



**LUPIN**

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## **Lupin Q2 Net Profit up 39%**

### *Building Brands and gathering Momentum across Markets*

**Mumbai, October 26, 2009:** Leading transnational pharmaceutical major Lupin, reported strong performance for the second quarter - FY 2009-10. These audited results were taken on record by the Board of Directors at a meeting held in Mumbai today.

#### **Key Financial & Performance Highlights**

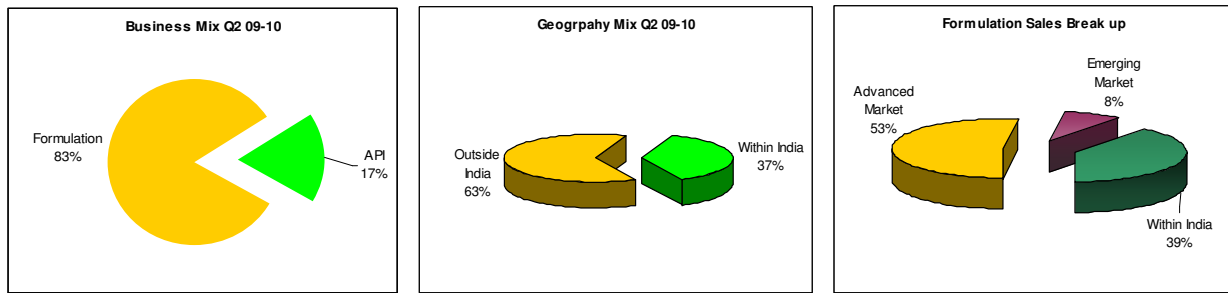
- Net sales grew by 23% to Rs. 11,147 million for Q2 FY 2009-10, from Rs. 9,084 million (Q2, FY 2008-09)
- Net profits grew by 39% for Q2 FY 2009-10 to Rs. 1603 million from Rs 1156 Mn. (Q2, FY 08-09)
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) grew by 21% to Rs. 2180 Mn. for Q2, FY 2009-10, from Rs. 1802 Mn. (Q2, FY 08-09). EBITDA Margins remained consistent at 20%

*Commenting on the performance, Dr. Kamal K Sharma, Managing Director, Lupin Limited, said, "Backed by 14 quarters of steady and consistent performance we continue to witness strong growth. Lupin today, has the unique distinction of being amongst the fastest growing Generics players in the US, Japan and South Africa and we also continue to garner larger market shares in these markets. This has been a landmark quarter for Lupin, where we successfully out-licensed a Novel Drug Delivery Platform. We also further strengthened our brand business in the US with the acquisition of Antara from Oscient. Going forward, we continue firing on all cylinders, consolidating on the gains made over the past three years to create a foundation to scale even higher orbits of growth."*

#### **Balance Sheet Highlights**

- Net Working capital increased by 6% to Rs. 12,117 Mn. as on 30th September 09 against Rs. 11,388 Mn. as on 31st March 09, despite a 24% (H1 09-10 vs. H1 08-09) increase in net sales reflecting optimization on the working capital front.
- Capital Expenditure net of expenditure on trade marks & licenses during the Quarter - 1127.5 Mn.
- Debt Equity Ratio improved to 0.54 as on 30th September 2009 from 0.57 as on 31st March 2009 despite brand acquisitions and high level of capex spends.
- FCCB conversions happening at a faster pace, 354 FCCB's were converted during the quarter - as of date 12.2 % of FCCB's remain outstanding

## Business Breakup for Q2 of 2009-10



## Operational Highlights

- Formulation sales for Advanced markets (US, Europe & Japan) increased by 27 % to Rs. 4815 Mn. during Q2, FY 2009-10, from Rs. 3,779 Mn. (Q2 FY 08-09) contributing 43 % (42% in Q2, FY 2008-09) of overall Net Sales for the Quarter.
- Formulation Sales for US and EU grew by 28 % to Rs 3531 million, Q2, FY 2009-10, from Rs. 2766 Mn., (Q2, FY 2008-09). The Brands Business grew by 83% during Q2 FY 2009-10.
- Lupin out-licensed the US rights for its proprietary bioadhesive technology for rifaximin to Salix Pharmaceuticals.
- Lupin is now the fastest growing generic player in the US (by prescriptions) and the 9th largest in terms of overall prescription base. (IMS March 09).
- 22 Generic products in the US Market - No. 1 in 9 of these products. In the Top 3 in 19 out of the 22 generic products in market. (IMS, Aug 2009).
- Lupin's Japanese subsidiary, Kyowa contributed 12 % of Net Sales. Recording an Impressive Growth of 27 % to Rs. 1283 million, Q2, FY 2009-10 from Rs. 1013 Mn. (Q2, FY 2008-09)
- India Region Formulations Net Sales grew by 18.5 % to Rs. 3467 Mn. for Q2, FY 2009-10 as compared to Rs. 2926 Mn. (Q2, FY 2008-09).
- Lupin's subsidiary at South Africa recorded sales of Rs. 330 Mn. during Q2, FY 2009-10, a growth of 49% over Q2, FY 2008-09.

## Operational Summary

### USA & Europe

Lupin continues to maintain its upward growth momentum in the US & European Markets with it contributing 32% to Net Sales. Formulation Sales for US & Europe grew by 28 % to Rs. 3531 Mn. from Rs. 2766 Mn. (Q2, FY 2008-09).

## **USA**

Q2, FY 2009-10, saw Lupin expand its Brands Business substantially with the acquisition of the US rights for Antara® (Fenofibrate Capsules 43 mg and 130 mg) from Oscient Pharmaceuticals. Antara recorded net sales of US \$ 70 million for 2008 (Source: IMS Dec 2008). Lupin paid \$ 38.61 million for the product and related assets inclusive of inventory.

The Brands Business grew by 83% during Q2, FY 2009-10 as compared to Q2, FY 2008-09.

The US Generic Business continued to register strong growth during the quarter – now 9 out of the 22 products in market are ranked No. 1 by market share and 19 out of these 22 of its generic products are in the Top 3 positions in the market (IMS, Aug 2009).

## **ANDA Filings**

The Company filed 7 new abbreviated new drug applications (ANDA) during the quarter, taking the total cumulative filings till date to 98 ANDA filings, out of which 35 have been approved so far by the US FDA.

## **Japan**

Lupin continues to evolve very well in Japan. In Q2 09-10, Kyowa registered a growth of 27 % to record Net Sales at Rs. 1283 Mn., as against Rs. 1013 Mn., Q2 2008-09. It contributed 12% to Lupin's overall Net Sales.

## **Indian Region Formulation**

India forms a very important part of Lupin overall growth, and contributed 31 % to its overall Net Sales during Q2, FY 2009-10. The India Formulations grew by 18.5% to clock in Net Sales of 3467 Mn. during Q2, FY 2009-10, as compared to Rs. 2926 Mn. for Q2, FY 2008-09. Branded Formulation sales grew by 15% from Rs. 2,668 Mn. to Rs. 3,054 Mn.

## **South Africa**

Lupin's South African Business – Pharma Dynamics clocked Net Sales of 330 Mn. during Q2, FY 2009-10 representing a growth rate of over 49% over the corresponding Quarter last year.

## **API**

API Net Sales stood at Rs 1944 Mn. for Q2, FY 2009-10 as against Rs. 1866 Mn. for Q2 FY 2008-09.

## **R&D**

Lupin out-licensed the US rights for its proprietary bioadhesive technology platform for rifaximin to Salix Pharmaceuticals in the quarter.

Revenue Expenditure on R&D amounts to Rs. 822 Mn., 7.4% to Net sales as against Rs. 598 Mn., 6.6% to Net Sales in Q2 FY 08-09.

Lupin's cumulative ANDA filings with the USFDA rose to 98 with the company having received 35 approvals to date. Cumulative Filings with the European regulatory authorities stands at 54 with 23 approvals to date.

### **About Lupin Limited**

Headquartered in Mumbai, India, Lupin Limited is an innovation led transnational pharmaceutical company producing a wide range of quality, affordable generic and branded formulations and APIs for the developed and developing markets of the world. The Company today has significant presence in Cardiovasculars (prils and statins), Diabetology, Asthma, Pediatrics, CNS, GI, Anti-Infectives and NSAIDs not to mention global leadership positions in the Anti-TB and Cephalosporins. The Company's R&D endeavors have resulted in significant progress in its NCE program. The Company's foray into Advanced Drug Delivery Systems has resulted in the development of platform technologies that are being used to develop value-added generic pharmaceuticals.

Today, Lupin is the fastest growing Generic business in the US as also the 9th largest Generic player in the market in terms of prescriptions base. The company is also the fastest growing, top 5 pharmaceutical players in India (ORG IMS - March 2009) and the fastest growing, top 10 Generic players in Japan and South Africa. (IMS)

For the financial year ended March 2009, Lupin's Consolidated Revenues and Profit after Tax were Rs.39,145 million and Rs. 5015 million respectively.

#### **For further information please contact:**

Shamsher Gorawara  
Lupin Limited:  
Ph: +91 98 20 338 555  
Email: [shamshergorawara@lupinpharma.com](mailto:shamshergorawara@lupinpharma.com)

or

Sonia Mansatta  
Text 100 Public Relations  
Ph: +91 98 20 11 2481  
Email: [sonia.mansatta@text100.co.in](mailto:sonia.mansatta@text100.co.in)