Dated: 06 Oct 2025

Lupin (LPC) - ADD

Company Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1974	**Rs.2200**

Rationale:

- The US FDA has classified LPC's Pithampur Unit-2 facility's inspection conducted from July 8 to July 17, 2025, as an OAI (Official Action Indicated).
- The inspection was closed with the issuance of a Form-483 with four observations.
- This facility had been under the US FDA scanner for a long time before finally getting cleared.
- We believe this OSD and ophthal facility contributed 10-15% to LPC's US sales in FY25 (no impact of the OAI on existing sales).
- Bulk of key filings from Nagpur and Aurangabad; we expect a minimal earnings impact due to delayed US launches for LPC.
- We have not incorporated the impact of delay in the six ophthal launches (not a major impact) and higher remediation costs yet.
- Retain ADD on LPC with an unchanged FV of Rs2,200.

Positives:

- Aided by launch of Tolvaptan, we expect LPC to report US$1.06 bn US sales in FY26E.
- LPC has a pipeline of 200+ products with a TAM of US$330+ bn.

Negatives:

- LPC's Pithampur Unit-2 has historically faced compliance issues with the US FDA.
- We expect earnings per share to decline by 2.5% in FY27E to Rs83.2.

(USFDA: U.S. Food and Drug Administration; OSD: Oral Solid Dosage; 1bn: 100 cr; TAM: Total Addressable Market)

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 The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.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