

Lupin Limited

August 02, 2018

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-Convertible Debenture Programme	100.0	0.0	[ICRA]AAA&; withdrawn
Long-term, Fund-based Facilities	150.0	150.0	[ICRA]AAA&; outstanding
Long-term, Non-fund Based facilities	40.0	40.0	[ICRA]AAA&; outstanding
Short-term, Fund-based Facilities	950.0	950.0	[ICRA]A1+&; outstanding
Short-term, Non-fund Based Facilities	360.0	360.0	[ICRA]A1+&; outstanding
Total	1600.0	1500.0	

*Instrument details are provided in Annexure-1

&: on rating watch with developing implications

Rating action

ICRA has withdrawn the long-term rating of [ICRA]AAA (pronounced ICRA triple A)¹ on rating watch with developing implications assigned to the Rs. 100.0-crore² non-convertible debenture programme of Lupin Limited (Lupin). ICRA has a long-term rating of [ICRA]AAA outstanding on the Rs. 150.0-crore long-term, fund-based facilities and the Rs. 40.0-crore long-term, non-fund based facilities of Lupin. ICRA also has a short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) outstanding on the Rs. 950.0-crore short-term, fund-based facilities and the Rs. 360.0-crore short-term, non-fund based facilities of Lupin. The ratings are on 'watch with developing implications'.

Rationale

The rating on the Rs. 100.0-crore non-convertible debenture programme has been withdrawn as there is no amount outstanding against the said facility. The rating withdrawal is in accordance with ICRA's policy on withdrawal and suspension, and at the request of the company.

The previous detailed rating rationale is available on the following link-[Click here](#)

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below

¹For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

²100 lakh = 1 crore = 10 million

Links to applicable criteria:

[Corporate Credit Rating Methodology](#)

[ICRA Policy on Withdrawal and Suspension of Credit Rating](#)

About the company:

Lupin Limited (erstwhile Lupin Chemicals) was founded in 1968 by the Late Dr. Desh Bandhu Gupta, the father of the current managing director, Mr. Nilesh Gupta, when Dr. Gupta had bought over the Lupin trade mark from Charak Pharmaceuticals in 1968. Set up originally as a proprietary concern, it was converted into a private limited company in 1972 and became a public limited company in 1992. In June 2001, Lupin Chemicals merged with Lupin Laboratories Limited, following which the merged entity was renamed as Lupin Limited. The amalgamation was aimed at leveraging the strengths of the two companies. Lupin is an integrated pharmaceutical company with a presence across research, manufacturing and marketing of formulations and APIs.

As per the company, globally, Lupin is the twelfth and the eighth largest generics pharmaceutical company by market capitalisation (March 31, 2018) and revenues (December 30, 2017), respectively. The company is the fourth largest pharmaceutical player in the US by prescriptions (IMS MAT March 2018), the third largest Indian pharmaceutical company by global revenues (December 30, 2017), the sixth largest generic pharmaceutical player in Japan, and the fifth largest company in Indian pharmaceutical market (IQVIA MAT March 2018).

The company's business mix can be broadly divided into two segments—formulations (accounted for 93% of Lupin's consolidated revenues in FY2018) and active pharmaceutical ingredients (accounted for 7% of Lupin's consolidated revenues in FY2018). Lupin has a well-diversified geographic presence, with sales to advanced markets (the US, Europe and Japan) accounting for nearly 54% of the company's total formulations sales in FY2018.

For the 12 months ended March 31, 2018, Lupin (consolidated) reported a profit after tax (PAT) of Rs. 258.4 crore on an operating income (OI) of Rs. 15,796.6 crore, as against a PAT of Rs. 2,564.6 crore on an OI of Rs. 17,367.4 crore for the 12 months ended March 31, 2017.

Key financial indicators (audited, consolidated)

	FY2017	FY2018
Operating Income (Rs. crore)	17,367.4	15,796.6
PAT (Rs. crore)	2,564.6	258.4
OPBDIT/ OI (%)	27.2%	20.8%
RoCE (%)	22.4%	4.8%
Total Debt/ TNW (times)	0.6	0.5
Total Debt/ OPBDIT (times)	1.7	2.2
Interest Coverage (times)	16.7	9.5

Source: Lupin Limited

Status of non-cooperation with previous CRA: Not applicable
Any other information: None

Rating history for last three years:

S. No.	Instrument	Current Rating (FY2019)		Chronology of Rating History for the past 3 years						
		Type	Amount Rated (Rs. crore)	Amount outstanding Rs. crore	Date & Rating	Date & Rating in FY2018		Date & Rating in FY2017	Date & Rating in FY2016	
					August 2018	November 2017	October 2017	August 2016	July 2015	April 2015
1	Non-Convertible Debenture Programme	Long-term	100.0	-	[ICRA]AAA& Withdrawn	[ICRA]AAA &	[ICRA]AAA &	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
2	Fund-based Facilities	Long-term	150.0	-	[ICRA]AAA&	[ICRA]AAA &	[ICRA]AAA &	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
3	Fund-based Facilities	Short-term	950.0	-	[ICRA]A1+&	[ICRA]A1+&	[ICRA]A1+ &	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
4	Non-fund Based Facilities	Long-term	40.0	-	[ICRA]AAA&	[ICRA]AAA &	[ICRA]AAA &	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
5	Non-fund Based Facilities	Short-term	360.0	-	[ICRA]A1+&	[ICRA]A1+&	[ICRA]A1+ &	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

&: on rating watch with developing implications

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No.	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
-	Fund-based Facilities	-	-	-	150.0	[ICRA]AAA &
-	Fund-based Facilities	-	-	-	950.0	[ICRA]A1+ &
-	Non-fund Based Facilities	-	-	-	40.0	[ICRA]AAA &
-	Non-fund Based Facilities	-	-	-	360.0	[ICRA]A1+ &
-	Non-Convertible Debenture Programme	Not Placed	-	-	100.0	[ICRA]AAA& Withdrawn

Source: Lupin Limited

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