

## Lupin Q2FY06 Net Profit Soars 158% to Rs. 452 million

- **Gross Sales up 32% to Rs. 4.19 billion**
- **Exports driven by advanced markets up 42% to Rs. 1.85 billion**
- **Domestic revenues up 24% to Rs. 2.34 billion**

<b>BSE: 500257</b>	<b>NSE: LUPIN</b>	<b>REUTERS: LUPN.BO</b>	<b>BLOOMBERG: LPC IN</b>
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*Note – the figures in brackets indicate figures for the previous year*

**Mumbai, 19 October 2005:** Lupin Limited today reported a 158 per cent rise in net profits for the quarter ended September 30, 2005 at Rs. 452 mn, up from Rs. 175 mn in the corresponding period last year.

Gross revenues for the quarter ended increased by 32% to Rs. 4,191 mn (Rs. 3,182 mn). Driven by buoyant offtake in the US market with the launch of Ceftriaxone vials for injection, the company's exports revenues grew 42% to Rs. 1855 mn (Rs. 1,302 mn). Domestic revenues also kept up the growth momentum with an increase of 24% to reach Rs. 2,337 mn (Rs. 1,880 mn).

EBITDA increased by 127% to Rs. 763 mn as against Rs. 336 mn in the previous year. The higher level of profitability was driven mostly by higher sales in both the finished dosage and API businesses across various markets. New product launches in the US market and higher API volumes in the developing markets particularly contributed to this growth. Lisinopril API revenues to advanced markets though were down on account of lower offtake by certain customers. The company was also impacted by the reduction in prices by NPPA of certain finished dosages in the domestic market.

Interest outgo for the quarter was at Rs. 64 mn (Rs. 62 mn), after depreciation of Rs. 98 mn (Rs. 81 mn) the Profit Before Tax for the quarter increased by 212% to Rs. 601 mn (Rs. 193 mn). Net Profit for the quarter after a tax provision of Rs. 149 mn (including Rs. 26 mn for Fringe Benefit Tax) was at Rs. 452 mn, a 158% growth.

During the quarter the company spent Rs.231 mn (Rs. 202 mn) on R&D expenses taking the total R&D spend during H1 2005-06 to Rs. 418 mn - representing 6% of net revenues. The company filed three ANDAs, two COS and one DMF.

The company received two ANDA approvals viz. for Lisinopril Tablets and Cephalexin Suspension respectively during the quarter under review.

For the half-year ended 30 September 2005, Lupin reported a 26% growth in gross sales at Rs 7,847 mn (Rs. 6,207 mn). Domestic revenues grew by 20% at Rs. 4,405 mn (Rs. 3,681 mn) and export revenues increased by 36% at Rs. 3,441 mn (Rs. 2,526 mn).

**In line with its strategy of building long-term alliances, the company entered into long-term agreements with companies like Kyowa Pharmaceutical Industry Ltd. (FD for Japan market), DSM Anti-Infectives (cephalosporin APIs), Aspen Pharmacare (anti TB FDs for South Africa), Ranbaxy (anti TB FDs for Nigeria).**

## **HIGHLIGHTS**

### **Advanced Markets**

- Total revenues from advanced markets (North America and Europe) were at Rs. 980 mn (Rs. 526 mn), a yoy growth of 86%.
- Finished Dosage revenues from the advanced markets were at Rs. 514 mn (Rs. 12 mn).
- API revenues from the advanced markets were lower at Rs. 466 mn (Rs. 514 mn) on account of lower offtake of Lisinopril.
- During the quarter, the company launched generic Ceftriaxone in the US market thru its marketing partners - Baxter Healthcare in the hospital market and Henry Schein in the physician office market. The product has seen a price erosion of 65-70% from the time of launch.
- The company's market share in the hospital market for vials is estimated to be 20-25%, in a situation where generics constituted approximately 70% of the market.
- During the quarter Baxter also received approval for its Ceftriaxone drug delivery system for which the company supplies the API.

H1 FY06 revenues from the advanced markets were at Rs. 1,712 mn (Rs. 924 mn) a growth of 85%, driven by an increase in finished dosage revenues with the launch of Ceftriaxone in the US market and steady offtake of Suprax<sup>®</sup> in the US market. API revenues from the advanced markets were at Rs. 918 mn (Rs. 799 mn), a yoy growth of 15% while finished dosage revenue were at Rs. 794 mn (Rs. 125 mn).

## **Developing Markets**

- Revenues from developing markets (including India) were at Rs. 3,212 mn (Rs. 2,655 mn), a growth of 21%.
- Finished dosage revenues from developing markets (including India) grew by 16% to Rs 1,827 mn (Rs. 1,573 mn).
- API revenues from the developing markets (including India) grew by 27% at Rs 1,357mn (Rs 1,067 mn).
- API domestic revenues increased by 58% to Rs. 596 mn (Rs. 376 mn).
- API exports increased by 10% to Rs. 762 mn (Rs. 691 mn).
- Finished dosage domestic revenues increased by 15% at Rs. 1,713 mn (Rs. 1,489 mn)
- Finished dosage export revenues from the developing market increased by 35% at Rs. 113 mn (Rs. 84 mn)
- The company started supply of cephalosporin APIs to its partners as a part of its long-term agreement.
- The company also received anti TB orders from the Global Drug Foundation, which it started servicing during the quarter.

H1 revenues from APIs to developing markets (including India) were at Rs. 2,523 mn (Rs. 2,213 mn), a yoy growth of 14%. Finished Dosage revenue from the developing markets (including India) grew by 17% at Rs. 3,558 mn (Rs. 3,041 mn).

## **Board Approval**

At the meeting of the Board Of Directors, the Board approved the proposal to raise funds up to an amount equivalent to US\$ 100 mn by issue of Foreign Currency Convertible Bonds.



**LUPIN LIMITED**

Registered Office: 159, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098.  
**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2005.**

(Rs. in million)

	Quarter Ended 30/09/2005 (Reviewed)	Quarter Ended 30/09/2004 (Reviewed)	Six Months Ended 30/09/2005 (Reviewed)	Six Months Ended 30/09/2004 (Reviewed)	Accounting Year Ended 31/03/2005 (Audited)
1) Sales (Gross)	4,191.4	3,181.5	7,846.6	6,207.0	12122.7
Less: Excise Duty	140.5	161.3	274.6	283.9	511.4
Sales (Net)	4,050.9	3,020.2	7,572.0	5,923.1	11611.3
2) Other Income	89.2	11.7	218.8	50.8	187.7
3) Total Expenditure					
a) (Increase)/Decrease in Stock in Trade	(132.9)	55.8	(207.7)	2.5	(19.1)
b) Consumption of Raw and Packing Materials	1,441.4	1,000.4	2,775.2	2,169.8	4511.3
c) Purchase of Traded Goods	590.3	364.1	986.3	724.6	1192.2
d) Staff Costs	441.6	368.5	768.3	659.0	1256.8
e) Manufacturing and Other Expenses	1,037.2	906.9	1,958.7	1,669.8	3399.9
Total	3,377.6	2,695.7	6,280.8	5,225.7	10341.1
4) Profit before Interest, Depreciation and Tax	762.5	336.2	1,510.0	748.2	1457.9
5) Interest and Finance Charges	64.1	62.2	129.3	133.2	273.1
6) Depreciation and Amortisation	97.6	81.2	188.7	160.4	332.1
7) Profit Before Tax	600.8	192.8	1,192.0	454.6	852.7
8) Provision for Taxation:					
- Current Tax	113.7	(7.7)	256.7	39.8	16.4
- Deferred Tax	9.6	25.6	15.8	33.5	(7.3)
- Fringe Benefit Tax	25.6	-	36.1	-	-
9) Net profit	451.9	174.9	883.4	381.3	843.6
10) Paid up Equity Share Capital (Face value Rs.10/- each)	401.4	401.4	401.4	401.4	401.4
11) Reserves and Surplus					4603.6
12) Earnings Per Share (Not Annualised) Rs.					
- Basic	11.26	4.36	22.01	9.50	20.50
- Diluted	11.16	4.36	21.81	9.50	20.48
13) Aggregate of Non Promoter Shareholding					
Number of Shares (Face value Rs.10/- each)	19086535	19459938	19086535	19459938	19063535
Percentage of Shareholding	47.55	48.48	47.55	48.48	47.49

**NOTES:**

- The above financial results as reviewed by the Audit Committee, have been taken on record by the Board of Directors at its meeting held on October 19, 2005. The statutory auditors of the Company have carried out the limited review of the above results pursuant to clause 41 of the Listing Agreement.
- The Company operates solely in the pharmaceutical segment.

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3. The aggregate amount of Research and Development Expenditure incurred and shown in the respective heads of account is as under:

	Quarter Ended 30/09/2005	Quarter Ended 30/09/2004	Half Year Ended 30/09/2005	Half Year Ended 30/09/2004	Accounting Year Ended 31/03/2005
Rs. in million	230.8	202.2	418.3	389.6	797.7

4. "Other Income" includes Rs.39.8 million on account of insurance claims admitted by the insurance company towards destruction of fixed assets and inventories of the Company, located at Mumbai, due to the floods which occurred in July, 2005.
5. There was no unresolved investor complaint pending as on July 1, 2005. The Company received 48 complaints during the quarter which were resolved. There was no unresolved complaint pending as on September 30, 2005.
6. The figures for the previous periods have been regrouped, wherever necessary, to correspond with the figures of the current period.

By order of the Board  
For Lupin Limited

Place: Mumbai  
Dated: October 19, 2005

Dr. Desh Bandhu Gupta  
Chairman