


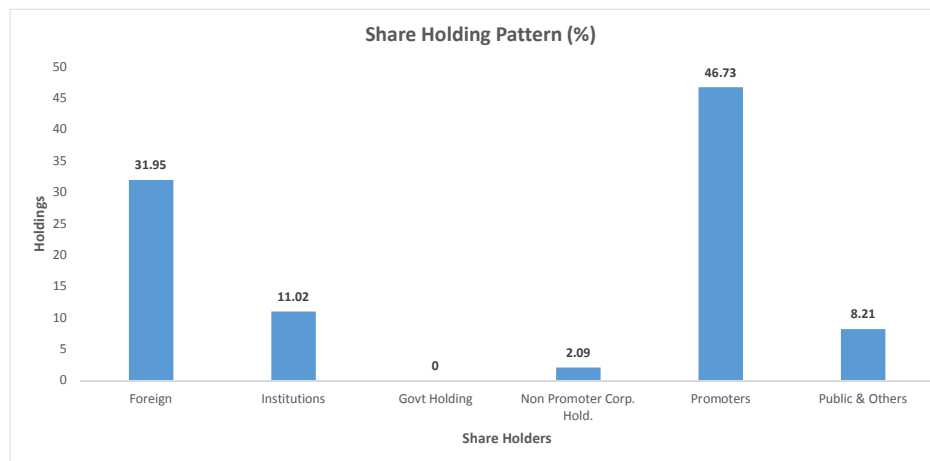
<h2 style="text-align: center;">Research Report</h2>	 <p style="text-align: center;">Spearhead FinServe PRIVATE LIMITED <small>A subsidiary of Spearhead Services Pvt Ltd</small></p>																
<h2 style="text-align: center;">Lupin</h2>	<table> <tr> <td>Recommendation</td><td style="text-align: right;">Accumulate</td></tr> <tr> <td>Current Market Price</td><td style="text-align: right;">1380</td></tr> <tr> <td>Target</td><td style="text-align: right;">1582</td></tr> <tr> <td>Accumulation Price Band</td><td style="text-align: right;">1375 - 1385</td></tr> <tr> <td>Time Frame</td><td style="text-align: right;">6 months</td></tr> <tr> <td>Derivative Segment</td><td style="text-align: right;">Yes</td></tr> </table>	Recommendation	Accumulate	Current Market Price	1380	Target	1582	Accumulation Price Band	1375 - 1385	Time Frame	6 months	Derivative Segment	Yes				
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<h3 style="text-align: center;">Company Overview</h3> <p>* Incorporated in the year 1983 as an Indian based company, Lupin is one of the fastest growing pharmaceutical companies globally developing a wide range of high quality, affordable branded and generic formulations as well as biotechnology products.</p> <p>* The company's focus is in the production of a range of generic and branded formulations and Active Pharmaceutical Ingredients (APIs), having a basket of formulations such as Cephalosporin, CVS, CNS, Anti-Asthma, Anti-TB, Diabetology, Dermatology, GI, and other therapy segments.</p> <p>* As a significant player in the player in the Cardiovascular, Diabetology, Asthma etc. and holding global leadership positions in the Anti-TB and Cephalosporin segment, the Company's global formulations business contributes 90% of Lupin's global revenues with formulations sales in excess of USD 1.65 billion</p>	<h3 style="text-align: center;">Financials</h3> <table> <tr> <td>EPS (Rs)</td><td style="text-align: right;">65.29</td></tr> <tr> <td>Book Value (Rs)</td><td style="text-align: right;">155.50</td></tr> <tr> <td>P/E</td><td style="text-align: right;">19.76</td></tr> <tr> <td>P/BV</td><td style="text-align: right;">9.48</td></tr> <tr> <td>ROE</td><td style="text-align: right;">33.40</td></tr> <tr> <td>ROCE (%)</td><td style="text-align: right;">49.36</td></tr> <tr> <td>Dividend Yield (%)</td><td style="text-align: right;">0.43</td></tr> <tr> <td>Debt - Equity</td><td style="text-align: right;">0.07</td></tr> </table>	EPS (Rs)	65.29	Book Value (Rs)	155.50	P/E	19.76	P/BV	9.48	ROE	33.40	ROCE (%)	49.36	Dividend Yield (%)	0.43	Debt - Equity	0.07
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<h3 style="text-align: center;">Industry Overview</h3> <p>* The global pharmaceutical market is estimated to be worth USD 1 trillion in 2013 is expected to be worth more than USD 1 trillion in 2014. It is expected to grow at a CAGR of 6% to reach USD 1.2 trillion by 2016 .This growth will be largely contributed by what is called the 'pharmerging' markets, generics and the biologics space.</p> <p>* However, The Indian Pharma Industry witnessed a slowdown in the last year due to implementation of new pricing policy and trade issues related thereto, but are expected to bounce back provided the macro-economic factors remain favorable.</p> <p>* The Indian Pharmaceuticals posted another healthy quarter driven by US and ROW markets, accompanied by growth in the sector supported by revival of domestic formulation market.</p> <p>* The US market continues to grow robustly as Indian pharmaceuticals players focus on niche launches and limited competition product portfolio</p> <p>* The generic market in Japan is expected to grow by 30% - 35% by volumes till 2017 due to Government push for generics, with an</p>	<h3 style="text-align: center;">Highlights</h3> <table> <tr> <td>Debt (Rs Cr)</td><td style="text-align: right;">144.47</td></tr> <tr> <td>Reserves (Rs Crs)</td><td style="text-align: right;">6,889.36</td></tr> <tr> <td>FII Holdings (%)</td><td style="text-align: right;">31.71</td></tr> <tr> <td>MF Holdings (%)</td><td style="text-align: right;">5.16</td></tr> <tr> <td>Free Float Market Capitalization (Rs Cr)</td><td style="text-align: right;">32,546.00</td></tr> <tr> <td>Beta</td><td style="text-align: right;">1.22</td></tr> <tr> <td>Avg Volume Per day (no. of shares)</td><td style="text-align: right;">601,937</td></tr> <tr> <td>Avg Volume Per Month (no. of shares)</td><td style="text-align: right;">12,640,677</td></tr> </table>	Debt (Rs Cr)	144.47	Reserves (Rs Crs)	6,889.36	FII Holdings (%)	31.71	MF Holdings (%)	5.16	Free Float Market Capitalization (Rs Cr)	32,546.00	Beta	1.22	Avg Volume Per day (no. of shares)	601,937	Avg Volume Per Month (no. of shares)	12,640,677
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<h3 style="text-align: center;">Key Highlights</h3> <p>* Having several dominant brands in its US branded portfolio such as Suprax, Antara etc., US business contributes to nearly 40% of the consolidated revenues, has shown a record of a robust 37% CAGR revenue growth.</p> <p>* Being among the among the richest pipeline of products and filings in the Indian Pharmaceuticals space, Lupin has a pipeline of 116 products that have been approved but not launched, having a addressable market size of \$80 bn.</p>																	
<h3 style="text-align: center;">Key Risks</h3> <p>* Increase in competition in India and other markets could lead to pricing pressure driving down the margins.</p> <p>* Delay in product launches in US due to regulatory, competitive or other factors likely to negatively affect the earnings and profitability</p>																	

Financial Highlights

Income Statement (Annual)					
Particulars (Rs. Cr)	2014	2013	2012	2011	2010
Net Sales	8939.38	7122.51	5384.83	4494.88	3640.09
EBITDA	3327.71	1907.23	1165.35	975.53	818.61
EBITDA Margin	36.89	26.55	21.47	21.53	22.33
Depreciation	167.63	150.14	131.96	104.28	81.57
Interest	20.99	33.28	28.68	27.57	28.38
Other Income	415.38	23.31	3.49	16.58	72.52
PBT	3139.09	1723.81	1004.71	843.68	708.66
APAT	2331.18	1260.43	804.37	809.98	648.93
PAT Margin (%)	25.77	17.54	14.82	17.88	17.70
Earnings Per Share	51.28	27.48	17.49	17.67	70.70

Balance Sheet					
Particulars (Rs. Cr)	2014	2013	2012	2011	2010
Equity Share Capital	89.68	89.51	89.33	89.24	88.94
Reserves and Surplus	6,889.36	4,757.20	3,645.08	3,063.42	2,441.61
Tangible Net Worth	232.37	753.11	1,179.97	1,060.10	906.81
Deferred Tax Liability :	307.08	282.17	237.83	202.55	177.44
Long Term Debt	24.24	29.20	134.92	184.16	869.81
ShortTerm Debt	120.23	639.48	964.10	799.13	37.00
Total Debt	144.47	668.68	1,099.02	983.29	906.81
Current Liabilities	1,105.29	974.96	842.33	662.10	608.18
Total Provisions	235.80	242.71	220.23	171.43	166.81
Total Liabilities	7,209.94	5,595.14	4,905.65	4,199.67	3,437.36
Gross Block	3,089.22	2,788.57	2,355.45	1,884.34	1,616.52
Net Fixed Assets	2,179.46	2,013.65	1,707.48	1,354.63	1,191.39
Investments	1,163.66	688.04	687.29	680.88	724.07
Current Assets	4,869.09	3,741.89	3,023.05	2,422.60	2,314.31
Deferred Tax Asset :	59.15	49.25	47.33	23.98	19.19
Receivables	2,859.92	1,874.27	1,490.80	1,234.28	916.59
Inventories	1,372.24	1,330.83	1,123.56	841.11	713.70
Cash	146.28	20.12	19.20	37.46	37.42
Total Assets	7,209.94	5,595.14	4,905.65	4,199.67	3,437.36

Income Statement (Quarterly)								
Particulars (Rs. Cr)	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	2421.46	2391.50	2127.35	1836.87	1579.37	1958.66	1708.82	1763.64
EBITDA	822.40	804.37	1068.06	632.88	252.32	674.69	480.40	499.82
EBITDA Margin	33.96	33.63	50.21	34.45	15.98	34.45	28.11	28.34
Depreciation	44.03	40.75	38.65	44.20	37.56	38.09	37.80	36.69
Interest	10.87	2.60	3.59	3.93	12.41	6.12	7.08	7.67
Other Income	69.48	3.61	380.91	99.77	2.67	26.35	2.22	23.08
PBT	767.50	761.02	1025.82	584.75	202.35	630.48	435.52	455.46
APAT	571.17	533.38	809.12	410.55	132.96	448.30	321.94	357.23
PAT Margin (%)	23.59	22.30	38.03	22.35	8.42	22.89	18.84	20.26
Earnings Per Share	12.74	11.90	18.07	9.17	2.97	10.02	7.20	8.00

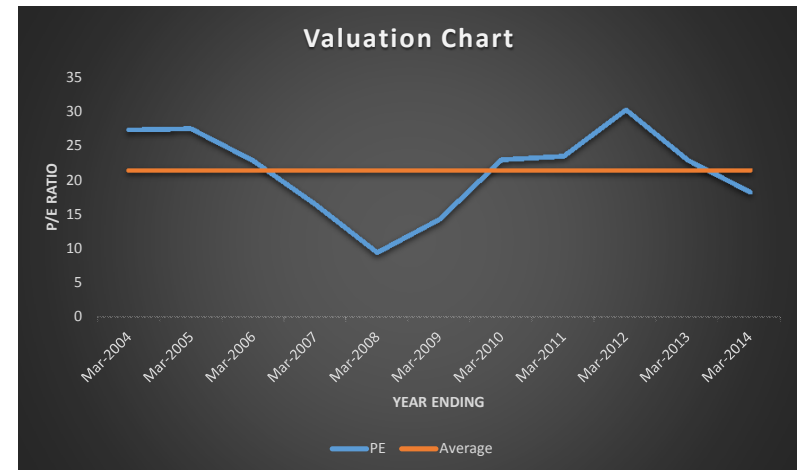
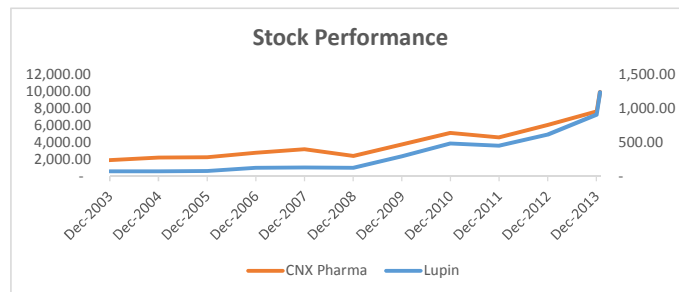


Key Financial Indicators						
Particulars	Units	2014	2013	2012	2011	2010
Revenue	Crs	8,939.38	7,122.51	5,384.83	4,494.88	3,640.09
EBITDA Margins	%	36.89	26.55	21.47	21.53	22.33
PAT	Crs	2,331.18	1,260.43	804.37	809.98	648.93
PAT Margins	%	25.77	17.54	14.82	17.88	17.70
Revenue Growth	%	25.51	32.27	19.80	23.48	25.56
EBITDA Growth	%	74.48	63.66	19.46	19.17	41.32
PAT Growth	%	84.40	56.70	(0.69)	24.82	55.63
Gearing	times	0.07	0.21	0.30	0.33	0.47
ROCE	%	49.36	33.47	22.70	22.82	25.60
ROE	%	33.40	26.01	21.54	25.69	25.64

Peer Comparison				
Particulars	Units	Lupin	Divi's Labs	Jubilant Life
Revenue	Rs Cr	8,939.38	2,532.25	3,809.51
EBITDA Margins	%	36.89	43.58	16.21
PAT	Rs Cr	2,331.18	719.72	226.26
PAT Margins	%	25.77	31.27	5.94
Gearing	%	0.07	0.01	1.84
EPS	Rs / Share	65.29	59.14	19.49
PE	times	19.76	31.39	154.04
P/BV	times	9.48	7.20	1.08
ROCE	%	49.36	35.84	8.34
ROE	%	33.40	23.72	13.06
EV/EBITDA	times	12.61	16.45	14.46

Stock Performance vis-a-vis Index

Particulars	Return(%)	
	YTD	QTD
Lupin	49.94	29.78
CNX Pharma	35.41	22.19



Technical Outlook



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