

Unfavourable product mix ; maintain Buy

We maintain Buy rating on Lupin with TP to Rs920 (earlier Rs930) based on 23x March'20 EPS of Rs40.0. Lupin's Q1FY19 results were lower than our and consensus estimates due to pricing pressure in the US generic market. Lupin's revenue was flat YoY, margin declined 620bps to 13.7%, and net profit declined by 43% YoY. The pricing pressure in the US has eased out due to discontinuation of several generic products by Teva and Sandoz. We believe the company's robust growth across key markets coupled with its strong pipeline of 162 pending ANDAs with US FDA 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 likely to improve:** Lupin's revenue in Q1FY19 was flat to Rs38.56bn due to declining sales in the US generic market. Its US business (31% of revenues) declined 26% YoY due to lower volumes in Tamiflu and lower volume of metformin formulations, Its Asia Pacific business (16% of revenues) grew 2% YoY. Lupin's domestic formulations business (32% of revenues) grew by 28%YoY due to lower base in Q1FY18 after GST implementation. Its API business (9% of revenues) grew by 28%YoY. We expect its performance to improve led by new launches in the US and strong growth of ~15% expected in the domestic market in FY19.
- **Margin set to grow:** Lupin's EBIDTA margin declined by 620bps YoY to 13.7% from 19.9%, due to sharp rise in material cost. Material cost increased 560bps to 37.5% from 31.9% due to unfavourable product mix and pricing pressure in the US. Personnel expenses rose 80bps to 18.4% from 18.6%. Other expenses declined by 30bps to 29.4% from 29.7% as there is no excise duty in the current quarter. We expect new launches in the US and domestic market to lead margin improvement.
- **US business to drive growth:** Lupin is the market leader in 61 of the 160 products in the US generic market. The company's 112 products feature among the top three products in the US generic market. Lupin plans to launch ~30 new products in the US during FY19. With 162 ANDAs pending approval with US FDA, Lupin is poised for good growth.
- **Valuation and key risks:** We have reduced our FY19E and FY20E by 7% and 1% respectively. We maintain our Buy rating on Lupin with TP to Rs920 based on 23x FY20E EPS of Rs40.0 with an upside of 11.8% from CMP. We expect the company to benefit from its strong pipeline in the US, its recent launch of Solosec in the US market.

Particulars (Rs mn)	Q1FY19	Q1FY18	YoY (%)	Q4FY18	QoQ (%)	Q1FY19E	% Var.
Total Revenues	38,559	38,696	(0.4)	40,338	(4.4)	41,200	(6.4)
Raw material cost	14,441	12,326	17.2	13,626	6.0	13,800	4.6
Employee cost	7,494	7,180	4.4	7,287	2.8	7,600	(1.4)
Other expenses	11,354	11,506	(1.3)	12,338	(8.0)	12,700	(10.6)
EBIDTA	5,270	7,684	(31.4)	7,087	(25.6)	7,100	(25.8)
EBIDTA margin (%)	13.7	19.9	-	17.6	-	17.2	-
Depreciation	2,590	2,605	(0.6)	2,728	(5.1)	2,880	(10.1)
Interest	687	439	56.5	585	17.4	600	14.5
Other income	1,842	320	475.6	1,449	27.1	1,350	36.4
PBT	3,835	4,960	(22.7)	5,223	(26.6)	4,970	(22.8)
Prov. For tax	1,811	1,368	32.4	(1,632)	(211.0)	1,300	39.3
PAT before minority int.	2,024	3,592	(43.7)	6,855	(70.5)	3,670	(44.9)
Minority Interest	4	11	(63.6)	(46)	(108.7)	10	(60.0)
PAT before EO items	2,028	3,581	(43.4)	6,809	(70.2)	3,680	(44.9)

Source: Company, Centrum Research

Y/E March	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adjust. PAT	YoY (%)	DEPS Rs.	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY16	1,42,556	11.6	36,854	25.9	22,607	(5.9)	50.0	22.6	16.6	36.1	23.8
FY17	1,74,943	22.7	44,931	25.7	25,575	13.1	56.6	20.7	13.4	26.8	16.8
FY18	1,58,042	(9.7)	31,476	19.9	2,512	(90.2)	38.0	1.9	9.1	26.6	16.2
FY19E	1,66,741	5.5	31,731	19.0	14,311	469.7	31.7	10.1	7.9	26.0	13.5
FY20E	1,86,461	11.8	38,486	20.6	18,068	26.3	40.0	11.6	9.4	20.6	11.0

Source: Company, Centrum Research Estimates

In the interest of timeliness, this document is not edited

Centrum Equity Research is available on Bloomberg, Thomson Reuters and FactSet

Target Price	Rs920	Key Data	
CMP*	Rs823	Bloomberg Code	LPC IN
Upside	11.8%	Curr Shares O/S (mn)	452.1
Previous Target	Rs930	Diluted Shares O/S(mn)	452.1
Previous Rating	Buy	Mkt Cap (Rsbn/USDbn)	372.1/5.4
Price Performance (%)*		52 Wk H / L (Rs)	1090/723.6
		5 Year H / L (Rs)	2129/723.6
LPC IN	(8.9)	0.1	(12.2)
NIFTY	4.4	9.3	16.4
		Daily Vol. (3M NSE Avg.)	3321359

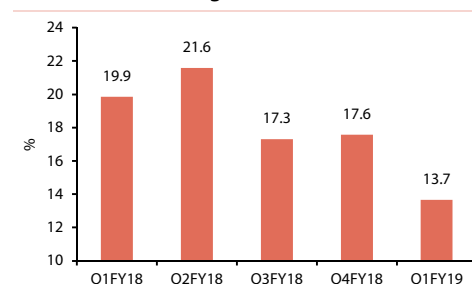
*as on 9th August 2018 Source: Bloomberg, Centrum Research

Shareholding pattern* (%)

	June'18	Mar-18	Dec-17	Sept-17
Promoter	47.0	47.0	47.0	46.8
FII's	25.8	25.4	25.6	27.7
Dom. Inst.	11.7	12.1	11.9	12.2
Public & Others	15.5	15.5	15.5	13.3

Source: BSE, *as on 9th August 2018

Trend in EBIDTA margin (%)



Source: Company, Centrum Research

Earning Revision

Particulars (Rs mn)	FY19E			FY20E		
	New	Old	Chg (%)	New	Old	Chg (%)
Sales	1,66,741	1,68,867	(1.3)	1,86,461	1,89,249	(1.5)
EBITDA	31,731	34,607	(8.3)	38,486	40,314	(4.5)
EBIDTA margin (%)	19.0	20.5	(150)bps	20.6	21.3	(70)bps
PAT	14,311	15,487	(7.6)	18,068	18,236	(0.9)

Source: Centrum Research Estimates

Centrum vs. Bloomberg Consensus*

Particulars (Rs mn)	FY19E			FY20E		
	Centrum	BBG	Chg (%)	Centrum	BBG	Chg (%)
Sales	1,66,741	1,66,701	0.0	1,86,461	1,87,015	(0.3)
EBITDA	31,731	30,933	2.6	38,486	38,040	1.2
PAT	14,311	14,072	1.7	18,068	18,504	(2.4)

Bloomberg Consensus				Centrum Target Price (Rs)	Variance (%)
BUY	SELL	HOLD	Target Price (Rs)		
12	19	12	796	920	15.5

*as on 9th August 2018 Source: Bloomberg, Centrum Research

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Conference call highlights

Pricing pressure in the US

- As per management, the company has reported 26% YoY decline in the US revenues in Q1FY19, led by lower volume for Tamiflu and Metformin formulations and erosion of Methergine franchise due to generic competition.
- Lupin has launched 160 products in the US market and is a market leader in 61 products. Lupin's 112 products feature among the top 3 competing products.
- As per the management, cumulative ANDAs with the US FDA stand at 402, of which 240 have been approved. These contain 38 FTF opportunities of which 16 are exclusive FTF.
- Lupin filed 4 ANDA and received approval for 5 ANDAs in Q1FY19.
- The management indicated plans to launch over 20 new products in FY19 in the US generic market. The company has successfully launched Solosec in the US market during Q4FY18. Lupin has developed inhalation product pipeline for the US market.
- Lupin has received warning letters from US FDA for its Goa and Indore facilities. The management indicated that the remedial measures have been completed and the company has plans to invite US FDA in Q2FY19.

Domestic market

- Lupin reported 28%YoY growth in the domestic market in Q1FY19 due to lower base in Q1FY18 due to GST uncertainties. The domestic formulation business contributed 32% to overall revenues.

Asia Pacific market

- Management indicated that revenues in the Asia Pacific market grew 2% YoY during Q1FY19 and contributed 16% to overall revenues.

Financials

- The management indicated the procurement prices for API and intermediates from China have gone up.
- Management indicated that tax rate for FY19 would be ~30%.
- The management has guided EBIDTA margin of 18-20% and single digit decline in revenues for US generic business in FY19.
- Forex gain in Q1FY19 was Rs1.50bn.

Pricing pressure eases in the US

Sales composition

Lupin reported flat revenue growth during Q1FY19 to Rs38.56bn from Rs38.70bn. Its US formulation business (31% of revenues) declined 26% YoY to Rs11.86bn from Rs16.02bn due to pricing pressure in the US market and no meaningful new product launches.

The company's domestic formulation business (32% of revenues) grew by 28% YoY to Rs11.92bn from Rs9.32bn. The domestic revenue growth was attributed to lower base in Q1FY18 due to uncertainties of GST implementation. The formulation business in Asia Pacific (16% of revenues) grew 2% YoY to Rs6.08bn from Rs5.99bn. Revenues from API business (9% of revenues) grew by 28%. Hence, the overall growth was impacted by pricing pressure in the US generic market which was partly off-set by strong domestic growth. The management has indicated that the pricing pressure has eased out due to discontinuation of several generic products by Teva and Sandoz in the US generic market.

The following table presents detailed geography-wise revenues:

Exhibit 1: Sales composition

PARTICULARS (Rs mn)	Q1FY19	Q1FY18	YoY Gr%	Q4FY18	QoQ Gr %	Q1FY19E	% Var.
Formulations							
Form-N. America	11,858	16,018	(26.0)	14,990	(20.9)	15,200	(22.0)
Form.India	11,924	9,324	27.9	9,647	23.6	10,400	14.7
Form-Asia Pacific	6,077	5,989	1.5	6,637	(8.4)	6,800	(10.6)
Form-Europe, ME, Africa	2,760	2,259	22.2	3,513	(21.4)	3,100	(11.0)
Form-LATAM	1,256	1,269	(1.0)	1,645	(23.6)	1,650	(23.9)
Form-RoW	290	416	(30.3)	545	(46.8)	450	(35.6)
Formulations-Total	34,165	35,275	(3.1)	36,977	(7.6)	37,600	(9.1)
API	3,581	2,793	28.2	2,808	27.5	2,950	21.4
Total sales	37,746	38,068	(0.8)	39,785	(5.1)	40,550	(6.9)
Other op. income	813	628	29.5	553	47.0	650	25.1
Total income	38,559	38,696	(0.4)	40,338	(4.4)	41,200	(6.4)

Source: company, Centrum Research

Major domestic products and their performance

As per AIOCD AWACS data-June'18, Lupin revenues grew by 13.6% YoY, compared to the industry growth of 12.8% over the same period. Lupin's 29 top brands contributed ~40% to the domestic revenues. Nineteen of these brands grew faster than the market growth rate of 12.8%. Lupin's anti-diabetic brand Gibtulio grew at 109.5%. We expect these nineteen brands to drive the company's future growth.

The following table shows the details:

Exhibit 2: Major products and their performance

Product	Therapeutic category	April'18		May'18		June'18	
		Sales (Rs mn)	Gr. Rate %	Sales (Rs mn)	Gr. Rate %	Sales (Rs mn)	Gr. Rate %
Pharma industry		1,07,763	8.1	1,09,179	10.9	1,04,604	12.8
Lupin		3,917	11.2	4,053	13.1	3,834	13.6
Gluconorm-G	anti-diabetic	182	11.9	183	10.8	181	16.6
Huminsulin	insulin	154	14.5	169	21.8	159	23.4
Tonact	cholesterol reducer	82	5.6	85	10.5	81	11.6
Budamate	anti-asthmatic	94	14.8	94	16.6	85	17.6
Rablet-D	anti-ulcer	64	12.0	68	19.7	67	26.0
Esiflo	anti-asthmatic	43	7.4	40	2.4	38	8.8
Ramistar	CVS	36	3.4	42	20.8	37	17.1
Rablet	anti-ulcer	54	3.2	57	16.3	54	17.9
R-Cinex	anti TB	40	(3.5)	40	(2.8)	37	(5.7)
Tazar	anti-infective	46	6.8	51	11.8	44	(3.5)
Telekast-L	anti-asthmatic	49	27.7	45	26.0	42	35.6
Huminsulin R	anti diabetic	41	26.2	42	25.8	39	28.8
Gluconorm-PG	anti-diabetic	42	7.6	44	9.2	44	19.5
Gibtulio	anti diabetic	58	93.7	69	108.3	69	109.5
Ondero Met	anti diabetic	40	61.4	43	62.4	41	54.7
Lupisulin M30	insulin	44	13.3	46	23.2	43	21.9
Ivabrad	CVS	65	41.0	60	30.6	53	20.0
Signoflam	NSAIDs	41	21.2	44	18.4	45	33.7
Clopitab-A	anti coagulant	34	7.8	35	11.5	33	8.6
Novostat	cholesterol reducer	34	2.3	36	11.4	35	16.6
Ondero	anti diabetic	56	49.2	59	45.6	56	44.3
Merotrol	anti infective	41	(1.7)	38	(18.0)	36	(24.0)
Cetil	anti infective	47	18.6	50	18.6	46	10.7
Nebistar	CVS	35	13.0	36	19.6	34	25.8
Clopitab	anti coagulant	32	4.1	32	5.9	31	6.5
Tonact-G	cholesterol reducer	33	8.0	32	5.3	31	10.2
L-Cin	anti infective	30	25.6	30	31.9	27	26.4
Rcifax	anti infective	33	15.6	37	16.5	35	18.5
Odoxil	anti infective	19	(14.8)	21	8.9	23	10.3
Total		1569		1628		1546	

Source: AIOCD AWACS data-April-June'18

Valuations & Key Risks

The management indicated that the decline in US revenues was due to decline in volume of Metformin formulations and lower revenues from Tamiflu as the flu season was over. Moreover, the Methergine franchise was eroded in the US due to the entry of generics. Lupin's US business in Q1FY19 declined by 26%YoY.

Lupin's domestic business (32% of revenues) grew by 28%YoY due to low base in Q1FY18 due to GST uncertainties. We have reduced our FY19E and FY20E EPS by 8% and 1% respectively due to muted performance in the US market which contributes 31% to total revenues.

We maintain our Buy rating on Lupin with a TP of Rs920 based on 23x FY20E EPS of Rs40.0 with an upside of 11.8% from CMP. We expect the company to benefit from the strong pipeline in the US and acquisition of Shionogi's 21 brands in Japan. Key upside risks to our assumptions would be strong growth of US generic market and key downside risk would be pricing pressure in the US generic market.

Exhibit 3: Earning Revision

Particulars (Rs mn)	FY19E			FY20E		
	New	Old	Chg (%)	New	Old	Chg (%)
Sales	1,66,741	1,68,867	(1.3)	1,86,461	1,89,249	(1.5)
EBITDA	31,731	34,607	(8.3)	38,486	40,314	(4.5)
EBITDA margin (%)	19.0	20.5	(150)bps	20.6	21.3	(70)bps
PAT	14,311	15,487	(7.6)	18,068	18,236	(0.9)

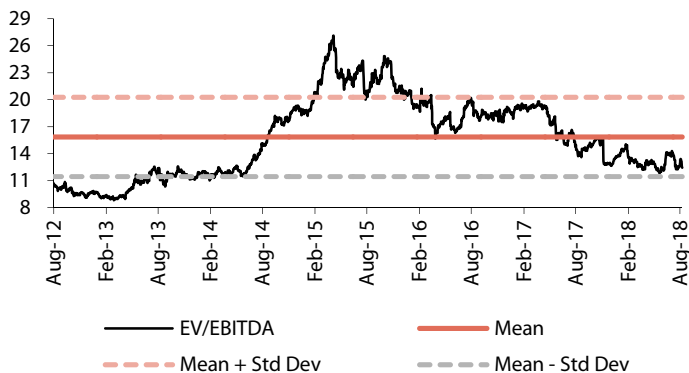
Source: Centrum Research Estimates

Exhibit 4: Sensitivity Analysis

Sensitivity to key variables-FY19E	% increase	% impact on EBITDA	% impact on EPS
Sales	1	5.3	11.6
Material cost	1	(1.8)	(4.0)

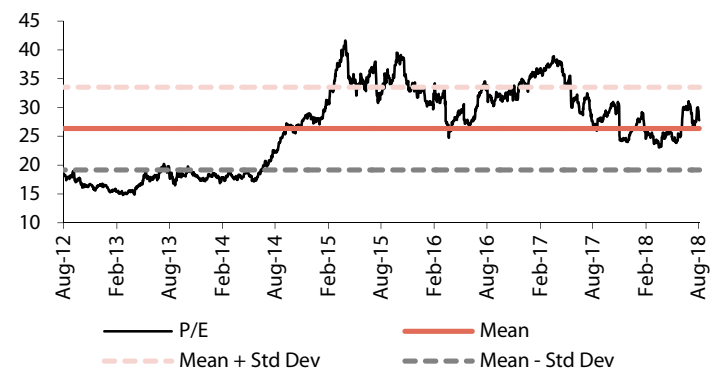
Source: Company, Centrum Research Estimates

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 FY18-FY20E (%)			EBITDA Margin (%)			PE (x)			EV/EBITDA (x)			RoE (%)			Div Yield (%)		
		Rev.	EBITDA	PAT	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Lupin	3,71,996	8.6	10.6	2.6	19.9	19.0	20.6	26.6	26.0	20.6	16.2	13.5	11.0	1.9	10.1	11.6	0.6	0.9	1.0
Aurobindo	3,51,600	16.7	20.0	19.8	23.0	23.8	24.3	14.5	12.1	10.1	11.2	8.2	6.9	23.0	22.3	21.9	0.3	0.7	0.8
Cipla	4,98,295	16.6	24.4	29.2	18.6	19.6	21.2	31.1	26.9	19.9	17.1	14.9	11.8	10.6	12.3	14.9	0.6	0.7	0.8
Dr. Reddy's Labs	3,71,508	8.9	17.8	35.4	16.5	18.0	19.3	41.9	27.3	21.4	18.9	15.0	12.5	7.6	10.5	12.4	1.0	1.3	1.6

Source: Centrum Research Estimates, Prices as on 9th August 2018

Quarterly Financials, Operating Metrics and Key Performance

Particulars (Rs mn)								
P & L	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
Revenues	42,905	44,828	42,533	38,696	39,520	39,756	40,338	38,559
Material cost	12,429	13,016	11,851	12,326	12,866	13,927	13,626	14,441
Personnel expenses	7,100	7,286	7,078	7,180	7,250	6,931	7,287	7,494
Other Expenses	13,072	12,343	15,791	11,506	10,874	12,015	12,338	11,354
Total Expenses	32,601	32,645	34,720	31,012	30,990	32,873	33,251	33,289
EBIDTA	10,304	12,183	7,813	7,684	8,530	6,883	7,087	5,270
Other income	271	1036	453	320	740	284	1449	1842
PBDIT	10,575	13,219	8,266	8,004	9,270	7,167	8,536	7,112
Interest	287	484	406	439	479	540	585	687
Depreciation	2,112	2,309	2,674	2,605	2,722	2,803	2,728	2,590
Profit before tax	8,176	10,426	5,186	4,960	6,069	3,824	5,223	3,835
Tax provision	1,589	4,094	1,367	1,368	1,540	1,607	(1,632)	1,811
Profit before minority interest	6,587	6,332	3,819	3,592	4,529	2,217	6,855	2,024
Minority interest	-42	0	16	-11	20	6	-46	4
Net Profit before EO	6,629	6,332	3,835	3,581	4,549	2,223	6,809	2,028
EO items	0	0	0	0	0	0	14643	0
Net profit after EO	6,629	6,332	3,835	3,581	4,549	2,223	(7,834)	2,028
Growth (%)								
Revenues	28.9	26.4	1.3	(13.4)	(7.9)	(11.3)	(5.2)	(0.4)
EBIDTA	55.5	44.0	(40.6)	(41.3)	(17.2)	(43.5)	(9.3)	(31.4)
Net Profit	57.9	20.7	(48.7)	(59.4)	(31.4)	(64.9)	(304.3)	(43.4)
Margin (%)								
EBIDTA	24.0	27.2	18.4	19.9	21.6	17.3	17.6	13.7
Profit before tax	19.1	23.3	12.2	12.8	15.4	9.6	12.9	9.9
Net margin	15.5	14.1	9.0	9.3	11.5	5.6	16.9	5.3

Source: Company, Centrum Research

Exhibit 8: Key Performance Indicators

Assumptions	FY16	FY17	FY18	FY19E	FY20E
Revenue growth %	11.6	22.7	(9.7)	5.5	11.8
Material cost (%)	30.4	28.6	33.4	34.0	33.6

Source: Company, Centrum Research Estimates

Financials-consolidated

Exhibit 9: Income Statement

Y/E Mar (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
Revenues	1,42,556	1,74,943	1,58,042	1,66,741	1,86,461
Material cost	43,326	50,015	52,744	56,767	62,700
% of revenues	30.4	28.6	33.4	34.0	33.6
Employee cost	21,416	28,495	28,647	31,120	34,540
% of revenues	15.0	16.3	18.1	18.7	18.5
Other Expenses	40,960	51,502	45,175	47,123	50,735
% of revenues	28.7	29.4	28.6	28.3	27.2
EBIDTA	36,854	44,931	31,476	31,731	38,486
EBIDTA margin (%)	25.9	25.7	19.9	19.0	20.6
Depreciation & Amortisation	4,871	9,122	10,859	11,400	12,813
EBIT	31,983	35,809	20,617	20,331	25,673
Interest Expenses	595	1,525	2,044	2,630	3,010
PBT from operations	31,388	34,284	18,573	17,701	22,663
Other income	1,852	1,065	1,504	2,960	3,385
PBT	33,240	35,349	20,077	20,661	26,048
Tax provision	10,594	9,785	2,885	6,300	7,900
Effective tax rate (%)	31.9	27.7	14.4	30.5	30.3
Net profit	22,646	25,564	17,192	14,361	18,148
Minority interest	39	(11)	36	50	80
Reported net profit	22,607	25,575	2,512	14,311	18,068
Adj. Net profit	22,607	25,575	2,512	14,311	18,068

Source: Company, Centrum Research Estimates

Exhibit 10: Key Ratios

Y/E Mar (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
Growth Ratios (%)					
Revenues	11.6	22.7	(9.7)	5.5	11.8
EBIDTA	1.8	21.9	(29.9)	0.8	21.3
Adj. Net Profit	(5.9)	13.1	(90.2)	469.7	26.3
Margin Ratios (%)					
EBIDTA margin	25.9	25.7	19.9	19.0	20.6
PBT from operations margin	22.0	19.6	11.8	10.6	12.2
Adj. PAT margin	15.9	14.6	1.6	8.6	9.7
Return Ratios (%)					
RoCE	16.6	13.4	9.1	7.9	9.4
RoE	22.6	20.7	1.9	10.1	11.6
RoC	16.5	13.6	9.0	7.2	8.6
Turnover ratios (days)					
Gross Block Turnover (x)	2.4	2.1	1.5	1.5	1.5
Debtors	116	90	120	108	131
Creditors	46	54	60	53	69
Inventory	84	76	85	90	89
Cash Conversion Cycle	155	112	145	146	152
Solvency Ratio					
Debt-Equity	0.6	0.6	0.5	0.4	0.4
Net Debt-Equity	0.6	0.5	0.4	0.4	0.3
Current Ratio	2.7	2.3	2.2	2.4	2.3
Interest Coverage Ratio	0.0	0.0	0.1	0.1	0.1
Gross Debt/EBIDTA	1.9	1.8	2.2	2.0	1.6
Per Share (Rs)					
FDEPS (adjusted)	50.0	56.6	38.0	31.7	40.0
CEPS	60.8	76.8	29.6	56.9	68.3
Book Value	247.8	299.0	300.4	327.4	361.8
Dividend	7.5	7.5	5.0	6.0	7.0
Dividend Payout (%)	18.0	15.9	108.3	22.8	21.1
Valuations (x) (Avg Mkt Cap)					
PER	36.1	26.8	26.6	26.0	20.6
P/BV	7.3	5.1	3.4	2.5	2.3
EV/EBIDTA	23.8	16.8	16.2	13.5	11.0
Dividend Yield (%)	0.5	0.6	0.6	0.9	1.0
5-yr Avg AOCF/EV yield(%)	1.4	2.6	3.7	4.4	4.2

Source: Company, Centrum Research Estimates

Exhibit 11: Balance Sheet

Y/E Mar (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
Share capital	901	903	904	904	904
Reserves & surplus	1,10,732	1,34,073	1,34,866	1,47,063	1,62,614
Total shareholders Funds	1,11,633	1,34,976	1,35,770	1,47,967	1,63,518
Total Debt	71,193	79,521	68,763	62,090	60,100
Minority interest	321	345	401	450	520
Deferred tax Liab.	(92)	(1,128)	(4,311)	(2,007)	(2,100)
Total Liabilities	1,83,055	2,13,714	2,00,623	2,08,500	2,22,038
Gross Block	69,464	1,00,852	1,03,618	1,21,770	1,34,770
Less: Acc. Depreciation	4,952	13,624	24,483	35,883	48,697
Net Block	64,512	87,228	79,135	85,887	86,073
Capital WIP	27,024	21,331	25,982	26,000	25,800
Goodwil on consolidation	22,654	23,100	24,485	25,100	25,900
Net Fixed Assets	1,14,190	1,31,659	1,29,602	1,36,987	1,37,773
Investments	132	21,361	2,616	2,759	3,189
Inventories	32,736	36,423	36,625	41,100	45,500
Debtors	45,488	43,074	51,922	49,430	66,900
Loans & Advances	22,128	21,496	21,043	22,050	22,980
Cash & Bank Balance	8,218	6,981	14,080	4,844	8,126
Other assets	-	-	-	-	-
Total Current Assets	1,08,570	1,07,974	1,23,670	1,17,424	1,43,506
Trade payable	17,868	25,948	25,791	24,000	35,000
Other current Liabilities	17,720	12,551	20,372	18,870	21,330
Provisions	4,249	8,781	9,102	5,800	6,100
Net Current Assets	68,733	60,694	68,405	68,754	81,076
Total Assets	1,83,055	2,13,714	2,00,623	2,08,500	2,22,038

Source: Company, Centrum Research Estimates

Exhibit 12: Cash Flow

Y/E Mar (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
CF before WC changes	27,847	43,530	12,916	18,155	26,787
Working Capital Changes	(31,537)	(1,646)	(3,667)	860	(4,477)
CF from Operations	(3,690)	41,884	9,249	19,015	22,310
Adj OCF (OCF-Interest)	(3,269)	41,884	9,249	19,015	22,310
Change in fixed assets	(57,746)	(26,145)	(7,417)	(18,170)	(12,799)
Adj. FCF (AOCF-Capex)	(61,015)	15,739	1,832	845	9,511
CF from Investing	(67,506)	(47,374)	11,328	(18,313)	(13,229)
CF from Financing	58,126	4,253	(13,478)	(9,938)	(5,799)
Net change in Cash	(13,069)	(1,237)	7,099	(9,236)	3,282

Source: Company, Centrum Research Estimates

Appendix A

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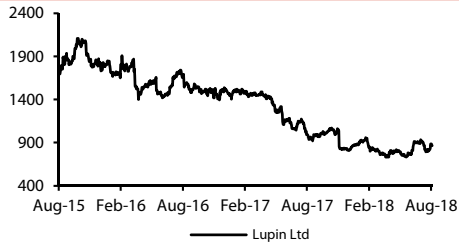
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Lupin price chart



Source: Bloomberg, Centrum Research

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