23,295
% Change	1.4%	15.5%	10.4%	9.8%
Raw material Consumption	6,780	6,537	7,003	7,455
Staff costs	3,087	3,268	3,608	3,960
Other Expenditure	4,977	5,768	6,367	6,989
Total Expenditure	14,843	15,573	16,978	18,403
EBITDA	1,798	3,653	4,244	4,892
% Change	-17.0%	103.1%	16.2%	15.3%
EBITDA Margin %	10.8%	19.0%	20.0%	21.0%
Depreciation	881	838	891	1,060
EBIT	918	2,815	3,354	3,832
EBIT Margin %	5.5%	14.6%	15.8%	16.5%
Interest	274	212	127	85
Other Income	73	90	107	99
PBT	717	2,692	3,333	3,846
Tax	269	592	733	846
<i>Tax Rate %</i>	<i>37.5%</i>	<i>22.0%</i>	<i>22.0%</i>	<i>22.0%</i>
APAT	448	2,100	2,600	3,000
P/L after discontinuation	-18	0	0	0
PAT after Ass.	430	2,100	2,600	3,000
Adj. PAT	430	2,100	2,600	3,000
Growth %	22.7%	388.1%	23.8%	15.4%

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E Mar, Rs. Cr	FY23	FY24E	FY25E	FY26E
Share Capital	91	91	91	91
Reserves & Surplus	12,452	14,302	16,607	19,312
Shareholders Fund	12,543	14,393	16,698	19,403
Total Debt	4,541	3,541	2,541	1,541
- Trade Payables	2,532	2,897	3,198	3,510
- Other Long Term Liabilities	361	421	465	511
- Other Current Liabilities	1,891	2,107	2,326	2,553
TOTAL EQUITY & LIABILITIES	22,956	24,447	26,315	28,606
Gross Block	8,590	9,190	9,790	10,390
Depreciation	4,301	5,139	6,030	7,090
% of GB	50.1%	55.9%	61.6%	68.2%
- Fixed Assets(incl. Capital Work in Progress)	9,623	9,385	9,094	8,634
- Other Non Current Assets	881	881	881	881
- Current Investments	440	440	440	440
- Inventories	4,492	5,215	5,756	6,318
- Trade Receivables	4,481	5,267	5,814	6,382
- Cash & Cash Equivalents	1,293	1,257	2,120	3,524
- Other Current Assets	1,746	2,002	2,209	2,425
TOTAL ASSETS	22,955	24,447	26,315	28,606

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E March	FY23	FY24E	FY25E	FY26E
PBT	717	2,692	3,333	3,846
Add: Depreciation	881	838	891	1,060
Add: Interest	274	212	127	85
Cash flow from operations	1,872	3,743	4,351	4,991
Change in working capital	-109	1,124	733	761
Taxes	269	592	733	846
Miscellaneous expenses	18	0	0	0
Net cash from operations	1,694	2,027	2,885	3,384
Capital expenditure	-1,869	-600	-600	-600
Change in Investments	383	0	0	0
Net cash from investing	-1,487	-600	-600	-600
Increase/Decrease in debt	383	-1,000	-1,000	-1,000
Dividends	-183	-250	-295	-295
Proceedings from equity	0	0	0	0
Interest	-274	-212	-127	-85
Others	62	0	0	-0
Net cash from financing	-12	-1,462	-1,422	-1,380
Net Inc./(Dec.) in Cash	195	-36	863	1,404
Opening cash balance	1,098	1,293	1,257	2,120
Closing cash balance	1,293	1,257	2,120	3,524

Source: Company, Axis Securities

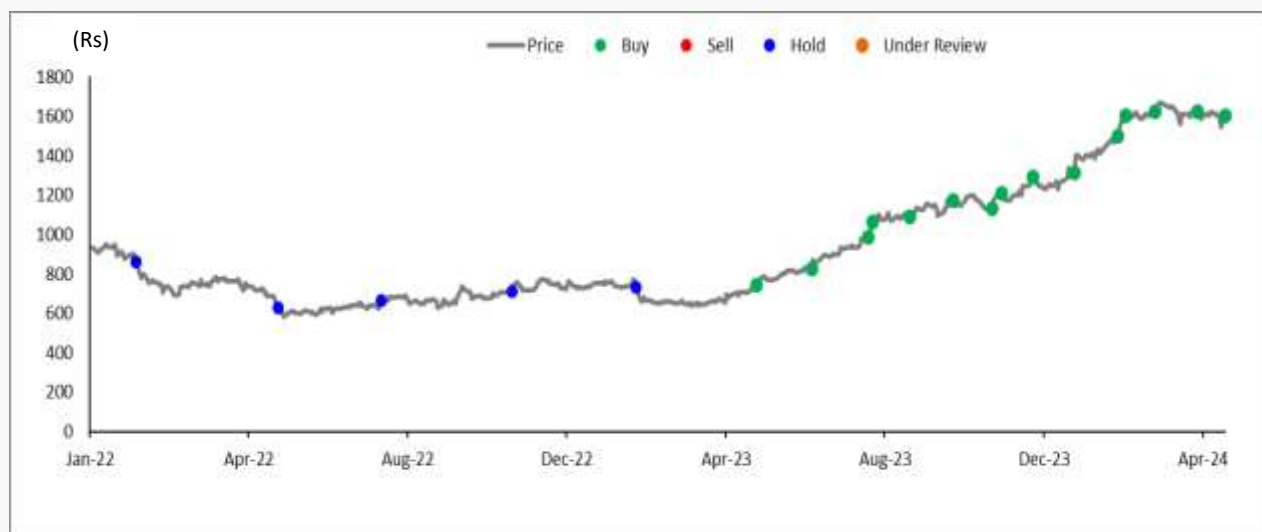
Ratio Analysis

(%)

Y/E Mar, Rs. Cr	FY23	FY24E	FY25E	FY26E
Sales growth (%)	1.4	15.5	10.4	9.8
OPM	10.8	19.0	20.0	21.0
Oper. profit growth	-17.0	103.1	16.2	15.3
COGS / Net sales	40.7	34.0	33.0	32.0
Overheads/Net sales	-	-	-	-
Depreciation / G. block	10.3	9.1	9.1	10.2
Effective interest rate	37.5	22.0	22.0	22.0
Net wkg.cap / Net sales (%)	35.8	36.8	36.8	36.8
Net sales / Gr block (x)	1.9	2.1	2.2	2.2
RoCE	5.4	15.7	17.4	18.3
Debt / equity (x)	0.4	0.2	0.2	0.1
Effective tax rate	37.5	22.0	22.0	22.0
RoE	3.4	14.6	15.6	15.5
Payout ratio (Div/NP)	200.5	274.7	324.2	324.2
EPS (Rs.)	9.5	46.2	57.1	65.9
EPS Growth	22.7	388.1	23.8	15.4
CEPS (Rs.)	28.8	64.6	76.7	89.2
DPS (Rs.)	4.0	5.5	6.5	6.5
Sales growth (%)	1.4	15.5	10.4	9.8
OPM	10.8	19.0	20.0	21.0
Oper. profit growth	-17.0	103.1	16.2	15.3

Source: Company, Axis Securities

Lupin Ltd PriceChart and Recommendation History



Date	Reco	TP	Research
07-Feb-22	HOLD	960	Result Update
23-May-22	HOLD	670	Result Update
08-Aug-22	HOLD	700	Result Update
11-Nov-22	HOLD	740	Result Update
13-Feb-23	HOLD	780	Result Update
11-May-23	BUY	800	Result Update
21-Jun-23	BUY	950	Result Update
01-Aug-23	BUY	1,082	Top Picks
07-Aug-23	BUY	1,200	Result Update
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
24-Apr-24	BUY	1,770	Company Update

Source: Axis Securities

About the analyst**Analyst:** Ankush Mahajan**Contact Details:** ankush.mahajan@axissecurities.in**Sector:** Midcaps/ Pharma Sector**Analyst Bio:** Ankush Mahajan is MBA (Finance) from SMVDU with over 12 years of research experience in the Midcaps/ Pharma Sector**Disclosures:**

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