

Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

Lupin (LPC)

Current Market Price	Potential Returns	Fair Value (FV)
Rs.737	2.3%	Rs.720

Date: 13 February 2023

Previous Rating: **ADD**

Current Rating: **REDUCE**

Event: **Result Update**

Ratings Rationale

- Subdued US and India to restrict margin recovery in H1CY23.
- Recovery hinging primarily on gSpiriva; its launch delayed now to H1FY24.
- Difficult for LPC to realize its cost savings target of Rs500-750 cr over the next one year.
- Reduce LPC's FY24-25E EPS by 7-15% owing to lower US and India sales.
- Downgrade to REDUCE from ADD with lower FV of Rs720 (Rs750 earlier)
(EPS – Earnings Per Share; FV- Fair Value)

Valuation

Value the stock at 18X EPS (unchanged).

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Note: The performance horizon is 12 months unless specified.

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