

Market Cap.

Rs.44,276 Cr.

52 Week H/L

Rs.1122 / 537

CMP

Rs.976

Target Price

Rs.1,117

PHARMA

STOCK DATA

HOLD

 Reuters Code LUPN.BO
 Bloomberg Code LPC IN

 BSE Code 500257
 NSE Symbol LUPIN

Face Value Rs.2

Shares Outstanding 45.4 Cr.

Avg. Daily Volume (6m) 3,139,892 Shares

Price Performance (%)

1M	3M	6M
(3)	2	(1)

200 days EMA Rs.965

SHARE HOLDING (%)

Promoters	46.9
FII	19.0
FI /MF	20.7
Bodies Corporate	0.6
Public & Others	12.8

RESEARCH ANALYST

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Lupin Ltd. recently announced its performance for the quarter ended December 31, 2020. Following are the key highlights.

Particulars	Q3 FY21	Q3 FY20	YoY	Q2 FY21	QoQ
Net Sales	4,017	3,769	6.6%	3,835	4.8%
EBITDA	778.8	429.1	81.5%	581.2	34%
EBITDA Margin	19.4%	11.4%	800 bps	15.2%	420 bps
Profit before Tax	525.0	181.9	188.6%	360.0	45.7%
Profit after Tax	441.4	(585.2)	NM	213.5	106.7%
PAT Margin	11.0%	NM	NM	5.6%	550 bps
EPS	9.63	(19.3)	NM	4.7	105.3%

Highlights from the Quarter (Q3 FY21)

During Q3 FY21, the top-line grew by 6.6% YoY at Rs.4,017 cr and up by 4.8% as compared to Rs.3,835 cr on qoq basis. U.S. sales grew by 4% sequentially at US\$188 million in Q3 FY21, as compared to US\$180 million in Q2 FY21, and grew by 1% as compared to Q3 FY20. The sequential growth was driven by ramp up in Albuterol as well as new products like Lapatinib, Tacrolimus etc. India region saw a growth of 5.4% YoY, since demand for acute as well as chronic products picked up as the market began to open up, leading to higher patient visits to the clinics.

Gross margins were up by 1.4% vis-a-vis the previous quarter at 64.9%, driven by improvement in the business mix across regions and continued moderation of freight rates. There is further scope of improvement in Gross margins on account of alternate vendor development and rationalization of employees. Employee cost came in at Rs.707cr as against Rs.685cr, on account of increments rolled out during the quarter. EBITDA margin came in at 19% in the current quarter and the company aims to achieve margin at 20-22% in near future.

Going forward, company expects India to report double digit growth in FY22 vs single digit growth in FY21 with increase in market share. On US, it plans to file 30-35 products on yearly basis. About 15-20 will be oral solids, FTF, few derma, few ophthals, rest will 6+ injectables, 3-4 on inhalation as compared to 6 products in 9MFY21.

OUTLOOK AND VALUATION

Lupin has strong pipeline of products with limited competition, which are planned to be launched in US and Europe. Company believes, with investment that it has made in women healthcare and speciality products, it is at inflection point and should drive healthy topline growth. We expect ROE to improve from 2.7% in FY20 to 12.9% FY22e. **We recommend HOLD on the stock with target price of Rs.1,117 for the period of 18-24 months .**

Y/E Mar	Revenue (Rs. Cr)	PAT (Rs. Cr)	NPM (%)	AEPS (Rs.)	P/E (x)	ROE (%)
FY20	15,375	352	2.3	7.8	NM	2.7
FY21E	15,960	1,034	6.5	22.8	39.9	8.0
FY22E	17,498	1,535	8.8	33.9	26.9	11.0
FY23E	19,012	1,984	10.4	43.8	20.8	12.9



PROFIT & LOSS STATEMENT

(Rs. Cr)

Y/E Mar.	FY20	FY21E	FY22E	FY23E
Revenue	15,374.8	15,959.9	17,498.4	19,012.4
Raw Material	5,430.6	5,729.6	6,072.0	6,464.2
Employee Cost	2,986.8	3,032.4	3,237.2	3,460.3
Other Expenses	4,602.5	4,772.0	5,074.5	5,418.5
EBITDA	2,354.8	2,425.9	3,114.7	3,669.4
Depreciation	970.2	957.6	979.9	1,007.7
Interest Cost	363.0	200.0	210.0	220.0
Other Income	483.8	399.0	437.5	475.3
PBT	757.3	1,667.3	2,362.3	2,917.0
Tax	1,157.1	633.6	826.8	933.5
APAT	352.2	1,033.7	1,535.5	1,983.6

BALANCE SHEET STATEMENT

(Rs. Cr)

As on 31 st Mar.	FY20	FY21E	FY22E	FY23E
Equity Share Capital	90.6	90.6	90.6	90.6
Reserves	12,446.1	13,208.0	14,471.7	16,183.5
Net worth	12,536.7	13,298.6	14,562.3	16,274.1
Total loans	5,010.8	2,659.7	3,203.7	3,580.3
Other Current Liabilities	9,225.2	8,371.2	8,777.5	9,128.2
Total Liabilities	24,983.9	22,494.6	24,241.0	26,369.1
Net block	4,365.6	4,333.6	4,316.1	4,354.2
Sundry debtors	5,445.9	5,503.4	6,249.4	6,790.1
Inventories	3,456.9	2,864.8	2,891.4	3,078.2
Cash and bank	2,454.3	418.8	1,110.8	1,819.3
Loans and advances	37.0	38.0	40.0	41.0
Other Financial Assets	389.6	421.0	452.0	420.0
Total Assets	24,983.9	22,494.6	24,241.0	26,369.1

Source: Company, Sushil Finance Research

CASH FLOW STATEMENT

(Rs. Cr)

Y/E Mar.	FY20	FY21E	FY22E	FY23E
PAT	-399.9	1033.7	1535.5	1983.6
Depreciation & Amortization	970.2	957.6	979.9	1007.7
Finance Cost	363.0	200.0	210.0	220.0
(Incr)/Decr in Working Capital	1907.5	-459.5	-966.9	-770.7
Cash Flow from Operating	3997.9	2365.5	2585.3	3374.0
(Incr)/ Decr in Gross PP&E	-424.2	-925.7	-962.4	-1045.7
(Incr)/Decr other non current asset	3037.0	-20.5	-43.0	-42.0
Cash Flow from Investing	2833.7	-1066.8	-990.4	-1102.7
Change in ST Loans & Advances				
(Decr)/Incr in Debt	-3624.0	-2351.0	544.0	376.6
Taxes	-1157.1	-633.6	-826.8	-933.5
Cash Flow from Financing	-4778.2	-3334.2	-902.8	-1562.9
Cash at the End of the Year	3040.6	418.8	1110.8	1819.3

FINANCIAL RATIO STATEMENT

Y/E Mar.	FY20	FY21E	FY22E	FY23E
Growth (%)				
Total Sales	4.8%	3.8%	9.6%	8.7%
Profitability (%)				
EBITDA Margin	15.3%	15.2%	17.8%	19.3%
APAT Margin	2.3%	6.5%	8.8%	10.4%
ROCE	7.4%	9.8%	14.4%	16.3%
Per Share Data (Rs.)				
AEPS	7.8	22.8	33.9	43.8
Reported CEPS	29.2	44.0	55.5	66.0
BVPS	276.7	293.6	321.5	359.3
Valuation				
PER (x)	NM	39.9	26.9	20.8
P/BV (x)	3.3	3.1	2.8	2.5
EV/EBITDA (x)	32.2	31.3	24.4	20.7
MCap/Net Sales (x)	4.4	4.3	3.9	3.6
Turnover				
Debtor Days	129	126	130	130
Inventory Days	232	183	174	174
Creditor Days	162	118	122	122
Gearing Ratio				
D/E (x)	0.40	0.20	0.22	0.22

Source: Company, Sushil Finance Research

Earlier Recommendation

Date	Report Type	Reco	Price (Rs.)	Target (Rs.)
13 Nov. 2020	Initiating Coverage	Buy	899	1,117

Rating Scale :

This is a guide to the rating system used by our Institutional Research Team. Our rating system comprises of three rating categories.

Total Expected Return Matrix (Rating and Return)	BUY : Over 20%	HOLD : 0% to 20%	SELL : 0% to -20%
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Sushil Financial Services Pvt. Ltd and Group Directors Holding	No
Broking Relationship with the company covered	No