

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
30,302	9,361
<b>Bloomberg</b>	<b>LPC IN</b>
Equity Shares (m)	448
M.Cap.(INRb)/(USD\$b)	549.6 / 8.2
52-Week Range (INR)	1750 / 1168
1, 6, 12 Rel. Per (%)	-16/-33/-36
Avg Val, INRm	1699
Free float (%)	53.3

**CMP: INR1,228 TP: INR1,475(+20%)**
**Buy**

### Weak 4Q; Guides for muted FY18

- Lupin's (LPC) 4QFY17 revenue grew 2% YoY to INR42.5b (~6% below est.).** The miss in revenue is primarily attributed to weak US sales (-13% YoY/QoQ). Despite this, gross margin expanded ~120bp QoQ to 72.1%. Excluding the one-time impact of INR3.3b (related to provisioning against patent litigation and forex loss), EBITDA declined 15.3% YoY to INR11.1b (3% below est.), with the margin at 26% v/s our estimate of 25.2%. R&D expense stood at 16% of sales, higher than the normalized rate of 12-13%.
- FY18 growth expected to be muted:** LPC delivered revenue/EBITDA growth 23%/24% in FY17, led by Fortamet/Glumetza ramp-up. However, revenue growth in FY18 is expected to be ~8% YoY, with flat EBITDA. We expect US business to decline ~5% YoY in FY18 due to new competition in the diabetes portfolio, further channel consolidation (impact of which will be visible in 2H) and likely deferral of key approvals for products like sevelamer/co-sevelamer to 2HFY19. EBITDA margin is expected to shrink to 24.8% in FY18 (v/s management guidance of 26-28%) as it will be difficult to compensate for the loss of the high-margin US business.
- Key earnings call takeaways:** 1) 30+ ANDA approvals expected in FY18. 2) Advair filing to happen in FY19. 3) Tamiflu approval expected in six months. 4) Medicaid accounts for 6-7% of sales in the US. 5) Branded biz sales at USD78m in FY17. 6) R&D expense as % of sales to be in line with FY17. 7) 14 FTF launches expected over next five years. 8) Renexa and minocycline ER FTF launch expected in FY19E. 9) ProAir TAD in Sep-17; Indore observations procedural in nature.
- Near-term earnings under pressure; stock already factors in the impact:** Competition in Glumetza and Fortamet is expected to lead to a decline in US sales in FY18. Due to this, we expect EBITDA margin to contract in FY18. We believe the recent stock price decline already factors in this impact. Maintain **Buy** with a TP of INR1,475 @ 20x FY19E PER (v/s INR1,850 @ 22x 1HFY19E PER). We cut FY18E/19E EPS by ~16% as we build in the impact of competition in key products in the US. Cut in target multiple is attributed to the weak industry outlook.

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	174.9	189.6	214.9
EBITDA	46.5	47.0	55.5
PAT	26.7	27.1	33.2
EPS (INR)	59.2	60.2	73.7
Gr. (%)	17.5	1.6	22.5
BV/Sh (INR)	293.5	343.1	406.2
RoE (%)	22.0	18.9	19.7
RoCE (%)	14.7	13.1	14.2
P/E (x)	20.7	20.4	16.7
P/BV (x)	4.2	3.6	3.0

**Estimate change**

**TP change**

**Rating change**


### Quarterly Performance (Consolidated)

Y/E March	FY16				FY17				FY16	FY17	% Var	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	4QE			
Net Sales	31,561	33,297	35,558	41,707	44,677	42,905	44,828	42,533	142,085	174,943	45,350	-6.2
YoY Change (%)	-5.5	4.9	11.9	35.5	41.6	28.9	26.1	2.0	11.3	23.1	8.7	
EBITDA	8,248	6,626	8,772	13,050	13,080	10,281	12,158	11,052	37,534	46,490	11,409	-3.1
Margins (%)	26.1	19.9	24.7	31.3	29.3	24.0	27.1	26.0	26.4	26.6	25.2	
Depreciation	1,014	1,155	1,114	1,487	2,027	2,112	2,309	2,674	4,635	9,122	1,874	
Interest	70	241	92	213	320	263	459	406	446	1,525	382	
Other Income	757	578	653	349	826	271	1,036	453	1,877	1,065	167	
PBT	7,921	5,809	8,219	11,699	11,560	8,177	10,426	8,425	34,330	36,908	9,319	-9.6
Tax	2,258	1,591	2,909	4,188	2,734	1,589	4,095	1,367	11,536	9,785	2,637	
Rate (%)	28.5	27.4	35.4	35.8	23.7	19.4	39.3	16.2	33.6	26.5	28.3	
Minority Interest	-3	27	13	51	6	8	24	-16	88	72	337	
Recurring PAT	5,686	4,198	5,298	7,479	8,820	6,622	6,331	6,069	22,707	27,051	6,345	-4.4
YoY Change (%)	-9.0	-33.4	-11.9	36.7	55.1	58.0	19.5	-18.9	-5.5	19.1	-15.2	
Margins (%)	18.0	12.6	14.9	17.9	19.7	15.4	14.1	14.3	16.0	15.5	14.0	

E: MOSL estimates; Quarterly nos will not add up to full year nos due to restatement of past quarters

Kumar Saurabh (Kumar.Saurabh@MotilalOswal.com); +91 22 6129 1519

**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

 Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Forex loss and provisions in Australian subsidiary impacted EBITDA**

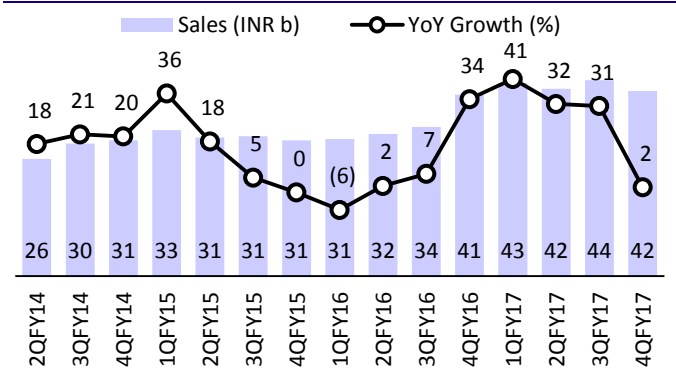
Lupin's 4QFY17 net revenues grew 2% YoY to INR42.5b (~6% above estimate). Although geographies other than US posted robust growth during the quarter, Japan grew 34% to INR4.6b, Europe +26%, South Africa +26%, India +15.4% and RoW +22.7%, decline in US business by 13% as against expectation of -2% led to slower growth in revenues. Lupin launched 9 products during the quarter.

EBITDA during the quarter was impacted by INR1558m for provision for liability for patent litigation towards its Isabelle generic in its Australian subsidiary and INR1680m towards forex loss as against gain of INR267m in 4QFY16 which led to decrease in EBITDA by 44% to INR7.8b. Adjusting for the one-off's EBITDA declined 15.3% to INR11.1b (3% below est.). Also R&D expenses were up ~360bpsYoY to 16.1% of sales as against normal run rate of 12-13% of sales.

**US delivered muted growth; India and EM shines in 4Q**

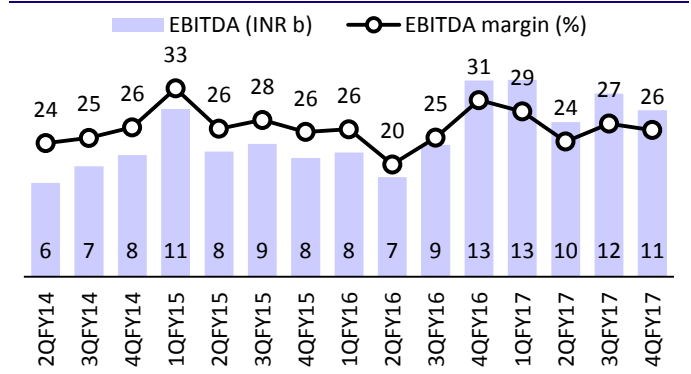
US sales stood at USD276m (v/s USD316m in 3Q). Sequential decline in US sales was driven by loss in market share for Glumetza (due to AG launch) and Fortamet partially offset by channel filling of Minastrin FTF (launched in Mar-17). We expect incremental pressure on Glumetza/ Fortamet sales in 1H FY18 due to increase in competition (Teva launched Glumetza in May-17; SUNP launch expected next) and shift in business to Glycophage. Minastrin FTF launch (expected in Mar-17). India business delivered growth of ~14% YoY. APAC, LATAM & EMEA business grew at 35%, 37% & 23% YoY, respectively on the back of stable currency and strong core business growth.

**Exhibit 1: Revenues posted muted growth of 2%**



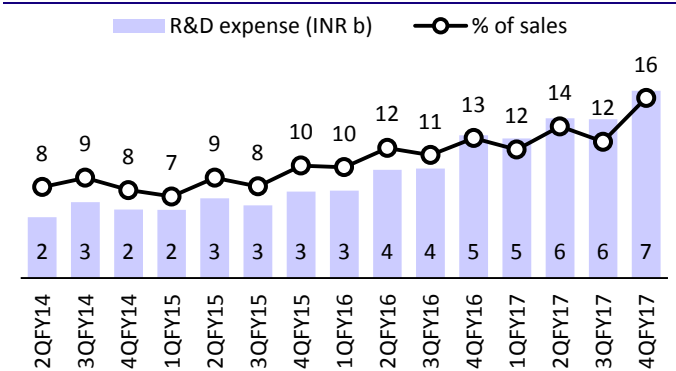
Source: Company, MOSL

**Exhibit 2: EBITDA declined YoY due to higher R&D expense**



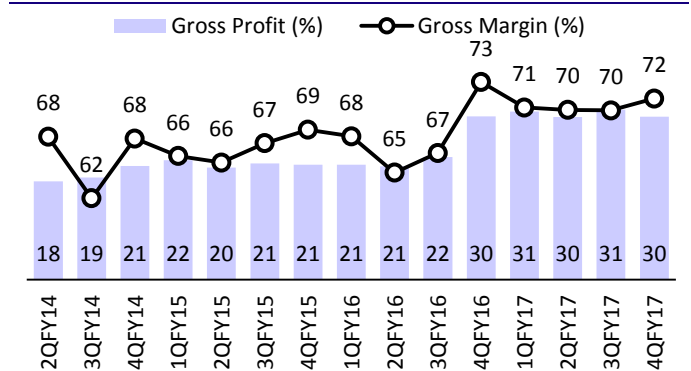
Source: Company, MOSL

**Exhibit 3: R&D expense to be in the range of 13-14%**



Source: Company, MOSL

**Exhibit 4: Gross margins increased sequentially**

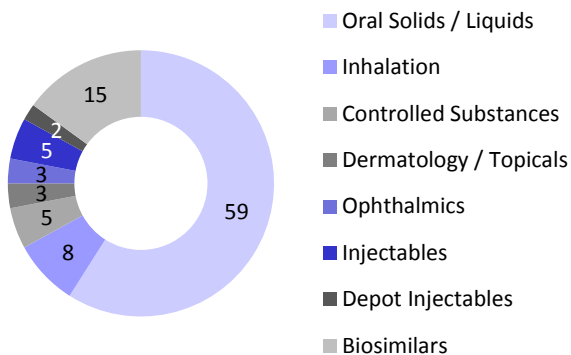


Source: Company, MOSL

**US Generic business - (45% of sales)**

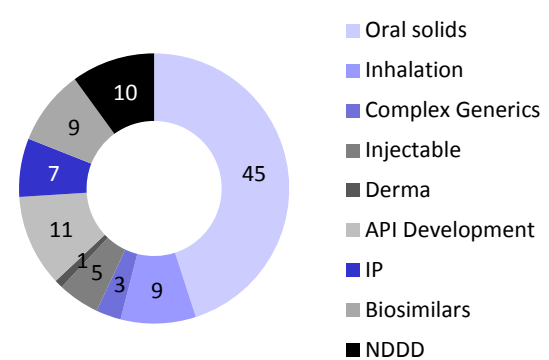
- US business declined 13.2%YoY to INR19b, mainly due to introduction of competition in generic version of Glumetza and Fortamet.
- The Company launched 9 products in the US in 4QFY17. Cumulatively LPC is marketing 139 products in US market, as of end 4QFY17. LPC is the market leader in 45 products and amongst top 3 in 83 of its marketed products. The company currently has 154 ANDA's pending approval in the US with market size of USD76b, which includes 28 FTF targeting marketing size of USD12.4b (11 exclusive opportunities). Going forward, LPC expects to launch 30 generic products in FY18E

**Exhibit 5: US revenues: Generic business continues to drive growth**



Source: Company, MOSL

**Exhibit 6: FY17 R&D spend split**



Source: Company, MOSL

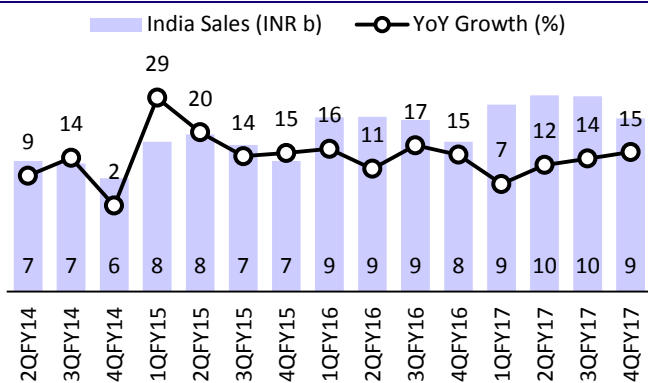
**India business – (~21% of sales)**

- In 4Q, domestic business exhibited a robust performance and grew 15%YoY to INR8.8b despite demonetisation. Company moved up to 6<sup>th</sup> rank in the IPM
- Chronic and semi-chronic have 80% of the products and balance in Acute

**Japan (~11% of sales)**

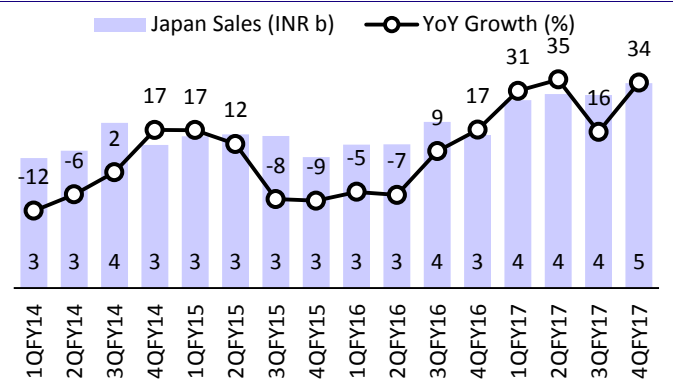
- Japanese business increased 34%YoY to JPY7.9 in constant currency. It strengthened its CNS positioning with acquisition of 21 products from Shionogi in 3Q FY17 and In-licensing agreement to market Quetiapine Fumarate ER tablets. Its Tottori site commissioned during the year.

**Exhibit 7: Domestic growth despite demonetisation**



Source: Company, MOSL

**Exhibit 8: Japan sales grew 5.3% YoY**



Source: Company, MOSL



## Highlights from Analyst meet

- US business saw 13% revenue decline mainly due to competition in Glumetza and Fortamet, base business in which led to double digit price erosion. Base business in US also saw single digit price erosion.
- Gavis revenues are one year behind in achieving its revenue target of USD250m.
- Consolidation of buyers in the US has put high pressure on price which is likely to continue going forward.
- Lupin Somerset saw a strong operating year with 2 FDA inspection and 14 FDA approvals. With high number of launches from Somerset, it will try to off-set pricing pressure.
- Management has guided for muted growth in FY18E due to pricing pressure. With company having huge pipeline of products to be launched FY19E onwards, it expects growth to bounce back to double digit in FY19E and targeted revenues of USD3.5b FY20E onwards.
- With high product launches and ANDA filings, company has guided that it will maintain its current level of 13.5% of sales in R&D spend. It will also spend more in clinical trials, biosimilars and Specialty segment.
- In FY18 Lupin will get product approvals for Lanthanum, Tamiflu. Albuterol target action date in September 2017.
- In FY19 Lupin is targeting first filing for Microsieve emulsification technology (Complex Injectables). It will also file for Etanercept in Europe, approvals in Renaxa, Minocycline ER, Levothyroxine and Moviprep will come in FY19. Sevelamer/Co-sevelamer approval is expected in late FY19 (CRL needs to be answered).
- Going forward Japan may see pricing pressure as government has proposed annual price cut from previous biennial system (impact expected in FY19E). Also government wants to limit generic competition in Japan and has set limit to 5 competitors. Lupin being the 6st largest company in Japan sees a chance to be in the top 5 competitors.
- Lupin and Celon's collaboration to develop generic Advair (Inhalation) will get into clinical trial and company will file for ANDA in FY19. Advair has a USD8b market size and it is expected to contribute to revenues from FY20E onwards.
- During the quarter Lab Grin, its Mexican company saw some distribution issues, but has overcome that. Lupin expects Brazil business to do well in next two years.
- Company plans to foray into specialty segment with focus on Women's health, CNS and Paediatrics. For growth in specialty segment company may look at inorganic route via partnership and acquisition of Phase II and Phase III assets.
- Company's Indore inspection are procedural in nature.
- 75% of API's is consumed internally. Company is foraying into Oncology API segment.
- Company expects 14 FTF's in next 5 years.

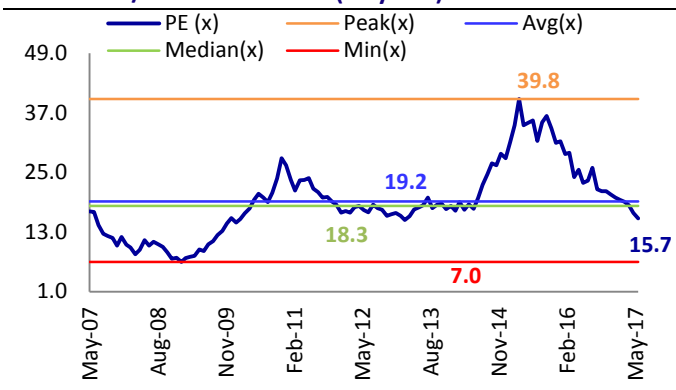
**Valuation and view**

We expect US business to decline ~5% YoY in FY18 due to new competition in the diabetes portfolio, further channel consolidation and likely deferral of key approvals for products to 2HFY19. EBITDA margin is expected to shrink to 24.8% in FY18 (v/s management guidance of 26-28%) as it will be difficult to compensate for the loss of the high-margin US business.

Competition in Glumetza and Fortamet is expected to lead to a decline in US sales in FY18. We believe the recent stock price decline already factors in this impact.

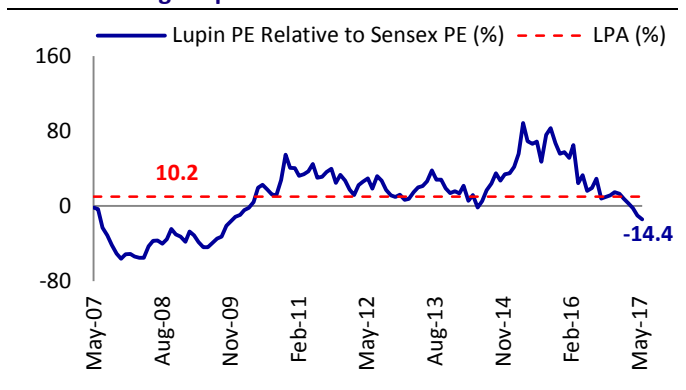
Maintain **Buy** with a TP of INR1,475 @ 20x FY19E PER (v/s INR1,850 @ 22x 1HFY19E PER). We cut FY18E/19E EPS by ~16% as we build in the impact of competition in key products in the US. Cut in target multiple is attributed to the weak industry outlook.

**Exhibit 9: P/E valuation band (10 years)**



Source: Company, MOSL

**Exhibit 10: Higher premium relative to Sensex**



Source: Company, MOSL

## Operating metrics

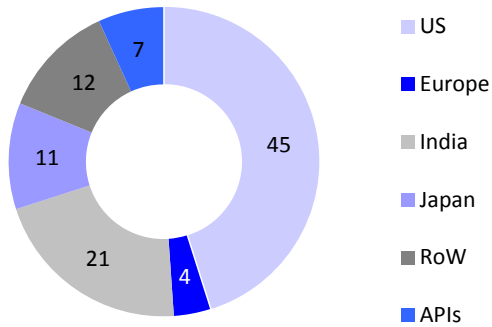
Exhibit 11: Key operating metrics

	FY14		FY15				FY16				FY17			
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Revenue Mix (%)</b>														
US	45.5	48.2	48.9	40.8	44.7	45.1	38.7	36.1	41.8	53.5	50.4	47.4	49.4	45.7
India	21.8	18.9	23.2	25.6	23.7	21.7	28.8	27.8	25.9	18.6	21.9	23.6	22.5	21.1
Japan	12.5	10.5	10.4	11.1	10.9	9.6	10.5	10.1	11.1	8.4	9.7	10.4	9.9	11.1
Europe	2.2	2.6	2.1	2.8	2.6	2.9	2.8	3.8	3.0	3.1	2.9	2.6	3.2	3.8
ROW	8.1	10.2	6.5	9.4	9.5	10.5	8.6	11.7	9.8	9.5	8.2	9.0	9.0	11.6
APIs	10.0	9.5	8.9	10.2	8.8	10.1	10.6	10.4	8.2	6.9	6.8	6.9	6.1	6.8
<b>Revenue Growth (%)</b>	<b>21.0</b>	<b>20.3</b>	<b>35.7</b>	<b>18.4</b>	<b>5.4</b>	<b>0.1</b>	<b>(6.4)</b>	<b>2.4</b>	<b>6.8</b>	<b>34.0</b>	<b>41.2</b>	<b>31.9</b>	<b>30.5</b>	<b>1.2</b>
US	30.6	28.2	60.3	22.9	3.5	(6.3)	(25.8)	(9.3)	0.0	58.7	83.8	73.1	54.9	(13.1)
India	13.9	1.8	29.2	20.4	14.4	15.2	16.2	11.2	17.1	14.7	7.3	12.1	13.8	15.4
Japan	1.7	16.9	16.8	11.8	(8.0)	(8.5)	(5.4)	(6.5)	9.3	17.0	31.0	35.1	16.2	34.0
Europe	10.5	20.5	(29.3)	18.2	21.8	12.1	24.1	39.3	25.5	40.7	49.5	(8.6)	39.3	26.1
ROW	23.2	30.0	8.8	11.7	24.0	2.8	23.5	26.4	10.9	21.1	34.6	1.4	19.3	23.7
APIs	26.3	10.0	20.4	11.2	(7.2)	5.5	11.4	4.6	0.1	(7.7)	(8.9)	(12.3)	(2.8)	(0.8)
<b>As % of sales</b>	<b>75.4</b>	<b>73.5</b>	<b>67.8</b>	<b>75.1</b>	<b>73.0</b>	<b>74.9</b>	<b>75.7</b>	<b>83.5</b>	<b>79.8</b>	<b>70.2</b>	<b>72.8</b>	<b>77.5</b>	<b>74.2</b>	<b>75.6</b>
Raw material	37.6	32.1	33.7	34.3	32.5	31.3	31.9	35.2	33.4	27.0	29.3	29.5	29.5	28.5
Staff cost	12.7	12.8	12.5	14.1	13.2	15.8	16.1	16.7	15.7	14.2	16.3	16.9	16.6	17.0
R&D cost	9.1	8.0	7.4	9.1	8.3	10.1	10.2	12.1	11.7	12.5	11.5	13.6	12.9	16.1
Other expenses	16.0	20.6	14.1	17.6	18.9	17.7	17.4	19.5	18.9	16.5	15.7	17.5	15.1	14.0
Tax Rate	34.4	29.2	39.0	23.1	28.0	19.5	28.5	27.4	35.4	35.8	23.7	19.4	39.3	26.4
<b>Margins (%)</b>														
<b>Gross Margins</b>	62.4	67.9	66.3	65.7	67.5	68.7	68.1	64.8	66.6	73.0	70.7	70.5	70.5	71.5
EBITDA Margins	25.6	28.1	33.4	26.2	27.8	25.6	26.1	19.9	24.7	31.3	29.3	24.0	27.1	26.0
EBIT Margins	24.9	26.5	31.5	24.0	27.2	22.9	25.9	18.9	24.8	29.2	27.4	20.0	24.7	21.2
PAT margins	16.0	18.1	19.0	20.2	19.1	17.9	18.5	13.1	15.8	18.3	20.3	15.7	14.4	9.1

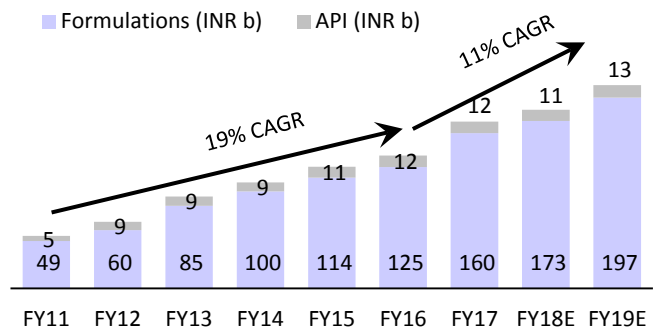
Source: Company; MOSL

## Story in charts

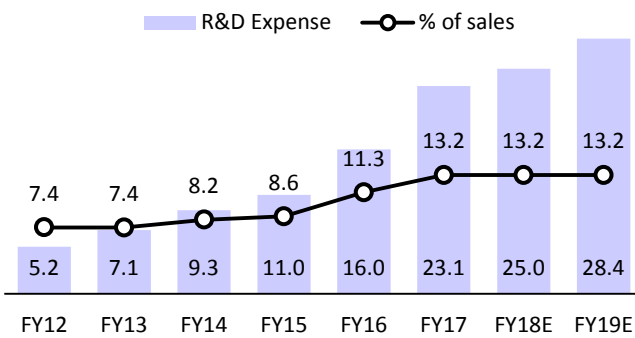
**Exhibit 12: Revenue mix in 4QFY17**



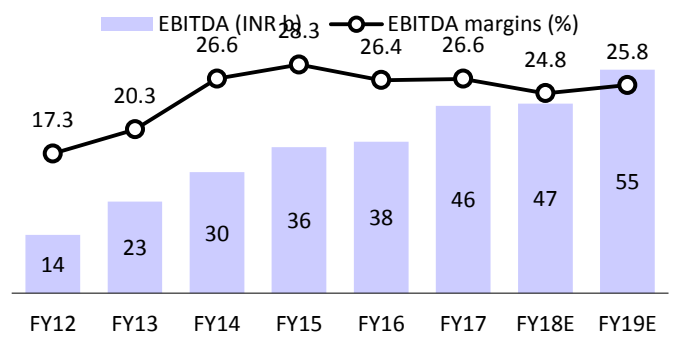
**Exhibit 13: Healthy revenue growth on expanded base**



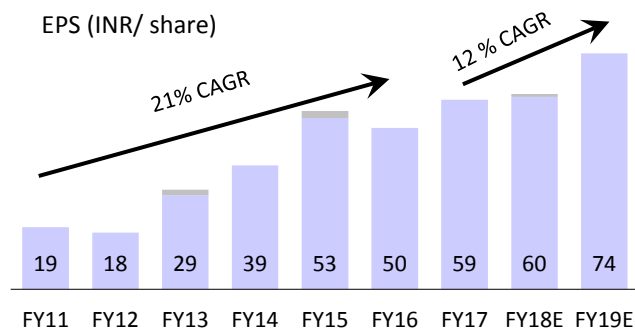
**Exhibit 14: R&D expense to be in the range of 13-14%**



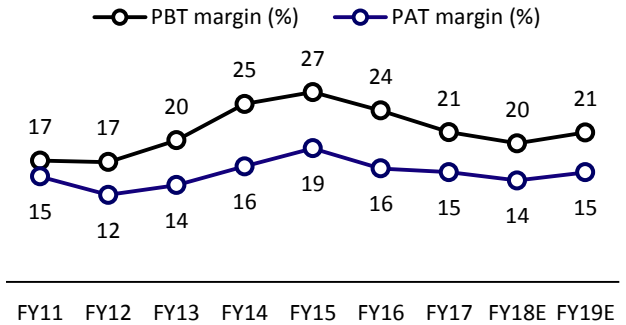
**Exhibit 15: Margins to remain under pressure due to pricing pressure**



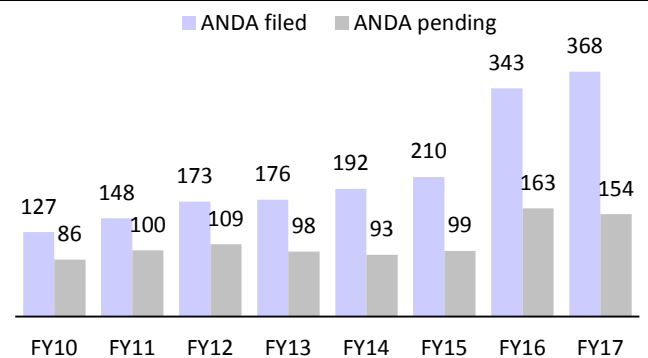
**Exhibit 16: Expect EPS CAGR of 12% over FY17-19E**



**Exhibit 17: Lower tax outflow to support PAT margins**



**Exhibit 18: Rich ANDA pipeline**



Source: Company, MOSL



## Financials and Valuations

Income Statement							(INR Million)	
Y/E March	2012	2013	2014	2015	2016	2017	2018E	2019E
<b>Net Sales</b>	<b>70,829</b>	<b>96,413</b>	<b>112,866</b>	<b>127,700</b>	<b>142,085</b>	<b>174,943</b>	<b>189,554</b>	<b>214,940</b>
Change (%)	21.7	36.1	17.1	13.1	11.3	23.1	8.4	13.4
<b>EBITDA</b>	<b>14,446</b>	<b>22,700</b>	<b>30,028</b>	<b>36,196</b>	<b>37,534</b>	<b>46,490</b>	<b>47,009</b>	<b>55,455</b>
Margin (%)	20.4	23.5	26.6	28.3	26.4	26.6	24.8	25.8
Depreciation	2,275	3,322	2,610	4,347	4,635	9,122	10,336	10,905
<b>EBIT</b>	<b>12,171</b>	<b>19,378</b>	<b>27,418</b>	<b>31,849</b>	<b>32,899</b>	<b>37,368</b>	<b>36,674</b>	<b>44,550</b>
Int. and Finance Charges	355	410	267	98	446	1,525	1,182	1,068
Other Income - Rec.	143	279	165	2,398	1,877	1,065	1,500	1,800
<b>PBT before EO item</b>	<b>11,960</b>	<b>19,246</b>	<b>27,317</b>	<b>34,148</b>	<b>34,330</b>	<b>36,908</b>	<b>36,992</b>	<b>45,282</b>
EO Expense/(Income)	0	0	-1,000	0	0	0	0	0
<b>PBT after EO item</b>	<b>11,960</b>	<b>19,246</b>	<b>28,317</b>	<b>34,148</b>	<b>34,330</b>	<b>36,908</b>	<b>36,992</b>	<b>45,282</b>
Tax	3,086	5,842	9,622	9,704	11,536	9,785	9,803	12,000
Tax Rate (%)	25.8	30.4	34.0	28.4	33.6	26.5	26.5	26.5
Less: Minority Interest	196	263	331	412	88	72	85	85
<b>PAT Adj for EO items</b>	<b>7,917</b>	<b>13,142</b>	<b>17,364</b>	<b>24,032</b>	<b>22,707</b>	<b>26,686</b>	<b>27,104</b>	<b>33,197</b>
Change (%)	-8.4	66.0	32.1	38.4	-5.5	17.5	1.6	22.5
Margin (%)	11.2	13.6	15.4	18.8	16.0	15.3	14.3	15.4

Consolidated Balance Sheet							(INR Million)	
Y/E March	2012	2013	2014	2015	2016	2017	2018E	2019E
Equity Share Capital	893	895	897	899	901	901	901	901
Total Reserves	39,236	51,147	68,419	87,842	108,943	131,331	153,691	182,143
<b>Net Worth</b>	<b>40,129</b>	<b>52,042</b>	<b>69,316</b>	<b>88,741</b>	<b>109,844</b>	<b>132,233</b>	<b>154,592</b>	<b>183,045</b>
Minority Interest	723	595	669	241	321	393	478	563
Deferred liabilities	1,442	1,632	1,779	1,182	1,239	142	142	142
Secured Loan	5,087	2,972	1,968	1,018	53,739	53,739	53,739	53,739
Unsecured Loan	10,470	7,268	4,024	3,692	17,454	17,454	17,454	17,454
Total Loans	15,557	10,240	5,992	4,710	71,193	71,193	71,193	71,193
<b>Capital Employed</b>	<b>57,852</b>	<b>64,509</b>	<b>77,756</b>	<b>94,874</b>	<b>182,596</b>	<b>203,960</b>	<b>226,404</b>	<b>254,942</b>
Gross Block	36,274	41,138	45,638	45,445	55,887	99,945	111,968	122,827
Less: Accum. Deprn.	14,422	16,840	19,283	19,174	23,262	33,535	40,150	47,308
<b>Net Fixed Assets</b>	<b>21,852</b>	<b>24,298</b>	<b>26,355</b>	<b>26,271</b>	<b>32,625</b>	<b>66,409</b>	<b>71,817</b>	<b>75,518</b>
Capital WIP	4,437	3,107	3,041	5,760	9,812	5,156	2,828	1,664
Investments	28	21	1,785	16,584	75	2,055	2,055	2,055
Goodwill & Intangibles	5,644	5,704	7,202	17,411	73,586	46,832	46,832	46,832
<b>Curr. Assets</b>	<b>47,393</b>	<b>55,305</b>	<b>62,970</b>	<b>64,510</b>	<b>107,473</b>	<b>123,493</b>	<b>150,278</b>	<b>181,701</b>
Inventory	17,327	19,489	21,295	25,036	31,787	29,258	34,930	38,351
Account Receivables	17,800	21,870	24,641	26,566	45,498	45,793	49,618	56,262
Cash and Bank Balance	4,025	4,349	7,975	4,814	8,379	35,182	51,660	72,126
Others	8,241	9,597	9,060	8,095	21,808	13,259	14,070	14,962
<b>Curr. Liability &amp; Prov.</b>	<b>21,503</b>	<b>23,926</b>	<b>23,597</b>	<b>35,662</b>	<b>40,975</b>	<b>36,992</b>	<b>42,346</b>	<b>45,810</b>
Account Payables	17,565	19,241	18,818	28,299	32,318	27,508	32,840	36,056
Provisions	3,939	4,684	4,779	7,363	8,658	9,484	9,505	9,754
<b>Net Current Assets</b>	<b>25,889</b>	<b>31,379</b>	<b>39,374</b>	<b>28,848</b>	<b>66,498</b>	<b>86,501</b>	<b>107,933</b>	<b>135,891</b>
<b>Appl. of Funds</b>	<b>57,851</b>	<b>64,509</b>	<b>77,756</b>	<b>94,874</b>	<b>182,596</b>	<b>206,954</b>	<b>231,465</b>	<b>261,960</b>



## Financials and Valuations

### Ratios

Y/E March	2012	2013	2014	2015	2016	2017	2018E	2019E
<b>EPS (Fully Diluted)</b>	<b>17.7</b>	<b>29.4</b>	<b>38.7</b>	<b>53.5</b>	<b>50.4</b>	<b>59.2</b>	<b>60.2</b>	<b>73.7</b>
Cash EPS (Fully Diluted)	22.8	36.8	44.5	63.1	60.7	79.5	83.1	97.9
BV/Share	89.9	116.3	154.6	197.4	243.8	293.5	343.1	406.2
DPS	3.4	4.0	6.0	7.5	7.5	9.0	9.0	9.0
Payout (%)	20.5	15.9	16.0	16.9	17.9	17.5	17.5	14.3
<b>Valuation (x)</b>								
P/E (Fully Diluted)		41.8	31.7	23.0	24.4	20.7	20.4	16.7
Cash P/E (Fully Diluted)		33.4	27.6	19.5	20.2	15.5	14.8	12.5
P/BV		10.6	7.9	6.2	5.0	4.2	3.6	3.0
EV/Sales		5.8	4.9	4.3	4.3	3.3	3.0	2.6
EV/EBITDA		24.5	18.2	15.2	16.3	12.6	12.1	9.9
<b>Return Ratios (%)</b>								
RoE	21.7	28.5	28.6	30.4	22.9	22.0	18.9	19.7
RoCE	18.3	23.2	26.5	29.1	16.8	14.7	13.1	14.2
RoIC	20.9	25.4	29.7	34.4	18.8	16.9	16.3	18.8
<b>Leverage Ratio</b>								
Current Ratio	2.2	2.3	2.7	1.8	2.6	3.3	3.5	4.0
Interest Cover Ratio	34.3	47.2	102.9	324.7	73.7	24.5	31.0	41.7
Debt/Equity (x)	0.4	0.2	0.1	0.1	0.7	0.5	0.5	0.4

### Cash Flow Statement

(INR Million)

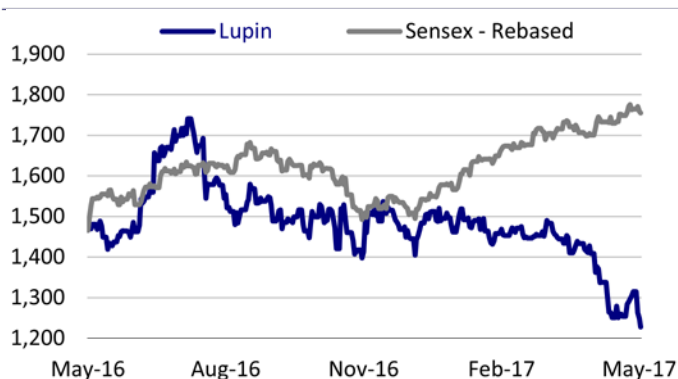
Y/E March	2012	2013	2014	2015	2016	2017	2018E	2019E
Oper. Profit before Tax	14,446	22,700	30,028	36,196	37,534	46,490	47,009	55,455
Interest/Dividends Recd.	143	279	165	2,398	1,877	1,065	1,500	1,800
Direct Taxes Paid	-3,055	-5,652	-9,475	-10,300	-11,479	-10,882	-9,803	-12,000
(Inc)/Dec in WC	-5,370	-5,166	-4,368	7,364	-34,084	6,800	-4,953	-7,493
<b>CF from Op. incl EO Exp.</b>	<b>6,164</b>	<b>12,160</b>	<b>17,349</b>	<b>35,657</b>	<b>-6,152</b>	<b>43,473</b>	<b>33,753</b>	<b>37,762</b>
(inc)/dec in FA	-8,736	-4,497	-6,098	-17,191	-71,217	-11,496	-13,416	-13,442
<b>Free Cash Flow</b>	<b>-2,572</b>	<b>7,663</b>	<b>10,251</b>	<b>18,466</b>	<b>-77,369</b>	<b>31,977</b>	<b>20,338</b>	<b>24,320</b>
(Pur)/Sale of Investments	4	7	-1,764	-14,799	16,509	-1,980	0	0
<b>CF from Investments</b>	<b>-8,733</b>	<b>-4,490</b>	<b>-7,862</b>	<b>-31,991</b>	<b>-54,708</b>	<b>-13,476</b>	<b>-13,416</b>	<b>-13,442</b>
Change in Net Worth	430	475	1,593	-1,389	2,459	82	0	0
Inc/(Dec) in Debt	4,094	-5,317	-4,248	-1,282	66,483	0	0	0
Interest Paid	-355	-410	-267	-98	-446	-1,525	-1,182	-1,068
Dividend Paid	-1,777	-2,095	-2,939	-4,058	-4,071	-4,745	-4,745	-4,745
<b>CF from Fin. Activity</b>	<b>2,392</b>	<b>-7,348</b>	<b>-5,861</b>	<b>-6,828</b>	<b>64,425</b>	<b>-6,187</b>	<b>-5,926</b>	<b>-5,813</b>
<b>Inc/Dec of Cash</b>	<b>-177</b>	<b>323</b>	<b>3,626</b>	<b>-3,161</b>	<b>3,565</b>	<b>23,809</b>	<b>14,411</b>	<b>18,508</b>
Add: Beginning Balance	4,202	4,025	4,349	7,975	4,814	8,379	35,182	51,660
<b>Closing Balance</b>	<b>4,025</b>	<b>4,348</b>	<b>7,975</b>	<b>4,814</b>	<b>8,379</b>	<b>32,188</b>	<b>49,594</b>	<b>70,168</b>

## Corporate profile

### Company description

Lupin is amongst the larger pharma companies that is actively targeting the regulated generics markets. Historically very strong in the anti-TB segment, it has over the years built up expertise in fermentation-based products and segments like cephalosporins, prils and statins. Lupin is now a fully integrated company, with manufacturing capabilities in APIs and formulations and a direct marketing presence in the target markets.

Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

Exhibit 2: Shareholding pattern (%)

	Mar-17	Dec-16	Mar-16
Promoter	46.7	46.7	46.5
DII	9.4	8.2	7.1
FII	31.9	33.3	35.1
Others	12.1	11.8	11.2

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
First State Investments ICVC	2.4
Rakesh Jhunjhunwala	1.7
Government of Singapore	1.7
ICICI Prudential	1.1
Abu Dhabi Investment Authority	1.1

Source: Capitaline

Exhibit 4: Top management

Name	Designation
D B Gupta	Chairman
Kamal K Sharma	Vice Chairman
Nilesh Gupta	Managing Director
Ramesh Swaminathan	Director & CFO
M D Gupta	Executive Director
R V Satam	Company Secretary
Vinita Gupta	CEO & Director

Source: Capitaline

Exhibit 5: Directors

Name	Name
Dileep C Choksi	Jean-Luc Belingard
K U Mada	R A Shah
Richard Zahn	Vijay Kelkar

\*Independent

Exhibit 6: Auditors

Name	Type
Deloitte Haskins & Sells LLP	Statutory
Ernst & Young LLP	Internal
Neena Bhatia	Secretarial Audit
S D Shenoy	Cost Auditor

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY18	60.2	71.9	-16.3
FY19	73.7	83.1	-11.4

Source: Bloomberg

## NOTES

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- Analyst ownership of the stock
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#### LUPIN

No  
No

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In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

Varun Kumar

[Varun.kumar@motilaloswal.com](mailto:Varun.kumar@motilaloswal.com)

Contact : (+65) 68189232

Office Address: 21 (Suite 31), 16 Collyer Quay, Singapore 04931



## Motilal Oswal Securities Ltd

Motilal Oswal Tower, Level 9, Sayani Road, Prabhadevi, Mumbai 400 025

Phone: +91 22 3982 5500 E-mail: [reports@motilaloswal.com](mailto:reports@motilaloswal.com)