



Consistent Growth, Robust Profits
Quarter II Results, FY 2013-14
Net Sales up 18%; EBITDA up 42%; Net profit up 40%

Mumbai, October 30, 2013: Lupin Ltd. reported its performance for the second quarter ended 30th September, 2013. These unaudited results were taken on record by the Board of Directors at a meeting in Mumbai today.

Key financial & performance highlights

- Net sales grew by 18% to Rs. 26,315 m. during Q2, FY 2013-14, up from Rs. 22,393 m. (Q2, FY 2012-13)
 - **H1, FY 2013-14:** YoY growth of 13% to Rs. 50,521 m. from Rs. 44,584 m.
- EBITDA margin grew by 42% to Rs. 7,410 m. during Q2, FY 2013-14, up from Rs. 5,202 m. (Q2, FY 2012-13)
 - **H1, FY 2013-14:** YoY growth of 43% to Rs. 14,314 m. from Rs. 10,014 m.
- Profit before tax grew by 53% to Rs. 6,755 m. during Q2, FY 2013-14, up from Rs. 4,412 m. (Q2, FY 2012-13)
 - **H1, FY 2013-14:** YoY growth of 53% to Rs. 12,981 m. from Rs. 8,470 m.
- Net profit grew by 40% to Rs. 4,062 m. during Q2, FY 2013-14, up from Rs. 2,905 m. (Q2, FY 2012-13)
 - **H1, FY 2013-14:** YoY growth of 41% to Rs. 8,072 m. from Rs. 5,709 m.

*Commenting on the results, **Nilesh Gupta, Managing Director, Lupin Limited**, said "Despite challenges in markets like India, we have had a good first half, driven by strong business growth from markets like US and improved operational efficiencies. Our growth story continues. This consistent performance has led to a sustained EBITDA and PAT improvement."*

Press Release



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Unaudited consolidated financial results for the quarter ended September, 2013 (YoY comparison)

Figures in Rs. m

Particulars	Q2 2013-14	% of net sales	Q2 2012-13	% of net sales	YoY growth %
Net sales	26,315	100.0%	22,393	100.0%	17.5%
Other operating income	364	1.4%	614	2.7%	-40.7%
Total revenue	26,679	101.4%	23,007	102.7%	16.0%
Raw material consumed	8,413	32.0%	8,898	39.7%	-5.5%
Gross margin (excl. other operating income)	17,902	68.0%	13,495	60.3%	32.7%
Employees cost	3,682	14.0%	3,032	13.5%	21.4%
Manufacturing & other expenses	7,988	30.4%	5,917	26.4%	35.0%
Operating margin	6,596	25.1%	5,160	23.0%	27.8%
Other income	814	3.1%	43	0.2%	1,783.4%
EBITDA	7,410	28.2%	5,203	23.2%	42.4%
Depreciation	606	2.3%	690	3.1%	-12.2%
EBIT	6,804	25.9%	4,513	20.2%	50.8%
Interest & finance charges	49	0.2%	101	0.4%	-51.5%
PBT	6,755	25.7%	4,412	19.7%	53.1%
Tax	2,582	9.8%	1,438	6.4%	79.5%
PAT	4,173	15.9%	2,974	13.3%	40.3%
Minority interest & share of loss in associates	111	0.4%	69	0.3%	60.9%
Net profit	4,062	15.4%	2,905	13.0%	39.8%

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Profit & loss highlights

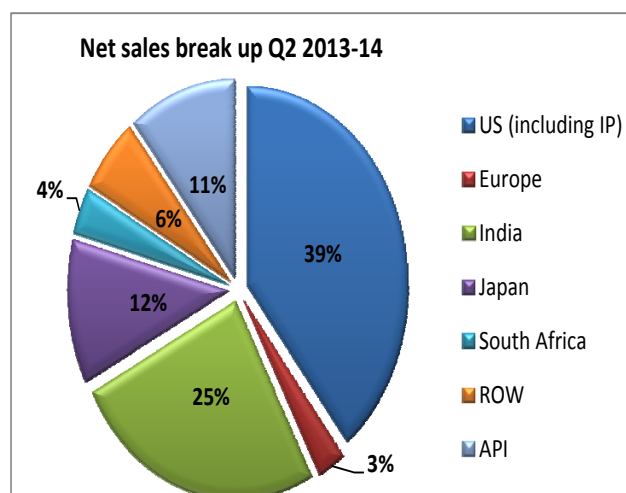
- Material cost decreased by 7.7% to 32.0% of net sales at Rs. 8,413 m. during Q2, FY 2013-14 as compared to Rs. 8,898 m. for Q2, FY 2012-13. Manufacturing & other expenses increased by 4.0% to 30.4% of net sales at Rs. 7,988 m. during Q2, FY 2013-14 as compared to Rs. 5,917 m. for Q2, FY 2012-13.
- The overall impact of foreign exchange on net profit is Rs. 43 m., of which Rs. 714 m. forex gain is reflected in other income, while a corresponding forex loss is captured across various other P&L line items.
- Personnel cost increased by 0.5% to 14.0% of net sales, at Rs. 3,682 m. during Q2, FY 2013-14, as against Rs. 3,032 m. (Q2, FY 2012-13).
- Revenue expenditure on R&D stood at 8.3% of net sales at Rs. 2,172 m., as compared to Rs. 935 m. for Q2, FY 2012-13.
- The tax provision for the quarter includes taxes of Rs. 513 m. on dividend received from subsidiaries. The Finance Act, 2013 permits dividend received from subsidiaries as an offset against the dividend paid to the shareholders for the purpose of dividend distribution tax. Consequently, the Company has reversed an amount of Rs. 304 m. which was provided for as dividend distribution tax for the previous year back into the Reserves.

Balance sheet highlights

- Operating working capital increased to Rs. 26,743 m. as on 30th September, 2013 as against Rs. 25,160 m. as on 30th June, 2013. The working capital number of days stood at 96 days as on 30th September, 2013 as against 94 days on 30th June, 2013.
- Capital Expenditure was Rs. 1,438 m. in the quarter.
- Debt Equity Ratio stood at 0.06.

Business Segments - Revenue Mix

Particulars in Rs. m.	Q2 2013-14	Q2 2012-13	YOY growth %
Formulations	23,453	20,001	17%
US (including IP)	10,349	7,818	32%
Europe	741	626	18%
India	6,635	6,064	9%
Japan	3,093	3,301	-6%
South Africa	1,004	810	24%
Rest of world	1,631	1,382	18%
API	2,862	2,392	20%
Total net sales	26,315	22,393	18%





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Operational highlights

US & Europe

US and Europe formulation sales (including IP) grew by 31% to Rs. 11,089 m. during Q2, FY 2013-14, as against Rs. 8,444 m. for Q2, FY 2012-13, contributing 42% to overall Company sales. US brands business contributed 10% of total US sales, whereas the generics business contributed 90% in Q2, 2013-14.

- In dollar terms, US formulations revenues increased by 16% to USD 167 m. for Q2, FY 2013-14.
- Lupin strengthened its US Brands business by inking strategic licensing agreements to promote Locoid® Lotion as well Alinia® (nitazoxanide) for Oral Suspension to US Pediatricians. Both products are now on the market.
- The Company launched 5 products in the US during the quarter and now has 57 products in the market.
- Lupin is the market leader in 25 products in the US generic market and is amongst the Top 3 by market share in 40 products (IMS Health, June 2013).

India formulations

The Indian formulations business contributed 25% of the Company's overall revenues for the quarter. The Company's India formulation business grew by 9% recording revenues of Rs. 6,635 m. during Q2, FY 2013-14, as compared to Rs. 6,064 m. for Q2, FY 2012-13.

Japan

Lupin's Japan Sales (Kyowa + I'rom) clocked in at Rs. 3,093 m. during the quarter. Japan now contributes 12% to Lupin's consolidated revenues. Total revenues increased to JPY 4,849 m. from JPY 4,692 m., a growth of 3% in JPY terms.

Kyowa revenues (excluding I'rom) stand at Rs. 2,304 m. for Q2, FY 2013-14. In JPY terms, Kyowa revenues (excluding I'rom) increased to JPY 3,616 m from JPY 3,310 m. in the previous year, a growth of 9%.

South Africa

Lupin's South African Business, Pharma Dynamics clocked in revenues of Rs. 1,004 m. during Q2, FY 2013-14, representing a growth of 24%.

API

API net sales grew by 20% to Rs. 2,862 m. during the quarter as compared to Rs. 2,392 m. for Q2, FY 2012-13 and contributed 11% to Lupin's consolidated revenues.

R&D

Revenue expenditure on R&D for Q2, FY 2013-14 stood at Rs. 2,172 m., 8.3% to net sales as against Rs. 935 m., 4.2% to net sales for Q2, FY 2012-13. Revenue expenditure on R&D for H1, FY 2013-14 stood at Rs. 4,128 m., 8.2% to net sales as against Rs. 2,717 m. 6.1% to net sales for H1, FY2012-13.

Lupin filed 7 ANDAs and received 6 ANDA approvals in the quarter. Cumulative ANDA filings with the US FDA now stand at 183 with the company having received 92 approvals to date. The Company received approval of 1 MAA from European regulatory authorities in the quarter.

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About Lupin Limited

Headquartered in Mumbai, Lupin is an innovation led transnational pharmaceutical company producing and developing a wide range of branded and generic formulations and APIs. The Company is a significant player in the Cardiovascular, Diabetology, Asthma, Pediatric, CNS, GI, Anti-Infective and NSAID space and holds global leadership positions in the Anti-TB and Cephalosporin segment.

Lupin is the 5th largest and fastest growing generics player in the US (5.3% market share by prescriptions, IMS Health) and the 3rd largest Indian pharmaceutical company by sales. The Company is also the fastest growing top 10 generic pharmaceutical players in Japan and South Africa (IMS).

For the financial year ended March 2013, Lupin's Consolidated Total Income and Profit after Tax were Rs. 94,616 million (USD 1.74 billion) and Rs. 13,142 million (USD 242 million) respectively. Please visit <http://www.lupinworld.com> for more information.

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