

Lupin Limited

Investor Meet

28th APRIL, 2004

the mission

*“to be an innovation led
transnational pharmaceutical
company”*

Year under review

2003-04

- δ **Revenue Growth** : 25% over previous year
- δ **EBITDA Margin** : improvement of 400 basis points
- δ **PBT before Extraord.** : improves from Rs. 971 mn to Rs 1996 mn
- δ **PAT before Extraord.** : improves from Rs. 731 mn to Rs. 1460 mn
- δ **PAT** : Rs. 951 mn (PY = Rs. 731 mn)

operations

Sales Growth of driven mainly by :

Formulations up 43%

- δ Formulation US debut with Rs 733 mn
- δ Domestic market up 20% vs. market growth 7%
- δ Other markets at Rs 390 mn up 167%

API growth at 4% came from :

- δ Regulated market up 43%
 - Ø API (5%),
 - Ø Intermediates (up 100%)
- δ Other market down 6%
 - Ø Mainly due to substantially lower prices of Pen G base products (impact > Rs. 400 mn)

the higher profitability came from

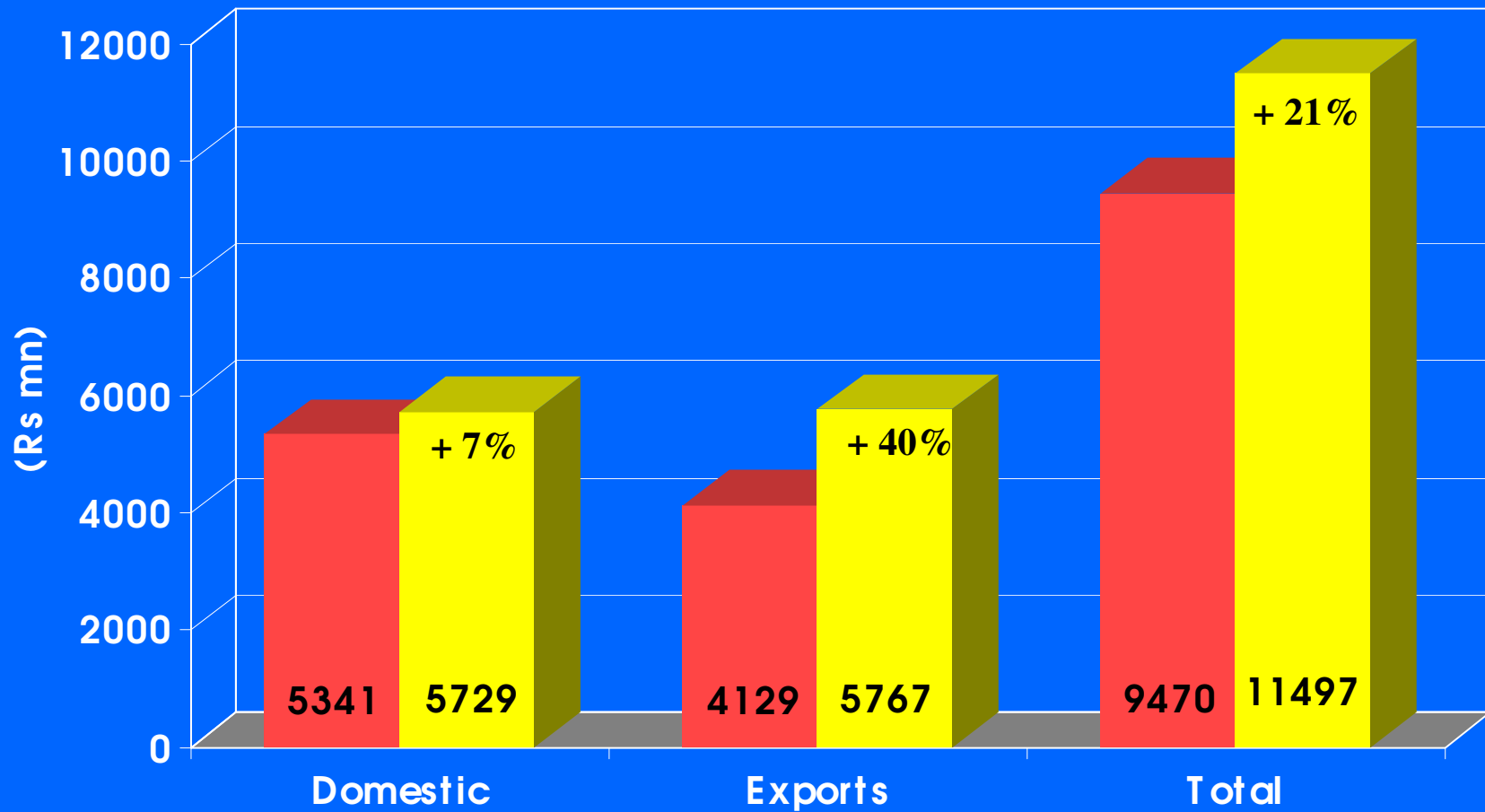
- δ Formulations sales in regulated markets,
 - Ø Suprax, Axetil
- δ Higher volume of API & Intermediates
 - Ø 7ADCA & related, Prils
- δ Institutional business in CIS
- δ Higher Volume of Domestic formulation
 - Ø new therapies, mass-marketing

But could have been better if :

- δ Prils sales had maintained growth
- δ INR : \$ exchange rate had been better
- δ Suprax launch could be earlier

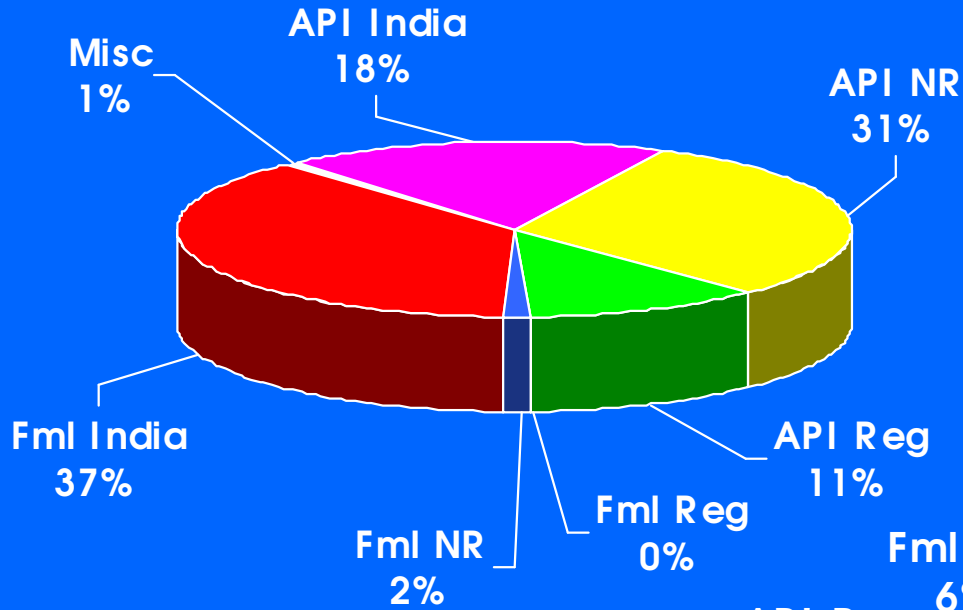
high sales growth

■ 2002-03 ■ 2003-04

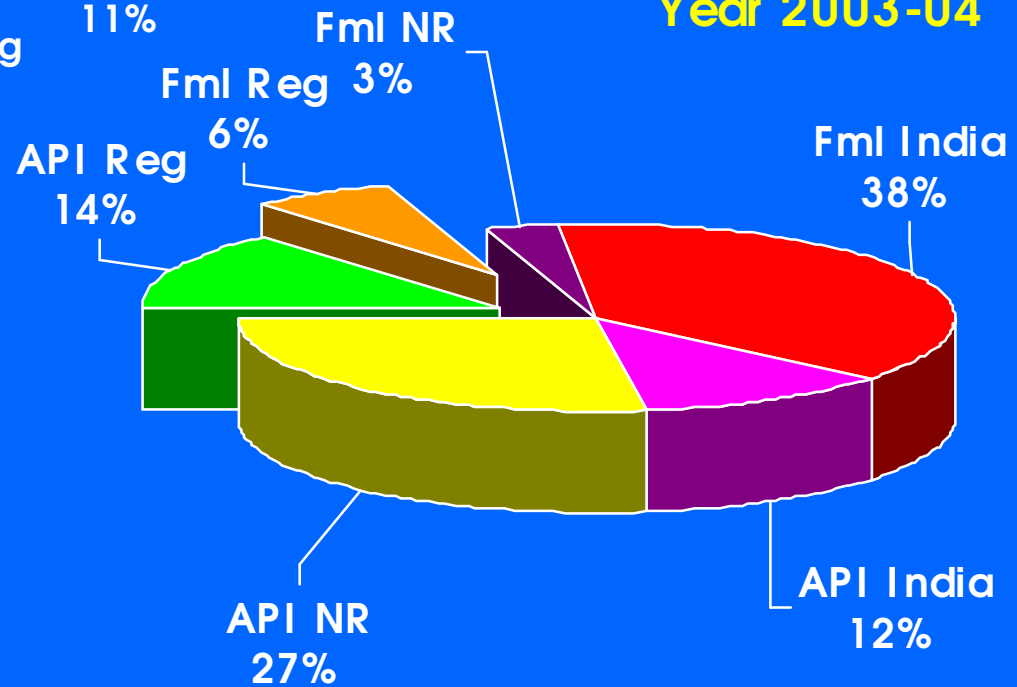


increased revenues from the west

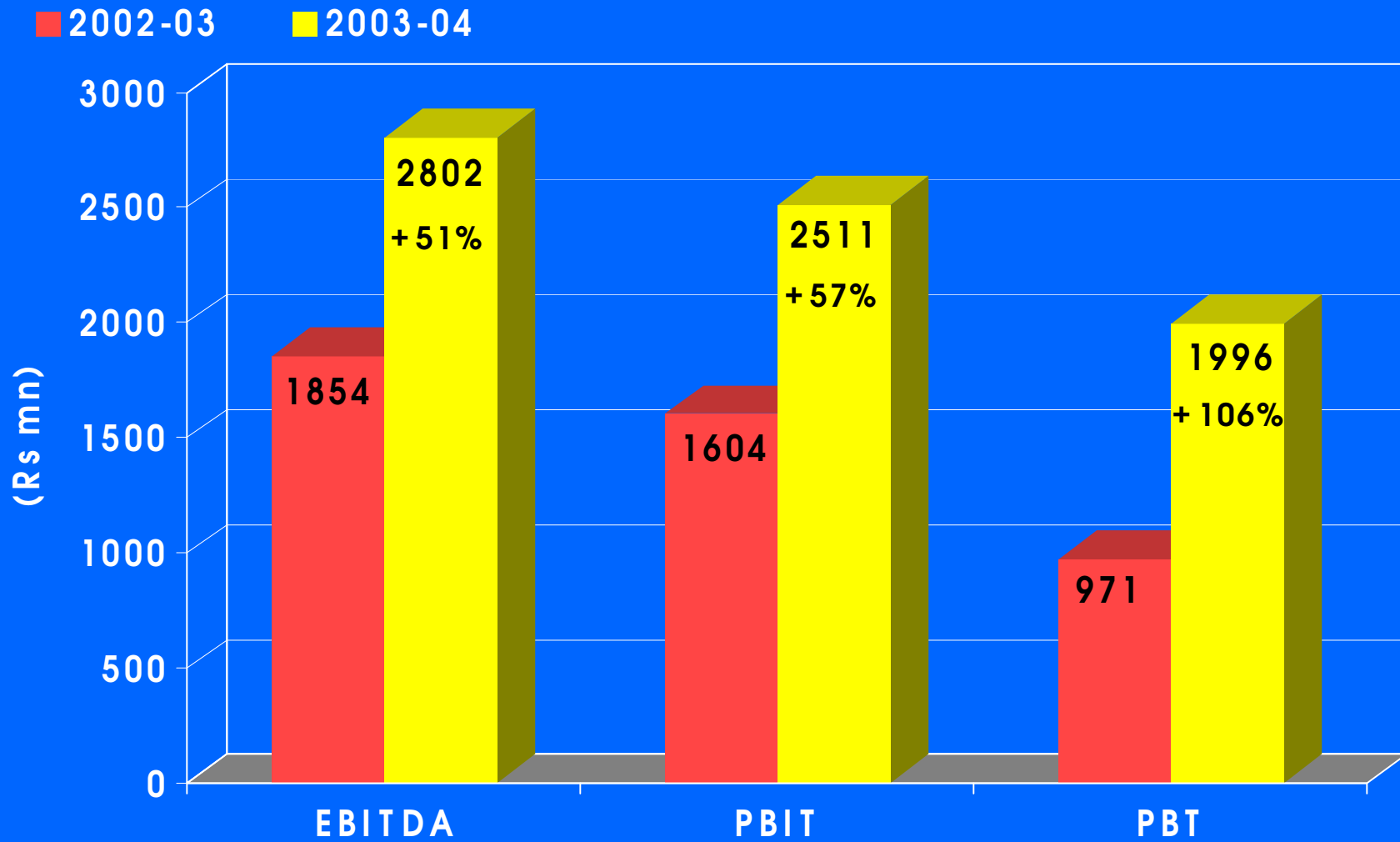
Year 2002-03



Year 2003-04



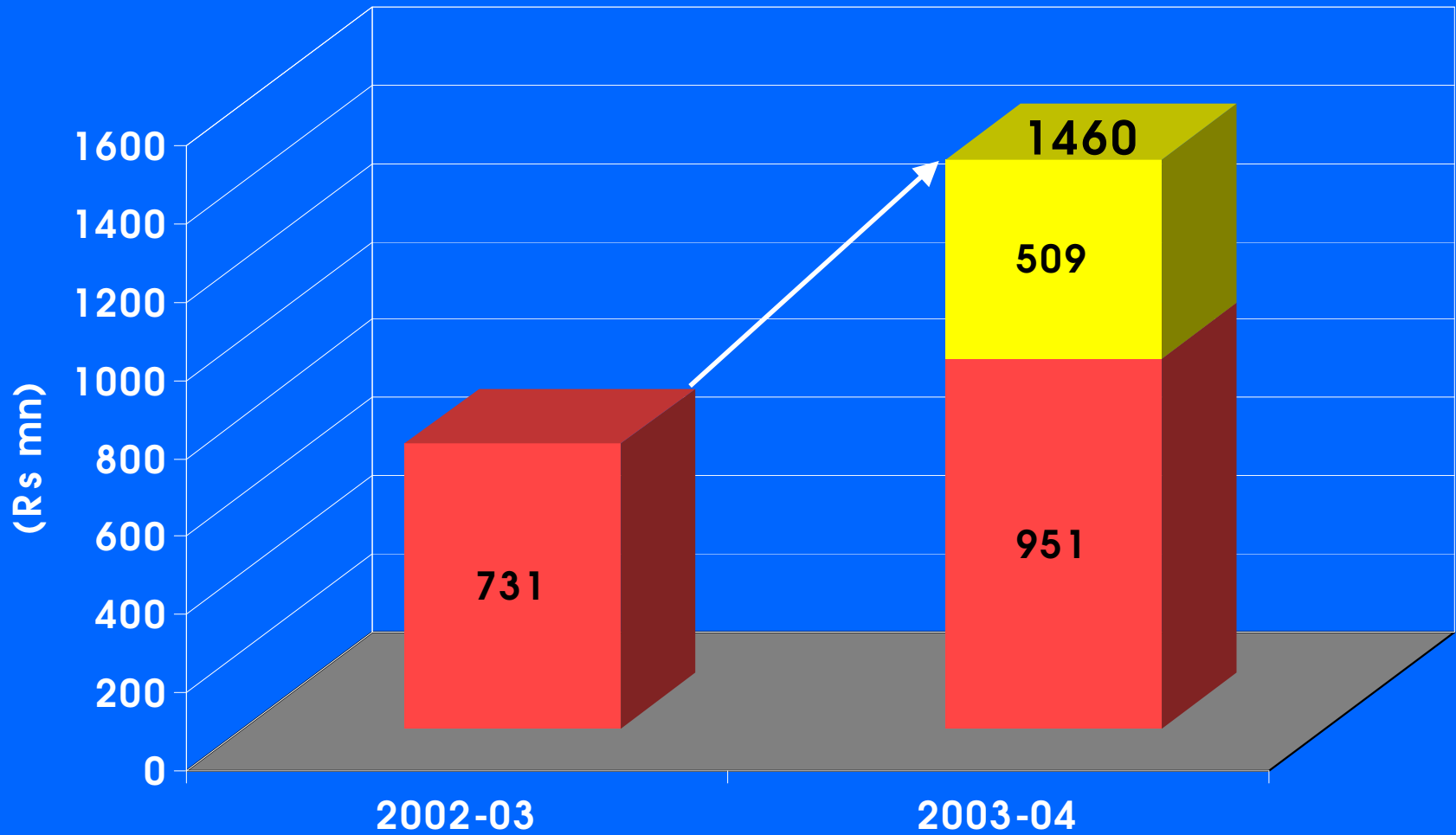
higher profit margins



Before extraordinary expenses

improved net profit

■ Net Profit ■ Extra Ord.



the overall profitability

(Rs mn)

Details	Year		Growth
	2003-04	2002-03	
Sales & Operating Income	11,951	9,599	25%
Operating Expenses	9,149	7,744	18%
EBIDTA	2,802	1,854	51%
Finance Charges	515	633	-19%
Depreciation	290	250	
PBT (Pre-Extraordinary)	1,996	971	106%
PAT (Pre-Extraordinary)	1,460	731	100%
PAT	951	731	30%

improved balance sheet

(Rs mn)	2002-03	2003-04
Sources Of Funds		
Shareholders Funds	3824	4480
Loan Funds	6509	3771
Deferred Tax	896	942
	11229	9193
Application Of Funds		
Net Fixed Assets	4964	5344
Investments	85	89
Net Current Assets	6180	3760
	11229	9193
Key Ratios		
Debt Equity Ratio	1.7:1	0.8:1
ROCE*	14.2%	24.0%

* Adjusted for extraordinary items

major investments to support the future, in place

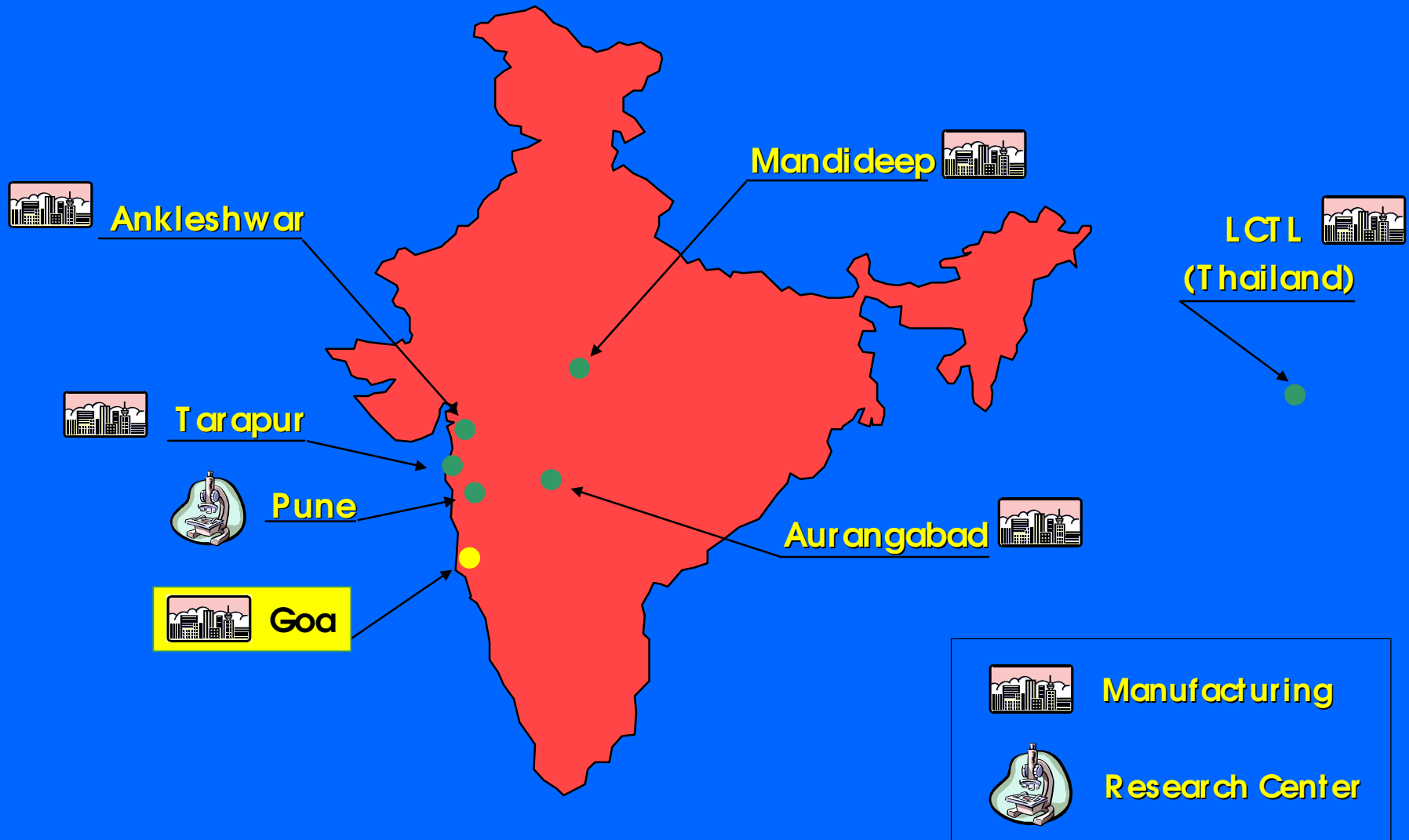
(Rs mn)	2001-04	Operational Year	Benefits
Research and Technology	1400	2001	}
Oral Ceph. dosage facility	150	2001	}
Anti TB modernization	170	2002	}
New API Prils facility	220	2003	}
IT initiatives	130	2003	}
API Statins facility	100	2004	}
Cephalosporin Intermediates	220	2004	x
Non-ceph oral new dosage facility	250	2004	x
2640			

Business Update

Lupin today

- δ Amongst the **Top 6** pharmaceutical companies in India
- δ **Strong R&D** ◇ Process Chemistry, Fermentation, ANDA, NDDS, NCE
- δ Focussed on **US, EU, India, China**
- δ **US FDA approved** manufacturing facilities
- δ **Leading player** in anti-TB, Cephalosporins
- δ Emerging global player in **prils & statins**

world class facilities



The Business Model

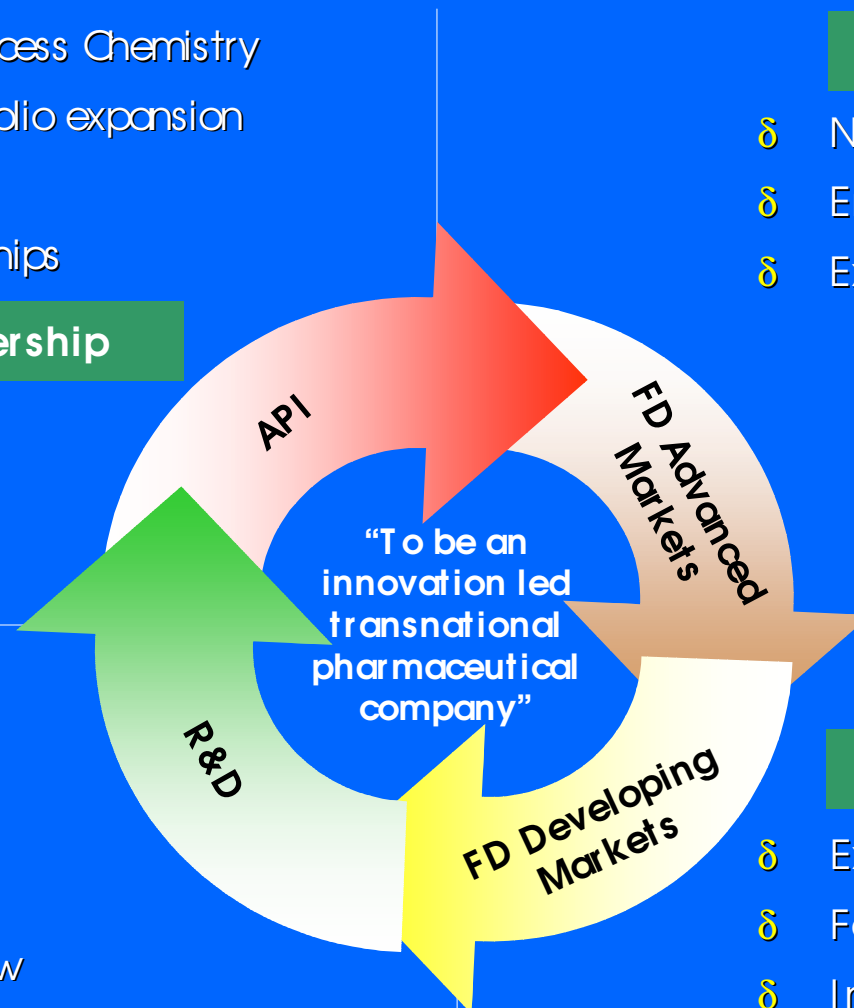
Lupin's business model

- δ Fermentation & Process Chemistry
- δ Statins & Prils portfolio expansion
- δ Economies of scale
- δ Long term partnerships

Build global leadership

Generics / Specialty

- δ Niche opportunities
- δ Emerging pediatric player
- δ Expand to new geographies



- δ Process Research
- δ NDDS
- δ NCE
- δ Regulatory knowhow

Differentiation

Consolidate Position

- δ Expand therapeutic width
- δ Focus on "lifestyle" segment
- δ Increase US presence
- δ Herbal portfolio development

research & development

- δ Cefadroxil OD introduced in India
- δ Suprax[®] (once a day Cefixime) launched in US
- δ Anti-migraine molecule phase II clinical trials in progress
- δ Anti-psoriasis molecule “**Desoris**” enters phase I clinical trials
- δ 145 patents filed, 53 granted; 32 filed during the year

NDDS – creating value

- δ Development of value added products : create niche especially for developed markets
- δ Six patent applications filed for NDDS platforms
- δ Ceff-ER (cephalexin once-a-day) and Odoxil OD (cefadroxil once-a-day) launched in the domestic market
- δ Projects for treatment of HIV and TB
- δ Out licensing opportunity to global majors
- δ Pediatrics
 - Ø Logical extension of our capabilities – CR, TM etc.
 - Ø Creating a basket of products

NCE – creating long term value

- δ Team of 60 dedicated scientists
- δ Focus on chemical and herbal based products
- δ Collaborative research with CSIR: anti TB and Psoriasis
- δ Achievements:
 - Ø Anti Migraine - IND approved; clinical phase II trials in progress
 - Ø Anti Psoriasis (Desoris) – IND approved; clinical phase I trials to begin

Lupin's US focus

δ API

- ∅ Continue to grow the business through partnerships

Cefotaxime, Cef. Axetil, Lisinopril, ...

δ Generics

- ∅ Leveraging Lupin's integrated manufacturing capability to introduce a portfolio of generic products

δ Specialty

- ∅ Committed to providing quality products for pediatric practice in the US market

US market

- δ 5 ANDA approved, including 2 injectibles
- δ 1st specialty product **Suprax[®]** launched thru CSO
- δ Agreement with **Allergan** to promote **ZymarTM**
- δ Positioning to emerge as a key **pediatric player**
- δ **Cef Axetil** launched with **Watson**
- δ Tie-up with **Baxter** for **Ceftriaxone** (market size: \$ 700 mn)
- δ Ord non-ceph finished dosage facility at Goa commissioned – to facilitate new ANDA filings

the pediatric opportunity...

- δ Market potential > \$ 8 bn
- δ Niche market with large unmet needs
- δ Few dedicated companies in pediatrics
- δ Fastest growing Rx segment
- δ Physician targets : Pediatricians, pediatric allergists & other HVPs
- δ NDDS : convenient dosage forms & taste masked products

API & intermediates

- δ Sales growth at 4% ; despite price pressures
- δ Long term relationship with customers : sustained revenues
- δ Manufacturing facilities = world scale
- δ Focus on cost leadership
- δ Established : cost + quality + reliability
= competitive advantage

Prils & Statins portfolio being expanded



Aiming Global Leadership

API – global position

Product	Therapeutic Segment	Rank
Ethambutol	Anti-TB	1
Rifampicin	Anti-TB	1
Pyrazinamide	Anti-TB	1
7ACCA	Cephalosporin - Intermediate	2
7ADCA	Cephalosporin - Intermediate	1
Lisinopril	Cardiovascular	2

Amongst the top 2 in each area of focus

India market

- δ Growth of 20% ; faster than market growth of 7%
- δ 10 brands in top 300 new introductions
- δ "Lifestyle" diseases segment focus intensified
- δ "Mass marketing" → major inroads
- δ Herbal Division launched recently

Lupin manpower profile

- δ More than 3600 Lupinytes
- δ Average age – 34 years; senior management – 47 years
- δ Research focus - 220 scientists; including 61 PhDs
- δ Committed to Quality – 181
- δ Competent domestic sales force – 1219

Year 2004-05 And Beyond

finished dosages – the US opportunity

Products worth \$ 50 bn to go off patent by 2010



Prils@Lupin

- δ Global branded market estimated at \$6 bn
- δ High manufacturing expertise required, entry barrier
- δ 2nd largest manufacturer of Lisinopril worldwide
- δ Lisinopril is sold in US as well as all major markets of EU
- δ Benazepril DMF filed in US, other prils to follow
- δ Customer base in both US and EU being widened
- δ **Scale-up from APIs to FDs – integration advantage**

Statins@Lupin

- δ Global branded market estimated at \$ 19 bn, and growing
- δ “Cholesterol” US market’s untreated worry
- δ Major statins to go off patent in the coming years
- δ Fermentation experience > 10 years
- δ Lovastatin DMF filed in US: Simva & Prava to follow
- δ **Scale-up from APIs to FDs – integration advantage**

Cephalosporins@Lupin

- δ Amongst the leaders in Cephalosporins API globally
- δ US FDA approved facilities for both API and FDs
- δ Broad product portfolio - sterile and non-sterile
- δ Leveraging "India cost advantage" globally
- δ Moving up the value chain; from API to FDs
- δ Only company till date to receive approval for Ceftriaxone (Rocephin[®]) - market size \$ 700 mn
- δ **Robust product pipeline: filings in FY05**

R & D @ Lupin

- δ Ramping up DMFs / ANDAs
- δ Target not less than 14 ANDAs in FY05
- δ Diversified portfolio
 - Ø Para III
 - Ø Para IV
 - Ø Controlled Release
- δ Research Spend \pm 8% of revenues
 - Ø Process research – DMFs
 - Ø Finished Products – ANDAs
 - Ø NDDS – pediatrics basket and licensing
 - Ø NCEs – licensing
- δ Generic research team doubled in last year

how we create an Edge

- δ Use process chemistry and fermentation skills
- δ NDDS strength to create Niche in developed markets
- δ Reach global scale in Prils – Expand to value added formulation
- δ Accelerate investment in R&D so as to create a broad product portfolio
- δ Broad base developed market for API, especially in Prils, Cephalosporins & Statins
- δ Build on specificity in US
- δ Expand key partnerships (Watson, Baxter, Allergan..)

Thank You