



Rating
Hold

Asia
India

Health Care
Pharmaceuticals /
Biotechnology

Company
Lupin

Reuters
LUPN.NS

Bloomberg
LPC IN

Exchange
NSI

Ticker
LUPN

Date
25 May 2017

Forecast Change

Price at 24 May 2017 (INR)	1,228.50
Price target - 12mth (INR)	1,329.00
52-week range (INR)	1,739.85 - 1,228.50
Bombay Stock Exchange (BSE 30)	30,365

Kartik Mehta

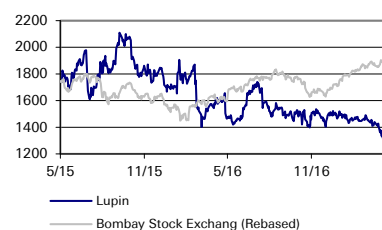
Research Analyst
(+91) 22 7180 4210
kartik-a.mehta@db.com

Key changes

Price target	1,513.00 to ↓	-12.2%
	1,329.00	

Source: Deutsche Bank

Price/price relative



Performance (%)	1m	3m	12m
Absolute	-9.8	-15.3	-16.2
Bombay Stock Exchange (BSE 30)	2.4	5.1	20.0

Source: Deutsche Bank

US business outlook remains weak; maintaining Hold

Weak US led 4Q miss; adjusting for higher R&D and one-offs, PAT was in line

Lupin's 4Q sales grew c.1% YoY, primarily due to lower sales in the US business (down 12% QoQ). Gross margins were higher at 71.5% (+11bps QoQ) on better realizations. However, adjusting for one-offs (1.5bn), EBITDA margin was lower at 20.3%, due to higher R&D (+300bp QoQ) and other costs. We believe price erosion in the US business, led by increased competition and buyer consolidation, will continue to exert pressure on earnings growth. We lower our sales and EPS estimates by 3%/9% and 12%/14% for FY18/19 to factor muted sales growth in the US. We lower our target price to INR1,329 (from INR1,513); maintaining Hold.

4Q snapshot

Revenues were INR41.6bn (+1.3% YoY, down 5.5% QoQ) as strong growth in all markets was offset by muted growth in the US. Gross margin came in higher at 71.5% (down 170bps YoY, +110 bps QoQ). Adjusted for one-offs and forex loss, EBITDA margin was 24.4%, despite higher R&D and other costs. The tax rate was lower at 20.3% (25.7% in FY17).

Key call takeaways

a) Management expects to maintain EBITDA margin in the range of 26-28%; b) pending ANDAs: 154, FTF: 44, Q3 Filing: 25; c) price erosion: single-digit (ex Glumetza and gFortamet); d) US launches: 30 launches in FY18; gRenvela and gRenagel in late FY19; e) Indore May inspection – some are repeat in nature.

Maintaining Hold, risks

We lower our target price to INR1,329 based on a target PER of 21x on FY18E recurring EPS. Key downside risks: a delay in resolving Goa 483s, lower-than-expected sales growth in the Indian market, increased pricing pressure in US generics and delays in approvals in the US. Key upside risk: higher approvals in US and higher-than-expected market growth in the India market.

Forecasts And Ratios

Year End Mar 31	2015A	2016A	2017E	2018E	2019E
Sales (INRm)	125,859.9	136,816.0	171,198.0	178,726.0	192,367.8
EBITDA (INRm)	35,773.1	32,807.0	41,186.1	42,329.6	50,997.4
Reported NPAT (INRm)	24,032.4	22,706.1	25,574.0	28,597.6	35,476.9
Reported EPS FD(INR)	53.20	50.27	56.62	63.31	78.54
DB EPS FD(INR)	56.04	51.02	56.62	63.31	78.54
OLD DB EPS FD(INR)	56.04	51.02	60.03	72.06	91.31
% Change	0.0%	0.0%	-5.7%	-12.1%	-14.0%
DB EPS growth (%)	33.0	-8.9	11.0	11.8	24.1
PER (x)	23.4	35.4	21.7	19.4	15.6
EV/EBITDA (x)	16.1	26.8	14.4	13.6	10.8
DPS (net) (INR)	7.46	7.48	7.48	8.48	9.98
Yield (net) (%)	0.6	0.4	0.6	0.7	0.8

Source: Deutsche Bank estimates, company data

¹ DB EPS is fully diluted and excludes non-recurring items

² Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year end close

25 May 2017

Pharmaceuticals / Biotechnology

Lupin



Model updated: 24 May 2017

Running the numbers

Asia

India

Pharmaceuticals / Biotechnology

Lupin

Reuters: LUPN.NS

Bloomberg: LPC IN

Hold

Price (24 May 17) INR 1,228.50

Target Price INR 1,329.00

52 Week range INR 1,228.50 - 1,739.85

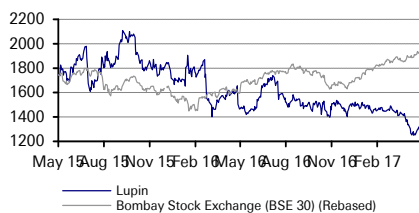
Market Cap (m) INRm 554,589

USDm 8,547

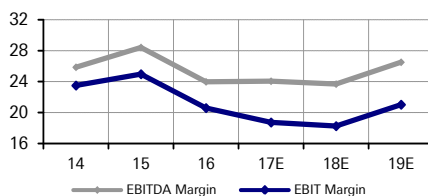
Company Profile

Lupin was incorporated in 1983. It develops and markets a wide range of generic and branded formulations and APIs for the developed and developing markets of the world. The company has 10 manufacturing plants in India and 6 out of India including 2 in Japan and 1 in US. Lupin is present both in branded and generic space in US and India and also has large presence in the generic markets of Japan and South Africa. Lupin's important acquisitions are Kyowa and Gavis.

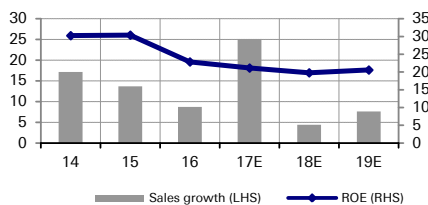
Price Performance



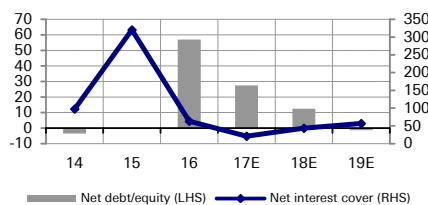
Margin Trends



Growth & Profitability



Solvency



Fiscal year end 31-Mar

2014

2015

2016

2017E

2018E

2019E

Financial Summary

DB EPS (INR)	42.12	56.04	51.02	56.62	63.31	78.54
Reported EPS (INR)	40.79	53.20	50.27	56.62	63.31	78.54
DPS (INR)	5.98	7.46	7.48	7.48	8.48	9.98
BVPS (INR)	154.0	196.5	243.2	292.3	347.1	415.7
Weighted average shares (m)	450	452	452	452	452	452
Average market cap (INRm)	376,831	592,200	815,891	554,589	554,589	554,589
Enterprise value (INRm)	373,274	575,753	878,951	591,164	574,488	552,250

Valuation Metrics

P/E (DB) (x)	19.9	23.4	35.4	21.7	19.4	15.6
P/E (Reported) (x)	20.5	24.6	35.9	21.7	19.4	15.6
P/BV (x)	6.02	10.18	6.08	4.20	3.54	2.96
FCF Yield (%)	2.9	3.0	nm	5.4	3.7	4.8
Dividend Yield (%)	0.7	0.6	0.4	0.6	0.7	0.8
EV/Sales (x)	3.4	4.6	6.4	3.5	3.2	2.9
EV/EBITDA (x)	13.0	16.1	26.8	14.4	13.6	10.8
EV/EBIT (x)	14.3	18.3	31.2	18.4	17.6	13.7

Income Statement (INRm)

Sales revenue	110,703	125,860	136,816	171,198	178,726	192,368
Gross profit	72,529	84,290	93,721	121,184	126,307	136,098
EBITDA	28,630	35,773	32,807	41,186	42,330	50,997
Depreciation	2,610	4,347	4,635	9,122	9,701	10,541
Amortisation	0	0	0	0	0	0
EBIT	26,020	31,426	28,172	32,064	32,628	40,456
Net interest income/(expense)	-267	-98	-446	-1,525	-750	-712
Associates/affiliates	0	0	0	0	0	0
Exceptionals/extraordinary	-602	-1,280	-342	0	0	0
Other pre-tax income/(expense)	3,164	4,101	6,946	4,810	7,329	8,235
Profit before tax	28,317	34,148	34,330	35,349	39,208	47,980
Income tax expense	9,622	9,704	11,536	9,785	10,586	12,475
Minorities	331	412	88	-11	24	28
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	18,364	24,032	22,706	25,574	28,598	35,477
DB adjustments (including dilution)	602	1,280	342	0	0	0
DB Net profit	18,965	25,313	23,049	25,574	28,598	35,477

Cash Flow (INRm)

Cash flow from operations	17,040	35,101	-6,599	47,854	35,530	41,772
Net Capex	-6,098	-17,191	-71,217	-18,000	-15,000	-15,000
Free cash flow	10,942	17,909	-77,816	29,854	20,530	26,772
Equity raised/(bought back)	2	2	2	0	0	0
Dividends paid	-2,939	-4,058	-4,068	-3,853	-4,367	-5,138
Net inc/(dec) in borrowings	-4,205	-824	66,483	-10,800	-11,000	-11,000
Other investing/financing cash flows	-173	-16,192	18,964	474	537	632
Net cash flow	3,626	-3,162	3,566	15,674	5,700	11,266
Change in working capital	-4,934	6,322	-23,172	14,069	-1,832	-3,280

Balance Sheet (INRm)

Cash and other liquid assets	7,975	4,814	8,379	24,053	29,753	41,018
Tangible fixed assets	29,080	32,031	39,819	54,031	64,291	73,363
Goodwill/intangible assets	7,518	17,411	76,204	70,870	65,909	61,295
Associates/investments	1,785	16,584	75	75	75	75
Other assets	54,995	59,696	99,094	88,607	92,862	99,398
Total assets	101,352	130,535	223,572	237,636	252,889	275,150
Interest bearing debt	5,533	4,710	71,193	60,393	49,393	38,393
Other liabilities	25,834	36,844	42,214	44,894	46,356	48,618
Total liabilities	31,367	41,554	113,407	105,288	95,749	87,011
Shareholders' equity	69,316	88,741	109,844	132,038	156,806	187,777
Minorities	669	241	321	310	334	362
Total shareholders' equity	69,985	88,982	110,165	132,348	157,140	188,139
Net debt	-2,442	-104	62,814	36,340	19,640	-2,625

Key Company Metrics

Sales growth (%)	17.1	13.7	8.7	25.1	4.4	7.6
DB EPS growth (%)	39.8	33.0	-8.9	11.0	11.8	24.1
EBITDA Margin (%)	25.9	28.4	24.0	24.1	23.7	26.5
EBIT Margin (%)	23.5	25.0	20.6	18.7	18.3	21.0
Payout ratio (%)	14.7	14.0	14.9	13.2	13.4	12.7
ROE (%)	30.3	30.4	22.9	21.1	19.8	20.6
Capex/sales (%)	5.5	13.7	52.1	10.5	8.4	7.8
Capex/depreciation (x)	2.3	4.0	15.4	2.0	1.5	1.4
Net debt/equity (%)	-3.5	-0.1	57.0	27.5	12.5	-1.4
Net interest cover (x)	97.6	320.3	63.1	21.0	43.5	56.9

Source: Company data, Deutsche Bank estimates

Kartik Mehta

+91 22 7180 4210

kartik-a.mehta@db.com



4QFY17 results review

- Revenues (+1.3% YoY) were driven by strong growth in all markets except the US (down 12% QoQ)
- Gross margin was 71.5% (down 170bps YoY, +110bps QoQ)
- R&D expenditure was 16.1% of sales vs. 12.4% in Q4FY16 and 13.5% in FY17. We expect R&D to remain at 13.5% of sales in FY18
- One-off expenses (INR1.5bn) pertain to product liability litigation
- Forex loss was INR1.7bn
- Adjusting for one-offs and forex loss, EBIDTA margin was at 24.4%
- The tax rate was low at 20.3% (25.7% in FY17)

Figure 1: Adjusting for one-offs and higher R&D cost, PAT was in line

(Rs. m)	Mar-17	Mar-16	% Chg	Dec-16	% Chg
Net Sales	41,619	41,090	1.3	44,049	(5.5)
EBITDA	6,900	12,433	(44.5)	11,379	(39.4)
Other income	1,368	1,233	10.9	1,815	(24.7)
PBIDT	8,267	13,666	(39.5)	13,194	(37.3)
Depreciation	2,674	1,487	79.8	2,309	15.8
Interest	406	213	90.9	459	(11.6)
PBT	5,187	11,966	(56.7)	10,426	(50.2)
Tax	1,367	4,188	(67.4)	4,095	(66.6)
Minority	18	33	(45.4)	-0	(9,000.0)
Adjusted PAT	3,802	7,746	(50.9)	6,331	(39.9)
EBITDA margins (%)	16.6	30.3	-1368bps	25.8	-925bps

Source: Deutsche Bank, company data



Geographical performance for the quarter

- India reported healthy growth of 13.8% in Q4. FY17 sales grew 10.6%, affected by the NLEM/FDC ban. Chronic/semi-chronic accounts for 55.4%/27.5% of sales in FY17, respectively.
- US: Revenues of USD276m vs. USD325m in Q4FY16 and USD314m in Q3FY17 were largely affected by higher price erosion in the base portfolio, led by increased competition and buyer consolidation in the US.
- Japan: Strong growth of 34% YoY in Yen terms was aided by the Shionogi brand acquisition.
- South Africa: Sales grew 26% YoY in constant currency terms. Lupin is the fourth-largest generic company and is ranked number one in CVS therapy in South Africa.
- LatAm: Sales grew 37.3% YoY and 8% sequentially. Mexico and Brazil grew 5% and 53%, respectively, in local currency terms.

Figure 2: Revenue mix for Q4FY17

Rs m	Mar-17	Mar-16	% Chg	Dec-16	% Chg
India	8,788	7,722	13.8	9,912	(11.3)
US	19,007	21,901	(13.2)	21,755	(12.6)
APAC	6,118	4,532	35.0	5,601	9.2
EMEA	3,012	2,452	22.8	2,555	17.9
LatAm	1,269	924	37.3	1,175	8.0
ROW	610	606	0.7	367	66.2
Formulations	38,804	38,137	1.7	41,365	(6.2)
API	2,815	2,953	(4.7)	2,684	4.9
Total	41,619	41,090	1.3	44,049	(5.5)

Source: Deutsche Bank, company data

Earnings forecast downgrade

We lower our sales and EPS estimates by 3%/9% and 12%/14% for FY18/19 to incorporate lower growth in the US business, led by higher-than-expected pricing pressure in US generics market, buyer consolidation and increased competition in the base portfolio. We lower our target price to INR1,329 (from INR1,513 earlier); maintaining Hold.



Appendix 1

Important Disclosures

*Other information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Lupin	LUPN.NS	1,235.15 (INR) 24 May 17	14

Prices are current as of the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Other information is sourced from Deutsche Bank, subject companies, and other sources. For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at <http://gm.db.com/ger/disclosure/DisclosureDirectory.eqsr>. Aside from within this report, important conflict disclosures can also be found at <https://gm.db.com/equities> under the "Disclosures Lookup" and "Legal" tabs. Investors are strongly encouraged to review this information before investing.

Important Disclosures Required by U.S. Regulators

Disclosures marked with an asterisk may also be required by at least one jurisdiction in addition to the United States. See Important Disclosures Required by Non-US Regulators and Explanatory Notes.

- Deutsche Bank and/or its affiliate(s) has received non-investment banking related compensation from this company within the past year.

For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at <http://gm.db.com/ger/disclosure/Disclosure.eqsr?ricCode=LUPN.NS>

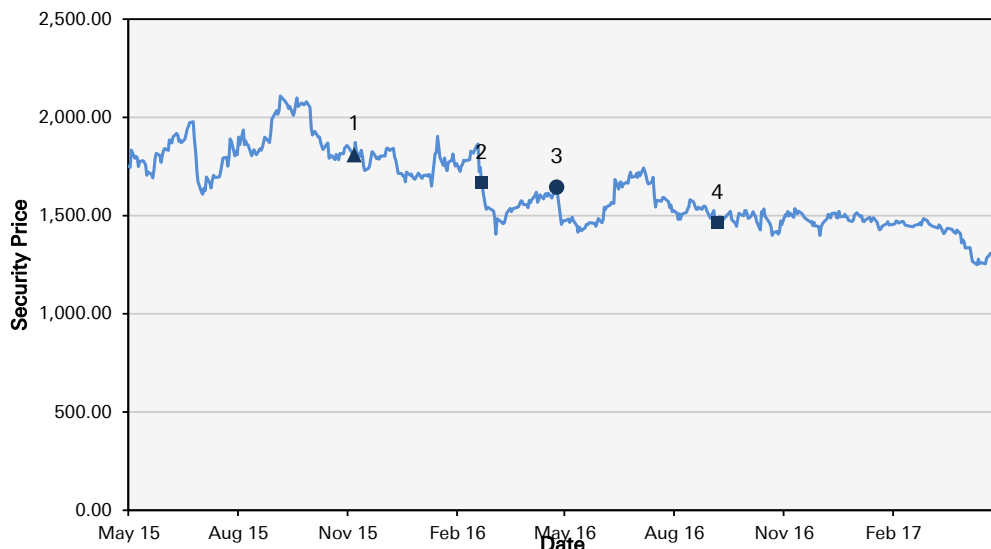
Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s) about the subject issuer and the securities of the issuer. In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Kartik Mehta



Historical recommendations and target price: Lupin (LUPN.NS)

(as of 5/24/2017)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

*New Recommendation Structure as of September 9,2002

**Analyst is no longer at Deutsche Bank

1. 02/12/2015: Upgrade to Buy, Target Price Change INR2,165.00 Kartik Mehta	3. 20/05/2016: Downgrade to Hold, Target Price Change INR1,666.00 Kartik Mehta
2. 18/03/2016: Buy, Target Price Change INR1,850.00 Kartik Mehta	4. 02/10/2016: Hold, Target Price Change INR1,513.00 Kartik Mehta

Equity rating key

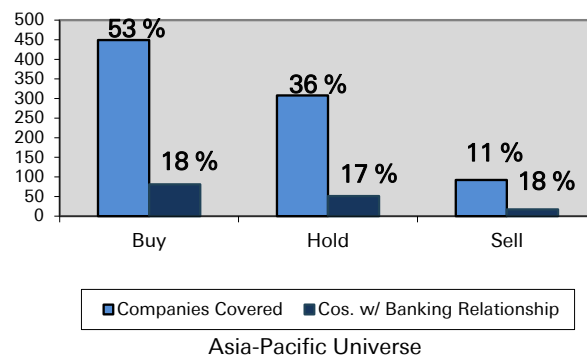
Buy: Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield) , we recommend that investors buy the stock.

Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock

Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

Newly issued research recommendations and target prices supersede previously published research.

Equity rating dispersion and banking relationships





Additional Information

The information and opinions in this report were prepared by Deutsche Bank AG or one of its affiliates (collectively "Deutsche Bank"). Though the information herein is believed to be reliable and has been obtained from public sources believed to be reliable, Deutsche Bank makes no representation as to its accuracy or completeness.

If you use the services of Deutsche Bank in connection with a purchase or sale of a security that is discussed in this report, or is included or discussed in another communication (oral or written) from a Deutsche Bank analyst, Deutsche Bank may act as principal for its own account or as agent for another person.

Deutsche Bank may consider this report in deciding to trade as principal. It may also engage in transactions, for its own account or with customers, in a manner inconsistent with the views taken in this research report. Others within Deutsche Bank, including strategists, sales staff and other analysts, may take views that are inconsistent with those taken in this research report. Deutsche Bank issues a variety of research products, including fundamental analysis, equity-linked analysis, quantitative analysis and trade ideas. Recommendations contained in one type of communication may differ from recommendations contained in others, whether as a result of differing time horizons, methodologies or otherwise. Deutsche Bank and/or its affiliates may also be holding debt or equity securities of the issuers it writes on. Analysts are paid in part based on the profitability of Deutsche Bank AG and its affiliates, which includes investment banking, trading and principal trading revenues.

Opinions, estimates and projections constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinions of Deutsche Bank and are subject to change without notice. Deutsche Bank provides liquidity for buyers and sellers of securities issued by the companies it covers. Deutsche Bank research analysts sometimes have shorter-term trade ideas that are consistent or inconsistent with Deutsche Bank's existing longer term ratings. Trade ideas for equities can be found at the SOLAR link at <http://gm.db.com>. A SOLAR idea represents a high conviction belief by an analyst that a stock will outperform or underperform the market and/or sector delineated over a time frame of no less than two weeks. In addition to SOLAR ideas, the analysts named in this report may from time to time discuss with our clients, Deutsche Bank salespersons and Deutsche Bank traders, trading strategies or ideas that reference catalysts or events that may have a near-term or medium-term impact on the market price of the securities discussed in this report, which impact may be directionally counter to the analysts' current 12-month view of total return or investment return as described herein. Deutsche Bank has no obligation to update, modify or amend this report or to otherwise notify a recipient thereof if any opinion, forecast or estimate contained herein changes or subsequently becomes inaccurate. Coverage and the frequency of changes in market conditions and in both general and company specific economic prospects make it difficult to update research at defined intervals. Updates are at the sole discretion of the coverage analyst concerned or of the Research Department Management and as such the majority of reports are published at irregular intervals. This report is provided for informational purposes only and does not take into account the particular investment objectives, financial situations, or needs of individual clients. It is not an offer or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Target prices are inherently imprecise and a product of the analyst's judgment. The financial instruments discussed in this report may not be suitable for all investors and investors must make their own informed investment decisions. Prices and availability of financial instruments are subject to change without notice and investment transactions can lead to losses as a result of price fluctuations and other factors. If a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the investment. Past performance is not necessarily indicative of future results. Unless otherwise indicated, prices are current as of the end of the previous trading session, and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank, subject companies, and in some cases, other parties.

The Deutsche Bank Research Department is independent of other business areas divisions of the Bank. Details regarding our organizational arrangements and information barriers we have to prevent and avoid conflicts of interest with respect to our research is available on our website under Disclaimer found on the Legal tab.

Macroeconomic fluctuations often account for most of the risks associated with exposures to instruments that promise to pay fixed or variable interest rates. For an investor who is long fixed rate instruments (thus receiving these cash



flows), increases in interest rates naturally lift the discount factors applied to the expected cash flows and thus cause a loss. The longer the maturity of a certain cash flow and the higher the move in the discount factor, the higher will be the loss. Upside surprises in inflation, fiscal funding needs, and FX depreciation rates are among the most common adverse macroeconomic shocks to receivers. But counterparty exposure, issuer creditworthiness, client segmentation, regulation (including changes in assets holding limits for different types of investors), changes in tax policies, currency convertibility (which may constrain currency conversion, repatriation of profits and/or the liquidation of positions), and settlement issues related to local clearing houses are also important risk factors to be considered. The sensitivity of fixed income instruments to macroeconomic shocks may be mitigated by indexing the contracted cash flows to inflation, to FX depreciation, or to specified interest rates – these are common in emerging markets. It is important to note that the index fixings may – by construction – lag or mis-measure the actual move in the underlying variables they are intended to track. The choice of the proper fixing (or metric) is particularly important in swaps markets, where floating coupon rates (i.e., coupons indexed to a typically short-dated interest rate reference index) are exchanged for fixed coupons. It is also important to acknowledge that funding in a currency that differs from the currency in which coupons are denominated carries FX risk. Naturally, options on swaps (swaptions) also bear the risks typical to options in addition to the risks related to rates movements.

Derivative transactions involve numerous risks including, among others, market, counterparty default and illiquidity risk. The appropriateness or otherwise of these products for use by investors is dependent on the investors' own circumstances including their tax position, their regulatory environment and the nature of their other assets and liabilities, and as such, investors should take expert legal and financial advice before entering into any transaction similar to or inspired by the contents of this publication. The risk of loss in futures trading and options, foreign or domestic, can be substantial. As a result of the high degree of leverage obtainable in futures and options trading, losses may be incurred that are greater than the amount of funds initially deposited. Trading in options involves risk and is not suitable for all investors. Prior to buying or selling an option investors must review the "Characteristics and Risks of Standardized Options", at <http://www.optionsclearing.com/about/publications/character-risks.jsp>. If you are unable to access the website please contact your Deutsche Bank representative for a copy of this important document.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Unless governing law provides otherwise, all transactions should be executed through the Deutsche Bank entity in the investor's home jurisdiction. Aside from within this report, important conflict disclosures can also be found at <https://gm.db.com/equities> under the "Disclosures Lookup" and "Legal" tabs. Investors are strongly encouraged to review this information before investing.

United States: Approved and/or distributed by Deutsche Bank Securities Incorporated, a member of FINRA, NFA and SIPC. Analysts located outside of the United States are employed by non-US affiliates that are not subject to FINRA regulations.

Germany: Approved and/or distributed by Deutsche Bank AG, a joint stock corporation with limited liability incorporated in the Federal Republic of Germany with its principal office in Frankfurt am Main. Deutsche Bank AG is authorized under German Banking Law and is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority.

United Kingdom: Approved and/or distributed by Deutsche Bank AG acting through its London Branch at Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank AG in the United Kingdom is authorised by the Prudential Regulation Authority and is subject to limited regulation by the Prudential Regulation Authority and Financial Conduct Authority. Details about the extent of our authorisation and regulation are available on request.

Hong Kong: Distributed by Deutsche Bank AG, Hong Kong Branch or Deutsche Securities Asia Limited.

25 May 2017
Pharmaceuticals / Biotechnology
Lupin



India: Prepared by Deutsche Equities India Pvt Ltd, which is registered by the Securities and Exchange Board of India (SEBI) as a stock broker. Research Analyst SEBI Registration Number is INH000001741. DEIPL may have received administrative warnings from the SEBI for breaches of Indian regulations.

Japan: Approved and/or distributed by Deutsche Securities Inc.(DSI). Registration number - Registered as a financial instruments dealer by the Head of the Kanto Local Finance Bureau (Kinsho) No. 117. Member of associations: JSDA, Type II Financial Instruments Firms Association and The Financial Futures Association of Japan. Commissions and risks involved in stock transactions - for stock transactions, we charge stock commissions and consumption tax by multiplying the transaction amount by the commission rate agreed with each customer. Stock transactions can lead to losses as a result of share price fluctuations and other factors. Transactions in foreign stocks can lead to additional losses stemming from foreign exchange fluctuations. We may also charge commissions and fees for certain categories of investment advice, products and services. Recommended investment strategies, products and services carry the risk of losses to principal and other losses as a result of changes in market and/or economic trends, and/or fluctuations in market value. Before deciding on the purchase of financial products and/or services, customers should carefully read the relevant disclosures, prospectuses and other documentation. "Moody's", "Standard & Poor's", and "Fitch" mentioned in this report are not registered credit rating agencies in Japan unless Japan or "Nippon" is specifically designated in the name of the entity. Reports on Japanese listed companies not written by analysts of DSI are written by Deutsche Bank Group's analysts with the coverage companies specified by DSI. Some of the foreign securities stated on this report are not disclosed according to the Financial Instruments and Exchange Law of Japan. Target prices set by Deutsche Bank's equity analysts are based on a 12-month forecast period.

Korea: Distributed by Deutsche Securities Korea Co.

South Africa: Deutsche Bank AG Johannesburg is incorporated in the Federal Republic of Germany (Branch Register Number in South Africa: 1998/003298/10).

Singapore: by Deutsche Bank AG, Singapore Branch or Deutsche Securities Asia Limited, Singapore Branch (One Raffles Quay #18-00 South Tower Singapore 048583, +65 6423 8001), which may be contacted in respect of any matters arising from, or in connection with, this report. Where this report is issued or promulgated in Singapore to a person who is not an accredited investor, expert investor or institutional investor (as defined in the applicable Singapore laws and regulations), they accept legal responsibility to such person for its contents.

Taiwan: Information on securities/investments that trade in Taiwan is for your reference only. Readers should independently evaluate investment risks and are solely responsible for their investment decisions. Deutsche Bank research may not be distributed to the Taiwan public media or quoted or used by the Taiwan public media without written consent. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation to trade in such securities/instruments. Deutsche Securities Asia Limited, Taipei Branch may not execute transactions for clients in these securities/instruments.

Qatar: Deutsche Bank AG in the Qatar Financial Centre (registered no. 00032) is regulated by the Qatar Financial Centre Regulatory Authority. Deutsche Bank AG - QFC Branch may only undertake the financial services activities that fall within the scope of its existing QFCRA license. Principal place of business in the QFC: Qatar Financial Centre, Tower, West Bay, Level 5, PO Box 14928, Doha, Qatar. This information has been distributed by Deutsche Bank AG. Related financial products or services are only available to Business Customers, as defined by the Qatar Financial Centre Regulatory Authority.

Russia: This information, interpretation and opinions submitted herein are not in the context of, and do not constitute, any appraisal or evaluation activity requiring a license in the Russian Federation.

Kingdom of Saudi Arabia: Deutsche Securities Saudi Arabia LLC Company, (registered no. 07073-37) is regulated by the Capital Market Authority. Deutsche Securities Saudi Arabia may only undertake the financial services activities that fall within the scope of its existing CMA license. Principal place of business in Saudi Arabia: King Fahad Road, Al Olaya District, P.O. Box 301809, Faisaliah Tower - 17th Floor, 11372 Riyadh, Saudi Arabia.

United Arab Emirates: Deutsche Bank AG in the Dubai International Financial Centre (registered no. 00045) is regulated

25 May 2017
Pharmaceuticals / Biotechnology
Lupin



by the Dubai Financial Services Authority. Deutsche Bank AG - DIFC Branch may only undertake the financial services activities that fall within the scope of its existing DFSA license. Principal place of business in the DIFC: Dubai International Financial Centre, The Gate Village, Building 5, PO Box 504902, Dubai, U.A.E. This information has been distributed by Deutsche Bank AG. Related financial products or services are only available to Professional Clients, as defined by the Dubai Financial Services Authority.

Australia: Retail clients should obtain a copy of a Product Disclosure Statement (PDS) relating to any financial product referred to in this report and consider the PDS before making any decision about whether to acquire the product. Please refer to Australian specific research disclosures and related information at <https://australia.db.com/australia/content/research-information.html>

Australia and New Zealand: This research is intended only for "wholesale clients" within the meaning of the Australian Corporations Act and New Zealand Financial Advisors Act respectively.

Additional information relative to securities, other financial products or issuers discussed in this report is available upon request. This report may not be reproduced, distributed or published without Deutsche Bank's prior written consent. Copyright © 2017 Deutsche Bank AG



David Folkerts-Landau

Group Chief Economist and Global Head of Research

Raj Hindocha
Global Chief Operating Officer
Research

Michael Spencer
Head of APAC Research
Global Head of Economics

Steve Pollard
Head of Americas Research
Global Head of Equity Research

Anthony Klarman
Global Head of
Debt Research

Paul Reynolds
Head of EMEA
Equity Research

Dave Clark
Head of APAC
Equity Research

Pam Finelli
Global Head of
Equity Derivatives Research

Andreas Neubauer
Head of Research - Germany

Stuart Kirk
Head of Thematic Research

International locations

Deutsche Bank AG

Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG

Große Gallusstraße 10-14
60272 Frankfurt am Main
Germany
Tel: (49) 69 910 00

Deutsche Bank AG

Filiale Hongkong
International Commerce Centre,
1 Austin Road West, Kowloon,
Hong Kong
Tel: (852) 2203 8888

Deutsche Securities Inc.

2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6770

Deutsche Bank AG London

1 Great Winchester Street
London EC2N 2EQ
United Kingdom
Tel: (44) 20 7545 8000

Deutsche Bank Securities Inc.

60 Wall Street
New York, NY 10005
United States of America
Tel: (1) 212 250 2500
