



Competitive Strategies in Tough Times

Building in resilience

Jan 2025

Safe Harbor Statement

Materials and information provided during this presentation may contain ‘forward-looking statements. These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements.




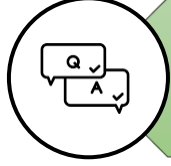
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Lupin Overview

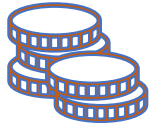
Operating from a position of strength

Global Presence



12th
Largest Generic
Company

(by sales¹)



\$2.4 bn
Annual sales in FY24⁶



\$459 mn
EBITDA in FY24⁶



23,000+
Lupinytts
Reaching lives in
100+ countries

Local Leadership



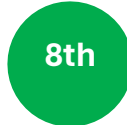
3rd Largest in
the US
(by prescriptions²)



7th India Pharma
Market Rank
(by sales⁴)



4th Largest
Australia
Gx
(by sales³)



8th Largest
South Africa
Gx
(by sales⁵)

With Global Infrastructure

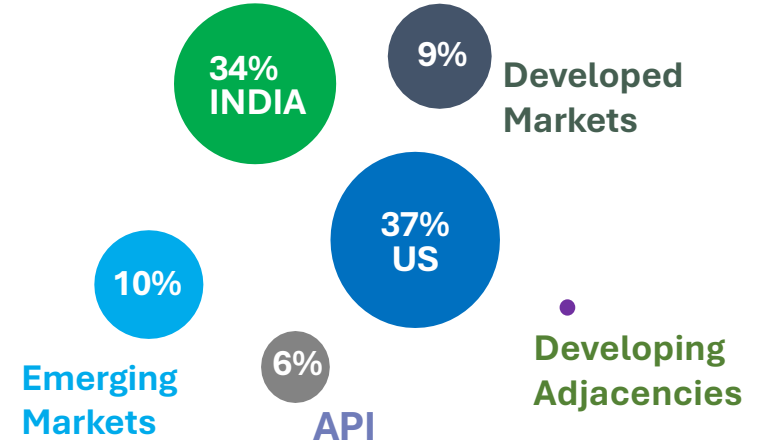
15 Manufacturing
Sites

7 R&D
Sites

across India, the US, Netherlands,
Brazil and Mexico

Geographically Diverse

(FY24 Sales)



And Growing Sustainably

S&P Global

Lupin achieved S&P Global 2024 ESG Score of 76/100
(Industry Avg 30/100 and Last Year Lupin CSA Score 65⁷/100)

100% sites in India
successfully covered with ISO
14001 and 45001 certification



58MW Renewable energy
capacity by FY25



1 - Global ranking based on LTM Sept'24 sales | 2 - IQVIA Qtr TRx Sept-24
7. CSA Score without modelling

3 - IQVIA Midas Sales Audit June-24

4 - IQVIA MAT Sept-24

5 - IQVIA MAT Aug-24 by sales

6. Exchange rate \$ to INR – 82.77

United States

Evolving portfolio and pipeline in Complex platforms (Inhalation, Biosimilars and Injectables); Scaled product platforms in legacy oral, ophthalmic and dermatology

Global Developed Markets

Global operational efficiency and presence driving leverage on capital investment and R&D across platforms through markets with similar regulatory regimes (UK, Europe, Canada and Australia)

India Region

Delivering innovative brands and above market Growth through organic and in-organic means; establishing strategic market adjacencies

Other Emerging Markets

Global reach and scale as a partner of choice in South Africa, Brazil, Mexico, Philippines; Enhancing access to medicines in anti-TB and ARV in low and middle income nations

API

Meaningful scale achieving competitive costs to serve internal as well as external customers and contribute meaningfully to Global Public Health

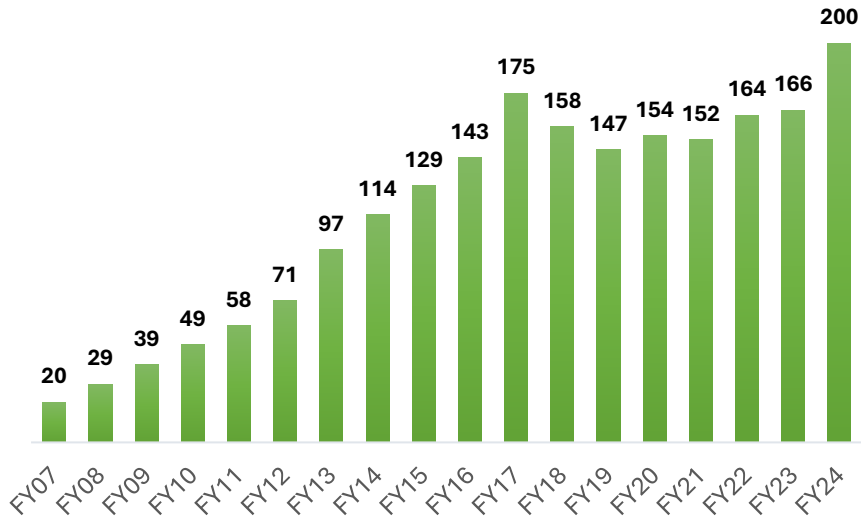
Continuous Improvement Culture

Best in Class Global Quality



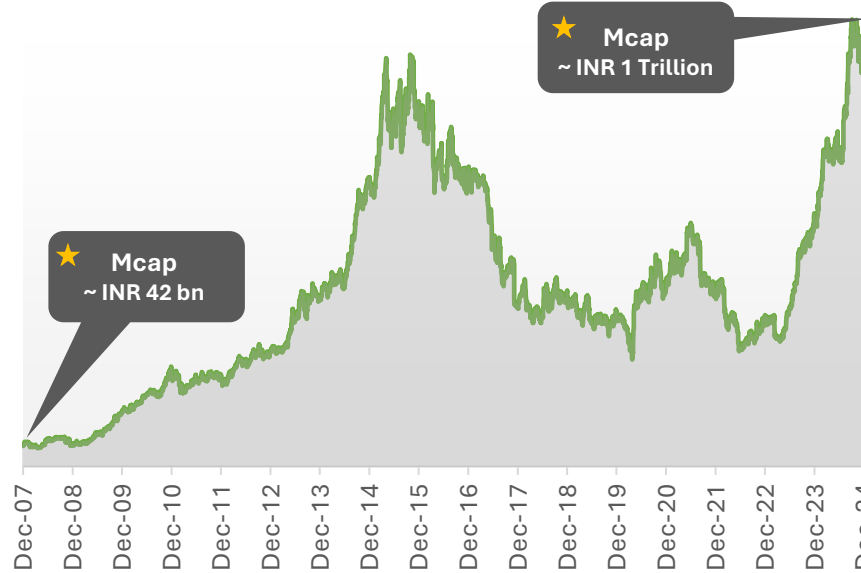
Revenue Movement [FY07-FY24] in INR bn

CAGR (FY07-FY25 YTD): ~15%



Stock Performance [FY07-FY25 YTD]

CAGR (FY07-FY25 YTD): ~20%



Key Highlights

Resilient Performance Amid Challenges:

- Lupin's share price has significantly appreciated (~187% 5-year return) despite regulatory pressures, pricing constraints, and inflationary trends in the pharma sector.

Outperforming Industry Benchmarks:

- Lupin outpaced the NIFTY Pharma Index (~22% 5-year return) due to strategic diversification and operational improvements.

Navigating Global Risks:

- The company has managed geopolitical supply chain challenges through global generics diversification and enhanced operational resilience.

Strong Fundamentals Amid Pricing Pressures:

- Lupin's Price-to-Earnings (P/E) ratio ~38 and Price-to-Book (P/B) ratio ~6.3 highlight investor confidence in its ability to sustain growth amidst industry challenges.

Lupin Limited: Performance compared to NIFTY Pharma Index

Price Return (%)	5 Year Return	1 year Return	YTD -Return
Lupin	~187%	~73%	~68%
Nifty Pharma	~22%	~37%	~32%

Fundamentals	P/E	P/B
Lupin	38.01	6.36
Nifty Pharma	35.12	5.42

Environment

Challenges



Macro Economical Challenges



Geopolitical considerations

- Inflation
- Trade tensions
- Global economic volatility



Channel Consolidation

- Consolidation of buyers demanding lower prices and stronger partnerships



Intensity of competition

- Increase in competition erodes margins, drives pricing pressure and demands constant innovation to maintain market share



Increase in GDUFA cost

- Regulatory Pressure and cost of being first time right
- Higher regulatory expenses put pressure on profitability



Indian Pharma Industry



Internal inefficiencies

- Operational inefficiencies inflate costs, delay processes, and hinder responsiveness in a competitive pharma landscape



Supply chain disruption

- Persistent issue in raw material sourcing and logistics



Pressure to Innovate

- Innovate to be more patient centric
- Meeting Demand for high value, complex generics and biosimilars

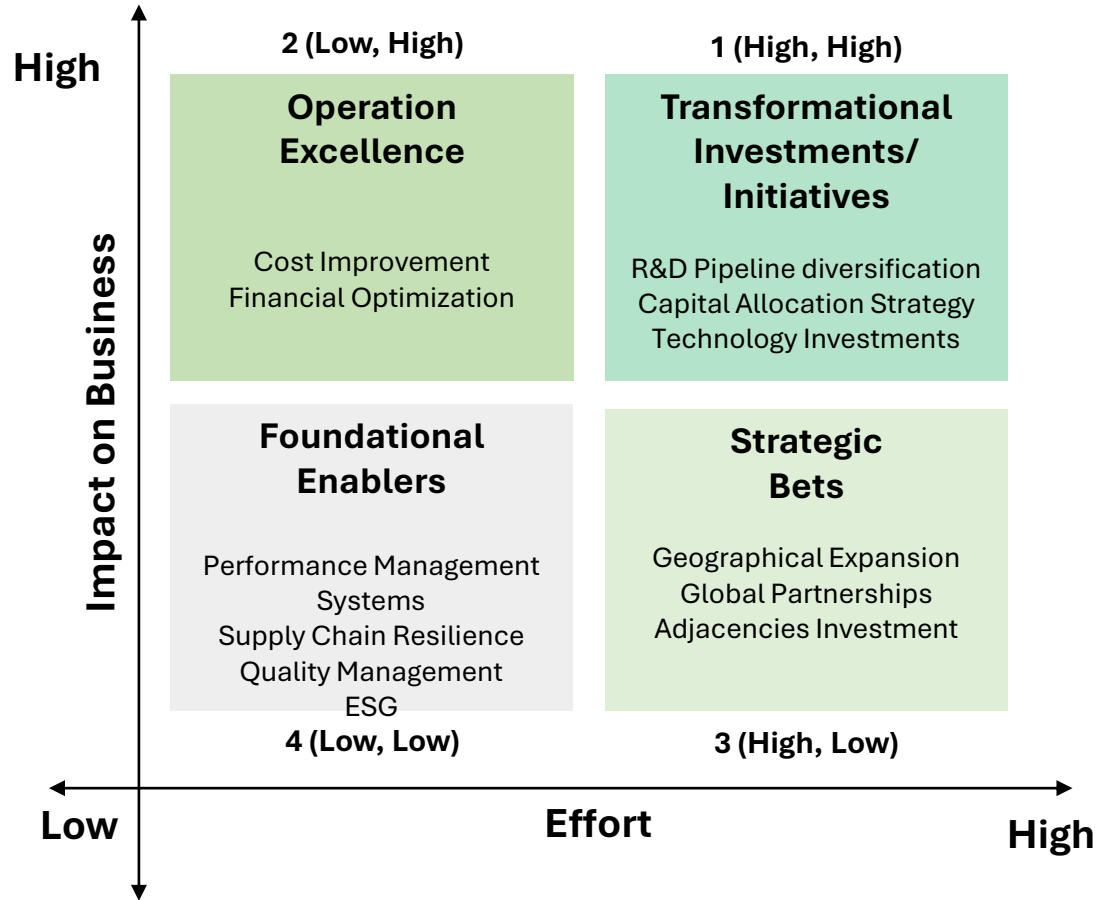


Environmental, social and governance expectations

- Rising focus on sustainable and compliant operations

Industry Internal factors

Lupin Response Framework (LRF)



How this redefines prioritization?


Transformational Investments/Initiatives [Addresses Future Proofing]:

- These require significant effort, investment, and time but they drive long term organizational transformation and competitive advantage
- High resources intensity is justified by the potential for substantial business in areas like innovation, market leadership and financial health.


Operational Excellence:

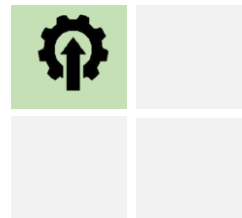
- Easily executable with resources and processes, delivering immediate and tangible benefits
- Focuses on improving bottom-line performance while requiring minimal investments and efforts.


Foundational Enablers:

- Foundational activities that ensures the organization is aligned with basic compliance & operational efficiency
- While they may not deliver immediate or high impact results, they create a necessary baseline for sustainable growth


Strategic Bets:

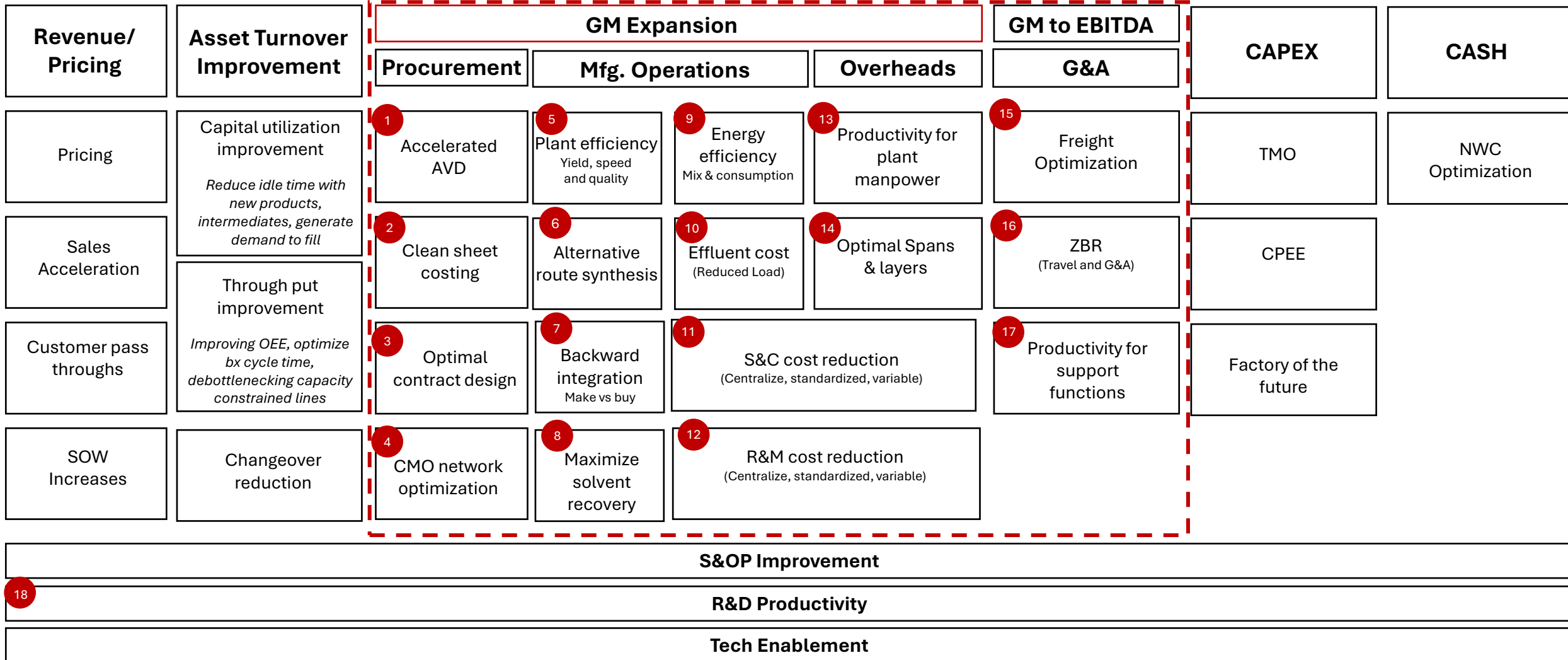
- These are exploratory or experimental initiatives with uncertain outcomes, requiring significant resource allocation
- Despite their low immediate impact, they may open up new opportunities if successful, making them a calculated risk.



Operational Excellence



Lupin Accelerated Performance Transformation [APT]





Operational Excellence : Cost Improvements



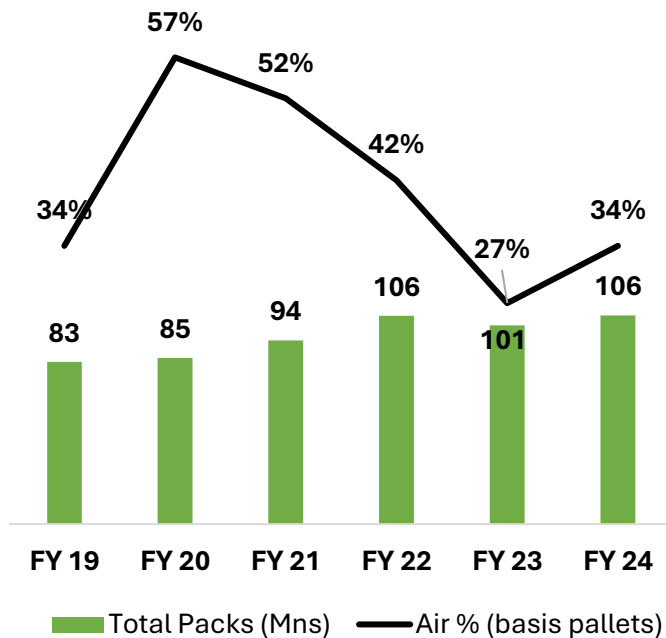
In the challenging external environment, Lupin has prioritized cost optimization by rigorously monitoring cost levers



Over the last 5 years, Lupin has significantly reduced supply & batch failures and streamlined freight cost reflecting improved operational efficiency and stringent quality controls. These measures have minimized wastage and optimized resource utilization, leading to better cost management.

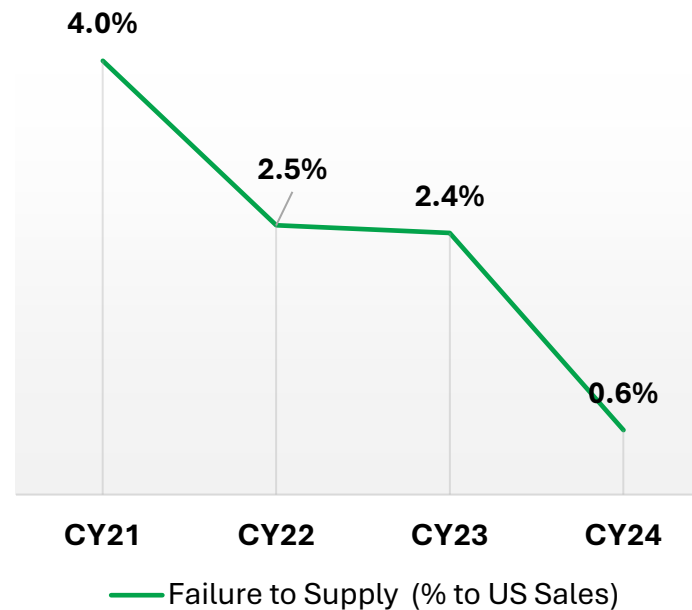
Freight Improvements

% Share of air Freight has decreased over the period of last 5 years indicating a better control over mfg., inventory and supply despite the challenging macro-economical conditions



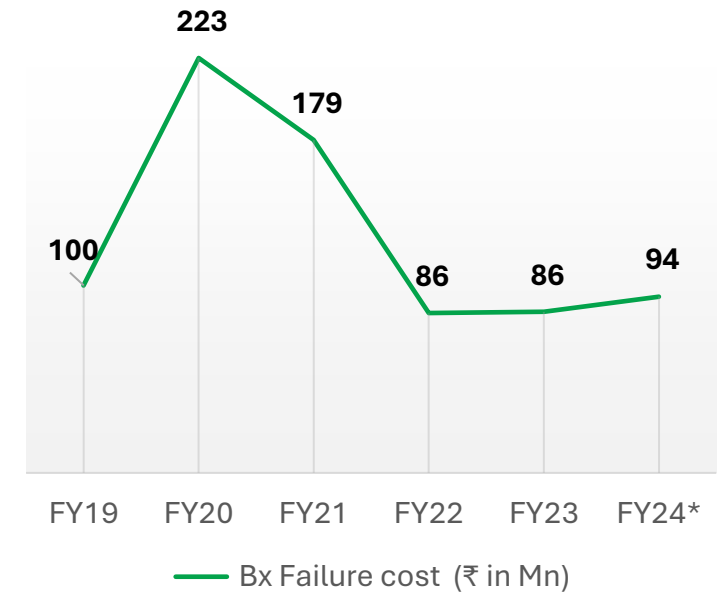
Failure to supply as % of US Sales

Lupin has implemented robust operation strategy such as robust inventory management, alternative vendor development, process optimization etc. that has significantly improved OTIF and reduced FTS over the years.



Batch Failures over the years

Implemented stringent quality processes, stricter compliance with manufacturing standards, advanced analytics for early defect detection, and improved training standards resulting in lower bx failures and better cost efficiency



* Adjusted for scale up and Exhibit bxs



Operational Excellence : Cost Improvements



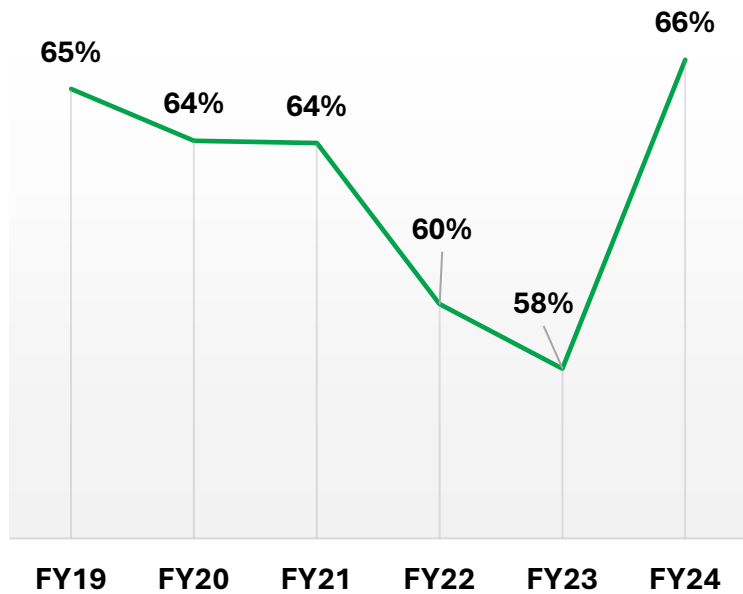
In the challenging external environment, Lupin has prioritized cost optimization by rigorously monitoring cost levers



Lupin continuously monitors Gross margins, OPEX expenses and maximizes plant utilization to minimize idle time. These measures deliver immediate bottom-line improvements with minimal investments. The approach has led to financial efficiency and improved operational agility

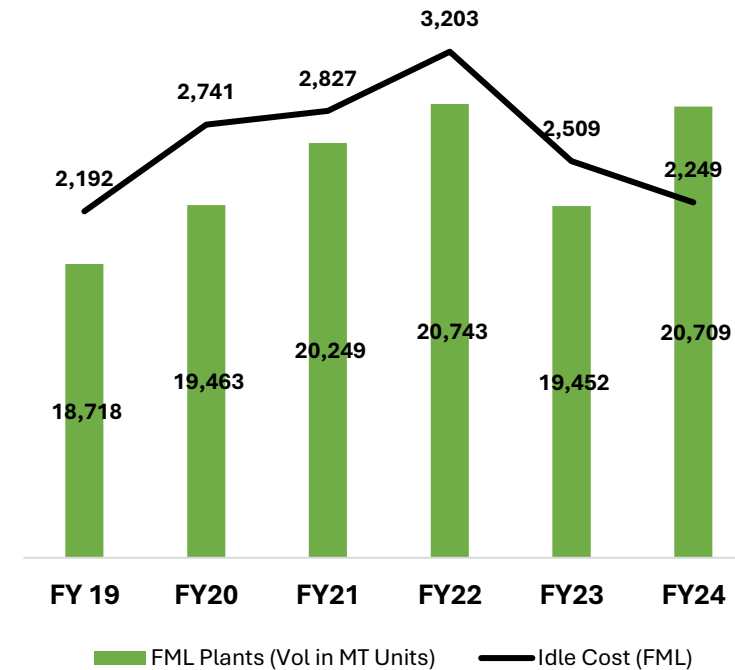
Gross Margin Improvements

Lupin sustained and improved gross margins to 66% despite inflationary pressures and pricing challenges, driven by operational efficiency, controlled OPEX growth and stable mfg. volumes.



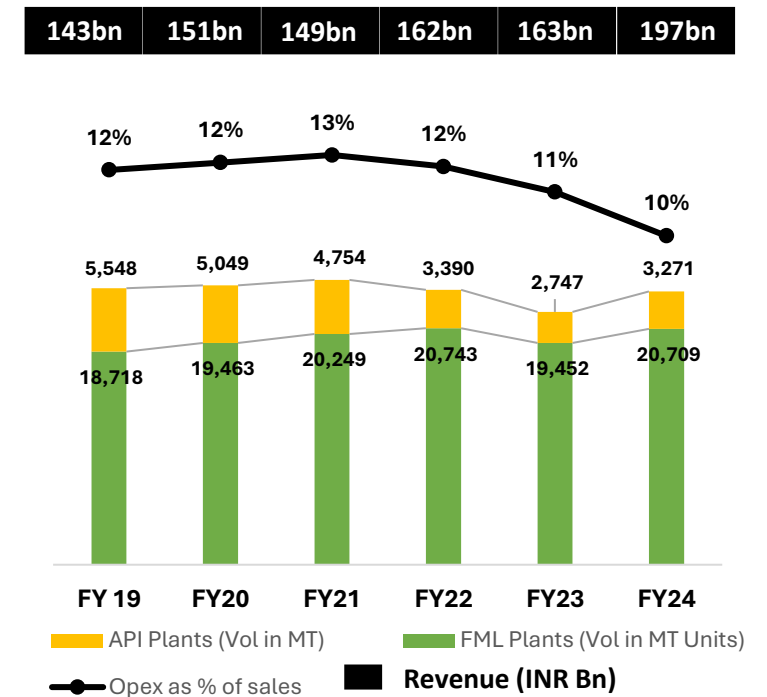
Plant Utilization

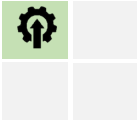
While the formulations units have achieved pre-pandemic levels and grown at ~2% annually, idle cost have remained stable, reflecting improved utilization and efficient use of existing assets.



OPEX as % of Sales

Over last 5 years, the sales has grown by 6.5% while the OPEX has grown at ~2.5% while the volumes mfg. has increased/near to pre-COVID level





Operational Excellence : Financial Improvements

Driving Efficiency, reducing debt, enhancing returns and leveraging incentives



Lupin has achieved substantial financial improvements over the last five years through better working capital management, reduced leverage, enhanced ROCE and leveraging govt. incentives like PLI for sustainable growth.

Improvement in NWC

~40 days improvement in WC through targeted efforts. Leading to lower WC in spite of higher sales

Debt-to-EBITDA

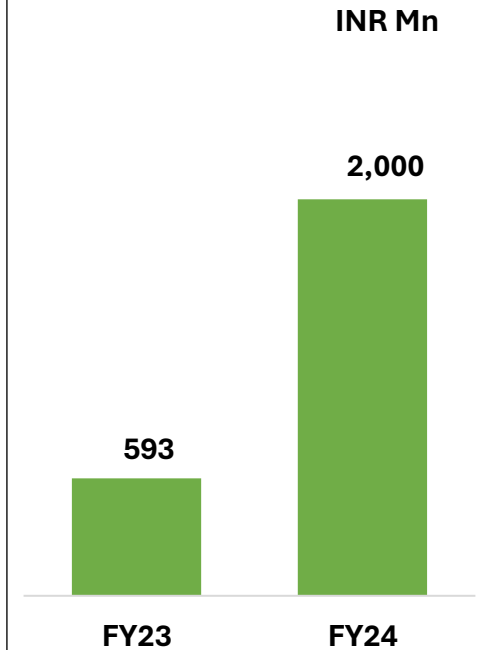
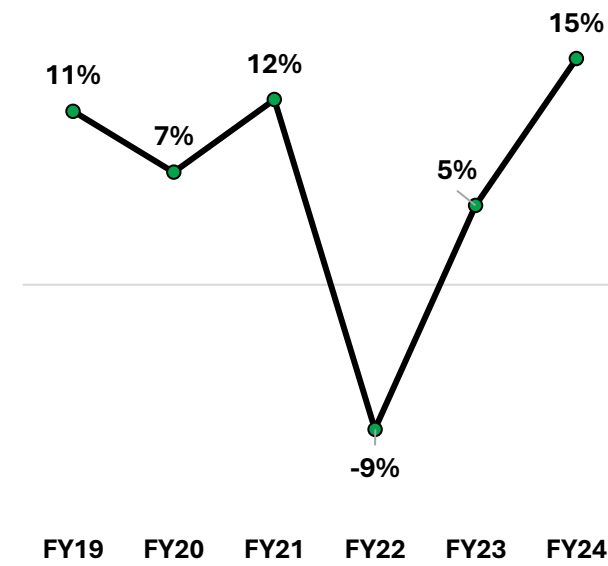
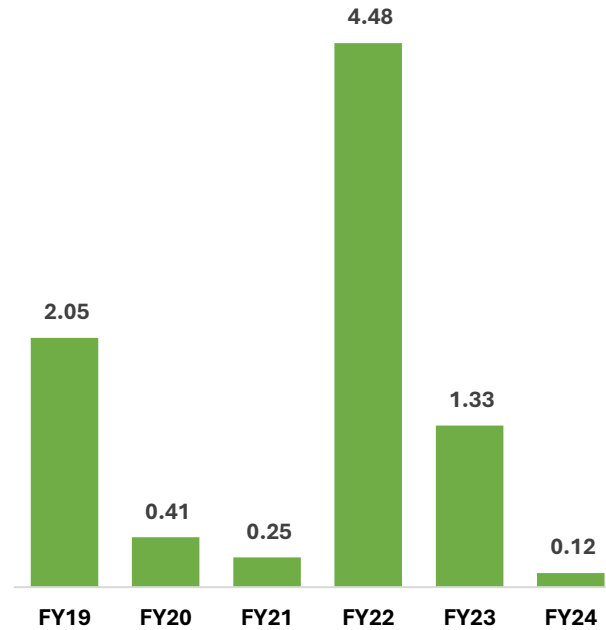
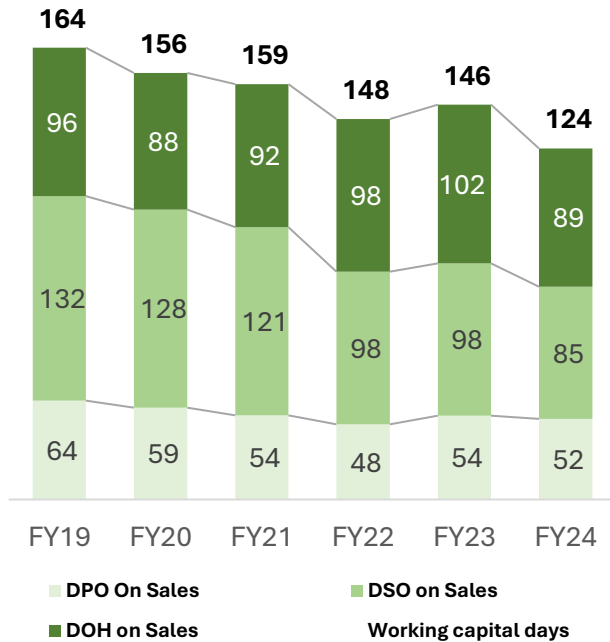
Highlights disciplined financial management, reduced leverage and enhanced profitability through efficient operation and cost optimization

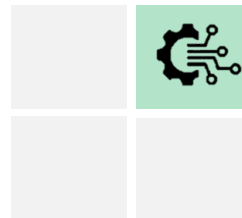
ROCE Improvement

Lupin is on growth trajectory to achieve working >20% ROCE by optimizing working capital and focusing on high-return investments

PLI Benefit

~4X PLI accrual led by higher productions of complex generics





Transformational Investments/Initiatives



Transformational Investments/Initiatives: R&D Pipeline Diversification



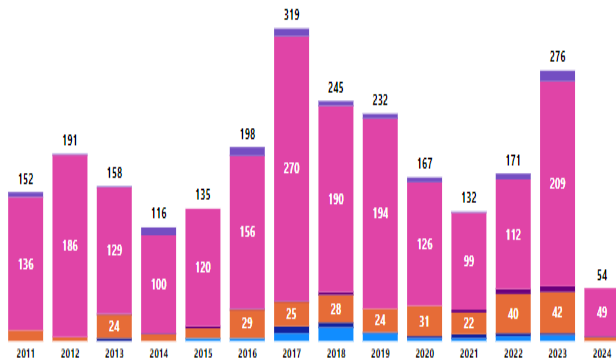
R&D Pipeline Diversification has helped lupin to achieve market differentiation and has provided opportunities for higher sales & margins



Changing market dynamics

Generics have been an attractive, lucrative development path for more than three decades.

Route ● DERMAL ● INHALATION ● INJECTABLE ● OPHTHALMIC ● ORAL ● OTHERS



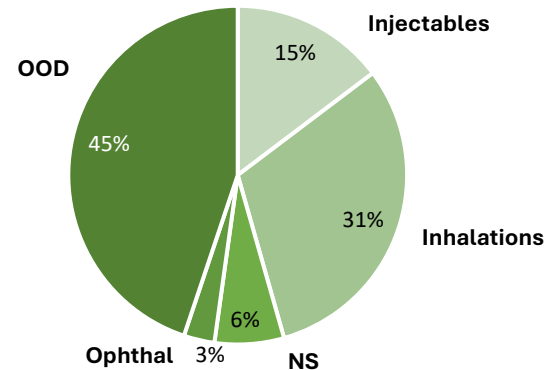
- **Rising ANDA approvals in oral solids dosage forms indicate pricing headwinds**
- **As the market has become saturated with simple generics products, the pharma companies are turning their focus to value added and specialty generics, complex generics and biosimilar.**



Response from Lupin

- Lupin global pipeline comprises of +200 products in the pipeline targeting key products. Pipeline snapshot as below,

Lupin R&D Pipeline



Share of complex products >40%

Share of 505b2 ~14%

- Since last 5 years, Our R&D efforts are grounded in principles that foster a robust, diverse pipeline.
- **Lupin has strategically shifted its focus on developing balanced portfolio focusing on both specialty and generic products**, leveraging opportunities in small molecules, peptides, and complex molecules.
- This has helped lupin deliver more value to patients by addressing the additional unmet needs



Outcome

1 Lupin is ranked 3rd in the US industry standings for unbranded and branded Generics with >162 products

Leading Corp.	TRxs (Mn)	% Market Share
US Industry	3,907	100%
alcrobindo	358	9.19
teva	314	8.04
LUPIN	204	5.6
amneal	162	4.18
zydus	151	3.87

2 Launched differentiated/complex products that delivers more than 30% of revenues for respective geographies

Gx Proair HFA ~22% MS in the US (Q2 FY25)	Gx FOSTAIR (LUFORBEC) Lupin's First BQx in EU	NaMuscla Sole orphan drug launched in EMEA for NON-DYSTROPHIC MYOTONIA
Gx SPIRIVA >30% MS in the US (Q2 FY25)	rymti ctanercapt	PAPILOCARE
Xopenex HFA Propranolol HCL Inhaler	Brovana Ipratropium Bromide Inhaler	Zaxine550 rilanone 550 mg tablets
		Intrarosa Bimatoprost 0.01% eye drops

3 Lupin's share to Chronic TA's stand at ~62% of the total India Sales in FY24

#2 Rank Respiratory	#3 Rank Diabetes	#3 Rank Cardiac
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Transformational Investments/Initiatives: R&D Pipeline Diversification

What's Lupin's right to win ?

		Lupin	Industry average
Efficiency metrics	R&D spend¹ (as % of revenue Q2FY25)	~8.2%	~6.5%
	Cumulative Filings² (No. of ANDAs and NDAs filed)	431	-
	Lupin ANDA Approval Timelines³ (Number of Months)	~19-32 Months	~37 Months
	Avg. time from ANDA approval to market launch⁴ (in Months)	~4 Months	~5.2 Months
	Cost per ANDA filing¹ (5 Year Avg.) (as \$ Mn)	~\$10 Mn	~\$12 Mn
	Employee Cost¹ (as % of R&D Cost)	25.7%	~26.5%
	ROI¹ (as % of revenue)	4.3x	3.9x

1. Benchmarking of R&D SPEND of Top Generic Players Listed in India with Global Revenue >50% | 2: ANDA filing numbers as per the comp. benchmarking (annual report published number) | 3: Average GDFUA approval timeline published by FDA in quarterly reports | 4: IQVIA Report : US Generic market evolution of Indian generic players





Transformational Investments/Initiatives: Capital Allocation Strategy



Resource allocation must align with strategic priorities, guided by principles within Lupin's risk appetite



Financial objectives and capital allocation policy is predicted on ..



We gauge all the capital allocation decisions through three-lens framework that is its fitment to strategic priorities of Lupin, Financial returns and the commercial risks it carries”



Limited debt to a prudent and sustainable level



Maintain Dividend policy aligned with Peers



Return surplus capital to shareholders through buyback

In case of no such strategic opportunities



Achieve ROCE above standard peer benchmarking over next 5 years



Allocation Philosophy

- The Allocation framework is rooted in Lupin's long-term strategy, as developed and aligned with the board & senior management.
- It aims to **covert strategic priorities into actionable resource planning and budgeting guidelines** while balancing investment objectives.
- The **approach is designed to translate corporate strategy into measurable outcomes and ensure discipline** by discouraging initiatives misaligned with company endorsed strategy
- The framework establishes a foundation for financial discipline to achieve the following objectives
 - Ensure balanced allocation to optimize growth, risk and returns across the business segment
 - Monitor business evolution through predefined metrics to achieve capital efficiency and maximize returns



Outcome:

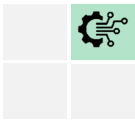
Over the last 5 years Lupin had multiple acquisitions that were not only revenue and EBITDA accretive but also were strategic and has been significant in making Lupin a market leader in chronic therapies

Strategic Acquisitions that boosted geographical presence



Key Brand Acquisitions to penetrate the market

 <p>Respiratory products for North America Market</p>	 <p>Respiratory products for EMEA</p> <p>Ondero® & Ondero Met® Brands Acquisition. Agreement signed in Aug. 2023</p>	 <p>Acquisition of a portfolio of 5 legacy brands for India and Asia Pacific (Gastro, Urology and Anti-infectives) (September 2023)</p>
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Transformational Investments/Initiatives: Technology Investment



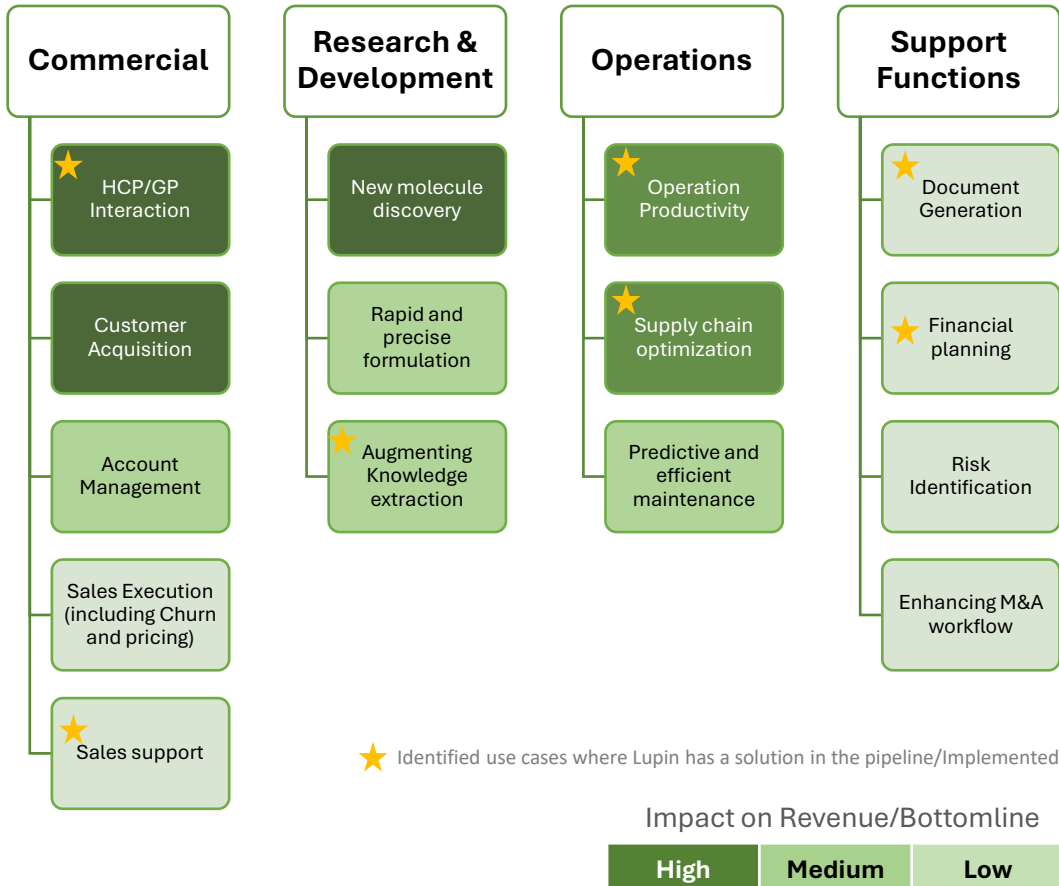
Leverage Technology to improve productivity and revenue



Lupin actively uses technology and AI tool that helps to improve sales force engagement resulting into opportunity for revenue growth in key markets like India



Technology and Generative AI functional use cases across the business



Outcome:



Technologies that are helping Lupin drive sales efficiency and **top line improvements**



Lupin Launched its first technology tool “Anya chat bot that dispenses medical information.

- ✓ ~45 Lacs Queries in 18+ Languages handled in a month across different TA- Women’s health, diabetes, respiratory, TB and others
- ✓ ~50K users access ANYA every month
- ✓ +30K database Verified database



Field query management for Sales support

- ✓ ~10K queries closed in a year



Sales force support App

- ✓ ~97% adoption with >10K active users



Technologies that are helping Lupin to drive **bottom line improvements**



Electronic Batch records (Digitization of mfg. process)

- ✓ Expected to improve efficiency & Productivity by >10%¹
- ✓ Cost benefits on actuals



Supply chain optimization & automation

- ✓ Expected to improve efficiency & Productivity (impact on development cycle by >2 Months)²
- ✓ Expected to improve vendor compliance



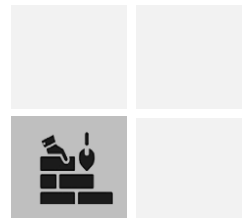
Financial Planning³

- ✓ 70% elimination of manual efforts
- ✓ 50% reduction in review and rework



Risk Identification, planning & analysis³

- ✓ Process planning data up to 80% faster



Foundational Enablers





Foundational Enablers: Supply Chain Resilience



How Lupin transformed its procurement strategy to make it more resilient



Lupin has enhanced supply chain resilience by aligning supplier systems, prioritizing cross-functional margin goals, integrating sustainability and leveraging digital tools. These strategies have achieved significant outcomes including OTIF improvements, cost savings and procurement's evolution into a strategic, value-creating function

Sr No.	Challenges	Elements of strategy	From	To	Outcome Achieved
1	 Improving the supplier network and value chain.	Redesigning supplier systems for better alignment.	Managing suppliers and categories separately without collaboration	Actively reshaping value chains to add strategic benefits.	Procurement OTIF at 97%
2	 Becoming a complete value creator across the supply chain.	Treating margin improvement as a shared goal across teams.	Focusing only on cost-cutting at specific stages.	Setting margin goals as a unified, cross-functional priority.	Annualized saving of ~INR 1,500 Mn delivered through CIP and AVD
3	 Discovering new ways to add value.	Strengthening supply chains to ensure sustainability.	Limited data visibility in upstream processes.	Making supply chains resilient and sustainable.	Annualized >INR 1,000 Mn savings coming from Procurement budget adherence
4	 Designing the future operating model for procurement	Leveraging digital tools to enhance flexibility and efficiency.	Treating procurement as just a support function.	Transforming procurement into an innovative and proactive function.	Procurement along with data analytics has become an important part of product selection strategy

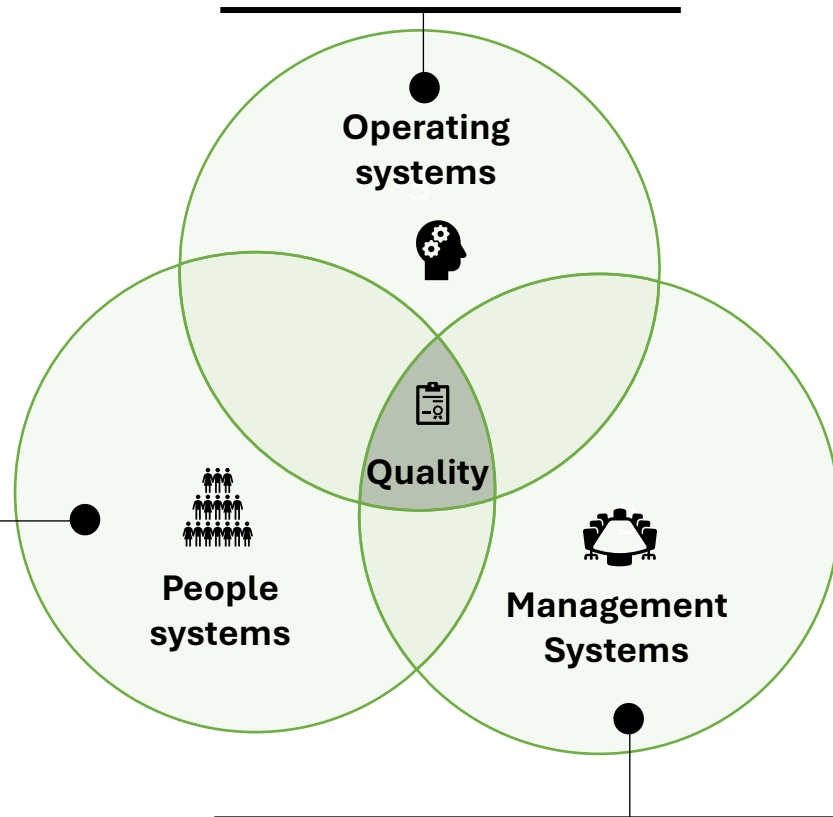
Foundational Enablers: Quality Management System

Outstanding quality involves building quality into operating, management and people systems



Lupin Quality Management Framework

Build quality across product lifecycle and across the value stream



Build managerial capability to lead quality and a culture of quality on the frontline

Capture and mitigate emerging risks early through predictive metrics and robust continuous improvement systems



Results that Lupin achieved through implementation:

>50%
Reduction in Batch Failure cost

>40%
Higher savings through optimization of idle cost, FTS, blocked stock and w/off

Qualitative Results	FY23	FY24
U.S. FDA Inspection (including GMP and Bioresearch center)	9	9
Number of Form 483	7	2
Number of Total Observations	55	3
U.S. FDA Inspection (including GMP and Bioresearch center) Warning Letters	1	1
Recalls (Class I/II/III)	0	1

Our Quality Goals

- **Regulatory Compliance:** Target all sites to have satisfactory compliance status within FY25
- Conduct **Quality Audits of suppliers** regularly and provide **mandatory cGMP Training** to all relevant employees



Foundational Enablers: ESG



In the challenging external environment, Lupin has prioritized focusing on sustainable growth



Building a **sustainable** future

Fostering **strong** relationships

Ensuring **ethical** governance

- Establishment of ESG Team
- Identification of ESG Priorities
- Alignment with Global & Regional Frameworks

2020

- Published 1st Integrated Report
- Engagement with Stakeholders on ESG Progress

2021



- Established ESG Governance Mechanism
- Dedicated Policy – Board Diversity, Human Rights, EHSS, Third Party Code of Conduct
- GHG Incentivization of Scope 1 and 2 Emissions
- Conducted Water Risk Assessment
- Identified Critical Suppliers
- Disclosed to DJSI and CDP

2022



- Established ESG Core Committee
- Dedicated Policy on Water, Biodiversity and No-Deforestation
- ESG Dashboard and Data Management Tool
- Published First TCFD Report
- Physical and Transitional Risk Assessment Conducted
- GHG Incentivization for Scope
- UNGC Signatory
- First Tax Transparency Report Published

2023



- Adopted Double Materiality
- Completed ISO Certification
- Completed Human Rights Assessment for all Sites
- LCA for 10 Products
- Biodiversity Assessment – 3 Sites conducted
- Conducted Supplier Awareness Program
- Signed SBTi Commitment
- Enhanced S&P Global ESG Rating to 76/100

2024



2025 & Beyond ...

Value Chain Decarbonization

Updated Ambitious Sustainability Goals

Transformational Sustainability Programs

Business commitment to global frameworks, ESG Ratings and Milestones

S&P Global

S&P Global ESG Score of **76/100** (Industry Average 30/100)



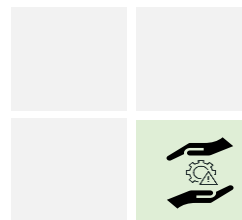
100% sites in India successfully covered with ISO 14001 and 45001 certification.



33.8% Renewable Energy
21% Emission Reduction



1,420,000 patients in 100+ countries reached through our patient centric programs



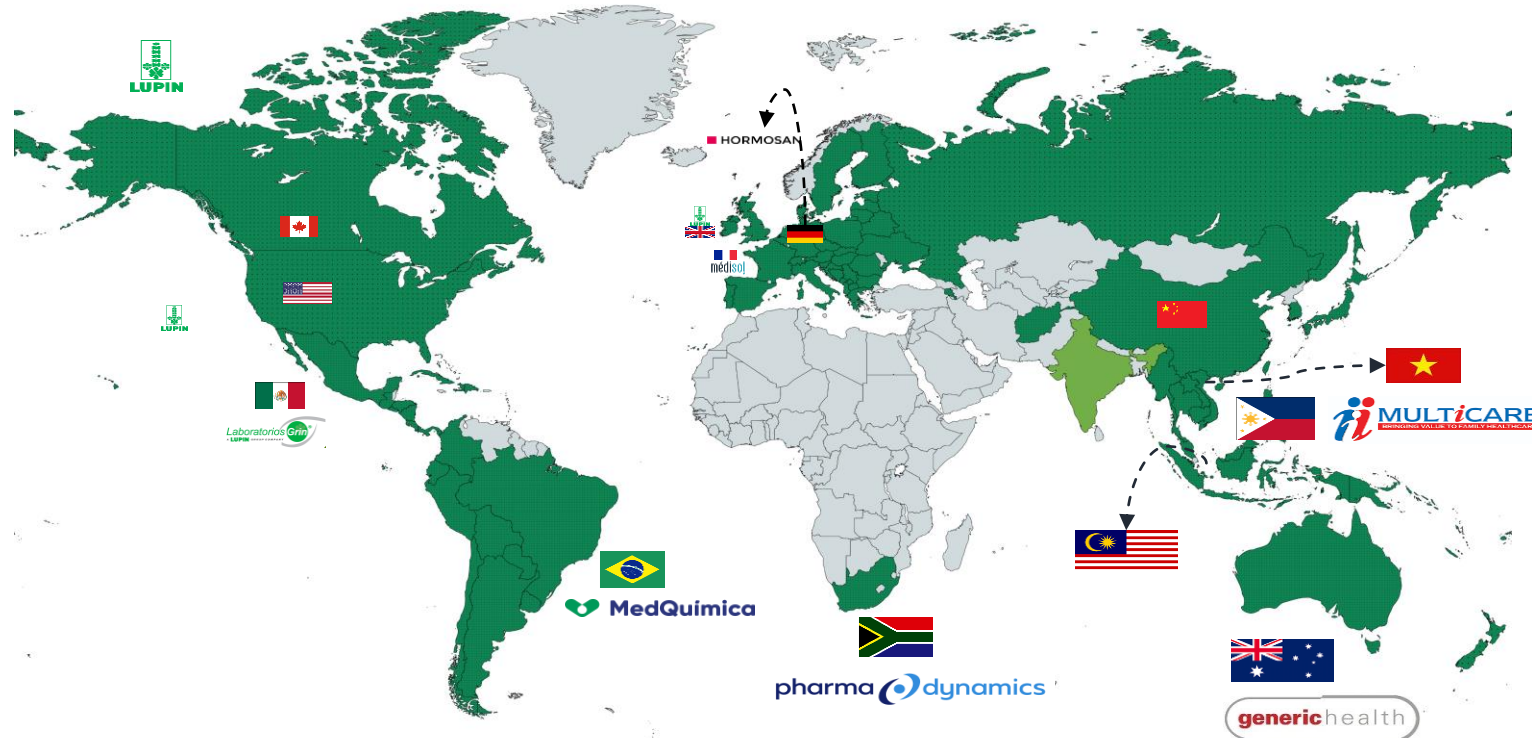
Strategic Bets

Strategic Bets: Geographical Expansion

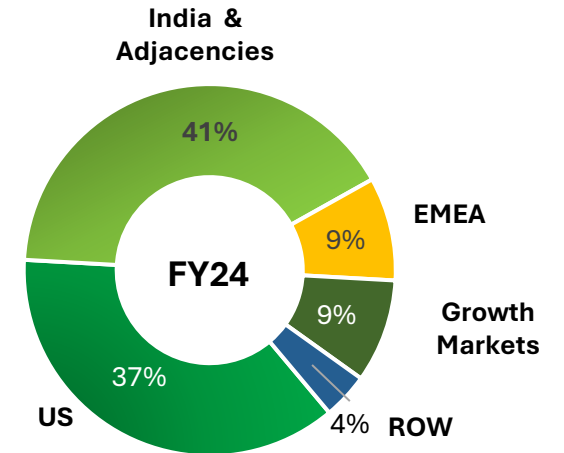
Geographical diversification has helped Lupin reduce risk and unlock growth across geographies


 Lupin has diversified revenue across geographies to reduce dependency on single markets, hedge regulatory risks and access emerging markets, and capitalize on varying demographic healthcare needs

Lupin Limited: Geographical Diversification



% Revenue Split



 Lupin strategically invests in biosimilars and adjacent businesses like API plus, Digital, and diagnostics to diversity revenue and drive sustainable growth. The approach balances development risks with long-term profitability

Global Partnerships:

Biosimilar Development Strategy

Developing biosimilars is costly and competitive, with Indian companies facing global rivals in regulated markets.



Lupin's Response :

- Lupin adopts a solo strategy, conducting clinical trials independently for markets like the US and Europe.
- Unlike peers using partnerships for development, Lupin relies on commercial partnerships solely for marketing and distribution.
- This approach balances development risks while enabling greater control and long-term profitability in biosimilars.

Adjacencies Investments

Lupin is strategically investing in adjacent businesses like API Plus, Digital, Diagnostics, and Global Institutional Business to diversify its revenue streams, strengthen its market position, and capitalize on emerging healthcare trends. These investments focus on:



API Plus Business:

Expanding high-margin APIs with increased capacity and advanced capabilities to cater to global demand



Lupin digital health:

Leveraging digital platforms and technologies for patient engagement, telehealth, and operational efficiency.



Lupin Diagnostics:

Scaling diagnostics offerings with innovative and cost-effective solutions to tap into growing preventive healthcare markets



Global Institutional Business:

Strengthening partnerships with governments and global health organizations for sustainable growth in institutional sales.



Experiential Learning highlights and recommendations

To be competitive in tough times, companies should

01

Develop balanced approach: Combined cost optimization with long-term investments for sustainable growth

02

Look for value creation opportunities within and outside the system: Prioritized innovation, efficiency, and risk management to maintain a competitive edge

03

Need to be future focused: be in positioned to capitalize on emerging opportunities while ensuring diversification/opportunity aligns with baseline capital allocation priorities.

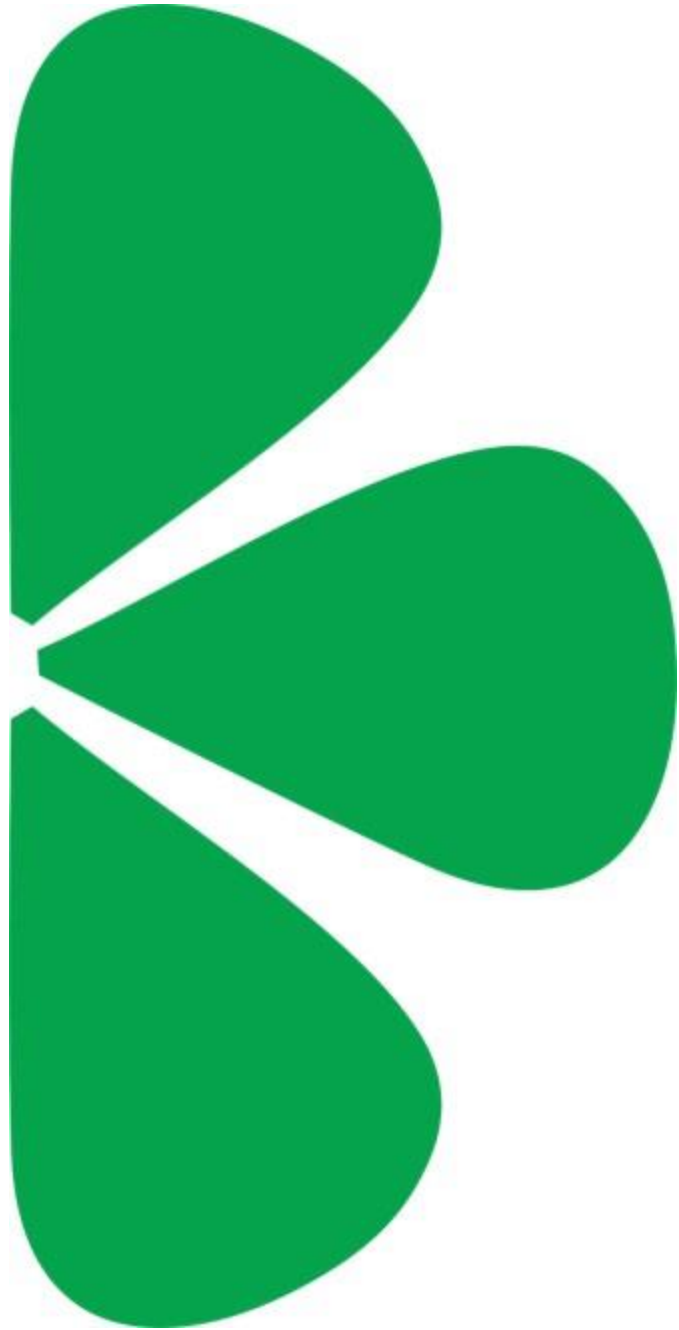
04

Strategic deployment of resources: Deployment of resources must balance risk, return and operational sustainability. Focus on EXECUTION



05

Q&A



Thank You


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