Press Release

LUPIN

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

Quarter II Results, FY2016

Mumbai, October 27, 2015: Pharma Major Lupin Limited reported its performance for the second quarter ending 30th September, 2015. These unaudited results were taken on record by the Board of Directors at a meeting in Mumbai today.

Key financial & performance highlights

- Net Sales were Rs. 31,783 m. during Q2 FY2016, as compared to Rs. 31,168 m. in Q2 FY2015
  - **H1 FY2016:** Net sales were Rs. 62,526 m. as compared to Rs. 64,008 m. in H1 FY2015

- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs. 7,136 m. during Q2 FY2016 as compared to Rs. 9,428 m., in Q2 FY2015
  - **H1 FY2016:** EBITDA was Rs. 16,058 m. as compared to Rs. 20,864 m. in H1 FY2015

- Profit before tax (PBT) was Rs. 5,967 m. during Q2 FY2016 as compared to Rs. 8,320 m., in Q2 FY2015
  - **H1 FY2016:** PBT was Rs. 13,858 m. as compared to Rs. 18,645 m. in H1 FY2015

- Net profits stood at Rs. 4,088 m. during Q2 FY2016 as compared to Rs. 6,300 m., in Q2 FY2015
  - **H1 FY2016:** Net Profit was Rs. 9,339 m. as compared to Rs. 12,548 m. in H1 FY2015

Commenting on the results, Mr. Nilesh Gupta, Managing Director, Lupin Limited, said "Slowdown in approvals in the US and a lack of material launches continued to dampen growth. We continue to invest in research and remain upbeat on the pace of approvals and launches to pick up by the fourth quarter."

Appointments to the Board

The Board of Directors appointed Mr. Ramesh Swaminathan, Chief Financial Officer, Lupin Limited as an Additional Director and Mr. Jean-Luc Belingard as an Independent Director of the company for a period of five years effective October 27, 2015, subject to shareholders approval.

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Unaudited consolidated financial results for the quarter ended September 30th, 2015 (YoY comparison)

Figures in Rs. m.

Particulars	Q2 FY2016	% of net sales	Q2 FY2015	% of net sales	YoY growth %
Net sales	**31,783**	**100.0%**	**31,168**	**100.0%**	**2.0%**
Other operating income	1,430	4.5%	566	1.8%	152.7%
Total revenue	**33,213**	**104.5%**	**31,734**	**101.8%**	**4.7%**
Raw material consumed	11,294	35.5%	10,697	34.3%	5.6%
Gross margin (excl. other operating income)	**20,489**	**64.5%**	**20,471**	**65.7%**	**0.1%**
Employees cost	5,242	16.5%	4,389	14.1%	19.4%
Manufacturing & other expenses	9,956	31.3%	8,322	26.7%	19.6%
Operating margin	**6,721**	**21.1%**	**8,326**	**26.7%**	**-19.3%**
Other income	415	1.3%	1,102	3.5%	-62.4%
EBITDA	**7,136**	**22.5%**	**9,428**	**30.2%**	**-24.3%**
Depreciation	1,068	3.4%	1,087	3.5%	-1.7%
EBIT	**6,068**	**19.1%**	**8,341**	**26.8%**	**-27.3%**
Interest & finance charges	102	0.3%	21	0.1%	376.5%
PBT	**5,966**	**18.8%**	**8,320**	**26.7%**	**-28.3%**
Tax	1,851	5.8%	1,926	6.2%	-3.9%
PAT	**4,115**	**12.9%**	**6,394**	**20.5%**	**-35.6%**
Minority interest	27	0.1%	94	0.3%	-71.3%
Net profit	**4,088**	**12.9%**	**6,300**	**20.2%**	**-35.1%**

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Profit & loss highlights

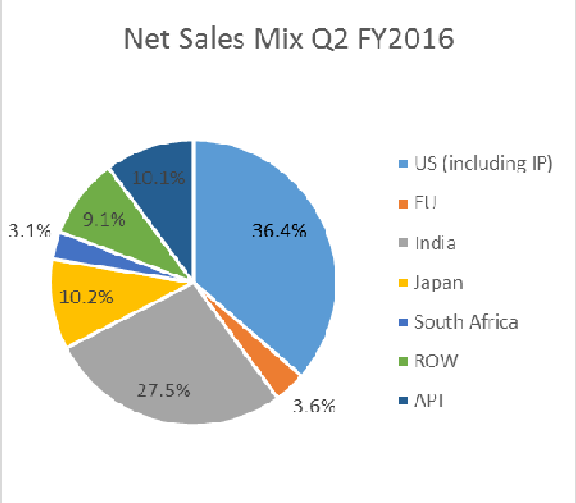
- Material cost increased by 1.2% to 35.5% of net sales, at Rs. 11,294 m. during Q2 FY2016 as compared to Rs. 10,697 m. during Q2 FY2015
- Manufacturing and other expenses increased by 4.6% to 31.3% of net sales at Rs. 9,956 m. during Q2 FY2016 as compared to Rs. 8,322 m. during Q2 FY2015
- Personnel cost increased by 2.4% to 16.5% of net sales, at Rs. 5,242 m. during Q2 FY2016, as compared to Rs. 4,389 m. in Q2 FY2015
- Revenue expenditure on R&D stood at 12.2% of net sales at Rs. 3,878 m. during Q2 FY2016, as compared to Rs. 2,848 m. during Q2 FY2015

Balance sheet highlights

- Operating working capital increased to Rs. 36,993 m. as on 30th September, 2015 as against Rs. 36,265 m. as on 30th June, 2015. The working capital number of days stands at 107 days as on 30th September, 2015 as against 106 days on 30th June, 2015
- Capital Expenditure was Rs. 2,993 m. during the quarter
- Debt – equity ratio was 0.01:1

Business Segments - Sales Mix

Particulars	Q2 FY2016	Q2 FY2015	YoY Growth %
Formulations	**28,564**	**27,985**	**2.1%**
US (including IP)	11,550	12,716	-9.2%
Europe	1,158	876	32.2%
India	8,738	7,990	9.4%
Japan	3,234	3,459	-6.5%
South Africa	998	1,057	-5.6%
Rest of world	2,886	1,887	52.9%
API	**3,219**	**3,183**	**1.1%**
Total net sales	**31,783**	**31,168**	**2.0%**



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Operational Highlights

US and Europe

US and Europe formulation sales (including IP) stood at Rs. 12,708 m., Q2 FY2016, contributing 40.0% to overall sales.

- US sales stood at USD 174 m. during Q2 FY2016 versus USD 202 m. in Q2 FY2015.
- The Company launched 4 new products in the US market during the quarter. Lupin now has 84 products in the market.
- Lupin is the market leader in 33 products marketed in the US generics market. The Company is amongst the Top 3 by market share in 61 products. (IMS Health, June 2015).

India formulations

The India formulations business grew by 9.4%, recording sales of Rs. 8,738 m. for Q2 FY2016 as compared to Rs. 7,990 m. for Q2 FY2015. Net sales growth for H1 FY2016 was 12.7%.

Japan

Lupin's Japanese business (Kyowa + Kyowa CritiCare) recorded net sales of Rs. 3,234 m. during Q2 FY2016 as compared to Rs. 3,459 m. Sales in JPY terms grew 2.5% to JPY 6,077 m. during the quarter from JPY 5,929 m. Sales growth for H1 FY2016 was 4.3% in JPY terms.

Kyowa sales (excluding Kyowa CritiCare) were Rs. 2,523 m. for Q2 FY2016 as compared to Rs. 2,722 m. in Q2 FY2015. In JPY terms, it grew by 1.6% to JPY 4,741 m. from JPY 4,667 m. in Q2 FY2015. Sales growth for H1 FY2016 was 3.5% in JPY terms.

ROW Markets

ROW markets sales grew by 52.9% to Rs. 2,886 m. during Q2 FY2016 as compared to Rs. 1,887 m. during Q2 FY2015. Sales growth for H1 FY2016 was 48.2%.

South Africa

Lupin's South African subsidiary, Pharma Dynamics achieved sales of Rs. 998 m. in Q2 FY2016 as compared to Rs. 1,057 m. during Q2 FY2015. In ZAR terms, Q2 FY2016 sales stood at ZAR 199 m., a growth of 6.1%. Sales growth for H1 FY2016 was 4.0% in ZAR terms. 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

API sales grew by 1.1% to Rs. 3,219 m. during Q2 FY2016 as compared to Rs. 3,183 m. during Q2 FY2015. Sales growth for H1 FY2016 was 6.0%.

R&D

Revenue expenditure on R&D for Q2 FY2016, amounted to Rs. 3,878 m., 12.2% of net sales as against Rs. 2,848 m., 9.1% of net sales during Q2 FY2015. Revenue expenditure for H1 FY2016 was Rs. 7,009 m., 11.2% of net sales as against Rs. 5,287 m., 8.3% of net sales during H1 FY2015.

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Lupin filed 5 ANDAs and received 7 approvals from the US FDA during the quarter. Cumulative ANDA filings with the US FDA stood at 220, as on September 30th, 2015 with the company having received 124 approvals to date. The Company has 35 First-to-Files (FTF) products which includes 15 exclusive FTF opportunities.

The Company received 2 MAA approvals during the quarter. Cumulative filings with European authorities now stand at 63 with the company having received 54 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 & generic formulations, biotechnology products and APIs globally. 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 6th largest and fastest growing top 10 generics player in the US (5.5% market share by prescriptions, IMS Health) and the 3rd largest Indian pharmaceutical company by sales globally. The Company is also the fastest growing top 10 generic pharmaceutical players in Japan (ranked 8th) and South Africa (ranked 4th – IMS Health). For the financial year ended 31st March 2015, Lupin's Consolidated turnover and Profit after Tax were Rs. 125,997 million (USD 2.06 billion) and Rs. 24,032 million (USD 393 million) respectively.

Please visit http://www.lupin.com for more information.

You could also follow us on Twitter – 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

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