

LUPIN

Annual Report Insights – A tough going

India Equity Research | Pharmaceuticals

In this edition of *Annual Report Insights*, we analyse Lupin's (LPC) FY19 annual report. FY19 was a tough year as US business revenues declined 12% and US subsidiaries reported a loss of INR9bn vis-a-vis a profit of INR5bn in FY18. Profitability of the standalone business increased by 14% to INR15bn. LPC has stopped creating DTA against losses, thus elevating the tax rate, since its balance sheet is already saddled with substantial DTAs (~INR7bn). SG&A and employee expenses rose 16%, whereas R&D investment dipped 15%. Debt grew by 20% (INR13bn) and interest costs spiked by ~50%. Unless LPC sharpens the focus on business and tightens control on cost, profitability may not improve meaningfully going forward. The stock's current valuation factors in the worst-case scenario while ascribing nil value to the US business, wherein the bulk of investments occur. However, limited downside with an encouraging respiratory and biosimilar franchise may unlock value in the long run. Maintain 'BUY/SP'.

US losses elevated tax structure; both debt and cash increased

Losses at Lupin Inc. (US subsidiary) soared to INR11.2bn from a profit INR2.9bn in FY18. Non-deductible expenses pertaining to *perindopril* litigation charges of INR3.4bn and other spend led to an INR2.8bn jump in tax. The losses in the US mainly stem from: i) launch costs for *Solosec*; ii) R&D expenses for inhalation and complex generics; iii) competition in key products; and iv) remediation costs pertaining to the warning letter for two facilities. Both debt and cash shot up – INR13.4bn and INR14.5bn, respectively – as the company drew more loans in the US and in Brazil. Rising global interest rates lifted interest cost by 50%. Free cash flow (FCF) slid by 41% YoY to INR5bn.

Specialty, respiratory and biosimilar launches key for revival

US revival will be the key for performance revival: i) *levothyroxine*: generic launched for the largest of the three RLDs; ii) *Solosec*: slowly gaining traction, logs a weekly TRx of ~2,000; iii) *Proair*: LPC expects to be the first true generic to launch by H2FY20, after Teva, GSK and Merck launched authorised generics for their respective RLDs; iv) *Spiriva*: remains the sole FTF; v) *Brovana*: Filed in March 2019; and vi) *Enbrel*: Approved in Japan, and launch is expected in both Japan and Europe by H2FY20.

Outlook and valuation: Limited downside; maintain 'BUY'

The stock's current valuation of 17.5x FY21E EPS – amid depressed earnings – offers an attractive entry in our view. Encouraging respiratory and biosimilar franchise may unlock value in the long run. We maintain 'BUY/SP' with a TP of INR900.

Financials	(INR mn)			
Year to March	FY18	FY19	FY20E	FY21E
Net Revenues (INR mn)	1,55,598	1,63,694	1,78,579	2,03,546
EBITDA (INR mn)	31,475	28,823	35,733	41,818
Adjusted Diluted EPS (INR)	30.8	24.6	30.3	44.0
Diluted P/E (x)	25.0	31.3	25.4	17.5
ROAE (%)	10.3	8.2	9.7	13.0

EDELWEISS 4D RATINGS	
Absolute Rating	BUY
Rating Relative to Sector	Performer
Risk Rating Relative to Sector	Medium
Sector Relative to Market	Equalweight

MARKET DATA (R: LUPN.BO, B: LPC IN)	
CMP	: INR 769
Target Price	: INR 900
52-week range (INR)	: 986 / 697
Share in issue (mn)	: 452.6
M cap (INR bn/USD mn)	: 349 / 5,083
Avg. Daily Vol.BSE/NSE('000)	: 2,410.0

SHARE HOLDING PATTERN (%)			
	Current	Q4FY19	Q3FY19
Promoters *	47.0	47.0	47.0
MF's, FI's & BK's	12.2	12.2	11.5
FII's	25.9	25.9	27.4
Others	15.0	15.0	14.2
* Promoters pledged shares (% of share in issue)	NIL		

PRICE PERFORMANCE (%)			
	Stock	Nifty	EW Pharma Index
1 month	3.4	(3.2)	(2.0)
3 months	(6.9)	(0.1)	(10.9)
12 months	(16.3)	5.8	(9.0)

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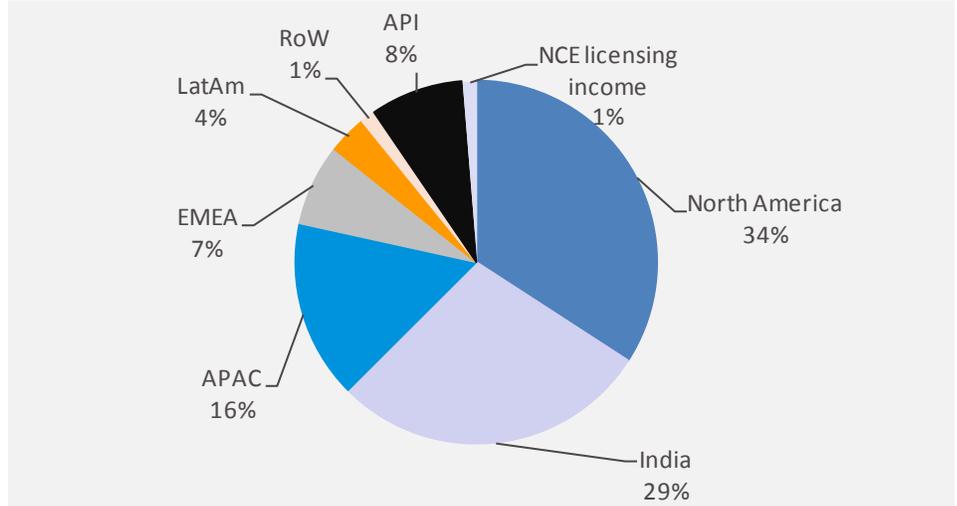
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July 18, 2019

Domestic business rescues group revenue, up 6% in FY19

LPC’s total revenue grew 6% to INR167bn primarily on account of the 12% increase in domestic revenue that was partially offset by a 5% decline in US sales. Contribution from the US, the largest market for the company, narrowed to 34% from 38% in FY18. Growth in India was 12%, close to its five-year CAGR of ~13%. APAC, EMEA and API clocked growth of 2%, 6% and 25%, respectively, while LatAm dipped 2%.

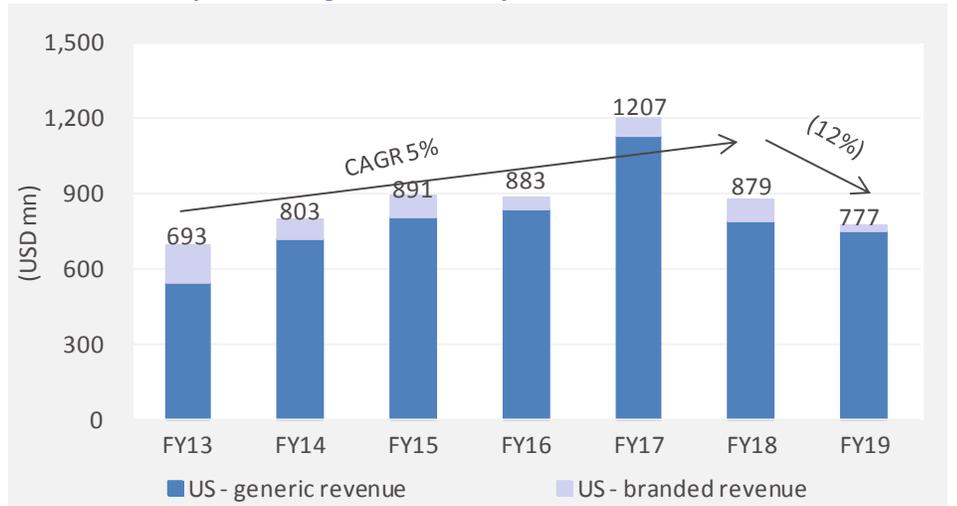
Chart 1: Revenue breakdown by geography



Source: Company, Edelweiss research

North America

Chart 2: Stiff competition drags US revenue by 12% in cc



Source: Company, Edelweiss research

LPC’s US revenue slumped 5% (12% in cc) in FY19, translating to a notable dip in contribution to 34% of total revenue from 38% in FY18. Generic competition in *methergine* and loss of market share in *gGlumetza* and *gFortamet* as well as pricing pressure impacted US revenue in H1FY19. However, i) 22 product launches; ii) a stabilised base business; and i) increased share in lisinopril and amlodipine helped to boost US revenue from USD168mn in Q1 to USD245mn in Q4.

During FY18, LPC acquired **Symbiomix Therapeutics, LLC** (Symbiomix). *Solosec* (secnidazole) oral granules is Symbiomix's lead product and is used for the treatment of bacterial vaginosis in adult women. The product was launched in May 2018. *Solosec* is showing slow traction, currently logging ~2,000 TRx/week. In FY19, the company initiated clinical trials to expand the indications for use in pediatric and trichomoniasis.

Generics business (96% of US business) declined 5% in FY19 (in cc) primarily due to increasing competition and pricing pressures. During the year, LPC launched 22 products, including *ranolazine* (*gRanexa*), *levothyroxine Tabs*, *methylergonovine*, *atovaquone* (*gMepron*) and *EQ Beyaz*.

Branded business (4% of US business) tanked 68% during FY19 amid increased competition in two products from the Gavis portfolio, i.e. *methergine* and *methylphenidate*, which were launched in FY17.

Table 1: Filings and approvals

	FY19 Regulatory snapshot	Number
During FY19	ANDA filings	27
	Orals	20
	Injectables	1
	Dermatology	2
	Ophthalmic	2
	Inhalation	2
	Approvals	30
	Launches	22
	Pending pipeline	
	ANDAs pending approval	157
	FTF ANDAs pending launch	40
	of which exclusive FTF ANDAs	15
As on FY19 (Cumulative)	Filings	427
	of which ANDA	422
	of which NDA	5
	Approvals	265

Source: Company, Edelweiss research

Table 2: Approvals received in FY19

API	RLD	Approval Date	Size (USD mn)	Other generic approvals
Tetrabenazine	Xenazine	04/20/2018	153	7
Clobetasol propionate ointment	Temovate	05/04/2018	120	11
Nystatin; triamcinolone acetonide	Mycolog-II	05/31/2018	62	7
Drospirenone; ethinyl estradiol; levomefolate calcium	Beyaz	06/13/2018	82	1
Nitrofurantoin, macrocrystalline	Macrochantin	07/09/2018	27	5
Hydrocortisone butyrate	Locoid	08/17/2018	14	1
Atovaquone	Mepron	09/11/2018	119	6
Triamcinolone acetonide	Triamcinolone Acetonide	10/12/2018	26	
Doxercalciferol	Hectorol	11/01/2018	60	9
Decitabine	Dacogen	11/09/2018	136	8
Budesonide	Pulmicort	11/09/2018	475	6
Clomipramine hydrochloride	Anafranil	11/21/2018	110	11
Sildenafil	Rapaflo	12/03/2018	199	6
Clobazam	Onfi	12/14/2018	601	11
Lurasidone hydrochloride	Latuda	01/03/2019	3,116	5 final approvals; 8 TAs
Levothyroxine sodium	Synthroid	01/18/2019	2,500	2
Fluoxetine hydrochloride	Fluoxetine	02/08/2019	43	7
Methylprednisolone	Medrol	02/22/2019	114	9
Azacitidine	Vidaza	02/27/2019	112	7
Atorvastatin calcium	Lipitor	03/06/2019	696	14
Sildenafil citrate	Viagra	03/22/2019	611	8
Tadalafil	Cialis	03/26/2019	474	17
<u>Tentative Approvals</u>				
Testosterone	Androgel	04/13/2018	893	10
Tadalafil	Cialis	07/16/2018	474	17 final approvals; 1 TA
Estradiol valerate;estradiol valerate;dienogest	Natazia	07/27/2018	109	1
Lurasidone hydrochloride	Latuda	10/10/2018	3,116	5 final approvals; 8 TAs
Dimethyl fumarate	Tecfidera	12/11/2018	3,545	13

Source: US FDA, Edelweiss research

Table 3: Known Para-IV filings during FY19

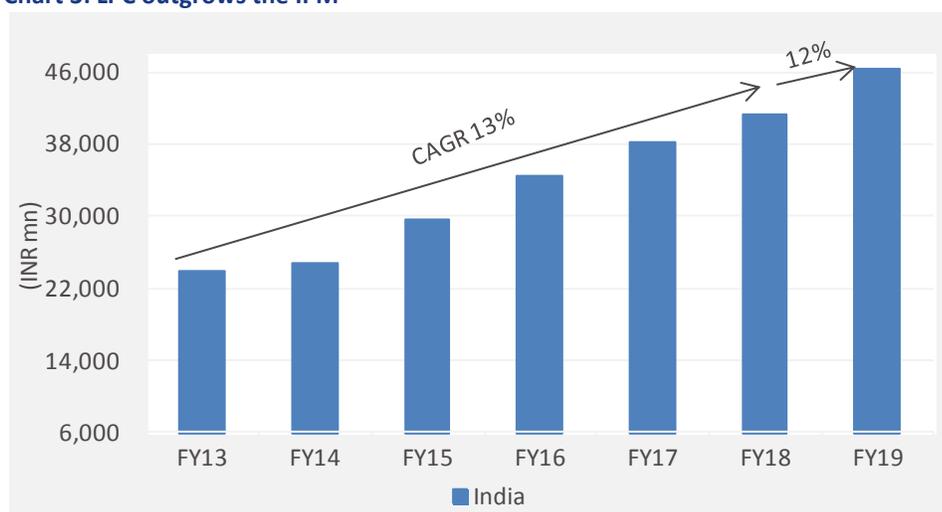
Brand name	Innovator	Size (USD mn)	Other filers
Spiriva	Boehringer Ingelheim	1,963	0
Jardiance	Boehringer Ingelheim	1,650	10+
Esbriet tablet	Roche	500	Sole FTF
Esbriet capsule	Roche	250	Shared FTF; 4
Glyxambi	Boehringer Ingelheim	200	8
Invokamet XR tablets	Johnson & Johnson	200	3
Plenvu oral solution	Bausch Health	100	Sole FTF
Clenpiq oral solution	Ferring Pharma	100	10
Xarelto	Johnson & Johnson	60	Sole FTF
Jublia	Bausch Health	50	10+
Kerydin	Fougera	50	2

Source: Edelweiss research

India

The India business (28.3% of total revenue in FY19) grew 12%, close to its five-year CAGR of about 13%. Chronic therapy followed by sub-chronic are driving growth for IPM and chronic makes up about 60% of LPC's domestic portfolio. The overall market share of the company improved to 3.63% in FY19, from 3.54% in FY18 and 3.46% in FY17. In fact, LPC outgrew the market at 13.4% versus 10.5% for the Indian Pharmaceutical Market (IPM). Also, as much as 16% of LPC's domestic portfolio falls under NLEM.

Chart 3: LPC outgrows the IPM



Source: Company, Edelweiss research

Table 4: Top ten therapies

	Contribution (%)	MAT Mar '19	MAT Mar '18	Change (%)
CARDIAC	23.5	11.5	9.6	19.7
ANTI DIABETIC	22.1	10.9	9.1	20.0
ANTI-INFECTIVES	14.5	7.1	6.7	6.3
RESPIRATORY	12.4	6.1	5.4	12.1
GASTRO INTESTINAL	7.3	3.6	3.2	13.3
NEURO / CNS	4.5	2.2	1.9	17.8
VITAMINS / MINERALS / NUTRIENTS	4.4	2.1	1.9	11.7
GYNAECOLOGICAL	3.9	1.9	1.6	21.7
PAIN / ANALGESICS	3.8	1.9	1.6	12.4
OPHTHAL / OTOLOGICALS	0.7	0.4	0.3	23.1
TOTAL		49.1	42.7	

Source: AIOCD, Edelweiss research

Table 5: Top ten brands

	MAT Mar '19	MAT Mar '18	Change (%)
GLUCONORM-G	2.4	2.0	18.3
HUMINSULIN	1.8	1.9	(5.8)
BUDAMATE	1.2	1.1	6.7
GIBTULIO	1.1	0.6	90.8
TONACT	0.9	0.9	5.3
ONDERO	0.9	0.6	58.7
IVABRAD	0.8	0.6	45.7
ONDERO MET	0.8	0.5	58.0
RABLET-D	0.7	0.7	6.7
CETIL	0.6	0.4	60.5
TOTAL	49.1	42.7	

Source: AIOCD, Edelweiss research

Table 6: Chronic makes up about 60% of LPC's domestic portfolio

	Mar'15	Mar'16	Mar'17	Mar'18	Mar'19
CHRONIC	1,530	1,792	2,055	2,340	2,762
ACUTE	918	1,064	1,194	1,234	1,360
SUB CHRONIC	593	646	656	697	785
Total	3,040	3,501	3,904	4,271	4,908

Source: AIOCD, Edelweiss research

Table 7: As much as 16% of LPC's domestic portfolio falls under NLEM

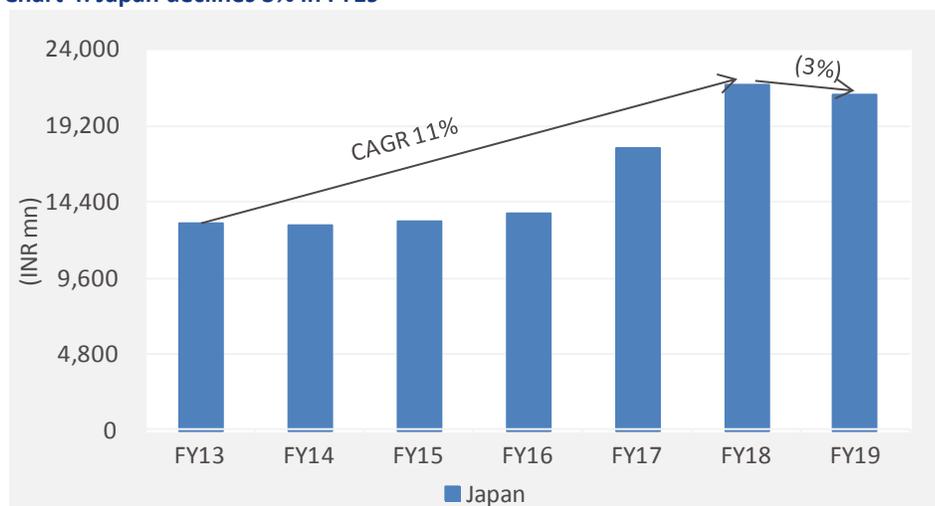
	Mar'15	Mar'16	Mar'17	Mar'18	Mar'19
NON NLEM	2,354	2,739	3,144	3,513	4,117
NLEM	686	763	760	758	793
Total	3,040	3,501	3,905	4,271	4,910

Source: AIOCD, Edelweiss research

Japan

Japan, LPC's third-largest market (13% of total revenue and about 80% of revenue within APAC), declined 3% (4% in cc terms) in FY19. The company is on course to launch its first biosimilar etanercept in H2FY20. During FY18, LPC launched *Bipresso*, thus entering the CNS specialty market in Japan.

Chart 4: Japan declines 3% in FY19



Source: Company, Edelweiss research

APAC (ex-Japan) and EMEA

LPC's APAC (excluding Japan) business expanded 26% during FY19 driven by Australia (LPC's fifth largest subsidiary by sales with revenue of AUD47mn and growth of 7%). In the Philippines, LPC's subsidiary generated PHP1,555mn in revenue, down 20% YoY mainly due to the delay of tuberculosis tender deliveries into the next year.

The EMEA region grew 5.8%, and LPC launched *NaMuscla (mexelitine)*, an orphan drug for myotonia/neurological disorder, in the UK and Germany. LatAm grew 2.3% with a 9% increase in Mexico and an 8% dip in Brazil, LPC's major markets in LatAm.

R&D investment dips to 9.4% of revenue from 11.7% in FY18

Investments in R&D dipped to INR15.7bn, that is 9.4% of sales – down from 11.7% in FY18 – excluding capitalised expenditure worth INR1.6bn. Key highlights:

- LPC partnered with Abbvie to develop and commercialise its novel drug, a highly potent MALT-1 inhibitor. LPC's MALT-1 oncology program uses a novel compound that can potentially treat multiple haematological cancers.
- Received Marketing Authorisation Approval from PMDA (Japan) as well as DGCI (India) for the *etanercept* biosimilar. Also received GMP certification from PMDA and European Medicines Agency (EMA) to manufacture the etanercept drug substance and drug product at its Pune facility.
- Significant progress in development of the *pegfilgrastim* biosimilar and the early-stage portfolio.
- cGMP audit from Cofepris (Mexico) for a late-stage oncology product and receipt of successful GMP certification.
- Updates for clinical programs include: i) **Endocrine**: Clinical Phase-I study has been completed in Europe and a Phase-II study has been completed in India for chronic kidney disease patients on dialysis as well as not on dialysis. ii) **Oncology**: Clinical Phase-I study completed in Europe on terminally-ill patients (lung cancer, melanoma and colon cancer). A

Phase-II study is underway in India for treating the refractory lung cancer, which is caused by RAS mutation that is currently not treatable worldwide.

Table 8: Decline in R&D investment

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
recurring (incl. dep)	5,006	6,819	8,948	10,211	16,038	23,101	18,511	15,731
as a % of sales	7.1	7.1	7.9	8.0	11.3	13.2	11.7	9.4
capital	933	890	635	974	2,107	6,144	1,355	1,614
as a % of total	15.7	11.5	6.6	8.7	11.6	21.0	6.8	9.3
Total R&D	5,940	7,709	9,583	11,185	18,145	29,245	19,866	17,345
total R&D as a % of sales	8.4	8.0	8.5	8.8	12.7	16.7	12.6	10.4

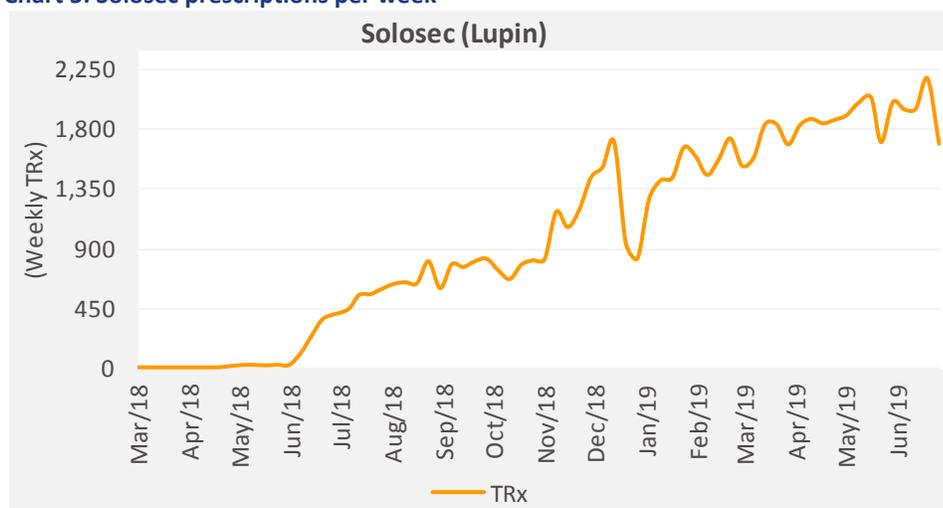
Source: Company, Edelweiss research

Specialty pipeline

Solosec

- *Solosec* (secnidazole) is a single dose oral treatment for bacterial vaginosis (BV) in adult women. The brand clocked about USD7mn in revenue in FY19 and traction has been slower than what management expected. LPC had initially guided for USD100mn-plus in revenue.
- Some issues include availability and pricing. The company has addressed these with additional savings coupons (USD25) for patients with higher co-pay. The net price is now below USD175.
- The company is currently clocking weekly TRx of about 2,000 (refer to Chart 5). Management believes that *Solosec* can break even at 10,000 prescriptions per week.
- During FY19, it reduced MRs from 166 to 136 since the product launch in May 2018.
- Although *Solosec's* efficacy lags competitors, it has better dosage (single dose). However, achieving more than USD100mn in revenue could be a daunting task. We reckon USD0–60mn in revenue by FY21 is more likely.

Chart 5: Solosec prescriptions per week



Source: Company, Edelweiss research

Namuscla

- Namuscla (mexiletine) is indicated to treat myotonia, a rare genetic neuromuscular movement disorder with prevalence among 80,000–90,000 patients. It has received an orphan drug status in the EU.
- LPC obtained EMA Marketing Authorization in December 2018 for symptomatic treatment of myotonia in adults with non-dystrophic myotonic (NDM) disorders, and launched in the UK and in Germany in Q4FY19.
- Discussions with potential out-licensing partners are underway for other European territories.

Bipresso

- LPC launched Bipresso (extended-release tablets of Quetiapine Fumarate) in Japan during Q3FY18, The company has acquired exclusive rights to distribute and promote this specialty brand from Astellas for the treatment of bipolar depression.
- Bipresso is highly recommended for atypical anti-psychosis in Japan and across several international treatment guidelines.

AbbVie / MALT1 Partnership

- In December 2018, AbbVie licensed Lupin's MALT1 (Mucosa-Associated Lymphoid Tissue Lymphoma Translocation Protein 1) inhibitor programme.
- AbbVie intends to pursue development across a range of haematological cancers.
- AbbVie will pay Lupin USD30mn up front for an exclusive licence.
- Lupin is eligible to receive milestone payments of up to USD947mn and double-digit royalty on sales.

Table 9: Status of USFDA inspection

USFDA Sites	Inspection period	Status
Pithampur (Unit 1)	July 2017	Received EIR in April 2018 with no observation
Pithampur (Unit 2)	14-25th January 2019	Received 6 observations, Classified as OAI, under WL
Pithampur (Unit 3)	8-18th October 2018	Received 5 observations - mainly procedural in nature
Pithampur (Unit 3)	12-16th June 2017	Received EIR in December 2018 with no observation
Goa	28 Jan - 8th Feb 2019	Received 2 observations - mainly procedural, under WL, Classified as OAI
Mandideep (Unit 1)	16 Nov - 4th Dec 2018	Received 18 observations - mainly procedural in nature, Classified as OAI
Mandideep (Unit 2)	16 Nov - 4th Dec 2018	Received 4 observations - mainly procedural in nature
Somerset	03-21st December 2018	Received 6 observations, Classified as OAI
Tarapur	27-31st August 2018	Received EIR in November 2018 with one inspectional observation
Nagpur	September 2018	Received EIR in November 2018 with no observation
Aurangabad	6-15th May 2019	Received 3 observations

Source: Company, Edelweiss research

Profitability

US business showed 12% decline in revenue and a loss of INR9bn vis-a-vis a profit of about INR5bn in FY18. Profitability of the standalone business increased by 14% to about INR15bn. LPC has stopped creating DTA against losses, thus elevating the tax rate, since its balance sheet is already saddled with substantial DTAs (~INR7bn). Expenses such as SG&A and employee costs rose 16%, whereas R&D investment dipped by 15%. The company raised loans in US and Brazil and rising global interest rates lifted interest cost by 50%.

The losses in the US mainly stem from: i) launch costs for *Solosec*; ii) R&D expenses for inhalation and complex generics; iii) competition in key products; and iv) remediation costs pertaining to the warning letter for two facilities.

Table 10: Standalone versus consolidated profitability

Particulars	Standalone				Subsidiary (Derived)				Consolidated			
	FY18	%	FY19	%	FY18	%	FY19	%	FY18	%	FY19	%
Sales	1,00,882	100	1,13,563	100	57,159	100	53,619	100	1,58,041	100	1,67,182	100
Raw Materials Consumed	34,743	34	38,929	34	18,001	31	19,529	36	52,744	33	58,458	35
Operating and Administrative exp	30,863	31	30,952	27	14,312	25	17,437	33	45,175	29	48,389	29
Personnel cost	14,416	14	15,154	13	14,231	25	16,359	31	28,647	18	31,513	19
EBITDA	20,860	21	28,528	25	10,615	19	295	1	31,475	20	28,823	17
Depreciation	3,898	4	4,263	4	6,961	12	6,587	12	10,859	7	10,850	6
EBIT	16,962	17	24,265	21	3,654	6	(6,292)	(12)	20,616	13	17,973	11
Less: Financial Charges	332	0	355	0	1,711	3	2,724	5	2,043	1	3,078	2
Add: Other income	1,311	1	2,913	3	192	0	727	1	1,504	1	3,640	2
PBT before exceptional items	17,941	18	26,824	24	2,136	4	(8,289)	(15)	20,077	13	18,535	11
Exceptional Items and Prior Period	-	-	(3,400)	(3)	(14,644)	(26)	6,800	13	(14,644)	(9)	3,400	2
PBT	17,941	18	23,424	21	(12,507)	(22)	(1,489)	(3)	5,433	3	21,935	13
Provision for tax	4,493	4	8,035	7	(1,608)	(3)	982	2	2,885	2	9,017	5
Share of loss of associates/JVs	-	-	-	-	(36)	(0)	(52)	(0)	(36)	(0)	(52)	(0)
PAT	13,448	13	15,388	14	(10,935)	(19)	(2,522)	(5)	2,513	2	12,866	8

Source: Company, Edelweiss research

Table 11: US losses expand owing to launch expenses for *Solosec* and R&D towards inhalation and complex generics (INR mn)

Subsidiary Company	FY19				FY18					
	Networth	Turnover	PBT	Provision for tax	Networth	Turnover	PBT	Provision for tax		
Lupin Pharmaceuticals Inc., USA	3,796	52,691	2,100	237	1,863	2,183	55,029	1,346	399	947
Lupin Inc. USA	6,695	5,040	(11,209)	81	(11,290)	(10,046)	2,301	(770)	(3,636)	2,866
Novel Laboratories Inc. USA	6,071	7,176	348	41	307	5,462	6,289	352	(650)	1,002
Lupin Research Inc. USA	1,078	2,051	50	(29)	79	953	3,323	(3)	(128)	125
Kyowa Pharmaceutical Industry, Japan	11,850	17,843	894	208	686	11,105	16,983	1,842	440	1,402
Kyowa CritiCare Co. Ltd Japan	1,932	3,646	70	(71)	141	1,775	3,714	(36)	(5)	(31)
Pharma Dynamics Ltd, South Africa	4,316	5,945	1,565	466	1,099	3,962	5,231	1,642	425	1,216
Lupin Atlantis Holdings SA Switzerland	32,249	5,598	397	(1)	398	31,671	12,679	8,590	-	8,590
Medquimica Industria Pharmaceutical, Brazil	1,717	2,668	(1,254)	(33)	(1,222)	3,177	3,147	(523)	(113)	(410)
Nanomi BV Netherlands	(3,728)	-	(1,158)	-	(1,158)	(2,722)	-	(798)	-	(798)
Hurmosan Pharma GmBH, Germany	537	2,323	148	13	134	388	2,357	448	38	411
Multicare Pharmaceuticals Philippines Inc	915	2,055	244	65	179	780	2,465	221	82	140
Generic Health Pty Limited, Australia	653	2,374	245	-	245	419	2,168	222	(122)	344

Source: Company, Edelweiss research

Dip in gross margin drags EBITDA margin

During the year, LPC's gross margin decreased by about 160bps to 65% amid: i) generic competition in *Methergine*; ii) continuing loss of exclusivity majorly in *gGlumetza* and *gFortamet*; and iii) pricing pressure in the US market.

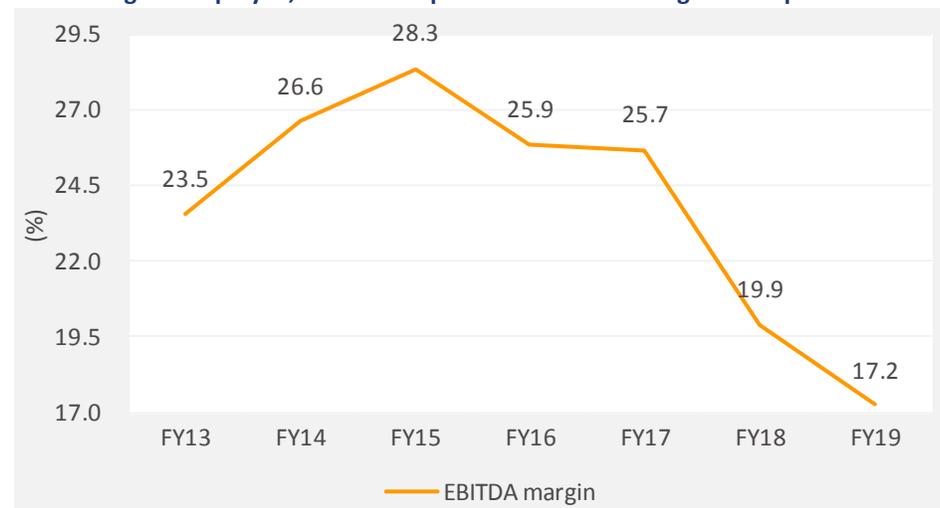
EBITDA margin declined by about 270bps to 17.2%, and employee expenses, other expenses and interest cost increased by 10%, 22% and 51%, respectively. The increase in interest cost is primarily due to higher global interest rates in FY19 (in line with the cuts effected by the US Fed). The reported tax almost tripled in FY19, leading to a reduction in PAT margin by 268bp to 6.7%. This excludes the impact of provisions worth INR33.9bn made for the *perindopril* litigation.

Chart 6: Generic competition, pricing pressure drags gross margin by ~160bps



Source: Company, Edelweiss research

Chart 7: Higher employee, other costs pull down EBITDA margin ~270bps



Source: Company, Edelweiss research

Effective tax rate jumps to 49%

During the year, the tax expense jumped due to the following:

- No creation of deferred tax asset against INR9bn worth of losses in US subsidiaries, as management believes that its balance sheet is already saddled with substantial DTAs (~INR7bn) following the Gavis transfer.

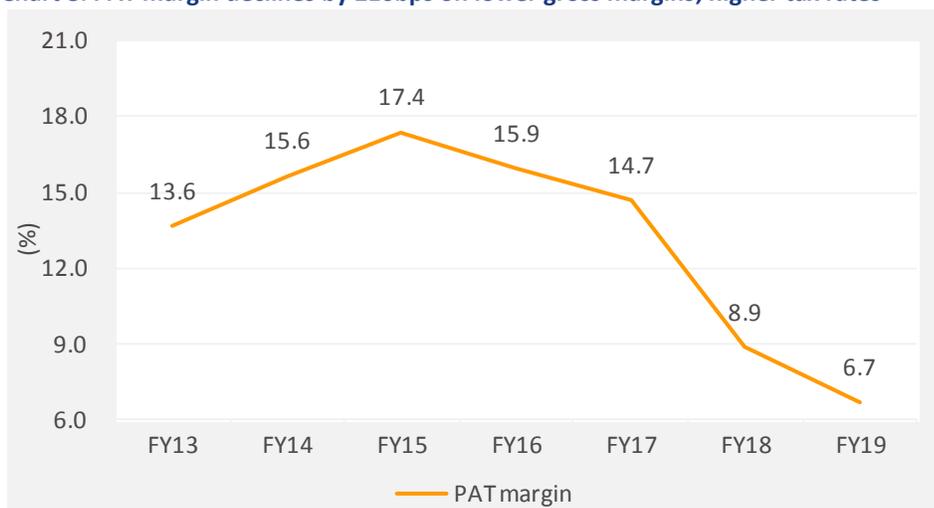
- Non-deductible expenses include the impact of the *perindopril* litigation charges of INR33.9bn, on which no tax shield was available.

Table 12: Effective tax rate at 49% for FY19

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Reported tax	3,086	5,842	9,622	9,704	10,593	9,785	5,342	9,017
<i>effective tax rate (%)</i>	25.1	30.4	34.0	28.4	31.9	27.7	26.6	48.6
cash tax	3,139	5,439	7,719	9,436	11,701	11,490	5,584	9,394
<i>cash tax rate (%)</i>	25.6	28.3	27.3	27.6	35.2	32.5	27.8	50.7
Net Def Tax Liab	1,442	1,632	1,779	(1,034)	(92)	(1,128)	(4,310)	(4,457)

Source: Company, Edelweiss research

Chart 8: PAT margin declines by 216bps on lower gross margins, higher tax rates

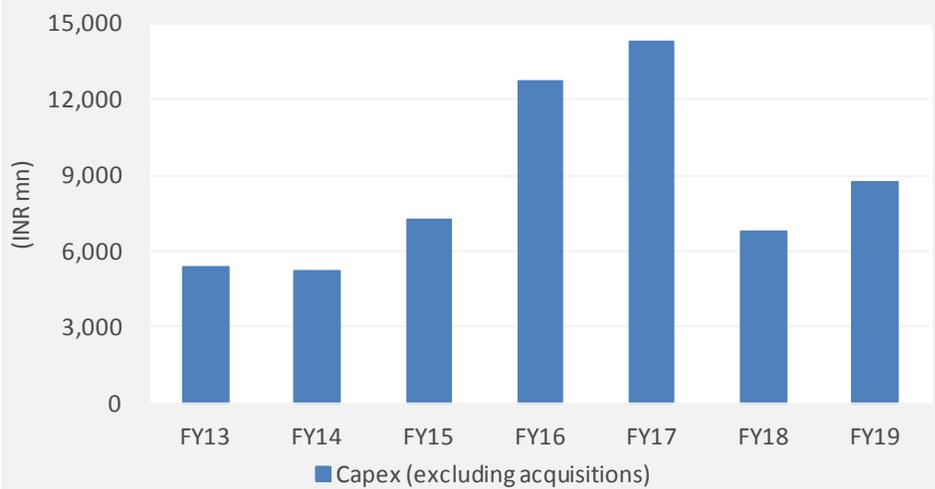


Source: Company, Edelweiss research

Declining OCFs + incremental working capital and capex = Lower FCFs

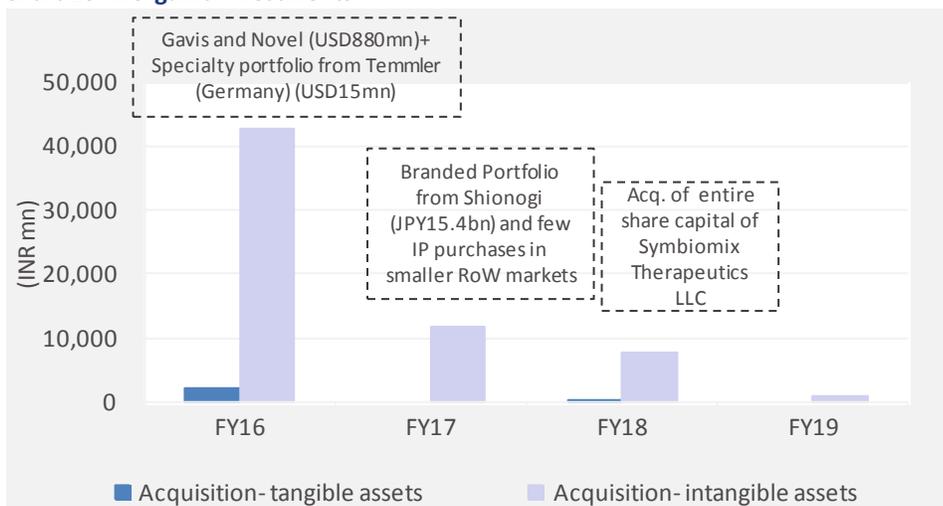
Cash profits reduced by INR6bn to INR21.6bn, leading to decline in FCF. LPC incurred INR8.5bn in organic capex on setting up manufacturing facilities as well as augmenting existing ones globally to aid efficiencies as well as build capacities to meet future demand.

Chart 9: Capex



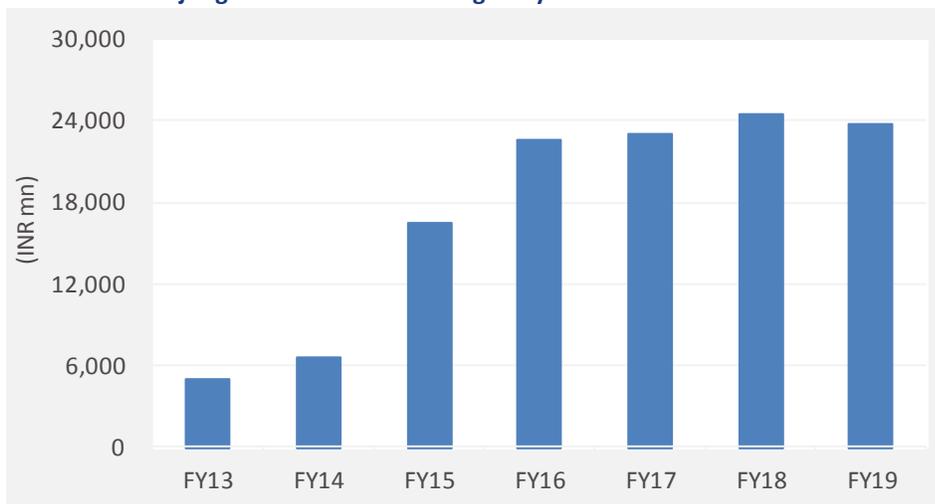
Source: Company, Edelweiss research

Chart 10: Inorganic investments



Source: Company, Edelweiss research

Chart 11: No major goodwill addition during the year



Source: Company, Edelweiss research

During the year, working capital expanded by INR2bn primarily due to higher inventory. As a percentage of sales, working capital decreased to 37.1%. LPC's receivable days stand at 113, highest among peers, as the exclusive launch of *ranolazine* in the end of FY19 impacted year-end receivable balances in the US.

Table 13: Cash conversion cycle expands

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Trade receivable days	77	74	75	73	92	92	110	113
Inventory days	207	189	195	203	243	252	253	234
Payable days	177	151	150	156	166	167	179	158
Cash conversion cycle	107	112	120	121	169	178	184	189
Working capital	18,580	24,282	28,994	25,794	57,479	53,256	59,229	62,068
Working capital to sales (%)	26.2	25.2	25.7	20.2	40.3	30.4	37.5	37.1

Source: Company, Edelweiss research

Table 14: Core working capital expands

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Trade Receivable	17,318	21,870	24,641	26,566	45,488	43,073	51,922	51,498
Inventory days	17,327	19,489	21,295	25,036	32,737	36,423	36,625	38,368
Payable days	13,978	15,431	15,941	19,561	19,888	25,889	25,754	24,982
Core WC	20,667	25,928	29,994	32,041	58,336	53,607	62,793	64,884
Add: Loans/Adv & Others	8,241	9,597	5,330	5,350	12,412	11,910	17,120	17,700
Less: Provisions	2,913	2,406	3,454	5,743	2,348	4,714	4,652	7,275
Less: Others liab	3,287	4,684	2,876	8,298	10,921	7,560	16,032	13,240
WC	22,708	28,436	28,994	23,350	57,479	53,244	59,229	62,069
Change	6,460	5,728	558	(5,643)	34,128	(4,235)	5,985	2,840

Source: Company, Edelweiss research

Table 15: Cash flow analysis

(INR mn)

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	Cumulative	(%)
Cash Profits generated	23,442	32,422	37,716	39,142	47,579	33,290	31,056	244,646	78.5
Change in debt (in CC)	(4,645)	(5,298)	(700)	62,081	9,479	(8,953)	12,922	64,885	20.8
Proceeds from issue of equity	128	239	413	536	427	145	37	1,926	0.6
Total funds generated	18,925	27,363	37,429	101,759	57,484	24,483	44,014	311,457	100.0
Less:									
Capex- tangible	5,412	5,252	7,295	12,747	14,343	6,823	8,772	60,644	19.5
Acquisition- tangible assets			1,381	2,264		277	-	3,923	1.3
Acquisition- intangible assets				42,804	11,664	7,798	827	63,093	20.3
acquisition of subsidiary	102	887	6,294	12,282				19,565	6.3
Purchase of investments	(5)	(6)	1	(394)	5	(19,155)	20,245	692	0.2
Working capital	5,494	4,663	949	31,264	(5,059)	10,194	5,002	52,508	16.9
Interest and dividend paid	1,995	3,348	957	4,201	5,084	5,838	5,096	26,518	8.5
taxes paid	5,439	7,719	9,436	11,701	11,490	5,584	9,394	60,764	19.5
others	(175)	2,617	(3,700)	(34)	(235)	(166)	3,402	1,709	0.5
Total funds utilised	18,262	24,480	22,613	116,836	37,292	17,193	52,738	289,413	92.9
Increase in cash	663	2,883	14,817	(15,077)	20,193	7,290	(8,724)	22,043	7.1
Cash balance at year end	3,109	6,066	21,084	7,802	27,995	14,165	5,441		
cash at the beginning of the year	2,447	3,109	6,066	20,951	7,802	6,875	14,164		
cash taken over on acquisition of sub	-	74	202	1,929	-	-	-		

Source: Company, Edelweiss research

Table 16: Free cash flow declines due to weaker operating revenue and higher working capital

(INR mn)

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Operating cash flow	11,407	18,003	24,702	28,280	27,441	36,089	27,706	21,662
Change in working capital	5,816	5,494	4,663	949	31,264	(5,059)	10,194	5,002
Interest paid	377	422	278	109	585	1,507	2,040	2,804
Operating cash flow (excluding int)	5,214	12,088	19,761	27,221	(4,409)	39,640	15,472	13,856
Capex	5,052	5,412	5,252	7,295	12,747	14,343	6,823	8,772
Free cash flow	162	6,675	14,509	19,927	(17,156)	25,297	8,649	5,084
acquisition	2,289	102	887	7,675	57,350	11,664	8,075	827
Free cash flow (after acquisitions)	(2,127)	6,573	13,622	12,251	(74,505)	13,634	574	4,257

Source: Company, Edelweiss research

Table 17: Debt shoots up INR13.4bn on loans raised in US and Brazil; India continues to generate higher investment returns

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Gross Debt	14,809	9,739	5,533	4,710	71,193	79,521	68,763	82,219
Cash	4,025	4,349	9,739	21,305	8,238	28,123	16,429	30,971
Net debt	10,784	5,390	(4,206)	(16,595)	62,955	51,398	52,334	51,248

Source: Company, Edelweiss research

Table 18: Foreign currency exposure

Foreign Exchange	FY14	FY15	FY16	FY17	FY18	FY19
Earned in terms of actual Inflows	60,056	62,556	71,395	81,885	53,141	59,414
Outgo in terms of actual Outflows	16,051	16,163	16,552	21,506	19,335	22,282
Exposure in INR	44,005	46,393	54,843	60,378	33,807	37,132
Exposure in USD	723	731	817	882	525	537

Source: Company, Edelweiss research

Table 19: Foreign currency translation reserve movement (INR mn)

	FY14	FY15	FY16	FY17	FY18	FY19
FCTR balance	1,771	650	(125)	111	1,779	(307)
Adjustments during the year	829	(1,121)	(539)	236	1,668	(2,085)

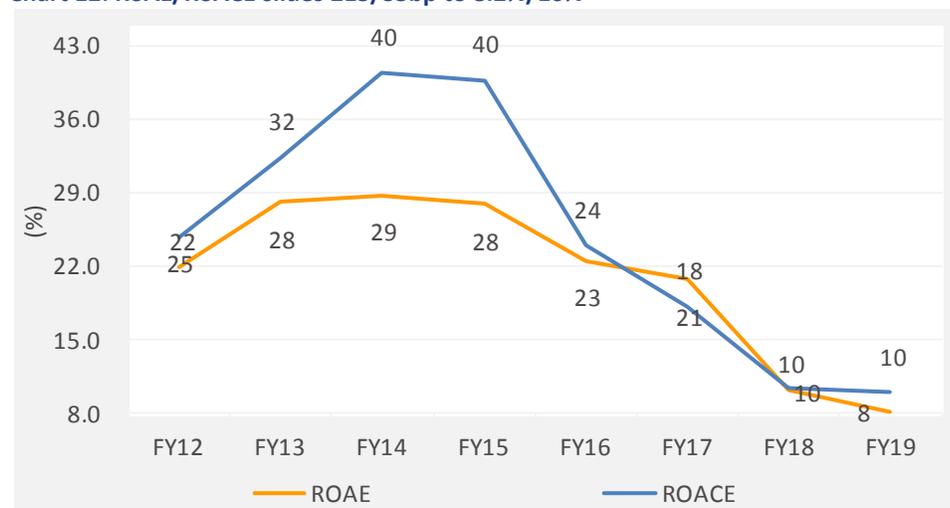
Source: Company, Edelweiss research

Table 20: Dividend payout ratio declines to 11% (INR mn)

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Dividend	1,523	1,791	2,691	3,372	3,374	3,378	3,383	2,261
DDT	255	304	(56)	686	686	689	690	465
Payout ratio (%)	18	14	15	14	15	13	20	11

Source: Company, Edelweiss research

Chart 12: RoAE/RoACE slides 215/35bp to 8.2%/10%



Source: Company, Edelweiss research

Table 21: Contingent liabilities

	(INR mn)	
Issue	FY19	FY18
Income tax related matters	1,819	952
Customs duty, Excise duty, Service tax, Goods and Services Tax and Sales tax demands	191	163
Claims against the Company not acknowledged as debts - pertaining to litigations and other matters	5,950	5,410
Financial guarantees aggregating to ₹ 8575.2 million (previous year ₹ 8081.7 million) given to third party on behalf of subsidiaries for contractual obligations.	-	-
Pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts.		
Generic Pharmaceutical Pricing Antitrust Litigation. The plaintiffs have requested extensive document discovery and negotiations are underway about the appropriate scope of such discovery. The case is still in the early stage, an estimate of the possible loss or range of loss cannot be made.	-	-

Source: Company, Edelweiss research

Corporate Governance

I. Statutory auditors

LPC has appointed B S R & Co. LLP (a KPMG network partner) as its auditor from FY17 to FY21, subject to ratification by members every year.

II. Directors

Table 22: Ratio of remuneration of directors to employees

Name of the Director	Designation	Ratio		
		FY17	FY18	FY19
Dr. Desh Bandhu Gupta	Chairman (upto June 26, 2017)	1,263.0	308.0	N.A.
Dr. Kamal K. Sharma	Vice Chairman	505.0	464.0	407.0
Mr. Nilesh Gupta	MD	217.0	225.0	42.0
Mrs. M. D. Gupta	ED (upto August 10, 2017), Chairman (w.e.f. August 11, 2017)	14.0	42.0	8.0
Mr. Ramesh Swaminathan	CFO & ED	141.0	172.0	158.0
Mr. R. V. Satam	Company Secretary	10.0	9.0	N.A.
Dr. Vijay Kelkar	Independent Director	10.0	9.0	8.0
Mr. R. A. Shah	Independent Director	18.0	17.0	9.0
Mr. Richard Zahn	Independent Director	9.0	8.0	16.0
Dr. K. U. Mada	Independent Director	9.0	8.0	8.0
Mr. Dileep C. Choksi	Independent Director	18.0	16.0	7.0
Mr. Jean-Luc Belingard	Independent Director	N.A.	N.A.	16.0

Table 23: Remuneration of key managerial personnel excluding independent directors

LUPIN	Designation	Rem in FY17	Rem in FY18	Rem in FY19	Change (%)
Dr. Kamal K. Sharma	Vice Chairman	190	187	176	(6.0)
Mr. Nilesh Gupta	MD	82	91	18	(80.0)
Ms. Vinita Gupta	CEO	173	123	15	(87.8)
Mrs. M. D. Gupta	ED (upto August 10, 2017),	5	14	4	(75.0)
Mr. Ramesh Swaminathan	CFO & ED	53	69	68	(1.6)
Mr. R. V. Satam	Company Secretary	7	8	9	8.5
Total		987	617	290	(53.1)
Adjusted PAT as per model		25,575	13,934	11,121	(20.2)
Rem as a % of PAT		4%	4%	3%	
Employee Expense (Cons)		28,495	28,647	31,513	
EE as a % of PAT		111%	206%	283%	
Revenue (Cons)		174,943	158,041	167,182	
EE as a % of Revenue		16%	18%	19%	

Source: Company, Edelweiss research

III. Related-party transactions (RPTs)

Table 24: Movement in RPTs

Name of the Related Party	Transaction	Value - INR (mn)		
		FY17	FY18	FY19
Lupin Pharmaceuticals, Inc., USA,	Sale of Goods	64,443	35,236	38,377
Lupin Atlantis Holdings SA, Switzerland	Purchase of Intangible Assets	-	6,199	-
Lupin Pharmaceuticals, Inc., USA	Services received	1,263	569	-
Lupin Atlantis Holdings SA, Switzerland	R & D Services rendered	587	689	826
Lupin Research Inc., USA,	R & D Services rendered	-	2,065	1,118

Source: Company, Edelweiss research

IV. Corporate social responsibility (CSR)

According to the provisions of section 135 of the Companies Act, 2013, LPC is supposed to spend 2% of its average net profit of the last three years. As the chart below shows, the company has spent less than 2% (1.15%) for FY19.

Table 25: TRP does not comply with CSR provisions of Companies Act, 2013

CSR spend for FY19	INR mn
Average net profit of the Company for last three years	32,833
2% of the above amount	657
Amount spent	379
Amount unspent	277

Source: Company, Edelweiss research

Company Description

Lupin over the last decade has established itself as a leading generic player from India. US and India are its largest markets and contribute almost 60% of its revenues and boasts of significant presence in Japan (unlike most other generic players). While in India it is among the top-10 companies and among the fastest growing, it is among top-5 companies in terms of prescriptions in the US. To top that, it entered the Japan market well before other generic players and is now among the top-10 generic companies in Japan.

Investment Theme

The warning letter will delay new approvals and further intensify pressure on the US business, which is already facing tough competition in Metformin & base business and lack of significant launches that could offset these. Not only will growth dip, margin trajectory too will be difficult to maintain due to fall in these lucrative US products and remediation expenses inching up.

Key Risks

Delay in resolution of warning letter

Inability to scale up Branded business

Slowdown in ANDA approvals and USFDA related regulatory risks are part of the generics business.

Concentration risk in US portfolio

Currency risk.

Financial Statements

Key Assumptions

Year to March	FY18	FY19	FY20E	FY21E
Macro				
GDP(Y-o-Y %)	6.5	7.1	7.6	7.6
Inflation (Avg)	3.6	4.5	5.0	5.0
Repo rate (exit rate)	6.0	6.3	6.5	6.5
USD/INR (Avg)	64.5	70.0	72.0	72.0

Income statement

(INR mn)

Year to March	FY18	FY19	FY20E	FY21E
Net revenue	155,598	163,694	178,579	203,546
Other Operating Income	2,443	3,488	2,633	3,007
Income from operations	158,041	167,182	181,212	206,553
Materials costs	52,744	58,458	62,518	70,538
Employee costs	28,647	31,513	34,034	39,139
R&D Cost	18,510	15,731	17,215	19,623
Total SG&A expenses	26,665	32,658	31,712	35,436
EBITDA	31,475	28,823	35,733	41,818
Operating profit	31,475	28,823	35,733	41,818
EBIT	20,616	17,973	24,364	29,880
Less: Interest Expense	2,043	3,078	3,078	3,078
Add: Other income	1,503.51	3,640.21	1,500.00	1,500.00
Profit Before Tax	5,433	21,934	22,786	28,302
Less: Provision for Tax	2,885	9,017	9,114	8,491
Less: Minority Interest	71	89	53	-
Add: Exceptional items	(14,644)	3,400	-	-
Associate profit share	35	38	80	80
Reported Profit	2,513	12,866	13,698	19,892
Exceptional Items	(11,421)	1,745	-	-
Adjusted Profit	13,934	11,121	13,698	19,892
Shares o /s (mn)	452	453	453	453
Adjusted Basic EPS	30.8	24.6	30.3	44.0
Diluted shares o/s (mn)	452	453	453	453
Adjusted Diluted EPS	30.8	24.6	30.3	44.0
Adjusted Cash EPS	54.8	48.6	55.4	70.3
Dividend per share (DPS)	7.5	5.0	9.1	11.0
Dividend Payout Ratio(%)	134.6	37.3	30.0	25.0

Common size metrics

Year to March	FY18	FY19	FY20E	FY21E
Materials costs	33.4	35.0	34.5	34.1
Staff costs	18.1	18.8	18.8	18.9
S G & A expenses	16.9	19.5	17.5	17.2
Operating expenses	80.1	82.8	80.3	79.8
R & D cost	11.7	9.4	9.5	9.5
Depreciation	6.9	6.5	6.3	5.8
Interest Expense	1.3	1.8	1.7	1.5
EBITDA margins	19.9	17.2	19.7	20.2
Net Profit margins	8.9	6.7	7.6	9.6

Growth ratios (%)

Year to March	FY18	FY19	FY20E	FY21E
Revenues	(9.1)	5.2	9.1	14.0
EBITDA	(29.9)	(8.4)	24.0	17.0
PBT	(84.6)	303.7	3.9	24.2
Adjusted Profit	(45.5)	(20.2)	23.2	45.2
EPS	(45.6)	(20.3)	23.2	45.2

Balance sheet		(INR mn)			
As on 31st March	FY18	FY19	FY20E	FY21E	
Share capital	904	905	905	905	
Reserves & Surplus	134,866	136,517	145,268	159,172	
Shareholders' funds	135,771	137,422	146,173	160,077	
Minority Interest	401	469	469	469	
Long term borrowings	64,245	66,417	66,417	66,417	
Short term borrowings	4,518	15,802	15,802	15,802	
Total Borrowings	68,763	82,219	82,219	82,219	
Long Term Liabilities	8,827	11,004	11,004	11,004	
Def. Tax Liability (net)	(4,310)	(4,457)	(4,457)	(4,457)	
Sources of funds	209,450	226,657	240,529	254,433	
Gross Block	120,036	128,608	142,108	155,608	
Depreciation	10,859	10,850	11,369	11,937	
Net Block	95,554	93,275	95,406	96,969	
Capital work in progress	9,563	10,186	10,186	10,186	
Intangible Assets	24,485	23,803	23,803	23,803	
Total Fixed Assets	129,602	127,264	129,396	130,959	
Non current investments	267	1,856	1,856	1,856	
Cash and Equivalents	16,429	30,971	37,459	40,158	
Inventories	36,625	38,368	41,033	46,297	
Sundry Debtors	51,922	51,498	55,820	63,626	
Loans & Advances	17,120	17,700	17,700	17,700	
Current Assets (ex cash)	105,667	107,565	114,552	127,622	
Trade payable	25,754	24,982	26,717	30,144	
Other Current Liab	20,684	20,515	20,515	20,515	
Total Current Liab	46,438	45,497	47,232	50,659	
Net Curr Assets-ex cash	59,229	62,069	67,320	76,963	
Uses of funds	209,451	226,657	240,529	254,433	
BVPS (INR)	300.3	303.7	323.0	353.8	

Free cash flow		(INR mn)			
Year to March	FY18	FY19	FY20E	FY21E	
Reported Profit	2,513	12,866	13,698	19,892	
Add: Depreciation	10,859	10,850	11,369	11,937	
Interest (Net of Tax)	958	1,813	1,847	2,155	
Others	(6,004)	(10,960)	(7,229)	(21,440)	
Less: Changes in WC	(9,186)	(2,091)	(5,252)	(9,642)	
Operating cash flow	17,512	16,660	24,936	22,186	
Less: Capex	14,898	9,599	13,500	13,500	
Free Cash Flow	2,614	7,061	11,436	8,686	

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
		FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Lupin	5,083	25.5	17.6	11.0	9.3	9.6	12.8
Cadila Healthcare	3,587	11.3	10.2	7.5	6.6	19.3	18.5
Cipla	6,537	24.5	22.0	11.4	11.1	11.1	11.3
Dr.Reddys Laboratories	6,442	17.4	14.2	10.4	8.5	16.9	17.8
Sun Pharmaceuticals Industries	15,012	25.5	22.1	14.5	12.5	9.8	10.2
Median	-	24.5	17.6	11.0	9.3	11.1	12.8
AVERAGE	-	20.8	17.2	11.0	9.6	13.3	14.1

Source: Edelweiss research

Cash flow metrics					
Year to March	FY18	FY19	FY20E	FY21E	
Operating cash flow	17,512	16,660	24,936	22,186	
Financing cash flow	(14,921)	7,441	(4,948)	(5,987)	
Investing cash flow	4,699	(32,825)	(13,500)	(13,500)	
Net cash Flow	7,290	(8,724)	6,489	2,699	
Capex	(14,898)	(9,599)	(13,500)	(13,500)	
Dividend paid	(4,073)	(2,713)	(4,948)	(5,987)	

Profitability and efficiency ratios

Year to March	FY18	FY19	FY20E	FY21E
ROAE (%)	10.3	8.2	9.7	13.0
ROACE (%)	10.4	10.0	11.2	12.8
Inventory Days	253	234	232	226
Debtors Days	110	113	108	106
Payable Days	179	158	151	147
Cash Conversion Cycle	184	189	189	184
Current Ratio	2.6	3.0	3.2	3.3
Gross Debt/EBITDA	2.2	2.9	2.3	2.0
Gross Debt/Equity	0.5	0.6	0.6	0.5
Adjusted Debt/Equity	0.5	0.6	0.6	0.5
Net Debt/Equity	0.4	0.4	0.3	0.3
Interest Coverage Ratio	10.1	5.8	7.9	9.7

Operating ratios

Year to March	FY18	FY19	FY20E	FY21E
Total Asset Turnover	0.7	0.8	0.8	0.8
Fixed Asset Turnover	1.4	1.4	1.5	1.7
Equity Turnover	1.2	1.2	1.3	1.3

Valuation parameters

Year to March	FY18	FY19	FY20E	FY21E
Adj. Diluted EPS (INR)	30.8	24.6	30.3	44.0
Y-o-Y growth (%)	(45.6)	(20.3)	23.2	45.2
Adjusted Cash EPS (INR)	54.8	48.6	55.4	70.3
Diluted P/E (x)	25.0	31.4	25.5	17.6
P/B (x)	2.6	2.5	2.4	2.2
EV / Sales (x)	2.5	2.4	2.2	1.9
EV / EBITDA (x)	12.8	13.9	11.0	9.4
Dividend Yield (%)	1.0	0.6	1.2	1.4

Additional Data

Directors Data

Mrs. Manju D Gupta	Chairman	Dr Kamal K Sharma	Vice Chairman
Mr Nilesh Gupta	Managing Director	Mr Vijay Kelkar	Independent Director
Mr R.A. Shah	Independent Director	Mr K. U. Mada	Independent Director
Mr Dileep C. Choksi	Independent Director	Jean-Luc Belingard	Independent Director
Ms. Vinita Gupta	CEO	Mr. Richard Zahn	Independent Director

Auditors - B S R & Co. LLP

**as per last annual report*

Holding – Top10

	Perc. Holding		Perc. Holding
LIC	2.57	Dimensional Fund Advisors	1.13
Comgest	2.30	SBI Funds	1.12
Vanguard group	1.78	Franklin Resources	1.05
Blackrock	1.78	ICICI Prudential Asset Management	1.04
Norges Bank	1.47	ICICI Prudential Life Insurance	1.00

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
No Data Available				

**in last one year*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
No Data Available			

**in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
Aurobindo Pharma	HOLD	SP	H	Biocon	REDUCE	SU	H
Cadila Healthcare	BUY	SO	M	Cipla	REDUCE	SU	L
Divi's Laboratories	BUY	SO	M	Dr.Reddys Laboratories	BUY	SO	M
Glenmark Pharmaceuticals	HOLD	SU	H	Ipca Laboratories	HOLD	SP	H
Lupin	BUY	SP	M	Natco Pharma	BUY	SO	M
Sun Pharmaceuticals Industries	REDUCE	SU	M	Torrent Pharmaceuticals	HOLD	SP	M

ABSOLUTE RATING

Ratings	Expected absolute returns over 12 months
Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

RELATIVE RETURNS RATING

Ratings	Criteria
Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

RELATIVE RISK RATING

Ratings	Criteria
Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

SECTOR RATING

Ratings	Criteria
Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return



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Aditya Narain

Head of Research

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Coverage group(s) of stocks by primary analyst(s):

Aurobindo Pharma, Biocon, Cadila Healthcare, Cipla, Divi's Laboratories, Dr.Reddys Laboratories, Glenmark Pharmaceuticals, Ipca Laboratories, Lupin, Natco Pharma, Sun Pharmaceuticals Industries, Torrent Pharmaceuticals

Recent Research

Date	Company	Title	Price (INR)	Recos
11-Jul-19	Torrent Pharma	Annual Report Insights: One-offs inject growth; <i>Company Update</i>	1,549	Hold
04-Jul-19	Pharma	Strong results puffed by one-offs; <i>Q1FY20 Result Preview</i>		
21-Jun-19	Aurobindo Pharma	More concerns arise; <i>EdelFlash</i>	627	Hold

Distribution of Ratings / Market Cap

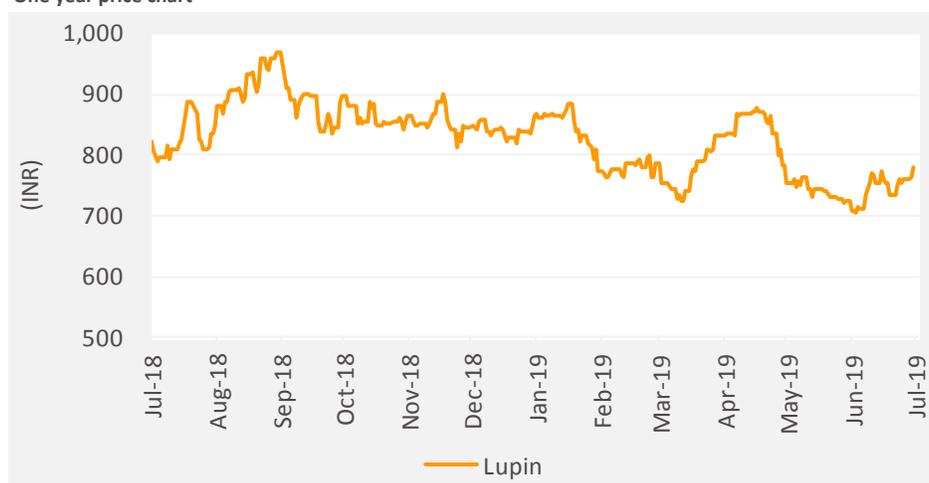
Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	240
* 1stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	156	62	11	

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



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