



Action: BUY

CMP: ₹ 838

Buying Range: ₹ 830-835

Target: ₹ 880

Stop Loss: ₹ 810

Time frame: 4-12Weeks

Lupin Limited is a transnational pharmaceutical Company. The Company is engaged in producing a range of generic and branded formulations and bulk drugs. Lupin ranks seventh in domestic formulations with a market share of 3.6%.

The company has received final approvals for two drugs namely Clobazam Oral and Tadalafil which have a sizeable market size and it would drive profitability in the coming days.

Clobazam Oral Suspension, 2.5 mg/mL is used for the treatment of seizures associated with Lennox-Gastaut syndrome (LGS) in patients 2 years of age or older. This drug had annual sales of approximately USD \$260.2 million in the US market.

Tadalafil Tablets USP, 20 mg is used for the treatment of pulmonary arterial hypertension (PAH). This drug had annual sales of approximately USD \$ 503.8 million in the US market.

Lupin's Q2FY19 results were operationally weak. Revenue growth was flat YoY at Rs 3951 crore US revenue declined 8.3% YoY to 1248.7 crore. India revenues grew 3.8% to Rs 1203 crore. EBITDA margins fell 768 bps YoY to 13.9% mainly due to adverse product mix and higher marketing expenses for Solosec (gynaecology) promotion in the US.

The management has aggressively guided for US\$800 million of US sales in FY19 due to expected strong flu season, launch of two new drugs levothyroxine and Ranolazine and ramp up in branded Solosec. we believe an improvement in the US is key to a further re-rating of the stock.

Key Data	
Nifty	10822
Sector	Pharmaceuticals
52WeekH/L(Rs)	986/724
Market Cap (Rs Cr)	37921
Face Value (Rs)	2.00

Stock Performance (%)			
	1M	3M	12M
Absolute (%)	(0.39)	(3.33)	(9.14)
NIFTY PHARMA	2.58	(7.59)	(8.84)

Key Financial Data (₹ Cr)		
Particulars	H1FY19	H1FY18
Revenue	7665.50	7680.99
EBIDTA	1491.49	1727.43
PAT	470.43	812.05
EPS	10.40	17.99
P/E	36.32	132.50
P/B	2.84	2.49



TECHNICAL RATIONALE

- The stock is rebounding from the strong support level of 815. The stock may give positive breakout on the upside after recent consolidation.
- RSI, MACD, Stochastic indicators are showing positive crossover.
- The stock is well positioned for the target of ₹880 with stop loss below ₹810 on closing basis.



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