

Lupin Limited (Lupin) – BUY

Company Update

Current Market Price (CMP)
Rs. 1020

Target Price
Rs. 1180

Our price target of Rs.1180 offers upside of 15.6% from current market price.

Rationale:

- FY22 crucial year for complex portfolio; expect progress on multiple fronts.
- Resolution of Goa/Indore units by 2HFY22 additional triggers for US business.
- After the recent correction of 12% from high, Lupin trades at 9X FY23E EBITDA. (Earnings Before Interest, Tax, Depreciation and Amortization).
- Upgrade stock to BUY with revised Fair Value of Rs1,180 (from Rs1,200 earlier).

Company update:

Positives:

- Albuterol scaling-up gradually with supply disruptions led hiccups now behind.
- Capabilities in the biosimilar space enhance growth visibility beyond FY23E.
- Well-positioned for strong recovery in margins & return ratios over 2 years.
- Advancement with partner to launch biosimilar Enbrel in multiple EU countries.

Negatives:

- Progress on complex injectables at nascent stage; contribution beyond FY24E.
- Cut FY21-22 earnings estimates by 2-4% factoring muted domestic growth.

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For detailed report dated 30th Mar 2021. Note: CMP & valuation may differ due to difference in dates.



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Holding Period – 12 Months; Disclaimer: <http://bit.ly/2n5AxIE>