

Pick of the week



Lupin Ltd

Recommendation

BUY

Time Period

12 Months

Current Price

₹ 1179

Target Price

₹ 1320

Potential Upside

12%

Investment Argument

- Lupin's 4QFY21 revenues were in line with our estimates and with strong cost controls, the company continued its impressive margin recovery in 4QFY21.
- The company's focus now shifts to progress across various complex assets in the US over FY22-23. With FDA issuing guidance on remote inspections of overseas facilities, potential resolution of Goa/Indore units by 2HFY22 are additional triggers for the US.
- With steady ramp-up in ProAir and revival of domestic growth in FY22, Lupin is well-positioned to deliver strong margin expansion over FY22-23E.
- We revise our FY22-23E estimates by 1-3% to bake in lower tax rate guidance. Despite the recent rally, we derive comfort from Lupin's strong medium-term growth visibility led by inhalers/biosimilars and other complex assets.
- We maintain our BUY rating with revised Fair Value to Rs. 1320 based on 24X FY23E EPS.