NARNOLIA
Advance Strategy Simple Solutions
SEBI Registered Portfolio Manager

LUPIN

"Optimistic Guidance "

"BUY"
1st Nov' 13

Result Update	BUY
CMP	886
Target Price	1006
Previous Target Price	-
Upside	14%
Change from Previous	-

Market Data	
BSE Code	500257
NSE Symbol	LUPIN
52wk Range H/L	946/557
Mkt Capital (Rs, Cr)	39750
Average Daily Volume	395892
Nifty	6299

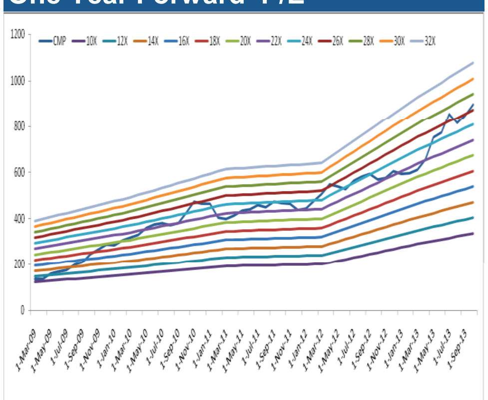
Stock Performance-%

	1M	1yr	YTD
Absolute	9	52	41
Rel. to Nifty	10	43	30

Share Holding Pattern-%

	Current	4QFY13	3QFY1
Promoters	46.8	46.8	46.8
FII	31.5	30.7	28.8
DII	12.1	12.4	14.3
Others	9.7	10.1	10.0

One Year Forward P/E



Lupin has posted slightly better than expected 2QFY14 results ,the company reported its net sales at Rs 2631 Cr up by 18 % YoY on the back of strong business performance from US and Europe formulation segment. The segment grew by 31% YoY to Rs. 1108.9 Cr during 2Q FY14, against Rs. 844.4 Cr for Q2, FY 2012 13.This segment contributes 42% to overall Company sales.US brands business contributed 10% of total US sales, whereas the generics business contributed 90% for the quarter under review.

The Indian formulation business contributed 25% of the Company's overall revenues for the quarter.Company's India formulation business grew by 9% recording revenues of Rs. 6,635 m. during Q2, FY 2013 14, as compared to Rs. 6,064 m. for Q2, FY 2012 13. The company's rest other business geographies to have performed relatively good for the company.

The operating EBITDA for the 2QFY14 came at Rs 660 Cr and OPM stands at 24.7%.The RM cost decreased by 7.7% to 32.0% of net sales at Rs. 841.3 Cr during 2QFY14 as compared to Rs. 889.8 Cr for 2Q FY 13.Manufacturing & other expenses increased by to 30.4% of net sales at Rs. 798.8 Cr during 2Q FY14 as compared to Rs. 591.7 Cr for the same period last fiscal.Revenue expenditure on R&D stood at 8.3% of net sales at Rs. 217.2 Cr.

The Net profits for 2QFY14 came at Rs 417 Cr. The higher incidence of tax during the quarter is due to tax provision of Rs 51 Cr made on dividends received from subsidiaries

The company has filed 7 ANDAs and received 6 ANDA approvals in the quarter. Cumulative ANDA filings with the US FDA now stand at 183 with the company having received 92 approvals to date.

Post the results management said that company is back on the trajectory and expects to do 18-20 % kind of growth going forward and company further quoted that management is comfortable with 25-30% growth in PAT.

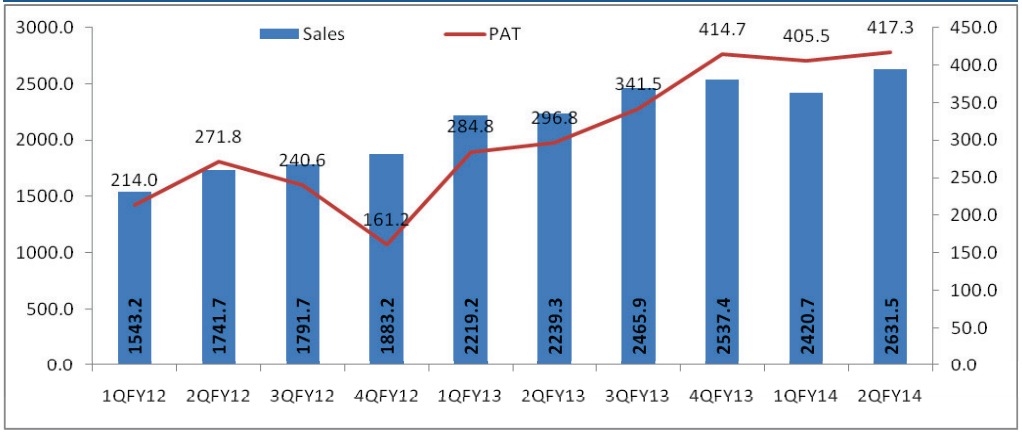
We have slightly raise our TP to Rs 1006 on the back management guidance post the results. The management is quite optimistic for its business outlook going forward and believes that the company will achieve its set target going forward.

Financials Rs, Crore

	2QFY14	1QFY14	(QoQ)-%	2QFY13	(YoY)-%
Revenue	2668	2476	**7.8**	2301	**15.9**
EBITDA	660	590	**11.9**	515	**28.2**
PAT	417	405	**3.0**	297	**40.4**
EBITDA Margin	24.7%	23.8%	**90bps**	22.4%	**240bps**
PAT Margin	15.6%	16.4%	**(70bps)**	12.9%	**270bps**

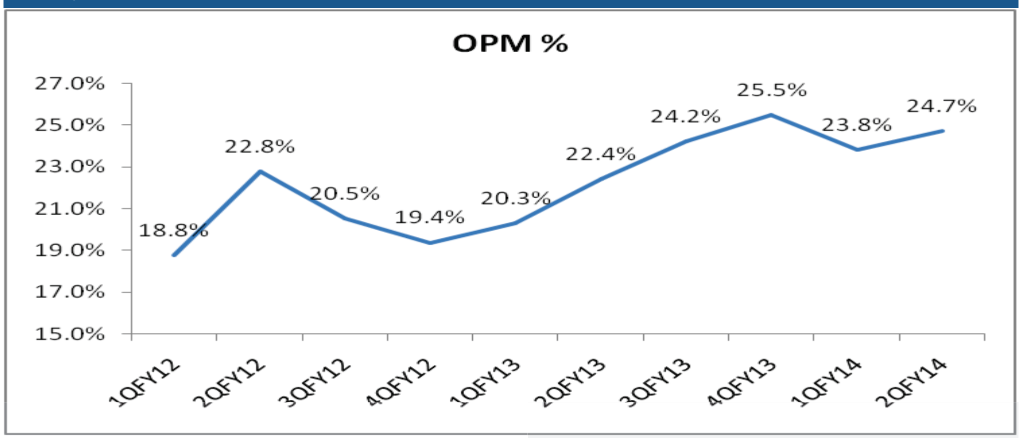
(Source: Company/Eastwind)

Sales and PAT Trend (Rs)



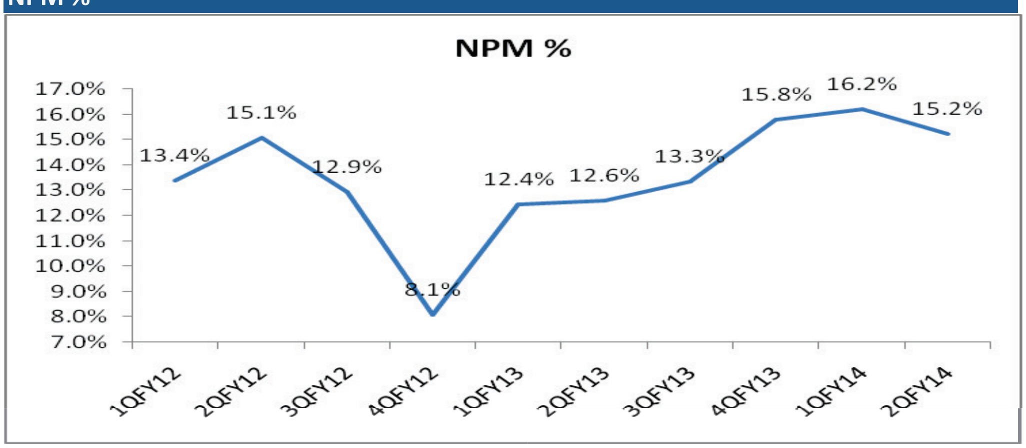
(Source: Company/Eastwind)

OPM %



(Source: Company/Eastwind)

NPM %



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