

Pricing pressure continues in US; maintain Buy

We maintain our Buy rating on Lupin and revise our TP to Rs1,240 (earlier Rs1,300), based on 23x March'19 EPS of Rs53.9. Lupin's Q1FY18 results were lower than our and consensus estimates due to pricing pressure in the US generic market and de-stocking by trade prior to GST implementation in the domestic market. Lupin's revenue declined 13% YoY, margin declined 940bps to 19.9%, and net profit fell 59%. The pricing pressure in the US was mainly on Glumetza. We believe the company's robust growth across key markets coupled with its strong pipeline of 151 pending ANDAs will drive future growth. The key positive risk to our assumptions would be strong growth in the US market and the key negative risk would be slower growth in the domestic market.

- **Sales declined 13% YoY:** Lupin's revenues declined 13% YoY to Rs38.70bn from Rs44.68bn due to declining sales in the US market and de-stocking by trade in the domestic market. Its US business (42% of revenues) declined 27% YoY due to pricing pressure, whereas its Asia Pacific business (16% of revenues) grew 11% YoY. Lupin's domestic formulations business (25% of revenues) declined by 2%YoY due to de-stocking by trade prior to GST implementation. Its API business (7% of revenues) declined 6% YoY. We expect its performance to improve led by new launches in the US and strong growth of over 15% in FY18 in the domestic market.
- **Margin set to grow:** Lupin's EBITDA margin shrank 940bps YoY to 19.9% from 29.3%, due to lower revenues from the lucrative US and Indian markets. Material cost increased 340bps to 31.9% from 28.5% due to a change in the product mix. Personnel expenses rose 280bps to 18.6% from 15.8% due to lower sales growth and other expenses grew by 320bps to 29.7% from 26.5%. We expect new launches in the US to lead to margin improvement and as well as improvement in the performance of the domestic market.
- **US business to drive growth:** Lupin is the market leader in 43 of the 142 products in the US generic market. The company's 91 products feature among the top three products in the US generic market. Lupin plans to launch ~35 new products in the US during FY18. With 151 ANDAs pending approval with US FDA, Lupin is poised for good growth.
- **Valuation and key risks:** On the basis of weak Q1FY18 results and management guidance of muted growth in FY18, we have revised our FY18E and FY19E EPS downwards by 7% and 5% respectively. We maintain our Buy rating on Lupin and revise our TP to Rs1,240 based on 23x FY19E EPS of Rs53.9 with an upside of 19.8% from CMP. We expect the company to benefit from its strong pipeline in the US, its recent acquisition of Gavis in the US, and Shionogi's 21 brands in Japan.

Particulars (Rs mn)	Q1FY18	Q1FY17	YoY (%)	Q4FY17	QoQ (%)	Q1FY18E	% Var.
Total Revenues	38,696	44,677	(13.4)	42,533	(9.0)	42,430	(8.8)
Raw material cost	12,326	12,720	(3.1)	11,851	4.0	11,630	6.0
Employee cost	7,180	7,059	1.7	7,078	1.4	6,980	2.9
Other expenses	11,506	11,818	(2.6)	15,791	(27.1)	15,030	(23.4)
EBIDTA	7,684	13,080	(41.3)	7,813	(1.7)	8,790	(12.6)
EBIDTA margin (%)	19.9	29.3	0.0	18.4	0.0	20.7	0.0
Depreciation	2,605	2,027	28.5	2,674	(2.6)	2,800	(7.0)
Interest	439	320	37.2	406	8.1	380	15.5
Other income	320	826	(61.3)	453	(29.4)	500	(36.0)
PBT	4,960	11,559	(57.1)	5,186	(4.4)	6,110	(18.8)
Prov. For tax	1,368	2,734	(50.0)	1,367	0.1	1,510	(9.4)
Adj. PAT	3,581	8,819	(59.4)	3,801	(5.8)	4,590	(22.0)

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	53.2	30.4	28.5	24.7	16.3
FY16	1,42,556	11.6	36,854	25.9	22,607	(5.9)	50.1	22.6	16.6	36.1	23.8
FY17	1,74,943	22.7	44,930	25.7	25,574	13.1	56.6	20.7	13.4	26.8	16.8
FY18E	1,83,779	5.1	41,417	22.5	22,022	(13.9)	48.8	15.2	10.5	25.2	15.0
FY19E	2,04,125	11.1	45,922	22.5	24,352	10.6	53.9	14.7	10.9	22.8	13.4

Source: Company, Centrum Research Estimates

Target Price	Rs1,240	Key Data	
CMP*	Rs1,035	Bloomberg Code	LPC IN
Upside	19.8%	Curr Shares O/S (mn)	451.7
Previous Target	Rs1,300	Diluted Shares O/S(mn)	451.7
Previous Rating	Buy	Mkt Cap (Rsbn/USDbn)	467.5/7.3
Price Performance (%)*		52 Wk H / L (Rs)	1734/985
	1M 6M 1Yr	5 Year H / L (Rs)	2129/496.4
LPC IN	(1.9) (30.6) (38.4)	Daily Vol. (3M NSE Avg.)	2075234
NIFTY	4.1 14.6 17.2		

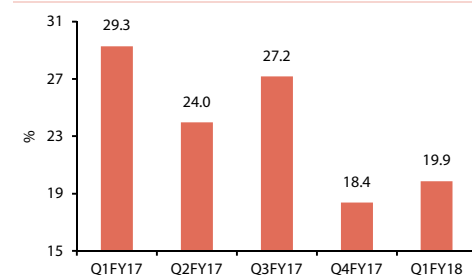
*as on 2nd August 2017 Source: Bloomberg, Centrum Research

Shareholding pattern* (%)

	Jun-17	Mar-17	Dec-16	Sep-16
Promoter	46.7	46.7	46.7	46.7
FII's	30.9	31.9	33.3	34.7
Dom. Inst.	9.7	9.1	8.1	7.0
Public & Others	12.7	12.3	11.9	11.6

Source: BSE, *as on 2nd August 2017

Trend in EBITDA margin (%)



Source: Company, Centrum Research

Earnings Revision

Particulars (Rs mn)	FY18E			FY19E		
	Centrum	BGG	Chg (%)	Centrum	BGG	Chg (%)
Sales	1,83,779	1,83,833	(0.0)	2,04,125	2,04,261	(0.1)
EBITDA	41,417	43,241	(4.2)	45,922	46,922	(2.1)
EBITDA Margin (%)	22.5	23.5	(100)bps	22.5	23.0	(50)bps
PAT-adj.	22,022	23,706	(7.1)	24,352	25,492	(4.5)

Source: Centrum Research Estimates

Centrum vs. Bloomberg Consensus*

Particulars (Rs mn)	FY18E			FY19E		
	Centrum	BGG	Chg (%)	Centrum	BGG	Chg (%)
Sales	1,83,779	1,84,490	(0.4)	2,04,125	2,06,929	(1.4)
EBITDA	41,417	44,510	(6.9)	45,922	51,419	(10.7)
PAT	22,022	25,904	(15.0)	24,352	30,410	(19.9)

Bloomberg Consensus				Centrum Target Price (Rs)	Variance (%)
BUY	SELL	HOLD	Target Price (Rs)		
25	7	12	1,298	1,240	(4.4)

*as on 2nd August 2017 Source: Bloomberg, Centrum Research

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Concall highlights

Pricing pressure in the US

- As per management, the company has reported 27% YoY decline in revenues in Q1FY18 the US, led by pricing pressure in generic Glumetza and Fortamet with double-digit price erosion.

Excluding Glumetza, the base business grew by 9% in the US market.

- The company launched 4 products in the US during Q1FY18 and 18 products during FY17.
- Lupin has 142 products in the US market and is a market leader in 43 products. Lupin's 91 products feature among the top 3 competing products.

As per the management, cumulative ANDAs with the US FDA stand at 368, of which 217 have been approved. These contain 45 FTF opportunities of which 23 are exclusive FTF.

- Lupin filed 1 ANDA and received approval for 3 ANDAs in Q1FY18.
- The management indicated the launch of Gx Minastrin 24 Fe with 180-days exclusivity in the US market.

The company's Goa and Aurangabad facilities were cleared without any major form 483 observations.

As per the management, the company plans to file 35 products in the US including Oseltamivir or Tamiflu. Lupin has plans to launch Levothyroxine in the US market.

Domestic market

- Lupin reported 2%YoY decline in the domestic market in Q1FY18 due to de-stocking by trade prior to GST implementation. The domestic formulation business contributed 25% to overall revenues.

As per the management, the revenue impact was Rs1.5bn due to de-stocking by trade prior to GST implementation. The inventory increase was due to GST impact.

The management is confident of achieving over 15% growth in FY18.

Japanese market

- Management indicated that revenues in the Japanese market grew 25% YoY in Yen terms during Q1FY18.
- The Japanese market has witnessed 6% annual price cut and higher co-pay which has impacted the company's performance.
- The company inaugurated a new plant in Tottori, Japan.

Financials

- Management indicated that R&D spends increased to Rs5.00bn or 13.1% of revenue in Q1FY18 and would ~ Rs20.0bn in FY18. Lupin has over 1,700 scientists engaged in R&D activity.
- The management indicated EBIDTA margin of 21-23% and single digit decline in revenues for FY18.
- Capex for the quarter stood at Rs2.83bn.

Pricing pressure prevails in the US

Sales composition

Lupin reported 13%YoY decline in revenues during Q1FY18 to Rs38.70bn from Rs44.68bn. Its US formulation business (42% of revenues) declined 27% YoY to Rs16.02bn from Rs21.89bn due to pricing pressure for generic Glumetza and Fortamet, consolidation of channel partners in the US market and stronger rupee. The company's domestic formulation business (25% of revenues) declined 2% YoY to Rs9.32bn from Rs9.50bn. The domestic revenue growth was impacted by de-stocking by trade prior to the launch of GST. The formulation business in Asia Pacific (16% of revenues) grew 11% YoY to Rs5.99bn from Rs5.42bn. Revenues from API business (7% of revenues) declined 6% YoY to Rs2.79bn from Rs2.97bn. Hence, the overall growth was impacted by pricing pressure in the US generic market and de-stocking in the domestic market.

The following table presents detailed geography-wise revenues:

Exhibit 1: Sales composition

PARTICULARS (Rs mn)	Q1FY18	Q1FY17	YoY Gr%	Q4FY17	QoQ Gr %	Q1FY18E	% Var.
Formulations							
Form-N. America	16,018	21,886	(26.8)	19,007	(15.7)	18,500	(13.4)
Form.India	9,324	9,499	(1.8)	8,788	6.1	8,500	9.7
Form-Asia Pacific	5,989	5,416	10.6	6,118	(2.1)	6,950	(13.8)
Form-Europe, ME, Africa	2,259	2,194	3.0	3,012	(25.0)	2,900	(22.1)
Form-LATAM	1,269	1,089	16.5	1,269	0.0	1,480	(14.3)
Form-RoW	416	368	13.0	610	(31.8)	600	(30.7)
Formulations-Total	35,275	40,452	(12.8)	38,804	(9.1)	38,930	(9.4)
API	2,793	2,966	(5.8)	2,815	(0.8)	2,600	7.4
Total sales	38,068	43,418	(12.3)	41,619	(8.5)	41,530	(8.3)
Other op. income	628	1,259	(50.1)	914	(31.3)	900	(30.2)
Total income	38,696	44,677	(13.4)	42,533	(9.0)	42,430	(8.8)

Source: company, Centrum Research

Major domestic products and their performance

As per AIOCD AWACS data-June'17, Lupin grew 16.4% YoY, compared to the industry growth of 7.5% over the same period. Lupin's 19 of its top brands are listed among the top 500 brands in domestic market. These brands contributed ~28% to the domestic revenues. Ten of these brands grew faster than the market growth rate of 9.6%. Three of these brands have grown over 20% indicating strong brand image. We expect these ten brands to drive the company's future growth.

The following table shows the details:

Major products and their performance

Product	Therapeutic category	April'17		May'17		June'17	
		Sales (Rs mn)	Gr. Rate %	Sales (Rs mn)	Gr. Rate %	Sales (Rs mn)	Gr. Rate %
Pharma industry		94,736	8.3	94,011	7.2	94,633	7.5
Lupin		3,147	10.8	3,227	13.2	3,192	16.4
Gluconorm-G	anti-diabetic	168	26.8	165	15.2	162	20.6
Tonact	cholesterol reducer	74	(14.6)	77	(8.3)	75	4.7
Budamate	anti-asthmatic	86	15.7	84	15.9	82	14.4
Rablet-D	anti-ulcer	48	(5.6)	55	13.2	50	7.5
Esiflo	anti-asthmatic	42	4.9	41	9.2	40	(1.1)
Ramistar	CVS	33	(29.2)	35	(4.7)	33	(2.9)
Rablet	anti-ulcer	51	14.1	48	15.5	48	16.8
R-Cinex	anti TB	39	(2.0)	38	2.9	39	6.5
Tazar	anti-infective	31	(2.9)	31	(11.0)	31	(12.7)
Telekast-L	anti-asthmatic	40	16.1	41	31.4	40	34.1
Cetil	anti-infective	23	(32.8)	19	(51.4)	20	(48.8)
Gluconorm-PG	anti-diabetic	35	12.0	33	(0.1)	33	6.9
L-Cin	anti-infective	26	(15.5)	24	(6.1)	22	(3.8)
Merotrol	anti-infective	22	(27.9)	25	(15.1)	24	(17.3)
Clopitab	blood thinner	33	(0.7)	34	2.8	33	8.4
Ivabrad	CVS	42	36.0	43	45.1	46	66.0
Signoflam	NSAIDs	28	(8.9)	31	3.2	30	9.9
Clopitab-A	CVS	36	3.9	37	5.2	35	9.9
Novastat	cholesterol reducer	37	16.2	36	12.8	36	23.2
Total		894		897		879	

Source: AIOCD AWACS data-April-June'17

Valuations & Key Risks

On the basis of weak Q1FY18 results, de-stocking by trade in the domestic market and pricing pressure in the US generic market, we have revised our FY18E and FY19E EPS downwards by 7% and 5% respectively. We maintain our Buy rating on Lupin with a TP of Rs1,240 based on 23x FY19E EPS of Rs53.9 with an upside of 19.8% from CMP. We expect the company to benefit from the strong pipeline in the US, 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 pricing pressure in the US generic market.

Exhibit 2: Earning Revision

Particulars	FY18E			FY19E		
	Current	Earlier	Chg (%)	Current	Earlier	Chg (%)
Sales	1,83,779	1,83,833	(0.0)	2,04,125	2,04,261	(0.1)
EBIDTA	41,417	43,241	(4.2)	45,922	46,922	(2.1)
EBIDTA margin (%)	22.5	23.5	(100)bps	22.5	23.0	(50)bps
Net profit	22,022	23,706	(7.1)	24,352	25,492	(4.5)

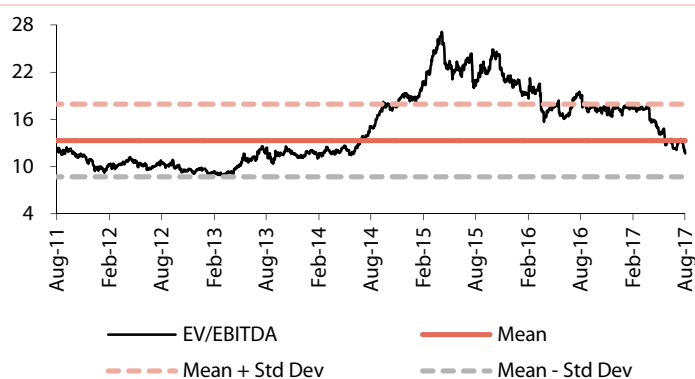
Source: Centrum Research

Exhibit 3: Sensitivity Analysis

Sensitivity to key variables-FY18E	% increase	% impact on EBITDA	% impact on EPS
Sales	1	4.4	8.3
Material cost	1	(1.3)	(2.5)

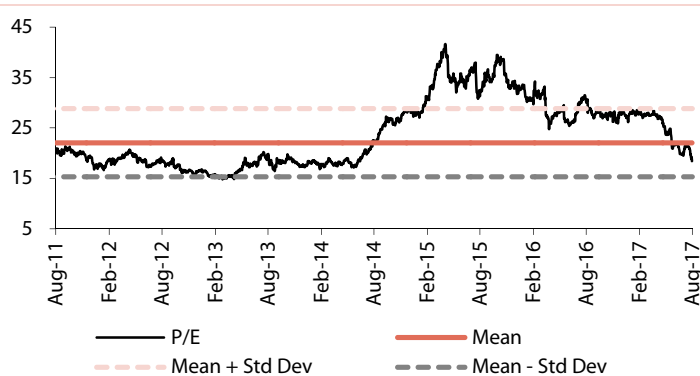
Source: Company, Centrum Research Estimates

Exhibit 4: 1 year forward EV/EBITDA chart



Source: Bloomberg, Company, Centrum Research Estimates

Exhibit 5: 1 year forward P/E chart



Source: Bloomberg, Company, Centrum Research Estimates

Exhibit 6: Comparative Valuations

Company	Mkt Cap (Rs mn)	CAGR FY17-FY19E (%)			EBITDA Margin (%)			PE (x)			EV/EBITDA (x)			RoE (%)			Div Yield (%)		
		Rev.	EBITDA	PAT	FY17	FY18P	FY19E	FY17	FY18P	FY19E	FY17	FY18P	FY19E	FY17	FY18P	FY19E	FY17	FY18P	FY19E
Lupin	4,67,303	8.0	1.1	(2.4)	25.7	22.5	22.5	26.8	25.2	22.8	16.8	14.9	13.3	20.7	15.2	14.7	0.6	0.8	0.9
Aurobindo	4,28,366	13.7	17.9	17.1	22.8	23.6	24.5	19.0	13.8	11.7	13.2	9.5	7.7	27.6	25.1	23.7	0.4	0.5	0.7
Cipla	4,57,761	12.6	21.0	37.2	16.9	18.2	19.6	44.1	30.7	23.4	19.0	15.7	12.6	8.4	11.0	13.0	0.4	0.5	0.6
Dr. Reddy's Labs	3,94,438	7.5	14.1	23.1	17.4	18.6	20.3	39.5	28.4	22.2	22.7	17.0	14.4	10.4	12.0	14.0	0.8	1.1	1.4

Source: Centrum Research Estimates, Prices as on 2nd August 2017

Quarterly Financials, Operating Metrics and Key Performance

Particulars (Rs mn)	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18
P & L								
Revenues	33,297	35,476	41,973	44,677	42,905	44,828	42,533	38,696
Material cost	11,249	11,232	11,010	12,720	12,429	13,016	11,851	12,326
Personnel expenses	5,328	5,434	5,682	7,059	7,124	7,286	7,078	7,180
Other Expenses	10,094	10,349	12,135	11,818	13,072	12,343	15,791	11,506
Total Expenses	26,671	27,015	28,827	31,597	32,625	32,645	34,720	31,012
EBIDTA	6,626	8,461	13,146	13,080	10,280	12,183	7,813	7,684
Other income	578	664	349	826	271	1036	453	320
PBDIT	7,204	9,125	13,495	13,906	10,551	13,219	8,266	8,004
Interest	241	99	310	320	263	484	406	439
Depreciation	1,155	1,216	1,487	2,027	2,112	2,309	2,674	2,605
Profit before tax	5,808	7,810	11,698	11,559	8,176	10,426	5,186	4,960
Tax provision	1,591	2,557	4,188	2,734	1,589	4,095	1,367	1,368
Profit before minority interest	4,217	5,253	7,510	8,825	6,587	6,331	3,819	3,592
Minority interest	20	7	32	6	-35	0	18	11
Net Profit	4,197	5,246	7,478	8,819	6,622	6,331	3,801	3,581
Growth (%)								
Revenues	4.9	11.6	36.4	41.6	28.9	26.4	1.3	(13.4)
EBIDTA	(20.4)	(4.2)	66.6	58.6	55.1	44.0	(40.6)	(41.3)
Net Profit	(33.4)	(12.8)	36.7	55.1	57.8	20.7	(49.2)	(59.4)
Margin (%)								
EBIDTA	19.9	23.8	31.3	29.3	24.0	27.2	18.4	19.9
Profit before tax	17.4	22.0	27.9	25.9	19.1	23.3	12.2	12.8
Net margin	12.6	14.8	17.8	19.7	15.4	14.1	8.9	9.3

Source: Company, Centrum Research

Exhibit 7: Key Performance Indicators

Assumptions	FY15	FY16	FY17	FY18E	FY19E
Revenue growth %	13.1	11.6	22.7	5.1	11.1
Material cost (%)	32.6	30.4	28.6	29.5	29.7

Source: Company, Centrum Research Estimates

Financials-consolidated

Exhibit 8: Income Statement

Y/E Mar (Rs mn)	FY15	FY16	FY17	FY18E	FY19E
Revenues	1,27,701	1,42,556	1,74,943	1,83,779	2,04,125
Material cost	41,570	43,326	50,015	54,295	60,600
% of revenues	32.6	30.4	28.6	29.5	29.7
Employee cost	17,473	21,416	28,496	32,800	36,920
% of revenues	13.7	15.0	16.3	17.8	18.1
Other Expenses	32,460	40,960	51,502	55,267	60,683
% of revenues	25.4	28.7	29.4	30.1	29.7
EBIDTA	36,198	36,854	44,930	41,417	45,922
EBIDTA margin (%)	28.3	25.9	25.7	22.5	22.5
Depreciation & Amortisation	4,347	4,871	9,122	10,175	11,770
EBIT	31,851	31,983	35,808	31,242	34,152
Interest Expenses	98	595	1,525	1,360	1,300
PBT from operations	31,753	31,388	34,283	29,882	32,852
Other income	2,398	1,852	1,065	1,295	1,680
PBT	34,151	33,240	35,348	31,177	34,532
Tax provision	9,705	10,594	9,785	9,100	10,100
Effective tax rate (%)	28.4	31.9	27.7	29.2	29.2
Net profit	24,446	22,646	25,563	22,077	24,432
Minority interest	412	39	(11)	55	80
Reported net profit	24,034	22,607	25,574	22,022	24,352
Adj. Net profit	24,034	22,607	25,574	22,022	24,352

Source: Company, Centrum Research Estimates

Exhibit 9: Key Ratios

Y/E Mar (Rs mn)	FY15	FY16	FY17	FY18E	FY19E
Growth Ratios (%)					
Revenues	13.1	11.6	22.7	5.1	11.1
EBIDTA	20.6	1.8	21.9	-7.8	10.9
Adj. Net Profit	30.9	(5.9)	13.1	-13.9	10.6
Margin Ratios (%)					
EBIDTA margin	28.3	25.9	25.7	22.5	22.5
PBT from operations margin	24.9	22.0	19.6	16.3	16.1
Adj. PAT margin	18.8	15.9	14.6	12.0	11.9
Return Ratios (%)					
RoCE	28.5	16.6	13.4	10.5	10.9
RoE	30.4	22.6	20.7	15.2	14.7
RoC	28.6	16.5	13.6	10.4	10.7
Turnover ratios (days)					
Gross Block Turnover (x)	2.6	2.4	2.1	1.6	1.5
Debtors	76	116	90	95	91
Creditors	48	46	49	49	47
Inventory	72	84	76	73	77
Cash Conversion Cycle	99	155	117	120	121
Solvency Ratio					
Debt-Equity	0.1	0.6	0.6	0.5	0.4
Net Debt-Equity	0.0	0.6	0.5	0.4	0.3
Current Ratio	1.8	2.7	2.3	2.1	2.0
Interest Coverage Ratio	0.0	0.0	0.0	0.0	0.0
Gross Debt/EBIDTA	0.1	1.9	1.8	1.7	1.5
Per Share (Rs)					
FDEPS (adjusted)	53.2	50.1	56.6	48.8	53.9
CEPS	62.9	60.9	76.8	71.3	80.0
Book Value	197.4	247.8	298.9	342.4	390.1
Dividend	7.5	7.5	7.5	8.0	9.0
Dividend Payout (%)	16.9	18.0	15.9	19.7	20.1
Valuations (x) (Avg Mkt Cap)					
PER	24.7	36.1	26.8	25.2	22.8
P/BV	6.7	7.3	5.1	3.6	3.2
EV/EBIDTA	16.3	23.8	16.8	15.0	13.4
Dividend Yield (%)	0.7	0.5	0.6	0.8	0.9
5-yr Avg AOCF/EV yield(%)	2.5	1.4	2.6	4.0	4.5

Source: Company, Centrum Research Estimates

Exhibit 10: Balance Sheet

Y/E Mar (Rs mn)	FY15	FY16	FY17	FY18E	FY19E
Share capital	899	901	903	903	903
Reserves & surplus	87,841	1,10,732	1,34,072	1,53,696	1,75,206
Total shareholders Funds	88,740	1,11,633	1,34,975	1,54,599	1,76,109
Total Debt	4,710	71,193	79,521	71,785	66,590
Minority interest	241	321	345	400	450
Deferred tax Liab.	1,182	(92)	(1,128)	(1,640)	(2,007)
Total Liabilities	94,873	1,83,055	2,13,713	2,25,144	2,41,142
Gross Block	50,530	69,464	1,00,852	1,22,770	1,46,070
Less: Acc. Depreciation	23,329	4,952	13,624	23,799	35,569
Net Block	27,201	64,512	87,228	98,971	1,10,501
Capital WIP	5,761	27,024	21,331	24,100	20,800
Goodwil on consolidation	16,481	22,654	23,100	24,500	25,100
Net Fixed Assets	49,443	1,14,190	1,31,659	1,47,571	1,56,401
Investments	16,584	132	21,324	22,719	24,959
Inventories	25,036	32,736	36,423	37,000	42,800
Debtors	26,566	45,488	43,074	47,970	50,930
Loans & Advances	6,166	9,286	9,013	1,090	1,370
Cash & Bank Balance	4,814	8,218	6,995	7,770	8,645
Other assets	1,929	12,842	12,489	12,414	13,507
Total Current Assets	64,511	1,08,570	1,07,994	1,06,244	1,17,252
Trade payable	16,799	17,868	23,376	24,500	26,300
Other current Liabilities	11,502	17,720	16,085	17,190	19,170
Provisions	7,364	4,249	7,803	9,700	12,000
Net Current Assets	28,846	68,733	60,730	54,854	59,782
Total Assets	94,873	1,83,055	2,13,713	2,25,144	2,41,142

Source: Company, Centrum Research Estimates

Exhibit 11: Cash Flow

Y/E Mar (Rs mn)	FY15	FY16	FY17	FY18E	FY19E
CF before WC changes	28,280	27,847	43,154	42,533	33,435
Working Capital Changes	(949)	(31,537)	(1,646)	(3,667)	860
CF from Operations	27,331	(3,690)	41,508	38,867	34,296
Adj OCF (OCF-Interest)	27,354	(3,269)	41,508	38,867	34,296
Change in fixed assets	(8,676)	(57,746)	(26,145)	(24,687)	(20,000)
Adj. FCF (AOCF-Capex)	18,678	(61,015)	15,363	14,180	14,296
CF from Investing	(10,344)	(67,506)	(47,337)	(26,082)	(22,240)
CF from Financing	(1,969)	58,126	4,253	(12,085)	(10,087)
Net change in Cash	15,018	(13,069)	(1,576)	700	1,968

Source: Company, Centrum Research Estimates

Appendix A

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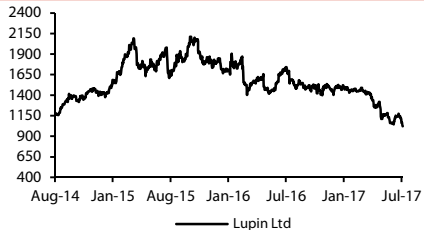
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Lupin price chart



Source: Bloomberg, Centrum Research

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