June 30, 2025

Lupin Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Short-term-fund-based/non-fund based facilities	3,000.00	3,000.00	[ICRA]A1+; reaffirmed
Total	**3,000.00**	**3,000.00**	

**Instrument details are provided in Annexure-I*

Rationale

The rating reaffirmation of Lupin Limited (Lupin) factors in the company's strong financial profile, supported by healthy internal accrual generation on the back of sustained revenue growth and improvement in its operating profit margin (OPM). The company's operating income registered a CAGR of 8.5% over the past five years, increasing to Rs. 22,713 crore in FY2025 from Rs. 15,072 crore in FY2021. The growth was driven by new product launches and a diversified revenue growth across key geographies, underpinned by strategic focus on complex generics in the US market and chronic therapy segments in the domestic market. Lupin's OPM also improved to 23.3% in FY2025 from 10.8% in FY2023, aided by the growing contribution of complex generics products (including inhalations and injectables) and successful implementation of various cost optimisation initiatives. The rating also continues to factor in Lupin's strong business profile, its position as one of the leading[1] companies in the Indian pharmaceutical market (IPM), its geographically diversified revenue mix and global leadership in several API[2] segments. Notwithstanding some increase in debt level in FY2025, the company's capital structure and coverage indicators also continue to remain strong, supported by healthy accrual generation and strong liquidity position, characterised by a negative net debt position.

Revenue contribution from the US accounted for 38% of Lupin's consolidated revenue in FY2025, with sales rising 16% on a YoY basis to Rs. 8,395 crore. This growth was backed by increased volumes in the base business and successful new product launches, particularly within the complex generic portfolio. The inhalation portfolio now accounts for 33% of Lupin's US revenues and 25% of global revenues. The growing share of complex generics, coupled with some easing price pressure in oral solids, led to improved OPM for the region. Additionally, the ramp-up in sales of new products like Tolvaptan, and a strong product pipeline of complex generics including injectable products like Glucagon, Liraglutide and Risperdal Consta, are expected to support further growth in Lupin's US business.

The Indian business accounted for ~34% of Lupin's consolidated revenue, with domestic sales growing 14% on a YoY basis to 7,577.3 crore in FY2025. This growth was driven by strong performance across chronic therapy areas such as respiratory, gastrointestinal and cardiovascular as well as adjacent healthcare segments including trade generics, diagnostics and digital. However, growth in the anti-diabetes therapy has remained subdued across the markets as few patents expired in the past. While prices in the base diabetes business are expected to be impacted by the patent expiries, Lupin's acquisition of Huminsulin from Eli Lilly, along with the exit of major domestic insulin player, Novo Nordisk, is expected to provide some support to the company's diabetes portfolio.

Lupin's operations also remain exposed to regulatory risks. It has outstanding warning letters issued to the facilities at Tarapur (Maharashtra) and Unit -1 in Mandideep (Madhya Pradesh) by USFDA[3]. However, ICRA notes that these facilities do not

[1] *Lupin is the third largest (IQVIA Qtr TRx, Mar 2025) generic player in the US by prescriptions, and ranks eighth (IQVIA MAT, Mar 2025) in the IPM*

[2] *Active Pharmaceutical Ingredient*

[3] *United States Food and Drug Authority*

contribute significantly to Lupin's US business. ICRA also notes the pending resolution of the ongoing industry-wide investigation by the anti-trust division of the US DoJ[4] for price-fixing and price collusion allegations as well as other litigations. Moreover, Lupin's profitability remains vulnerable to foreign exchange (forex) rate fluctuations because of its overseas operations and foreign currency borrowings, though it hedges them through forward contracts. Large inorganic investments by the company will also remain an event risk, and the impact of such investments on its business and credit profile would be monitored on a case-by-case basis.

Key rating drivers and their description

Credit strengths

Leading player in the US and domestic markets; growing contribution of complex generics in inhalation and injectables – Lupin ranks eighth in the IPM with a leading position in several therapies including anti-tuberculosis (first), respiratory (second), cardiology (third) and anti-diabetic (third). Moreover, performance of the US business has improved on account of increased pace of new product launches and better product mix with a higher share of complex generics (including inhalations and injectables). While the injectables portfolio of the company is still evolving, its inhalations portfolio has become a significant contributor, driving around 33% of its revenues from the US business and 25% of its global revenues. This has also helped improve the company's OPM. In India, Lupin is expected to continue to perform well, despite some moderation in its anti-diabetes portfolio sales due to patent expiry. However, the recent acquisition of Huminsulin from Eli Lilly is expected to provide some impetus to Lupin's insulin business, with the market share increasing from 18% to 25%, especially in regions with lower penetration. Also, Lupin's focus on increasing contribution from other chronic therapies is expected to drive domestic business growth.

Geographically diversified revenue mix – Lupin's revenue profile is well diversified with India and the US being the key markets, contributing 34% and 38%, respectively, to its consolidated revenues in FY2025. Healthy performance in these markets with a growth of 16% in the US business and 14% in the Indian business supported its overall revenue growth in FY2025. Moreover, the growth markets[5] and EMEA[6] contributed 9% and 11%, respectively to Lupin's consolidated revenues in FY2025, with revenues from these markets growing by 7% and 22% on a YoY basis, respectively. Lupin also derived around 5% of its FY2025 revenues from its API business. Its API manufacturing capabilities are predominantly focussed on its captive requirements for formulations with up to 75-80% of its APIs consumed inhouse. However, Lupin has carved out two of its API manufacturing sites at Dabhasa and Visakhapatnam, along with select R&D operations, including fermentation, at Lupin Research Park, Pune, into a separate wholly-owned subsidiary, Lupin Manufacturing Solutions Limited (LMSL). This will ensure better focus on its API business and improve its scale and profitability, particularly through its Contract Development and Manufacturing Organization (CDMO) strategy.

Global leadership in several API segments, including cephalosporins and CVS drugs – Lupin has been a global leader in the cephalosporins (third-generation antibiotics), anti-tuberculosis (anti-TB) and cardiovascular spaces for over 15 years. It remains one of the largest suppliers of anti-TB products to the World Health Organisation's (WHO) global drug facility and is the only company pre-qualified by WHO globally for its anti-TB APIs as well as formulations. It enjoys large economies of scale in certain segments on account of forward integration into formulations, high bargaining power with intermediate suppliers and strong technological capabilities in API development and manufacturing. The API business of Lupin grew by 3% on a YoY basis to Rs. 1,177.2 crore in FY2025. Further, with the incorporation of LMSL and having higher focus on improving the performance of the API business, the segment is expected to perform better over the medium term.

Healthy financial profile and strong liquidity position – Lupin has a healthy financial profile, characterised by sizeable net worth and strong accrual generation, aided by healthy revenue growth and improvement in margins. While the debt increased

[4] *Department of Justice*

[5] *Asia Pacific and Latin America*
[6] *Europe, Middle East and Africa*

to Rs. 5,076.6 crore as on March 31, 2025 from Rs. 2,669.9 crore as on March 31, 2024, the company achieved a net debt negative position (excluding lease liabilities) as on March 31, 2025. Also, despite the increase in overall debt, its coverage metrics remain strong, as marked by Total Debt/OPBDITA of 1.0 time for FY2025 against 0.8 times for FY2024. The expectation of continued healthy accrual generation, low reliance on external debt as well as build-up of surplus cash/liquid investment balances will likely result in sustenance of a negative net debt position for the company in FY2026, in the absence of any major debt-funded capex. Capitalisation and coverage indicators are also expected to improve further, aided by strong cash flows, further reduction in its debt and strong liquidity position.

Credit challenges

Base US business continues to remain competitive – The US generic market has remained competitive with continued pricing pressure across various product categories. This has impacted the performance of the US generics business of several generic players in the market, including Lupin. While regular product launches and introduction of complex generics in the market can mitigate the impact to a certain extent, pressure will remain on Lupin's business in the US. Besides, Lupin's steady efforts on increasing contribution of complex generics (which experience lower pricing pressure than oral solids) are also expected to aid in the improvement in profitability of the US business. This is also evident from the increase in the company's OPM to 23.4% in FY2025 from 19.3% in FY2024, partly driven by higher contribution from the inhalation portfolio.

Exposure to regulatory risks and litigations – Lupin's operations remain exposed to risks of greater scrutiny by regulatory agencies, including the USFDA, as well as pricing control in the domestic market. ICRA notes the ~13-14% coverage of its domestic formulations under NLEM[7], which remains exposed to future price control measures or addition of more products in the list of NLEM drugs. While Lupin is yet to resolve the warning letters issued by USFDA to its facilities at Tarapur and Unit-1 in Mandideep, product supplies to the US from these facilities are negligible. Besides, it is a part of the ongoing industry-wide investigation by the anti-trust division of the US DoJ pertaining to price fixing and price collusion allegations as well as other product litigations. Any adverse outcome of the ongoing investigations/litigations would remain an event risk, and the impact of such outcomes on its business and credit profile would be monitored on a case-by-case basis. Also, given Lupin's significant exposure to the US generics market, any regulatory/ policy changes in the US pharmaceutical industry, including any changes in the current tariff regime, would be monitored.

Vulnerability of profitability to forex fluctuations – Lupin's profitability remains vulnerable to forex rate fluctuations on account of its overseas operations as well as foreign currency borrowings, although it hedges the same through foreign exchange forward contracts.

Liquidity position: Strong

Lupin's liquidity position remains strong, supported by a strong cash flow generation, healthy cash, bank balances and liquid investments of Rs. 5,397.8 crore (consolidated) and unutilised working capital facilities (standalone) of around Rs. 2,900 crore as on March 31, 2025. It has scheduled debt repayment obligation of Rs. 270-290 crore per annum and its regular capex is expected to be Rs. 700-800 crore per annum. The internal accrual generation and existing liquidity of Lupin would be sufficient to fund its debt repayment obligations and capex requirements (in the absence of any major acquisition) over the medium term.

Rating sensitivities

Positive factors – Not Applicable.

Negative factors – Pressure on the rating could emerge if there is considerable weakening in the company's leverage and liquidity position on a sustained basis due to aggressive capex or inorganic investments or increased working capital intensity

[7] *National List of Essential Medicines*

of operations. Any adverse impact of regulatory developments, impacting Lupin's product launches and, in turn, revenues and profitability, would also be a key monitorable.

Environmental and social risks

Environmental considerations – Lupin does not face any major physical climate risk. However, it remains exposed to tightening environmental regulations with regard to breach of waste and pollution norms, which can lead to an increase in operating costs or capital investments. To address the environmental risks, Lupin has taken various energy-efficient measures, such as using energy-efficient lighting, pumping and utilising renewable energy. Lupin has also made commitments for decarbonisation to reduce its Scope 1 and Scope 2 greenhouse gas (GHG) emissions. It has achieved 23% reduction till FY2025 and targets to reach 38% by 2030. It has also set targets for recycling 50% of total water withdrawal in its operations by 2030 (44% achieved till FY2025).

Social considerations – The industry faces social risks related to product safety and the associated litigation risks, access to qualified personnel for R&D and process engineering, and maintenance of high manufacturing compliance standards. Further, Government intervention related to price caps/control also remains a social risk faced by entities in the pharmaceutical industry. As of March 31, 2025, 384 drugs were covered under NLEM, falling under the ambit of Drug Price Control Order, and the Government may bring more such drugs under price control. Lupin had 13-14% coverage of its domestic formulations under NLEM as of March 31, 2025.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Pharmaceuticals
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of Lupin. As on March 31, 2025, the company had 35 subsidiaries and one joint venture company, which are enlisted in Annexure-2

About the company

Lupin Limited (erstwhile Lupin Chemicals) was founded in 1968 by Late Dr. Desh Bandhu Gupta, father of the current Managing Director, Mr. Nilesh Gupta, after Dr. Gupta bought the Lupin trademark from Charak Pharmaceuticals. Set up originally as a proprietary concern, Lupin was converted into a private limited company in 1972 and became a public limited company in 1992. In June 2001, Lupin Chemicals merged with Lupin Laboratories Limited, following which the merged entity was renamed Lupin Limited. The amalgamation was aimed at leveraging the strengths of the two companies.

Lupin is an integrated pharmaceutical company with presence across research, manufacturing and marketing of formulations and APIs. The company's business mix can be broadly divided into two segments, formulations (accounted for 95% of Lupin's consolidated revenues in FY2025) and APIs (accounted for 5% of Lupin's consolidated revenues in FY2025). In terms of geographical presence, Lupin derived 36% of its FY2025 revenue from the United States, 34% from India, 13% from developed markets (comprising Canada, Australia, Europe and others) and 11% from other emerging markets (comprising LATAM, South Africa, the Philippines and Rest of the world).

As per the company, it is the third largest pharmaceutical player in US by prescriptions and the eighth largest company in the Indian pharmaceutical market.

Key financial indicators (audited)

Lupin – Consolidated	FY2024	FY2025*
Operating income	20,021.3	22,713.7
PAT	1935.6	3306.3
OPBDIT/OI	19.4%	23.3%
PAT/OI	9.7%	14.6%
Total outside liabilities/Tangible net worth (times)	0.6	0.7
Total debt/OPBDIT (times)	0.8	1.0
Interest coverage (times)	12.4	17.9

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *Results*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years					
FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	June 30, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based/Non fund based limits	Short term	3,000	**[ICRA]A1+**	Apr 25, 2024	[ICRA]A1+	-	-	Feb 23, 2023	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Short-term-fund-based/non-fund based facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Short-term-fund-based/non-fund based facilities	NA	NA	NA	3,000.00	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA]

Annexure II: List of entities considered for consolidated analysis

Company Name	Lupin Ownership	Consolidation Approach
Lupin Pharmaceuticals, Inc.	100.00%	Full Consolidation
Hormosan Pharma GmbH	100.00%	Full Consolidation
Pharma Dynamics (Proprietary) Limited	100.00%	Full Consolidation
Lupin Australia Pty Limited	100.00%	Full Consolidation
Nanomi B.V. (formerly known as Lupin Holding B.V.)	100.00%	Full Consolidation
Lupin Atlantis Holdings SA	100.00%	Full Consolidation
Multicare Pharmaceuticals Philippines Inc.	51.00%	Full Consolidation
Generic Health Pty Limited	100.00%	Full Consolidation
Bellwether Pharma Pty Limited	100.00%	Full Consolidation
Lupin Healthcare (UK) Limited [formerly Lupin (Europe) Limited]	100.00%	Full Consolidation
Lupin Pharma Canada Limited	100.00%	Full Consolidation
Lupin Diagnostics Limited (formerly Lupin Healthcare Limited)	100.00%	Full Consolidation
Lupin Mexico S.A. de C.V.	100.00%	Full Consolidation
Lupin Philippines Inc.	100.00%	Full Consolidation
Generic Health SDN. BHD.	100.00%	Full Consolidation
Lupin Inc.	100.00%	Full Consolidation
Laboratorios Grin S.A. de C.V.	100.00%	Full Consolidation
Medquímica Indústria Farmacêutica LTDA	100.00%	Full Consolidation
Novel Laboratories	100.00%	Full Consolidation
Lupin Research Inc.	100.00%	Full Consolidation
Avenue Coral Springs LLC (with effect from 29 November 2021)	100.00%	Full Consolidation
Lupin Europe GmbH	100.00%	Full Consolidation
Lupin Management Inc (Formerly Lupin IP Ventures Inc.)	100.00%	Full Consolidation
Lupin Biologics Limited (India)	100.00%	Full Consolidation
Lupin Oncology Inc. (USA)	100.00%	Full Consolidation
Lupin Digital Health Limited (India) (with effect from 21 May 2021)	100.00%	Full Consolidation
Lupin Foundation (India) (upto February 07, 2025)	100.00%	Full Consolidation
Southern Cross Pharma Pty Ltd (with effect from Feb 3, 2022)	100.00%	Full Consolidation
Lupin NZ Limited (with effect from August 8, 2024)	100.00%	Full Consolidation

Company Name	Lupin Ownership	Consolidation Approach
Lupin Lanka (Private) Ltd (with effect from August 05, 2024)	100.00%	Full Consolidation
Lupin Manufacturing Solutions Limited (with effect from July 24, 2023)	100.00%	Full Consolidation
Lupinlife Consumer Healthcare Limited (with effect from March 08, 2025)	100.00%	Full Consolidation
Lupin Life Science Limited (formerly Lupin Atharv Ability Limited) (with effect from July 17, 2023)	100.00%	Full Consolidation
Medisol S.A.S (with effect from September 01, 2023)	100.00%	Full Consolidation
Lymed S.A.S (with effect from September 01, 2023 up to July 08, 2024)	100.00%	Full Consolidation
Joint Venture		
YL Biologics Limited	45.00%	Equity method

Source: Company financial disclosures Q4FY2025

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