

Lupin gets Angel's neutral tag

Lupin has been reported to have taken 200 per cent price increase in Fortamet. This has come after a huge price hike in competing product Glumetza. After the hike, Fortamet is still 75 per cent cheaper than Glumetza. Though the sustenance of price hike can't be predicted as other Fortamet is genericised and can see additional competition. The product should have an estimated market size of around \$100-130 million and Lupin sales, according to our estimates, should be around \$43 million, with a price hike the product should be grossing sales of \$70-80 million. Even after the hike the product contribution to the overall sales would be around 3 per cent of the overall sales in FY2017. However given the huge price hike, the broking house believes that the OPM's could see an expansion of 2.25 per cent and result in the EPS expansion of 13 per cent and 12 per cent in FY16 and FY17 respectively. Since the valuations are too rich for any upgrades, it maintained its neutral stance on the stock.

Broking firm: Angel Broking
Rating: Neutral
Closing price: ₹1,989.45

Company