Press Release

LUPIN

BSE: 500257	NSE: LUPIN	REUTERS: LUPIN.BO	BLOOMBERG: LPC IN

Strong Growth, Profits Surge

Quarter II Results, FY 2014-15

Net Sales up 18%, EBITDA up 27%, Net Profit up 55%

Mumbai, October 28, 2014: Pharmaceutical Major, Lupin Limited (Lupin) reported its performance for the second quarter ending 30th September, 2014. 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 18.4% to Rs. 31,168 m. during Q2 FY 2014-15, up from Rs. 26,315 m. in Q2 FY 2013-14.
  - **H1, FY 2014-15:** YoY growth of 26.7 % to Rs. 64,008 m from Rs.50,521 m.
- EBITDA grew by 27.2% to Rs. 9,428 m. during Q2 FY 2014-15, up from Rs. 7,410 m. in Q2 FY 2013-14.
  - **H1, FY 2014-15:** YoY growth of 45.8 % to Rs. 20,864 m from Rs.14,314 m.
- PBT grew by 23.2% to Rs. 8,320 m. during Q2 FY 2014-15, up from Rs. 6,755 m. in Q2 FY 2013-14.
  - **H1, FY 2014-15:** YoY growth of 43.6 % to Rs. 18,645 m from Rs.12,981 m.
- Net Profits grew by 55.1% to Rs. 6,300 m. during Q2 FY 2014-15, up from Rs. 4,062 m. in Q2 FY 2013-14
  - **H1, FY 2014-15:** YoY growth of 55.5 % to Rs. 12,548 m from Rs.8,072 m.

Commenting on the results, Mr. Nilesh Gupta, Managing Director, Lupin Limited, said "We have had a great first half driven by strong growth in US, India, Japan and our API business. Our research pipeline is evolving well and we expect significant developments in the dermatology and inhalation space in the quarters to come."

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Unaudited consolidated financial results for the quarter ended September 30th, 2014 (YoY comparison)

Figures in Rs. m

Particulars	Q2 FY 2014-15	% of net sales	Q2 FY 2013-14	% of net sales	YoY growth %
Net sales	**31,168**	**100%**	**26,315**	**100%**	**18.4%**
Other operating income	566	1.8%	364	1.4%	55.5%
Total revenue	**31,734**	**101.8%**	**26,679**	**101.4%**	**18.9%**
Raw material consumed	10,697	34.3%	8,413	32.0%	27.1%
Gross margin (excl. other operating income)	**20,471**	**65.7%**	**17,902**	**68.0%**	**14.4%**
Employees cost	4,389	14.1%	3,682	14.0%	19.2%
Manufacturing & other expenses	8,322	26.7%	7,988	30.4%	4.2%
Operating margin	**8,326**	**26.7%**	**6,596**	**25.1%**	**26.2%**
Other income**	1,102**	3.5%	814	3.1%	35.4%
EBITDA	**9,428**	**30.2%**	**7,410**	**28.2%**	**27.2%**
Depreciation	1,087	3.5%	606	2.3%	79.4%
EBIT	**8,341**	**26.8%**	**6,804**	**25.9%**	**22.6%**
Interest & finance charges	21	0.1%	49	0.2%	-57.1%
PBT	**8,320**	**26.7%**	**6,755**	**25.7%**	**23.2%**
Tax	1,926	6.2%	2,582	9.8%	-25.4%
PAT	**6,394**	**20.5%**	**4,173**	**15.9%**	**53.2%**
Minority interest	94	0.3%	111	0.4%	-15.3%
Net profit	***6,300***	***20.2%***	***4,062***	***15.4%***	***55.1%***

***** The overall impact of foreign exchange on net profit is Rs. 170 m. (gain), of which Rs. 847 m. forex gain is reflected in other income, while a corresponding forex loss is captured across various P&L line items.***

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Profit & loss highlights

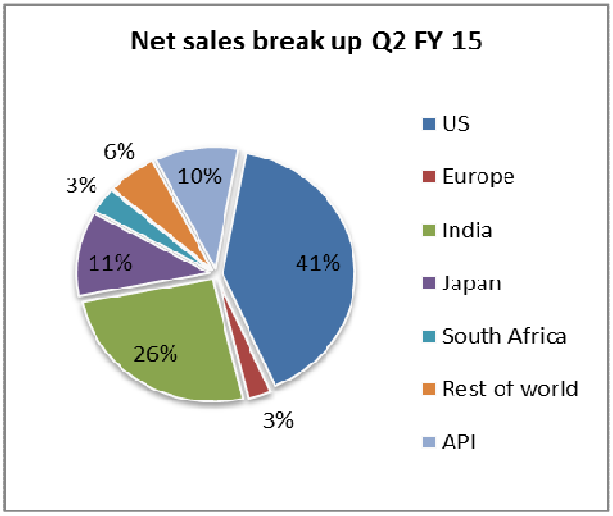
- Material cost increased by 2.3% to 34.3% of net sales, at Rs. 10,697 m. during Q2 FY 2014-15 as compared to Rs. 8,413 m. during Q2 FY 2013-14.
- Manufacturing and other expenses decreased by 3.7% to 26.7% of net sales at Rs. 8,322 m. during Q2 FY 2014-15 as compared to Rs. 7,988 m. during Q2 FY 2013-14.
- Personnel cost increased by 0.1% to 14.1% of net sales, at Rs. 4,389 m. during Q2 FY 2014-15, as against Rs. 3,682 m. during Q2 FY 2013-14.
- Revenue expenditure on R&D stood at 9.1% of net sales at Rs. 2,848 m. during Q2 2014-15, as compared to Rs. 2,172 m. during Q2 FY 2013-14.

Balance sheet highlights

- Operating working capital increased to Rs. 30,630 m. as on 30th September, 2014 as against Rs. 27,695 m. as on 30th June, 2014. The working capital number of days stands at 87 days as on 30th September, 2014 as against 76 days on 30th June, 2014.
- Capital Expenditure stood at Rs. 2,110 m. during the quarter.
- The Company continues to enjoy "Debt Free" status.

Business Segments - Sales Mix

Particulars	Q2 2014-15	Q2 2013-14	YoY growth %
Formulations (Including IP)	**27,985**	**23,453**	**19%**
US (including IP)	12,716	10,302	23%
Europe	876	787	11%
India	7,990	6,635	20%
Japan	3,459	3,093	12%
South Africa	1,057	1,004	5%
Rest of world	1,887	1,632	16%
API	**3,183**	**2,862**	**11%**
Total net sales	**31,168**	**26,315**	**18%**



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Operational Highlights

US and Europe

- US and Europe formulation sales (Including IP) grew by 23% to Rs. 13,592 m. during Q2 FY 2014-15, as against Rs. 11,089 m in Q2 FY 2013-14, contributing 44% to overall sales.
- US sales increased by 21% to USD 202 m. during Q2 FY 2014-15.
- 3 products were launched in the US market during the quarter taking it to a total of 7 products during FY 2014-15. Lupin now has 75 products in the market.
- Lupin is now the market leader in 31 products marketed in the US generics market. The Company is amongst the Top 3 by market share in 54 products. (IMS Health, June 2014).

India Formulations

Lupin's India formulations business grew by 20% recording net sales of Rs. 7,990 m. during Q2 FY 2014-15, as compared to Rs. 6,635 m. in Q2 FY 2013-14.

Japan

Lupin's Japan Sales (Kyowa + I'rom) grew by 12% clocking net sales of Rs. 3,459 m. during Q2 FY 2014-15, as compared to Rs. 3,093 m. in Q2 FY 2013-14. Total sales increased to JPY 5,929 m. for Q2 FY 2014-15 up from JPY 4,849 m. in Q2 FY 2013-14, a growth of 22% in JPY terms.

For the quarter, Kyowa's sales (excluding I'rom) grew by 18% to Rs. 2,722 m. from Rs. 2,304 m. in Q2 FY 2013-14. In JPY terms, it grew by 29% to JPY 4,667 m. from JPY 3,616m in Q2 FY 2013-14.

Rest of the World Markets (ROW)

Lupin's ROW sales grew by 16% to Rs. 1,887 m. during Q2 FY 2014-15, up from Rs. 1,632 m., Q2 FY 2013-14.

South Africa

Lupin's South African business subsidiary Pharma Dynamics clocked in sales of Rs. 1,057 m. during Q2 FY 2014-15, growing by 5%. In ZAR terms, it grew by 15% to ZAR 187m from ZAR 163m in Q2 FY 2013-14. The Company remains the fastest growing and the 4th largest generic company in the South African market with clear leadership in the cardiovascular space.

API

The Company's API business recorded sales of Rs. 3,183 m. during Q2 FY 2014-15 growing by 11%, up from Rs. 2,862 m. during Q2 FY 2013-14.

Research & Development (R&D)

Revenue expenditure on R&D for Q2 FY 2014-15 amounted to Rs. 2,848 m. (9.1% of net sales) as against Rs. 2,172m. (8.3% to net sales) Q2 FY 2013-14. Revenue expenditure on R&D for H1 FY 2014-15 stood at Rs. 5,287 m. (8.3% to net sales) as against Rs. 4,128 m. (8.2% to net sales) for H1 FY 2013-14.

The Company received 2 approvals from the US FDA during the quarter. Cumulative ANDA filings with the US FDA stood at 200 (as of September 30th, 2014) with the company having received 105 approvals to date.

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The Company filed 1 MAA and received 2 approvals during the quarter. Cumulative filings with European authorities now stand at 58 with the company having received 51 approvals to date.

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 top 5 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 2014, Lupin's Consolidated turnover and Profit after Tax were Rs. 110,866 million (USD 1.83 billion) and Rs. 18,364 million (USD 304 million) respectively. Please visit http://www.lupin.com for more information.

You could also follow us on Twitter for regular updates – www.twitter.com/lupinlimited

CIN: L24100MH1983PLC029442
Registered Office: 159, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098.

For further information or queries please contact -

Shamsher Gorawara
Head – Corporate Communications
Lupin Limited:
Ph: +91 98 20 338 555
Email: shamshergorawara@lupin.com

or

Alpesh Dalal
Head – M & A and Investor Relations
Lupin Limited
Ph: +91 98 20 023 511
Email: alpeshdalal@lupin.com