

Lupin FY 2003-04 revenue up 22% at Rs 12.3 billion_____

- To spend Rs. 1.2 billion on research this year
- Initiates branded foray in the pediatric segment in the US
- Commences Statins supply for the advanced markets
- FY 2004-05 Q1 revenue up 13 per cent at Rs. 3.1 billion
- Net profit at Rs. 206 million
- Finished Dosage revenues increase by 55% to Rs. 1.59 billion; constitute 53% of sales
- Domestic finished dosages revenues surge 44%
- Two ANDAs and two DMFs filed during the quarter
- Commences finished dosage operations at Goa
- Commences Phase I clinical trials for Psoriasis drug candidate and Phase II for anti-migraine lead

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

Mumbai, 29 July 2004: Lupin Limited today announced that it plans to triple its spend on Research from Rs. 400 million in FY 2003-04 to Rs. 1.20 billion in FY 2004-05.

Speaking at the company's 22nd Annual General Meeting, Chairman Dr. Desh Bandhu Gupta said, "This increase in spend is an investment for the future. This will help us to accelerate our efforts towards NCE, NDDS and generics research and drive the company's aggressive growth plan in the advanced markets."

He said that with the increased spend on Research the company is targeting filing of over 14 ANDAs this year. "We have already filed 2 ANDAs in the first quarter of 2004-05. In addition we have also filed 2 DMFs and a substantial part of our ANDA filings will be based on our own API," he said. "We have also initiated Phase I clinical trials of our Psoriasis drug candidate and Phase II clinical trials of our anti-migraine lead".

In addition to the increased spend on Research, the company is also in the process of setting up its own marketing operations in select geographies using value-added generics and branded products based on its proprietary technologies.

"We have established Lupin Pharmaceuticals Inc., a wholly owned subsidiary in the US.

During the first quarter of FY 2004-05, the company spent Rs. 100 million in promotional expenses in the US market. We continue to see consolidation in the branded market creating an opportunity for mid size players in niche segments. We believe that our focus on the US \$8 billion pediatric market is a good opportunity for the organization to benefit from this consolidation over the next few years,” he said.

Apart from the US the company has also initiated steps to accelerate growth of its finished dosage business in markets like Japan, Australia and Latin America through a mix of strategic alliances and partnerships, Dr. Gupta said.

In the API business, he said the company was consolidating its position in cephalosporins and broadening its range as well as enhancing its scale in the statins and ace-inhibitors. “To fuel the growth of tomorrow, the company plans to invest Rs. 1.5 billion in finished dosage and API facilities,” Dr. Gupta said. “We have already commenced operations at our state-of-the-art non-cephalosporin finished dosage facility in Goa”.

The company, he said, has performed extremely well in the domestic finished dosages market recording a growth of 44%. In addition to setting up a dedicated field force for Diabetology, the company proposes to continue launching innovative products and combinations in the lifestyle segments, he said. As a part of its post-2005 strategy, Lupin initiated an aggressive entry into the herbal market (global market size \$60 billion) with the launch of 10 products in India.

Earlier in the day, the company announced that its gross revenues for the quarter ended 30 June 2004 increased by 13% to Rs. 3.15 billion (Rs. 2.78 billion). Net revenues grew by 14% to Rs. 3.00 billion (Rs. 2.64 billion). Domestic revenues increased by 33% to Rs. 1.77 billion (Rs. 1.33 billion). Export revenues stood at Rs. 1.22 billion (Rs. 1.31 billion).

As an investment towards the future, the company spent significantly larger amounts for Research and on promotional expenses in the US in the quarter. During the quarter, Research expenses more than tripled to Rs. 173 million (Rs. 54 million) and US market promotional expenses were Rs. 100 million (nil). The company expects to reap significant returns from these investments in the future.

Driven by the sales from the US market and strong performance in the domestic market, the company’s finished dosage business increased by 55% to Rs. 1.59 billion constituting 53% of revenues. API sales dropped by 13% on account of lower realization and volumes of certain products.

The depreciation of the Rupee vis-à-vis the US Dollar during the quarter, resulted in an adverse exchange impact on the company’s net foreign currency liability to the tune of Rs.55 million.

Interest cost was lower at Rs. 71 million (Rs. 160 million) on account of debt repayment during the previous year. Profit before tax was at Rs. 262 million (Rs. 393 million). Tax outgo was lower at Rs. 55 million (Rs. 112 million) on account of higher Research spend. Profit after tax was Rs. 206 million (Rs. 281 million).

HIGHLIGHTS

Advanced markets

API and Finished Products:

- Total revenues from the advanced markets (North America and Europe) were at Rs.398 million (Rs. 389 million).
- Finished Dosage revenues from the advanced markets were Rs. 113 million (Nil).
- Two ANDAs and two DMFs filed during the quarter

Developing Markets

API:

- API revenues (net) from the developing markets (including India) stood at Rs 1.10 billion (Rs 1.21 billion).
- Export revenues de-grew 12% to Rs. 770 million (Rs. 874 million).
- API revenues from the domestic market were Rs 334 million (Rs. 337 million).

Finished dosage:

- Finished dosage revenues from developing markets (including India) grew 44% to Rs 1.48 billion (Rs. 1.03 billion).
- Revenues from the top 20 brands in India increased by 23%
- Lupin's 18% volume growth performance was the third best amongst the top 20 companies in the industry. This was against an industry volume growth of 9.4%. Lupin's value growth was at 13% as against the market growth of 9.1%. (*Source: AC Nielsen ORG MARG Jan04 – Jun04*)

Research:

- Initiates Phase I clinical trials for Psoriasis and Phase II clinical trials for anti-migraine lead

