

## Consistent growth across geographies, maintain Buy

We maintain our Buy rating on Lupin Ltd with a TP of Rs1,880 (earlier Rs1,810), based on 23x March'19 EPS of Rs81.9. Lupin's Q3FY17 revenues and margin were higher than our estimates but net profit missed expectations. Lupin reported revenue growth of 26% YoY, 330bps improvement in margin to 27.1%, and 21% growth in net profit. In addition the pharma major's Goa facility has been cleared by the US FDA. We believe the company's robust growth across key markets coupled with Lupin+Gavis' strong pipeline of 344 ANDAs will drive future growth. Key positive risk to our assumptions would be strong growth in the US market and key negative risk would be slower growth in the domestic market.

- **Sales grew by 26% YoY:** Lupin's revenues grew by 26% YoY to Rs44.83bn from Rs35.48bn due to strong sales in the US, India and Japan. Its US business (49% of revenues) grew by 58% YoY and Asia Pacific business (13% of revenues) by 21% YoY. Lupin's domestic formulation business (22% of revenues) grew by 12%YoY despite the impact of price control and demonetisation. Its API business (6% of revenues) declined 5% YoY. We expect its performance to improve led by strong growth of generic Glumetza, Fortamet and integration of Gavis in the US market.
- **Margin grew by 330bps YoY to 27.1%:** Lupin's EBITDA margin grew by 330bps YoY to 27.1% from 23.8%, mainly due to a decline in raw material cost and other expenses. Raw material cost declined by 270bps to 29% from 31.7% due to a change in the product mix and strong demand for its diabetes drugs, Glumetza and Fortamet, in the US. Personnel expenses increased by 100bps to 16.3% from 15.3%. Other expenses declined by 170bps to 27.5% from 29.2% due to strong sales growth. We expect margin improvement from new launches and integration of Gavis in the US.
- **US business to drive growth:** Lupin is the market leader in 44 of the 128 products in the US' generic market. The company's 78 products feature among the top three. It has a basket of 15 oral contraceptive (OC) and 10 derma products for the US market. Lupin plans to launch ~30 new products in the US during FY18. With the recent integration of Gavis in the US, the company could become a leading generic player in the country. We expect the US market to drive future growth of the company.
- **Valuation and key risks:** We maintain our Buy rating on Lupin with a TP of Rs1,890 based on 23x FY19E EPS of Rs81.9 with an upside of 26.1% from CMP. We expect the company to benefit from the strong pipeline in the US, plus its recent acquisition of Gavis in the US, and Shionogi's 21 brands in Japan. A key upside risk to our assumptions would be strong growth of the US generic market and a key downside risk would be slower growth in the domestic market.

Particulars (Rs mn)	Q3FY17	Q3FY16	YoY (%)	Q2FY17	QoQ (%)	Q3FY17E	% Var.
<b>Net sales</b>	<b>44,828</b>	<b>35,476</b>	<b>26.4</b>	<b>42,905</b>	<b>4.5</b>	<b>42,780</b>	<b>4.8</b>
Raw material cost	13,016	11,232	15.9	12,429	4.7	12,940	0.6
Employee cost	7,311	5,434	34.5	7,124	2.6	6,940	5.3
Other expenses	12,343	10,349	19.3	13,072	(5.6)	12,200	1.2
<b>EBIDTA</b>	<b>12,158</b>	<b>8,461</b>	<b>43.7</b>	<b>10,280</b>	<b>18.3</b>	<b>10,700</b>	<b>13.6</b>
EBIDTA margin (%)	27.1	23.8		24.0		25.0	
Depreciation	2,309	1,216	89.9	2,112	9.3	2,220	4.0
Interest	459	99	363.6	263	74.5	230	99.6
Other income	1,036	664	56.0	271	282.3	300	245.3
PBT	10,426	7,810	33.5	8,176	27.5	8,550	21.9
Prov. For tax	4,095	2,557	60.1	1,589	157.7	1,650	148.2
<b>Adj. PAT</b>	<b>6,331</b>	<b>5,246</b>	<b>20.7</b>	<b>6,552</b>	<b>(3.4)</b>	<b>6,870</b>	<b>(7.8)</b>

Source: Company, Centrum Research

Y/E March	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adjust. PAT	YoY (%)	DEPS Rs.	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY15	1,27,701	13.1	36,198	28.3	24,034	30.9	53.5	30.4	28.5	24.6	16.3
FY16	1,42,084	11.3	37,534	26.4	22,706	(5.5)	50.5	22.9	16.6	35.8	23.4
FY17E	1,75,976	23.9	47,346	26.9	27,936	23.0	62.1	22.8	15.8	24.7	15.4
FY18E	2,00,695	14.0	55,648	27.7	32,263	15.5	71.8	21.5	17.0	21.4	13.1
FY19E	2,27,294	13.3	63,895	28.1	36,815	14.1	81.9	20.3	17.7	18.8	11.0

Source: Company, Centrum Research Estimates

Target Price	Rs1,880	Key Data	
CMP*	Rs1,491	Bloomberg Code	LPC IN
Upside	26.1%	Curr Shares O/S (mn)	450.8
Previous Target	Rs1,810	Diluted Shares O/S(mn)	450.8
Previous Rating	Buy	Mkt Cap (Rsbn/USDbn)	673.2/10.1
<b>Price Performance (%)*</b>		52 Wk H / L (Rs)	1911/1280
	<b>1M</b>	<b>6M</b>	<b>1Yr</b>
		5 Year H / L (Rs)	2129/412
LPC IN	0.1	(7.2)	(21.7)
NIFTY	6.6	1.2	20.3
		Daily Vol. (3M NSE Avg.)	931609

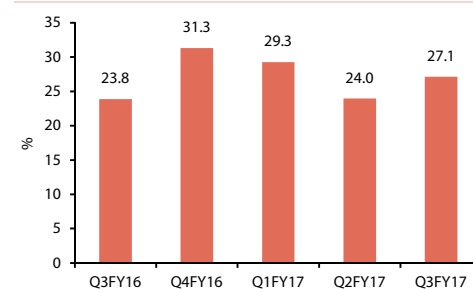
\*as on 9<sup>th</sup> February 2017 Source: Bloomberg, Centrum Research

### Shareholding pattern\* (%)

	Dec-16	Sep-16	Jun-16	Mar-16
Promoter	46.7	46.7	46.8	46.5
FIs	33.3	34.7	34.9	35.1
Dom. Inst.	8.1	7.0	7.4	7.0
Public & Others	11.9	11.6	10.9	11.4

Source: BSE, \*as on 9<sup>th</sup> February 2017

### Trend in EBITDA margin (%)



Source: Company, Centrum Research

### Earnings Revision

Particulars (Rs mn)	FY17E			FY18E		
	Centrum	BBG	Chg (%)	Centrum	BBG	Chg (%)
Sales	1,75,976	1,75,976	0.0	2,00,695	2,00,695	0.0
EBITDA	47,346	48,787	(3.0)	55,648	57,228	(2.8)
EBITDA Margin (%)	26.9	27.7	(80)bps	27.7	28.5	(80)bps
PAT-adj.	27,936	29,537	(5.4)	32,263	35,403	(8.9)

Source: Centrum Research Estimates

### Centrum vs. Bloomberg Consensus\*

Particulars (Rs mn)	FY17E			FY18E		
	Centrum	BBG	Chg (%)	Centrum	BBG	Chg (%)
Sales	1,75,976	1,73,394	1.5	2,00,695	1,99,224	0.7
EBITDA	47,346	45,708	3.6	55,648	52,940	5.1
PAT	27,936	28,685	(2.6)	32,263	33,166	(2.7)

Bloomberg Consensus				Centrum Target Price (Rs)	Variance (%)
BUY	SELL	HOLD	Target Price (Rs)		
31	6	10	1,708	1,880	10.1

\*as on 9<sup>th</sup> February 2017 Source: Bloomberg, Centrum Research

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## Concall highlights

### Stellar growth in the US

- As per management, the company has reported strong growth of 73% YoY in the US, led by generic Glumetza and Fortamet. These products are likely to drive future growth in FY17. There was high single digit price erosion in the US during the quarter.
- The management indicated that there was no competition for Glumetza in the US which led to good growth.
- The management indicated that the company filed six ANDAs and received eleven approvals from US FDA during the quarter. The company launched four products in the US during Q3FY17.
- Lupin+Gavis had filed 344 ANDAs with US FDA and received 207 approvals. As per the management, the company has 44 FTF products, including 23 exclusive FTF.
- Lupin currently markets 128 products in the US and is the market leader in 45 products in the US generic market and among the top three in 78 products.
- As per the management, the specialty market in the US is slack as there are not too many transactions.
- The management intends to launch ~30 new products in the US in FY18.
  - The management indicated that Gavis is well integrated with the company in the US.
  - The branded generic business generated \$22mn (Rs1.5bn) revenues in the US from Suprax, Antara and Methargin.
  - The management expects US base business to grow over 15% over the next two to three years.
  - The management indicated filing of Albuterol ANDA with US FDA. The product has a market size of \$3bn (Rs200bn) in the US. This is a limited competition product with three to four players.

### Domestic market

- Lupin reported strong growth of 12% in the domestic market in Q3FY17 despite the impact of price control and demonetisation. The management expects its domestic business to grow 15-20% in FY17.

The domestic formulation business contributed 22% to overall revenues.

### Japanese market

- The management indicated that Japanese revenues grew by 5.3% YoY in Yen terms.
- Lupin's subsidiary Kyowa acquired 21 branded products from Shionogi, Japan, to broaden its product offering in Japan.

### Financials

- Lupin's gross margin improved by 270bps to 71.0% from 68.3% during the quarter due to a profitable product mix and higher revenues from the US generic market.
- The management indicated R&D expenditure of Rs5.68bn or 12.9% of revenues during the quarter. The guidance for FY17 is 12-14% of revenues.
- The management indicated capex of Rs19.0bn in FY17 for a new plant in Japan, new R&D facilities in Pune .
- The management has guided for 28% tax rate for FY17.

## Strong growth across geographies

### Sales composition

Lupin reported strong performance across geographies during Q3FY17. The company's revenues grew 26% YoY to Rs44.83bn from Rs35.48bn. Its US formulation business (49% of revenues) grew 58% YoY to Rs21.76bn from Rs13.81bn due to good growth of generic Glumetza and Fortamet in the US market. The company's domestic formulation business (22% of revenues) grew 12% YoY to Rs9.91bn from Rs8.86bn. The domestic revenues were affected by impact of price control and demonetisation. The formulation business in Asia Pacific (13% of revenues) grew 21% YoY to Rs5.60bn from Rs4.63bn. Revenues from API and other businesses (6% of revenues) declined 5% YoY to Rs2.68bn from Rs2.84bn. Hence, the US, India and Japan were the major contributors to revenue growth.

The following table presents detailed geography-wise revenues:

#### Exhibit 1: Sales composition

PARTICULARS (Rs mn)	Q3FY17	Q3FY16	YoY Gr%	Q2FY17	QoQ Gr %	Q3FY17E	% Var.
<b>Formulations</b>							
Form-N. America	21,755	13,805	57.6	19,978	8.9	20,800	4.6
Form.India	9,912	8,860	11.9	9,958	(0.5)	9,970	(0.6)
Form-Asia Pacific	5,601	4,634	20.9	5,520	1.5	4,900	14.3
Form-Europe, ME, Africa	2,555	2,187	16.8	2,355	8.5	2,000	27.8
Form-LATAM	1,175	885	32.8	986	19.2	1,050	11.9
Form-RoW	367	297	23.6	396	(7.3)	410	(10.5)
Formulations-Total	41,365	30,668	34.9	39,193	5.5	39,130	5.7
API	2,684	2,835	(5.3)	2,919	(8.1)	2,800	(4.1)
Total sales	44,049	33,503	31.5	42,112	4.6	41,930	5.1
Other op. income	779	1,973	(60.5)	793	(1.8)	850	(8.4)
Total income	44,828	35,476	26.4	42,905	4.5	42,780	4.8

Source: company, Centrum Research

### Major domestic products and their performance

As per AIOCD AWACS data-December'16, Lupin grew at 5.4% YoY, compared to the industry growth of 7.2% over the same period. Lupin's 19 brands are listed among the top 500 brands. These brands contributed ~30% to the domestic revenues. Five of these brands grew faster than the market growth rate of 7.2%. We expect these five brands to drive the company's future growth.

The following table shows the details:

#### Exhibit 2: Major products and their performance

Product	Therapeutic category	October'16		November'16		December'16	
		Sales (Rs mn)	Gr. Rate %	Sales (Rs mn)	Gr. Rate %	Sales (Rs mn)	Gr. Rate %
<b>Pharma industry</b>		<b>95,126</b>	<b>8.3</b>	<b>93,878</b>	<b>15.3</b>	<b>91,323</b>	<b>7.2</b>
<b>Lupin</b>		<b>3,489</b>	<b>21.1</b>	<b>3,148</b>	<b>17.3</b>	<b>3,045</b>	<b>5.4</b>
Gluconorm-G	anti-diabetic	169	42.3	165	46.0	156	25.8
Tonact	cholesterol reducer	87	8.0	84	10.8	78	(5.4)
Budamate	anti-asthmatic	99	35.3	93	25.3	95	14.0
Rablet-D	anti-ulcer	60	35.6	49	28.4	49	4.1
Esiflo	anti-asthmatic	49	3.8	47	1.6	51	(2.8)
Ramistar	CVS	39	(9.7)	36	(6.6)	35	(18.3)
Rablet	anti-ulcer	52	19.4	45	20.0	43	4.6
R-Cinex	anti TB	39	(5.3)	36	(7.1)	35	(16.6)
Tazar	anti-infective	48	14.4	36	2.9	33	(0.5)
Telekast-L	anti-asthmatic	54	48.1	43	20.3	48	12.6
Cetil	anti-infective	37	(3.2)	30	(11.0)	27	(30.6)
Gluconorm-PG	anti-diabetic	32	(5.9)	34	10.5	34	4.2
L-Cin	anti-infective	37	(6.0)	34	0.9	26	(25.4)
Merotrol	anti-infective	41	28.3	28	(15.9)	29	(8.8)
Clopitab	blood thinner	36	11.3	34	9.6	32	(3.7)
Ivabrad	CVS	37	18.8	38	26.1	36	13.1
Signoflam	NSAIDs	35	19.1	31	11.8	35	7.1
Clopitab-A	CVS	37	19.3	35	25.8	32	(4.1)
Novastat	cholesterol reducer	37	18.1	38	39.2	34	11.5
<b>Total</b>		<b>1025</b>		<b>936</b>		<b>908</b>	

Source: AIOCD AWACS data-October-December'16

## Valuations & Key Risks

On the basis of strong Q3FY17 results, we maintain our Buy rating on Lupin with a TP of Rs1,890 based on 23x FY19E EPS of Rs81.9 with an upside of 26.1% from CMP. We have revised our FY17E and FY18E EPS downwards by 5% and 9% respectively. We expect the company to benefit from the strong pipeline in the US, recent acquisition of Gavis in the US, and Shionogi's 21 brands in Japan. Key upside risks to our assumptions would be strong growth of the generic market in the US and key downside risk would be slower growth in the domestic market.

### Exhibit 3: Earning Revision

Particulars	FY17E			FY18E		
	Current	Earlier	Chg (%)	Current	Earlier	Chg (%)
Sales	1,75,976	1,75,976	0.0	2,00,695	2,00,695	0.0
EBIDTA	47,346	48,787	(3.0)	55,648	57,228	(2.8)
EBIDTA margin (%)	26.9	27.7	(80)bps	27.7	28.5	(80)bps
Net profit	27,936	29,537	(5.4)	32,263	35,403	(8.9)

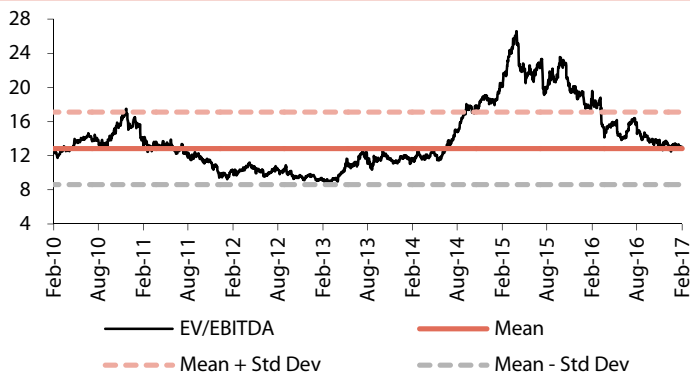
Source: Centrum Research

### Exhibit 4: Sensitivity Analysis

Sensitivity to key variables-FY17E	% increase	% impact on EBITDA	% impact on EPS
Sales	1	3.7	6.3
Material cost	1	(1.1)	(1.8)

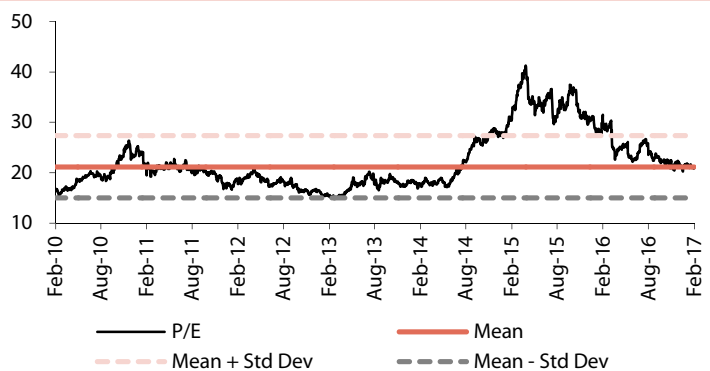
Source: Company, Centrum Research Estimates

### Exhibit 5: 1 year forward EV/EBITDA chart



Source: Bloomberg, Company, Centrum Research Estimates

### Exhibit 6: 1 year forward P/E chart



Source: Bloomberg, Company, Centrum Research Estimates

### Exhibit 7: Comparative Valuations

Company	Mkt Cap (Rs mn)	CAGR FY16-FY18E (%)			EBITDA Margin (%)			PE (x)			EV/EBITDA (x)			RoE (%)			Div Yield (%)		
		Rev.	EBITDA	PAT	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E
Lupin	6,71,696	18.8	21.8	19.2	26.4	26.9	27.7	35.8	24.7	21.4	23.4	15.4	13.1	22.9	22.8	21.5	0.5	0.6	0.7
Aurobindo	4,13,595	19.6	24.9	31.8	23.1	24.1	25.2	21.9	16.7	11.7	14.8	11.5	8.0	32.5	32.1	30.9	0.4	0.4	0.5
Cipla	4,72,399	15.4	18.1	16.3	18.3	17.8	19.1	33.8	28.3	21.4	21.9	16.6	13.1	13.3	12.0	13.9	0.3	0.5	0.7
Dr. Reddy's Labs	5,00,609	1.7	(5.4)	(2.7)	24.0	19.7	20.8	24.9	32.7	27.5	17.1	19.0	14.9	16.6	10.8	11.8	0.6	0.8	1.0

Source: Centrum Research Estimates, Prices as on 9<sup>th</sup> February 2017

## Quarterly Financials, Operating Metrics and Key Performance

Particulars (Rs mn)	Q4FY15	Q1FY15	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17
<b>P &amp; L</b>								
Revenues	30,781	31,561	33,297	35,476	41,707	44,677	42,905	44,828
Material cost	9,564	9,835	11,249	11,232	11,010	12,720	12,429	13,016
Personnel expenses	4,822	4,973	5,328	5,434	5,779	7,059	7,124	7,311
Other Expenses	8,502	8,505	10,094	10,349	11,868	11,818	13,072	12,343
Total Expenses	22,888	23,313	26,671	27,015	28,657	31,597	32,625	32,670
EBIDTA	7,893	8,248	6,626	8,461	13,050	13,080	10,280	12,158
Other income	172	757	578	664	349	826	271	1036
PBDIT	8,065	9,005	7,204	9,125	13,399	13,906	10,551	13,194
Interest	25	70	241	99	213	320	263	459
Depreciation	1072	1014	1155	1216	1487	2027	2112	2309
Profit before tax	6,968	7,921	5,808	7,810	11,699	11,559	8,176	10,426
Tax provision	1,362	2,258	1,591	2,557	4,188	2,734	1,589	4,095
Profit before minority interest	5,606	5,663	4,217	5,253	7,511	8,825	6,587	6,331
Minority interest	137	-23	20	7	32	6	-35	0
Net Profit	5,469	5,686	4,197	5,246	7,479	8,819	6,622	6,331
<b>Growth (%)</b>								
Revenues	(1.4)	(5.5)	4.9	11.6	35.5	41.6	28.9	26.4
EBIDTA	(10.0)	(26.0)	(20.4)	(4.2)	65.3	58.6	55.1	43.7
Net Profit	(1.1)	(9.0)	(33.4)	(12.8)	36.8	55.1	57.8	20.7
<b>Margin (%)</b>								
EBIDTA	25.6	26.1	19.9	23.8	31.3	29.3	24.0	27.1
Profit before tax	22.6	25.1	17.4	22.0	28.1	25.9	19.1	23.3
Net margin	17.8	18.0	12.6	14.8	17.9	19.7	15.4	14.1

Source: Company, Centrum Research

### Exhibit 8: Key Performance Indicators

Assumptions	FY15	FY16	FY17E	FY18E	FY19E
Revenue growth %	13.1	11.3	23.9	14.0	13.3
Material cost (%)	32.6	30.3	28.9	28.5	28.2

Source: Company, Centrum Research Estimates

## Financials-consolidated

### Exhibit 9: Income Statement

Y/E Mar (Rs mn)	FY15	FY16	FY17E	FY18E	FY19E
Revenues	1,27,701	1,42,084	1,75,976	2,00,695	2,27,294
Material cost	41,570	43,094	50,817	57,100	64,200
% of revenues	32.6	30.3	28.9	28.5	28.2
Employee cost	17,473	21,077	28,720	32,300	36,200
% of revenues	13.7	14.8	16.3	16.1	15.9
Other Expenses	32,460	40,379	49,093	55,647	62,999
% of revenues	25.4	28.4	27.9	27.7	27.7
EBIDTA	36,198	37,534	47,346	55,648	63,895
EBIDTA margin (%)	28.3	26.4	26.9	27.7	28.1
Depreciation & Amortisation	4,347	4,635	8,570	10,275	11,970
EBIT	31,851	32,899	38,776	45,373	51,925
Interest Expenses	98	446	1,440	1,360	1,300
PBT from operations	31,753	32,453	37,336	44,013	50,625
Other income	2,398	1,877	2,840	3,555	3,970
PBT	34,151	34,330	40,176	47,568	54,595
Tax provision	9,705	11,536	12,200	15,250	17,700
Effective tax rate (%)	28.4	33.6	30.4	32.1	32.4
Net profit	24,446	22,794	27,976	32,318	36,895
Minority interest	412	88	40	55	80
Reported net profit	24,034	22,706	27,936	32,263	36,815
Adj. Net profit	24,034	22,706	27,936	32,263	36,815

Source: Company, Centrum Research Estimates

### Exhibit 10: Key Ratios

Y/E Mar (Rs mn)	FY15	FY16	FY17E	FY18E	FY19E
<b>Growth Ratios (%)</b>					
Revenues	13.1	11.3	23.9	14.0	13.3
EBIDTA	20.6	3.7	26.1	17.5	14.8
Adj. Net Profit	30.9	(5.5)	23.0	15.5	14.1
<b>Margin Ratios (%)</b>					
EBIDTA margin	28.3	26.4	26.9	27.7	28.1
PBT from operations margin	24.9	22.8	21.2	21.9	22.3
Adj. PAT margin	18.8	16.0	15.9	16.1	16.2
<b>Return Ratios (%)</b>					
RoCE	28.5	16.6	15.8	17.0	17.7
RoE	30.4	22.9	22.8	21.5	20.3
RoC	28.6	16.5	15.5	16.3	16.9
<b>Turnover ratios (days)</b>					
Gross Block Turnover (x)	2.6	1.7	1.5	1.5	1.4
Debtors	76	117	91	104	94
Creditors	48	57	73	61	68
Inventory	72	82	81	77	80
Cash Conversion Cycle	99	142	99	120	106
<b>Solvency Ratio</b>					
Debt-Equity	0.1	0.6	0.4	0.2	0.1
Net Debt-Equity	0.0	0.6	0.3	0.2	0.1
Current Ratio	1.8	2.6	2.2	2.4	2.2
Interest Coverage Ratio	0.0	0.0	0.0	0.0	0.0
Gross Debt/EBIDTA	0.1	1.9	1.0	0.7	0.3
<b>Per Share (Rs)</b>					
FDEPS (adjusted)	53.5	50.5	62.1	71.8	81.9
CEPS	63.8	61.5	82.1	95.7	109.8
Book Value	197.4	243.8	300.8	366.7	440.3
Dividend	7.5	7.5	9.0	10.0	12.0
Dividend Payout (%)	16.9	17.9	17.5	16.8	17.7
<b>Valuations (x) (Avg Mkt Cap)</b>					
PER	24.6	35.8	24.7	21.4	18.8
P/BV	6.7	7.4	5.1	4.2	3.5
EV/EBIDTA	16.3	23.4	15.4	13.1	11.0
Dividend Yield (%)	0.7	0.5	0.7	0.8	0.9
5-yr Avg AOCF/EV yield(%)	2.5	1.4	2.9	3.4	4.4

Source: Company, Centrum Research Estimates

### Exhibit 11: Balance Sheet

Y/E Mar (Rs mn)	FY15	FY16	FY17E	FY18E	FY19E
Share capital	899	901	901	901	901
Reserves & surplus	87,841	1,08,942	1,34,617	1,64,306	1,97,464
Total shareholders Funds	88,740	1,09,843	1,35,518	1,65,207	1,98,365
Total Debt	4,710	71,193	47,700	40,330	19,560
Minority interest	241	321	350	400	450
Deferred tax Liab.	1,182	1,239	1,210	1,270	1,310
<b>Total Liabilities</b>	<b>94,873</b>	<b>1,82,596</b>	<b>1,84,778</b>	<b>2,07,207</b>	<b>2,19,685</b>
Gross Block	50,530	1,11,943	1,27,480	1,48,460	1,70,470
Less: Acc. Depreciation	23,329	27,964	36,534	46,809	58,779
Net Block	27,201	83,979	90,946	1,01,651	1,11,691
Capital WIP	5,761	2,400	3,500	4,000	4,800
Goodwil on consolidation	16,481	29,644	28,500	27,000	26,200
<b>Net Fixed Assets</b>	<b>49,443</b>	<b>1,16,023</b>	<b>1,22,946</b>	<b>1,32,651</b>	<b>1,42,691</b>
Investments	16,584	76	91	101	101
Inventories	25,036	31,787	39,000	42,400	49,800
Debtors	26,566	45,498	44,000	57,200	58,500
Loans & Advances	6,166	17,077	14,680	16,050	17,750
Cash & Bank Balance	4,814	8,379	9,923	4,885	7,507
Other assets	1,929	4,733	6,700	7,700	8,700
<b>Total Current Assets</b>	<b>64,511</b>	<b>1,07,474</b>	<b>1,14,303</b>	<b>1,28,235</b>	<b>1,42,257</b>
Trade payable	16,799	22,099	35,100	33,450	42,300
Other current Liabilities	11,502	10,219	7,870	9,945	11,380
Provisions	7,364	8,658	9,592	10,384	11,684
<b>Net Current Assets</b>	<b>28,846</b>	<b>66,498</b>	<b>61,741</b>	<b>74,456</b>	<b>76,893</b>
<b>Total Assets</b>	<b>94,873</b>	<b>1,82,596</b>	<b>1,84,778</b>	<b>2,07,207</b>	<b>2,19,685</b>

Source: Company, Centrum Research Estimates

### Exhibit 12: Cash Flow

Y/E Mar (Rs mn)	FY15	FY16	FY17E	FY18E	FY19E
CF before WC changes	28,280	27,847	50,184	33,912	52,851
Working Capital Changes	(949)	(31,537)	(1,646)	(3,667)	860
<b>CF from Operations</b>	<b>27,331</b>	<b>(3,690)</b>	<b>48,538</b>	<b>30,246</b>	<b>53,711</b>
Adj OCF (OCF-Interest)	27,354	(3,269)	48,538	30,246	53,711
Change in fixed assets	(8,676)	(57,746)	(16,637)	(21,480)	(22,810)
Adj. FCF (AOCF-Capex)	18,678	(61,015)	31,901	8,766	30,901
<b>CF from Investing</b>	<b>(10,344)</b>	<b>(67,506)</b>	<b>(16,652)</b>	<b>(21,490)</b>	<b>(22,810)</b>
<b>CF from Financing</b>	<b>(1,969)</b>	<b>58,126</b>	<b>(28,375)</b>	<b>(12,794)</b>	<b>(27,279)</b>
<b>Net change in Cash</b>	<b>15,018</b>	<b>(13,069)</b>	<b>3,511</b>	<b>(4,038)</b>	<b>3,623</b>

Source: Company, Centrum Research Estimates

## Appendix A

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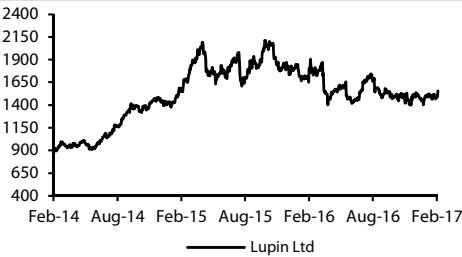
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**Lupin price chart**



Source: Bloomberg, Centrum Research



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