

LUPIN

Lupin is an innovation led transnational pharmaceutical company producing and developing a wide range of branded and generic formulations and APIs

The Net Sales for the 3QFY13 grew to Rs. 2465.9 Cr up by 37 % YoY led by strong sales growth in US formulation business sales .The US formulation sales including IP have grown by 65 % YoY to Rs 1039 versus Rs 618.8 in the same quarter last fiscal. The revenues from US comprises almost 40-45 % of consolidated revenue.In this quarter to the contribution from US to total revenue stands at 42 %.Secondly Company sales from Japan which includes Kyowa and I'rom pharma also grew very strongly by 48 % YoY to Rs 365 Cr. However European revenues declined by 7% during Q3 FY 2012-13.

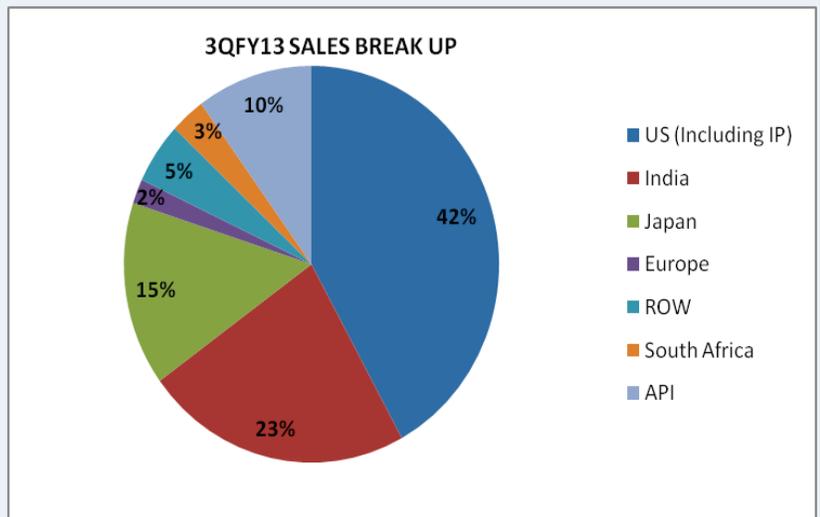
The operating EBITDA for company in the 3QFY13 came at Rs 606 Cr which was Rs 374 Cr in the same quarter last fiscal. The OPM came at 24.5 % for the quarter which is more than 400bps up in comparison to 2QFY12.Material cost increased by 3% to 37.9% of net sales, at Rs 935 Cr during Q3 FY 2012-13 as compared to Rs. 625 Cr during Q3 FY 2011-12.Manufacturing & other expenses decreased by 5.6% to 26.1% of net sales at Rs.644Cr during Q3 FY 2012-13 as compared to Rs 567 Cr. during Q3 FY 2011-12. Revenue expenditure on R&D stood at 9.7% of net sales at Rs 238 Cr as compared to Rs141 Cr during 3QFY11-12.

The Net profit for the 3QFY13 came at Rs 342 as against Rs 241 Cr same quarter last fiscal. There is quite impressive jump in the company's profit even with higher incidence of tax.The tax rate for the quarter was 38%. However the NPM for the quarter came at 13% which is same as 3QFY12.

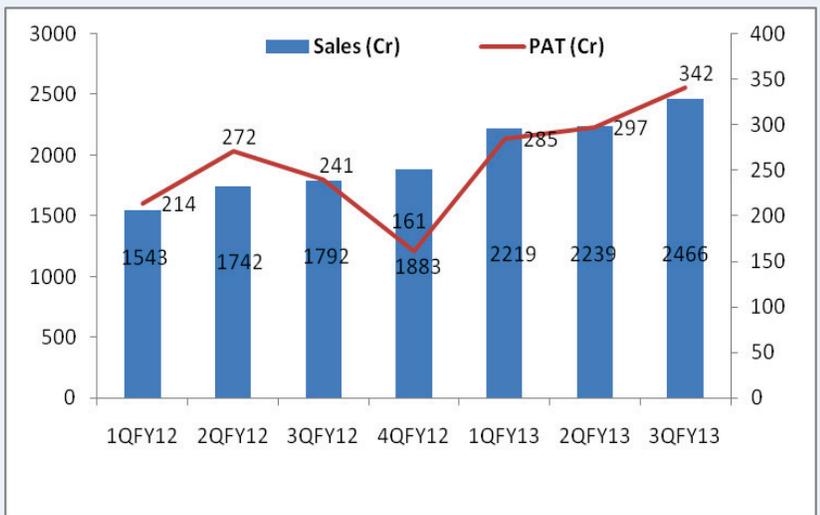
In the 3QFY13 the revenues from formulations business came at Rs 2231 Cr which forms 90 % of the total consolidated revenue. The API business and Pharmaceutical business contributes 10 % in consolidated revenue.API business and Pharmaceutical business together contributes Rs 235 Cr. Company launched 5 products in the US market during the quarter. The Company received approval for 3 products from the USFDA during the quarter. However Lupin has withdrew 16 ANDA's which were pending for approval with the US FDA. All together as of 3QFY13 the Cumulative ANDA filings with the US FDA stood at 168 with the company having received 68 approvals

The Management after 3QFY13 results have guided company's margins at 23% by the FY13 end and expects company's India business at 18%.Further management said that company is confident that it should grow at 25-30 percent in next few years in the US.As per management company would be grow to USD 1.7 billion this year and 25% of our total growth must come out of inorganic strokes.

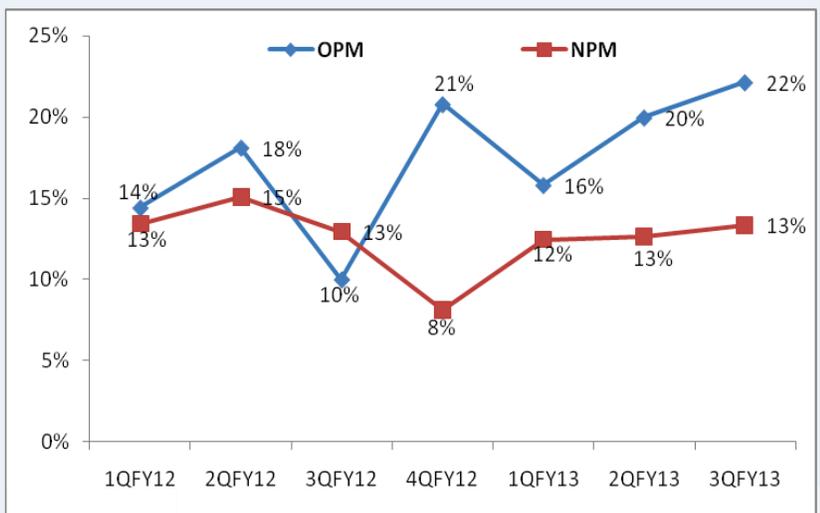
At current CMP of Rs 604 the stock is trading at 20 times of one year forward FY14 E P/E. With strong results and fairly good contribution from all business geographies along with positive management commentary we commend buy for the stock at TP of Rs 675



(Source: Company/Eastwind)



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