



**LUPIN**

# Lupin Limited Tax Transparency Report

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FY 2022-23



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# Message From The CFO

Dear Stakeholders,

On behalf of Lupin Group, I am pleased to introduce you to Lupin's first Tax Transparency Report, reflecting our responsible approach to taxation guided by our robust global tax policy.

At Lupin, tax transparency is deeply ingrained in our core corporate values, reflecting our unwavering commitment to accountability, ethics, and social responsibility. This report serves as a testament to our dedication to open and transparent communication with our stakeholders across the countries where we operate. By sharing this information, we aim to demonstrate our commitment to responsible corporate citizenship and the creation of long-term value

for our stakeholders. The report adheres to the guidelines outlined in GRI 207.

The Tax Transparency Report provides a comprehensive overview of Lupin's global presence, outlining our tax responsibilities, policies, and contributions throughout the fiscal year 2022-23. It provides insights into the measures we have implemented to ensure compliance with relevant tax laws and regulations while also emphasizing our dedication to transparency and fairness.

During FY23, Lupin Group employed over 21,000 employees across 12 countries globally. We made significant tax contributions of ₹ 5,028.2 Mn in terms of direct taxes and indirect taxes to governments globally. Additionally, we have collected tax of ₹ 17,498.1 Mn in the form of withholding tax, payroll tax and social security contributions and paid to governments across the globe.

We recognize the pivotal role our tax contributions play in supporting the economies of the countries where we operate.

We remain steadfast in our commitment to contribute our fair share to governments and address the diverse needs of people.

I thank you for your continued support and trust in Lupin.

We welcome your feedback and suggestions at [info@lupin.com](mailto:info@lupin.com).

Sincerely,

**Ramesh Swaminathan**

*Executive Director, Global CFO & CRO  
and Head - Corporate Affairs*





# About Lupin

Lupin's journey is a testament to the potential of human imagination, compassion, and the unwavering pursuit of a better tomorrow. Established in 1968 by our visionary founder, Dr. Desh Bandhu Gupta, Lupin has evolved from humble beginnings to become a global healthcare leader. Headquartered in Mumbai, India, we have expanded our footprint across the U.S., LATAM, APAC and EMEA regions, operating in over 100 countries and offering a diverse portfolio of over 1,000 products.

Inspired by the resilient lupin flower that nourishes the soil while thriving in challenging conditions, Lupin remains committed to its mission of making quality healthcare accessible to all. We recognize the importance of nurturing the communities we serve and leaving a positive impact on society.

With our robust manufacturing capabilities and strong research and development, we have emerged amongst the leaders in generics, complex generics, APIs, specialty, and biologics. Lupin's commitment to innovation and patient-centricity has fueled its success in therapeutic areas such as cardiovascular health, tuberculosis, diabetes, respiratory, gastrointestinal disorders, and women's health.

At Lupin, we understand that true success lies in the convergence of business growth and social impact. Beyond healthcare, we are dedicated to the upliftment of the communities we serve. This commitment is channeled through the Lupin Human Welfare and Research Foundation (LHWRF), which focuses on two pillars: Improving Lives and Improving Livelihood. Across 5,431 villages in nine states of India, we positively impact the lives of over 2.5 million people, reflecting our commitment to social responsibility and sustainable change.

Our journey is guided by the belief that healthcare should be accessible, affordable, and of the highest quality. We strive to advance our infrastructure, embrace innovation, and expand our presence in high-growth markets to better serve the evolving needs of patients worldwide.

As we embark on the next chapter of our story, we remain committed to our vision, mission, and core values. With boundless optimism, we embrace the challenges that lie ahead, confident that our collective efforts will continue to make a lasting impact on the world of healthcare.



# Our Values

## Entrepreneurial Spirit

We empower our employees to generate new ideas, explore avenues and offer solutions that add exceptional value. We encourage them to build ownership in all endeavours by assuming responsibility with passion and conviction.



## Passion for Excellence

We relentlessly pursue excellence through innovation and continuous improvement in all our projects, processes, and products.

## Customer Focus

We strive to understand and meet customer needs in a professional and responsive manner. We focus on building long-term partnerships for mutual benefit and take responsibility for delivering on our commitment.



### **Integrity**

We conduct ourselves with uncompromising integrity and honesty and insist on the highest ethical standards and transparency from our Employees in all interactions. Everything we do must stand public scrutiny.



### **Respect & Care**

We are compassionate and sensitive towards all our stakeholders and treat them the way we would expect to be treated. We provide equal and fair opportunities for employment, learning and career development.



### **Teamwork**

We align the efforts and energies of our people across all levels and geographies to deliver outstanding results to our stakeholders. We encourage diverse opinions and yet work together in a coordinated and mutually supportive way.







Our actions continually earn us accolades for various facets of our journey, including innovation, employee satisfaction, quality standards and social upliftment efforts. Some of the recent awards and accolades are:



**Vinita Gupta**, named among **India's 20 Most Influential Women in Healthcare** by **BW Healthcare World**



**Mohan Nusetti**, Senior Vice President – Taxation, was awarded the **In-house Indirect Tax Director of the Year**



Lupin won **Business World's Diversity and Inclusion Award 2022 for "Outstanding Diversity Network"**



**Our Indirect Taxation Team** awarded the **Best In-house Indirect Tax Team** in Asia-Pacific by **International Tax Review** in 2020, 2021, and 2022



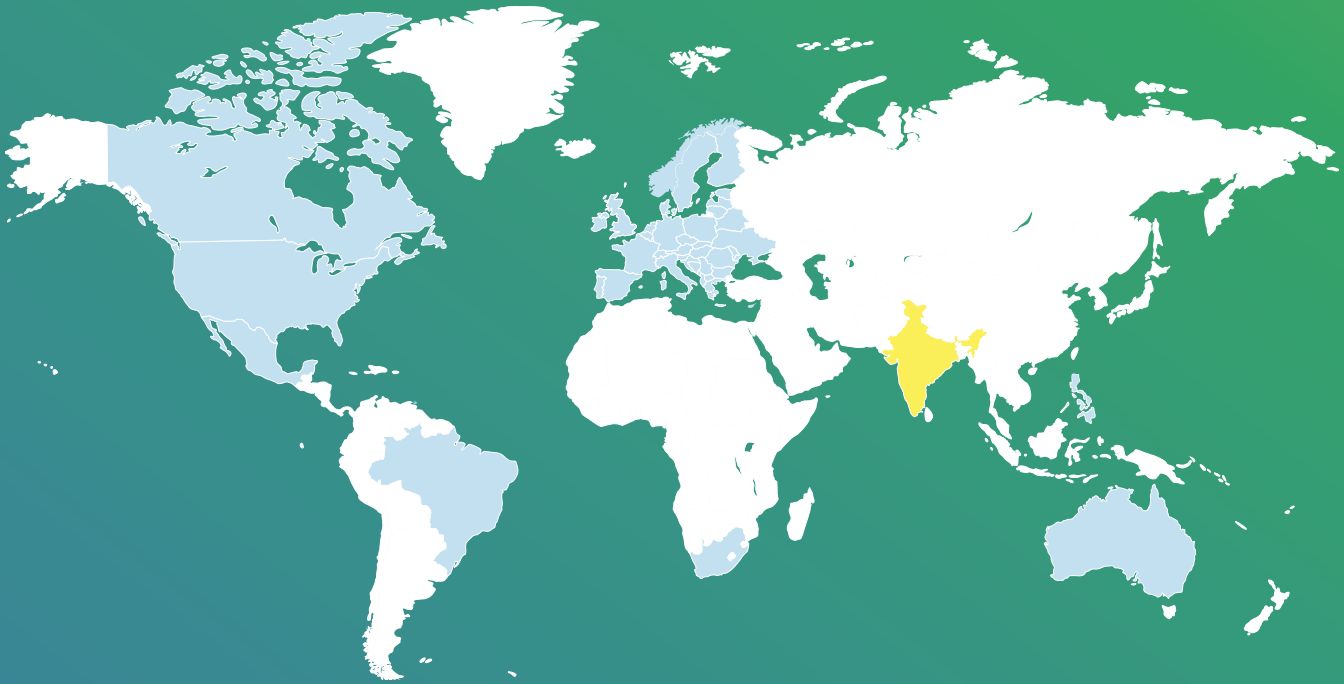
**Our Direct Tax Team** was awarded the **Best In-house Direct Tax Transfer Pricing Team** in Asia-Pacific by **International Tax Review** in 2021

Our actions and our products are the hallmark of our commitment to our patients, the healthcare ecosystem, and the communities we serve.

# Global Presence

Lupin has expanded and grown manifold since its inception in 1968. We have operations in 12 countries across six

continents, allowing for the safe and reliable delivery of medicines to our patients across 100+ countries.



-  Global Headquarter
-  Global Presence



## India

Producing, developing, and marketing a wide range of branded and generic formulations, biotechnology products and active pharmaceutical ingredients (APIs) globally



## EMEA

Sales, marketing, and distribution of generics for affordable treatment of various acute and chronic diseases, anti-retroviral and oral contraceptives and research and development of complex injectables



## North America

Manufacturing, research and development, and marketing for generics, complex generics, biosimilars and branded pharmaceuticals



## Growth Market APAC

Sales, marketing and distribution of high-quality generic prescriptions, injectable and over-the-counter medicines



## Growth Market LATAM

Manufacturing, research, sales, marketing, and distribution of essential medicines

# Approach To Tax

## Tax Compliance and Risk Management

At Lupin, we prioritize strict adherence to tax laws and regulations, serving as the foundation of our operations. We proactively identify and manage tax-related risks, implementing robust internal controls and processes. Our comprehensive internal controls and processes are designed to ensure compliance with tax requirements, including accurate record-keeping and timely reporting. To mitigate potential risks or issues, we conduct regular monitoring and review of tax compliance.

## Responsible Tax Planning

Lupin's tax planning approach is grounded in genuine business transactions with a clear purpose and commercial rationale. We firmly stand against artificial tax planning and any manipulation of tax provisions for tax evasion or aggressive tax avoidance. Within the boundaries of legality and ethics, we optimize our tax position while upholding the intent and spirit of tax legislation. We responsibly leverage available tax reliefs, incentives, and exemptions that align with our business goals and comply with applicable laws and regulations. Even in cases where the operations are based in the jurisdiction considered as 'tax haven', they are set up taking into account the business considerations supported by appropriate commercial substance and not for the sole purpose of achieving efficient effective tax rates.



## Technology-driven Tax Operations

Recognizing the value of technology, Lupin embraces advanced systems and processes to enhance our tax functions. We invest in cutting-edge technology, leveraging analytics and data-driven insights for strategic decision-making and enhancing the efficiency and accuracy of our tax operations. Through the adoption of digital platforms, we streamline tax compliance processes, enabling seamless reporting and meeting deadlines. Our commitment to technological advancements extends to continuous monitoring and staying abreast with evolving tax requirements and industry best practices.

## Stakeholder Engagement and Collaboration

Lupin fosters open and transparent communication with tax authorities, building a cooperative relationship based on trust and respect. We actively engage with stakeholders, including tax authorities, in constructive dialogue to address tax-related matters proactively. Collaboration is paramount to ensuring compliance, responding to inquiries, and resolving potential issues efficiently. Our cooperative approach aims to forge strong partnerships with tax authorities and stakeholders, contributing positively to the communities where we operate.



## Tax Principles

At Lupin, we uphold strict compliance with our Global Tax Policy and all applicable tax laws and regulations. We prioritize transparency by providing complete and accurate information to tax authorities in a timely manner. Our Global Tax Policy aligns with our corporate governance framework, values and enterprise risk management. Integrity and transparency are integral to our governance practices, ensuring trust from all stakeholders.

The Lupin Global Tax Policy is approved by the Board of Directors. We adhere to the arm's length

standard prescribed in local transfer pricing regulations and Organization for Economic Co-operation and Development's Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (OECD TP Guidelines).

Tax planning supports commercial activities and is aligned with our business strategy, aiming to create value for stakeholders. We do not engage in aggressive tax planning with unintended tax revenue consequences. Our tax decisions reflect our core values of integrity, respect and care, customer focus, excellence, entrepreneurial spirit, and teamwork.

Our tax principles are fully aligned to Lupin's core values.



### Integrity

Lupin upholds tax integrity by complying with laws and ensuring fair tax payment/collection within set timelines. Our actions align with regulatory guidelines and codes of conduct..



### Respect and Care

Lupin fosters constructive, professional, and transparent relationships with tax authorities, government bodies, and industry associations. We prioritize mutual trust and respect as the foundation of these partnerships.



### Customer Focus

Lupin actively engages with business teams, providing them with clear and understandable updates on tax regulations. We aim to enable them to develop viable, tax-compliant business models that align with the ever-evolving regulatory landscape.



### Passion for Excellence

Lupin demonstrates its commitment to excellence by formulating detailed SOPs, implementing a robust risk-based tax framework, and utilizing innovative tax automation solutions.



### Entrepreneurial Spirit

Lupin embraces a dynamic and innovative approach to business decisions, ensuring that tax considerations and incentives align with substance and value creation. We prioritize strategies that drive tangible outcomes and create value for our stakeholders.



### Teamwork

At Lupin, we foster a collaborative environment and invest in our people's professional and personal development as part of our world-class tax team. We provide comprehensive technical and soft skill training to enhance their capabilities. By prioritizing teamwork, we empower our team members to excel and contribute to our overall success.

## Compliance With Laws And Regulations

At Lupin, we have implemented effective controls and governance to ensure compliance. By embracing technology, we automate processes to minimize errors and reduce human intervention. Our internal audit team regularly evaluates the efficiency of our tax compliances. We exercise diligent and professional judgement in providing timely and adequate information to tax authorities. All tax returns are filed within stipulated timelines.

Maintaining the highest standards of integrity, Lupin emphasizes proper documentation for all transactions and tax positions. Robust documentation is ensured through the scanning and digitalization of purchase invoices. We proactively mitigate tax risks by adopting sound technical positions in adherence to the applicable laws, supported by expert advice.

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**For example, Lupin established a branch in Nepal in FY23 to comply with regulatory changes. Additionally, Lupin reviews contingent liability statement quarterly and makes appropriate provisions based on recent judicial precedents and changes in tax law.**

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## Tax Automation

In today's digital era, tax reporting processes have undergone significant digitalization, and tax administrations rely heavily on technology and data analytics. Monthly reporting requirements demand transaction-level information on a near real-time basis, placing a greater emphasis on providing granular data promptly.

Recognizing the value of technology in tax functions, Lupin has strategically invested in systems and processes to ensure compliance throughout the organization.

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**Through Robotic Process Automation (RPA) and analytical tools like Qlik Sense, Lupin automates reconciliation, complex computations, invoice matching, data validation, and more in our India operations. This has reduced the time spent by our Indirect tax team by 61%, allowing them to focus on value-added tasks. In Direct taxes, RPA streamlines the preparation of Form 15CA, saving at least 10 man-days per month. These automated processes not only save time but also mitigate the risk of human error and provide data and reports on a real-time basis.**

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## Related Party Transactions

Transparency and integrity are paramount in Lupin's approach to related party transactions (RPT). Our self-regulated frameworks prioritize transparency, disclosures, and qualitative approval processes, aligning with corporate governance standards. We adhere to principles of arm's length and value creation, ensuring compliance with evolving regulations.

Lupin has a Board-approved policy for related party transactions, providing a governance and reporting framework, including material transactions. The policy

is available at <https://www.lupin.com/investors/policies>.

We follow guidelines for identifying related parties and maintaining proper documentation of all related party transactions in compliance with the provisions of Section 188 of the Companies Act, 2013, read with the Rules made thereunder, and Regulation 23 of the Listing Regulations. Our strong governance practices ensure compliance with these guidelines and adherence to arm's length principles guided by OECD standards.

**The international transactions of Lupin Limited with its foreign subsidiary companies have been accepted by the tax authorities as being at arm's length. On similar lines, the Swiss and US tax authorities have endorsed the applicability of this principle in transactions of Lupin Atlantis Holdings SA, Switzerland and Lupin Pharmaceuticals Inc., USA.**

### Key Related Party Transactions of Lupin

Nature of transaction	Key party to the transaction	FY22-23 ₹ In Mn	FY21-22 ₹ In Mn
Sale of goods	Sale by Lupin Limited to Lupin Pharmaceuticals Inc.	17,602.7	19,372.1
Sale of goods	Sale by Lupin Limited to Lupin Inc.	4,774.8	6,375.8

Related party transactions more than 1% of consolidated revenue from operations of FY 2022-23 are considered above.

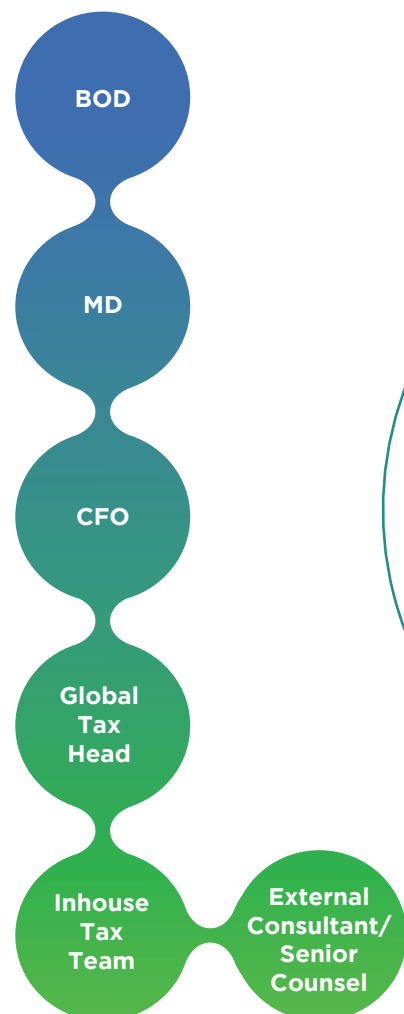




## Tax Governance Framework

Lupin's robust tax governance framework ensures compliance, establishes tax SOPs, and mitigates tax risks. Transparency and integrity remain at the core of our tax governance framework. Our dedicated and qualified tax team coordinates with other business functions to consider tax implications in decision-making. We ensure adherence to the law throughout the transaction lifecycle, involving legal counsels, auditors, and consultants for complex matters.

Significant tax positions are reviewed by senior management (CEO, MD, ED, CFO) and the Board, especially if they impact our reputation. Considering the emerging developments, we have integrated the Direct Tax and Indirect Tax departments, effective 01-Apr-2023, to harness the combined potential of people, processes, and technology. Further, the team is provided with continuous trainings, both technical and soft skills, on the recent tax developments globally. They closely monitor the global tax developments that might be relevant to our business and discuss the impact of such developments with our senior management team. The reporting structure of the tax team is depicted in a diagram below:



For example, the input tax credit on CSR expenses was claimed after careful assessment and subsequent legislative changes, pursuant to discussion with the CFO. The rationale for claiming credit was documented, and the associated risks were assessed before a decision to avail the credit was taken. Our stand was later vindicated with supportive Advance Rulings. Also, the fact that a suitable amendment was introduced in the GST law vide the Finance Act 2023 to disallow such credit prospectively indicates that the credit was allowed previously. We discontinue such claims now pursuant to the legislative change.

The Board assesses the outcomes of a particular decision, the impact on cash flows, compliance with respective tax laws, and internal tax policies.

For instance, in India, while filing the income tax return Lupin Limited was unable to claim business loss due to some technical glitch in the online income tax return filing utility. After appropriate consultation with the external consultants and extensive discussions with the senior management, a cautious view was adopted to file both online as well as offline returns.



## Tax Risk Management

Our tax risk control framework identifies, assesses, and mitigates tax risks. We recognize two key drivers of tax risk: (a) Judgmental, which relates to understanding and interpretation of tax law and manifests itself as tax planning and advisory risk; and (b) Operational, which relates to the processes, people, and systems in place to manage tax risk and manifests itself as tax compliance risk.

Senior management sets our tax risk appetite, considering both judgmental and operational risk aspects. We do not take speculative tax positions or those that bring material tax risk. Where there is material uncertainty on the tax treatment of a transaction or where the necessary expertise is unavailable within the Global Tax team, external advice is sought before any position is taken.

Our statutory auditors constantly review our tax positions, highlighting potential tax risks. They examine

## Monitoring Governance Framework

At Lupin, we uphold a strong commitment to professionalism and integrity in all our business dealings and relationships. The Lupin Code of Business Conduct and Ethics guides our ethical standards and conduct. The policy is available at <https://www.lupin.com/investors/code-of-conduct>. We encourage our employees and third parties to familiarize themselves and adhere to this policy as well as our third-party code of conduct, which is available at <https://www.lupin.com/investors/policies>.

To further reinforce our governance practices and ethical conduct, we have established P.L.E.D.G.E. (Preparing Lupin Employees to Demonstrate Corporate Governance and

management's judgments with respect to the probability of outflow arising from outstanding litigations after considering the status of recent tax assessments, audits and enquiries, recent judicial pronouncements, and judgments in similar matters.

We sensitize our employees about our values and ethos to drive tax functions effectively. We constantly review our tax processes and positions with legal amendments, clarifications, and court rulings. We keep ourselves abreast with the best practices in the industry.

We maintain robust documentation of our tax records to ensure that we stay steadfast in audits and investigations. Despite challenging GST investigations, we effectively explained our tax positions and emerged unscathed.

Ethical Conduct). This program outlines the core values, standards, and guidelines for employee conduct at work, while also providing channels to report any violations, misconduct, or malpractices without fear of reprisal. Compliance with P.L.E.D.G.E is mandatory for all Lupin employees, and non-compliance may result in disciplinary actions, including termination, and potential legal consequences.

Our commitment to monitoring and maintaining a strong governance framework ensures that we foster a culture of integrity, accountability, and transparency throughout our organization.





# Engagement with Tax Authorities and Advocacy

## Relationship With Tax Authorities

At Lupin, we consider tax authorities as key stakeholders and prioritize the development and maintenance of cooperative and constructive relationships based on trust and transparency. We engage with tax authorities in a collaborative and proactive manner, aiming to support positive and sustainable relationships. In event of any disagreements, we strive to engage in constructive dialogue to resolve issues promptly. Whenever appropriate, we seek advance clearance from tax authorities on proposed tax treatments to proactively prevent disputes. Litigation is always considered as a last resort.

Our dedicated in-house tax team manages communications with tax authorities globally. We adopt an open and collaborative approach, providing authorities with necessary documents and evidence to review our tax positions.

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**For instance, Lupin Limited had entered into a unilateral advance pricing agreement for corporate guarantees provided to subsidiary companies, namely, Lupin Atlantis Holdings S.A. and Lupin Inc. (in relation to loans obtained by these companies from a consortium of banks).**

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We ensure robust and proactive communication of our tax processes, fostering trust and transparency. We actively cooperate with tax officials by providing comprehensive and unambiguous documentation, streamlining the assessment process and optimizing their efforts.

## Advocacy

At Lupin, we proactively monitor the changes in tax policies and its impact on the business and industry. When relevant, we provide valuable inputs to tax policymakers, either directly or through industry associations.

Lupin's Global Tax Heads actively participate in various tax committees, including CII, FICCI, Merchant Chamber of Commerce, and Indian Pharmaceutical Alliance. They contribute their expertise and perspective on tax-related matters. Throughout the year, we have been at the forefront of advocating for policy reforms and seeking clarifications.

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**For example, we played a pivotal role in ensuring that pharmaceutical products were included in the benefits of the Remission of Duties and Taxes on Export Products (RoDTEP) scheme. We also collaborated with the government to establish standardized procedures for claiming benefits under the Production Linked Incentive (PLI) Scheme for Pharmaceuticals.**

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# Consolidated Effective Tax Rate

Particulars	FY23 (₹ in Mn)	FY22 (₹ in Mn)
Consolidated Profit Before Tax before jointly controlled entity and including Exceptional Items	7,164.9	(13,725.7)
Current Tax Expenses for the year (Excluding Previous year tax impacts)	2,462.5	1,391.5
Deferred income tax liability/(asset), net	223.8	(240.0)
<b>TOTAL TAX</b>	<b>2,686.3</b>	<b>1,151.5</b>
<b>Consolidated Effective Tax Rate</b>	<b>37.49%</b>	<b>-8.39%</b>

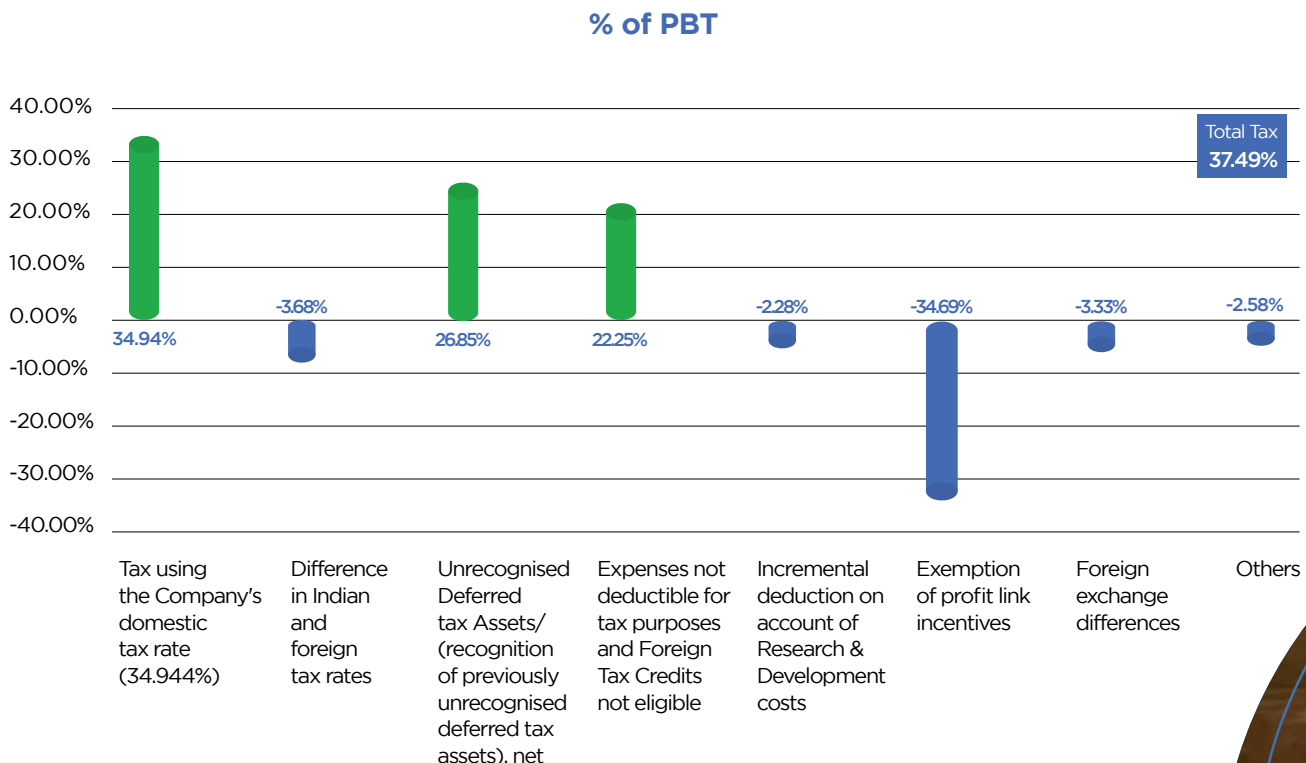
The Consolidated Effective Tax Rate of Lupin Limited for FY23 is 37.49% vis-à-vis -8.39% for FY22.

A reconciliation of the statutory rate of 34.944% and the effective tax rate of 37.49% is available in the Integrated Financial Report of FY23 at Note No. 47(c) to the consolidated financial statements. The Company has not opted for a lower tax regime under section 115BAA of the Income Tax Act, 1961 (India) as it is more beneficial to

continue with the old regime, i.e., taking benefit of various profit-linked tax deductions/exemptions.

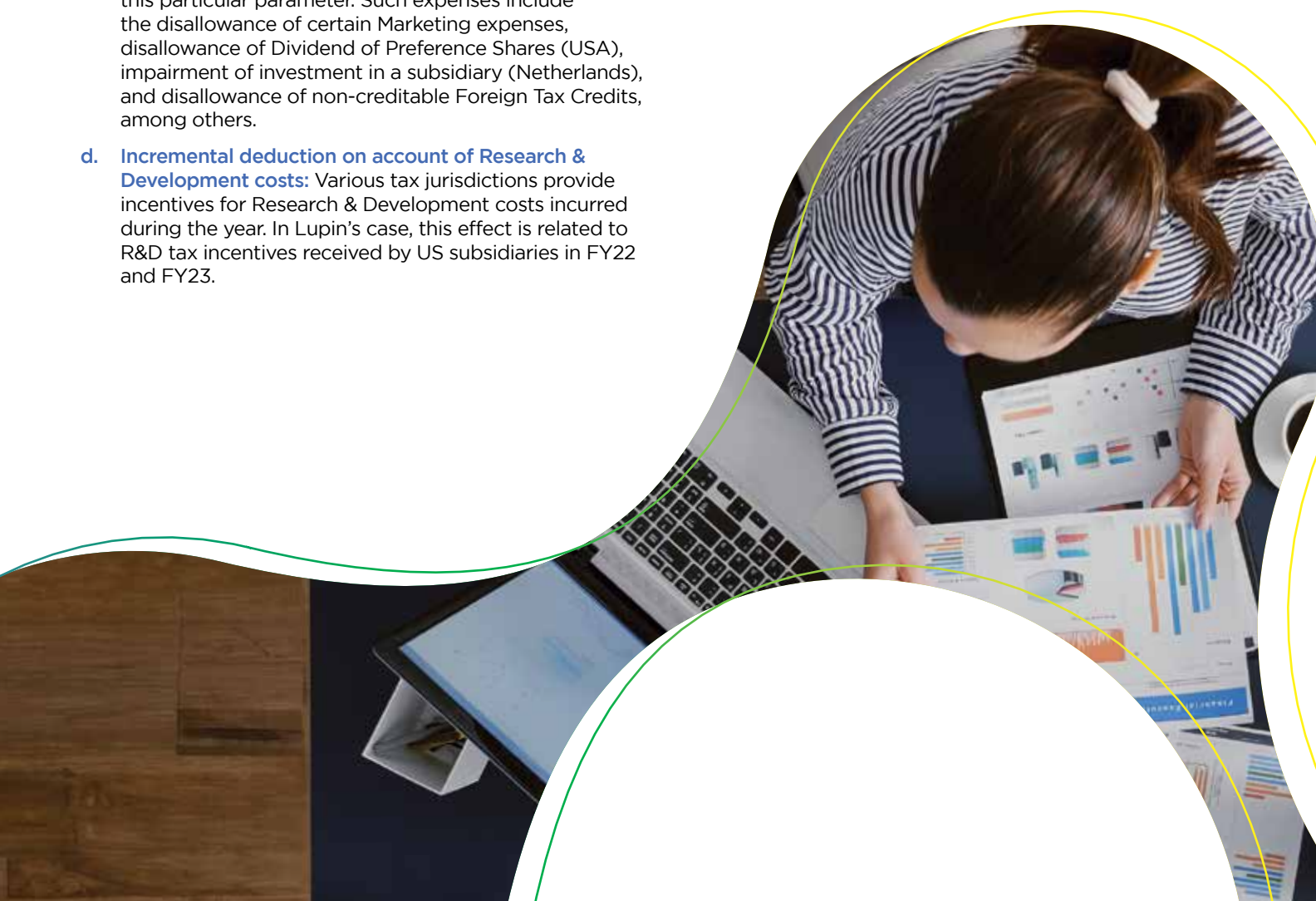
In FY22, the Company was in a net loss position (due to a one-time settlement of claims), which had a distortive impact on the Effective Tax Rate and all its reconciliation components. Accordingly, the Effective Tax Rate of FY23 should not be compared with the Effective Tax Rate of FY22.

A snapshot of the reconciliation of India's Statutory Tax rate with the consolidated Effective Tax Rate is as below:



The reasons causing the difference between India's Statutory Tax Rate (34.944%) and consolidated Effective Tax Rate (37.49%) are explained hereunder:

- a. **Differences in Indian and Foreign Tax rates:** Lupin Limited and its subsidiaries are present in tax jurisdictions having statutory tax rates ranging from 12% to 34.94%. This item reflects the reduction in the Effective Tax Rate due to lower tax rates in different jurisdictions than the statutory tax rate of India (location of holding company).
- b. **Unrecognised Deferred Tax Assets/ (recognition of previously unrecognized deferred tax assets), net:** This parameter measures the impact of deferred tax assets not recognized on losses available for carry forward/back. In FY23 and FY22, this effect mainly includes carry-forward losses in jurisdictions like the USA, Netherlands, Switzerland, and India, on which Deferred Tax Asset is not created as there is low certainty on utilization of such losses in the coming years.
- c. **Expenses not deductible for tax purposes and Foreign Tax Credits not eligible:** In various tax jurisdictions in which Lupin operates, there are specific provisions in the tax laws on the disallowance of particular expense items. The tax effect of such items is captured in this particular parameter. Such expenses include the disallowance of certain Marketing expenses, disallowance of Dividend of Preference Shares (USA), impairment of investment in a subsidiary (Netherlands), and disallowance of non-creditable Foreign Tax Credits, among others.
- d. **Incremental deduction on account of Research & Development costs:** Various tax jurisdictions provide incentives for Research & Development costs incurred during the year. In Lupin's case, this effect is related to R&D tax incentives received by US subsidiaries in FY22 and FY23.
- e. **Exemption of profit link incentives:** This effect is mainly related to the area-based tax exemptions received by Lupin Ltd India by operating manufacturing units in designated Special Economic Zones and the northeastern states. In FY22 and FY23, this effect is mainly due to tax deductions received by the company for profits generated by its Sikkim manufacturing unit and Pithampur SEZ manufacturing unit. Lupin Limited has generated employment for about 523 employees (including contractual manpower) in the Sikkim plant as of 31 March 2023.
- f. **Foreign exchange differences:** This parameter measures the differences in financial reporting due to different functional currencies of subsidiary companies as compared to reporting in Indian Rupee for Consolidated Financial Statements prepared as per IndAS.
- g. **Others:** All other miscellaneous tax effects not considered specifically in the above items are included here. This includes the effect of tax liability as per B.E.A.T. provisions for US subsidiaries, consolidation adjustments in the elimination of intercompany transactions like impairment of investment in a subsidiary, elimination of dividend from one subsidiary to another subsidiary, etc.







# Key Financial Information & Tax Schedule for FY 2022-23

## Tax Borne

(Amt in ₹ Mn)

Jurisdictions	Corporate tax (cash basis)	Custom Duties	Social Security contribution (Employer portion)	Others (eg. Property tax, etc.)	Total
India	1,274.4	520.6	944.5	16.2	2,755.7
North America	181.2	-	211.6	82.4	475.2
EMEA	410.3	191.4	183.3	-	785.0
Growth Markets - APAC	350.4	9.4	50.4	0.3	410.5
Growth Markets - LATAM	263.2	19.8	316.3	2.5	601.8
<b>TOTAL</b>	<b>2,479.5</b>	<b>741.2</b>	<b>1,706.1</b>	<b>101.4</b>	<b>5,028.2</b>

## Tax Collected

(Amt in ₹ Mn)

Jurisdictions	Indirect Taxes (VAT, GST, Custom Duty, net of refund)	Tax withheld/ collected on behalf of suppliers	Payroll Taxes	Social Security contribution (Employee portion eg. Professional Tax etc.)	Total
India	7,922.9	1,359.5	1,943.1	1,278.6	12,504.1
North America	19.3	-	857.0	278.5	1,154.8
EMEA	1,430.3	-	414.2	135.8	1,980.3
Growth Markets - APAC	759.4	52.8	192.9	12.1	1,017.2
Growth Markets - LATAM	509.6	52.3	234.4	45.4	841.7
<b>TOTAL</b>	<b>10,641.5</b>	<b>1,464.6</b>	<b>3,641.6</b>	<b>1,750.4</b>	<b>17,498.1</b>

## Other Key Financial Information

(Amt in ₹ Mn)

Jurisdictions	Revenue from Unrelated Parties	Revenue from Related Parties	Total Revenue	Profit/(Loss) before Income Tax	Income Tax accrued (excluding deferred tax)	Income Tax Paid (on Cash Basis)
India	82,819.2	31,029.0	113,848.2	4,121.6	939.0	1,274.4
North America	53,566.8	2,547.9	56,114.7	(5,263.7)	235.3	181.2
EMEA	14,338.3	3,123.9	17,462.0	(780.3)	397.1	410.3
Growth Markets - APAC	8,963.4	157.6	9,120.9	2,423.6	737.5	350.4
Growth Markets - LATAM	7,842.2	24.1	7,866.3	26.0	140.7	263.2
<b>TOTAL</b>	<b>167,529.9</b>	<b>36,882.5</b>	<b>204,412.1</b>	<b>527.2</b>	<b>2,449.6</b>	<b>2,479.5</b>

Jurisdictions	Share Capital	Accumulated Earnings	Number of Employees	Tangible Assets other than Cash and cash equivalents
India	15,266.9	168,358.4	19,246	75,357.3
North America	83,978.9	(102,400.8)	368	15,969.5
EMEA	91,248.4	35,195.4	298	4,355.0
Growth Markets - APAC	1,503.5	3,592.5	322	2,146.0
Growth Markets - LATAM	6,368.9	(2,900.5)	846	4,752.1
<b>TOTAL</b>	<b>198,366.6</b>	<b>101,845.0</b>	<b>21,080</b>	<b>102,579.9</b>

Note - Major Jurisdiction-wise Other Key Financial Information is provided in Annexure - 3.

# Basis Of Preparation

The amounts reported in the Tax Schedule are for the period 1 April 2022 to 31 March 2023. This basis of preparation presents the scope and procedure of collecting and reporting data on the Taxes borne and collected globally and key financial information of the Lupin Group.

- The data is reported in Indian Rupees (₹) and is rounded off to the nearest millions. For the purpose of this report, the taxes paid in foreign currencies have been converted to ₹ at average exchange rates of FY23, used for the consolidation of accounts.
- For the purpose of reporting numbers under the Tax Schedule, we have used the individual financial statements prepared for the purpose of consolidation in line with the Indian Accounting Standards ('IndAS') for the financial year ended on 31 March 2023. If there is more than one group entity in a jurisdiction, the information has been reported on an aggregate basis at the country level.
- In this report, we have categorized the information of our various subsidiaries according to the geographical segments mentioned below:
  - a. North America consists of subsidiaries in USA and Canada
  - b. EMEA consists of subsidiaries in Europe, the Middle East and Africa
  - c. Growth markets APAC consists of subsidiaries in Australia, Philippines and Liaison offices in China, Myanmar, Vietnam
  - d. Growth markets LATAM consists of subsidiaries in Mexico and Brazil
- The Global Tax & Other Contributions in the Tax schedule have been reported on a cash basis. Our Tax Schedule has been categorized into 'Taxes Borne' and 'Taxes Collected'. 'Taxes Borne' demonstrates the cost of tax, duties, social security contributions, etc., directly borne by the Lupin Group. 'Taxes Collected' demonstrates the amount of tax, duties, social security contributions, etc., collected by us on behalf of others and subsequently paid to Governments.





# Definitions

## (a) Tax Borne



### Others (e.g., Property tax, etc.)

This comprises taxes/ cess/ charges paid on property taxes, foreign state excise taxes and other taxes/ contributions borne.

Property Tax is a tax paid by the landowners to the local municipal body or the government, ad valorem to the property owned by them. These reflect the taxes paid by us as a result of the occupation of land and/or property in various jurisdictions where we conduct our operations.



### Corporate tax (cash basis)

These are taxes paid by us on the taxable profits of our Group operations. This includes the amounts of withholding taxes withheld by third parties while making payments to us. Since we have reported this on a cash basis, it also includes the amount of corporate tax accrued in the earlier years but paid during the year on self-assessment or assessment by the jurisdictional government. Further, wherever the past year(s) tax refund was received during the year, it has been netted off against tax paid to reflect the actual cash tax outflow.



### Social Security Contribution (Employer portion):

These are compulsory payments to the Government that confer entitlement to receive a future social benefit for employees. This includes contributions for funding the social security programs of the Government such as Provident Fund (PF) or pension. However, they are in two forms, i.e., contribution by the employer and contribution by employees. The Social Security Contributions forming part of 'Taxes Borne' reflect the employer's contribution to social security funds to benefit individuals employed with us.



### Custom Duties

These are duties paid on the import of goods from across the border, net of input tax claimed and borne by us.



**(b) Tax Collected**

### Tax withheld/ collected on behalf of suppliers.

These represent taxes withheld by us on vendor bill payments/ taxes collectable from customers and paid/ payable to the Government.



### Payroll Taxes

These represent taxes withheld on salary payments to our employees and paid/ payable to Governments on their behalf.



### Social Security Contribution (Employee portion: e.g., Professional Tax, etc.).

These, forming part of 'Taxes Collected', represent employees' individual contributions to social security funds in accordance with the respective jurisdiction's social security laws. Professional tax is withheld from employee remuneration and paid to the Government by the respective companies in the capacity of an employer.



### Indirect Taxes (VAT, GST, Custom, etc.)

These refer to taxes like Goods and Service Tax (GST)/ Value Added Tax (VAT) which are consumption taxes levied and collected from customers while raising invoices on them. These taxes represent the tax billed by us to customers, which were collected by us from customers and eventually paid to respective jurisdictional Governments. This excludes the GST/

VAT billed by us on our invoices relating to stock transfers. We also incur GST/VAT when purchasing certain goods and services. In most countries where we operate, GST/VAT collected is offset against the GST/VAT incurred, with the net being paid to the Government. We have shown only GST/VAT collected amounts in our disclosures.



## (c) Other Key Financial Information



### Revenue

This is represented as unrelated and related-party revenues. Unrelated revenue consists of all forms of revenue flowing from entities not controlled by us. Related-party revenues include revenue from our Group Companies, excluding intercompany dividends. Revenues include exchange fluctuation gain on translations.



### Stated Capital and Accumulated Earnings

This refers to the amount of capital invested in group companies and the earnings accumulated from our operations. The amount of accumulated earnings includes all other reserves, distributable or non-distributable, as well as the securities premium.



### Corporate Income Taxes Accrued

This refers to the amount of corporate income tax accruing on the operations for the reporting period and excludes deferred corporate tax and uncertain tax positions.



### Profit or (Loss) Before Tax

This refers to the profit or loss in a jurisdiction and is aggregated as per the financials of the entities of the respective jurisdiction, excluding intercompany dividends.



### Employees

This refers to the number of individuals employed with us as on 31 March 2023. This includes permanent employees only.



### Tangible Assets

This includes property, plant and equipment as defined in the respective jurisdiction's accounting policies, capital work-in-process, investment properties and inventories as on 31 March 2023.



# Annexure 1 - Glossary

## Arm's Length Standard/ Principle

Transactions should not be distorted by the special relationship between two or more associated enterprises/ related parties.

## Companies Act

An Act to consolidate and amend the law relating to companies enacted by the Parliament of India.

## GRI Standards

GRI Sustainability Reporting Standards are designed to be used by organizations to report their impacts on the economy, the environment, and society.

## Lupin Group

Lupin Limited and its affiliates are collectively referred to as Lupin Group. The list of entities in Lupin Group considered for reporting has been provided as **Annexure 2**.

## OECD TP Guidelines

Organization for Economic Co-operation and Development (OECD) has laid Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations.

## Related Party Transactions

As per OECD, it is defined as an arrangement for the transfer of resources, services or obligations between two parties that have a pre-existing business relationship, regardless of whether a price is charged.

## Stakeholders

Any individual or group of individuals that have an interest in a company and can either affect or be affected by the business.

## Subsidiary

As per Section 2(87) of the Indian Companies Act 2013, subsidiary company or — subsidiary, in relation to any other company (that is to say, the holding company), means a company in which the holding company—

1. control the composition of the Board of Directors; or
2. exercises or controls more than one-half of the total share capital either on its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation. — For the purposes of this clause, -

- a. the company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- b. the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- c. the expression company includes anybody corporate;
- d. layer in relation to a holding company means its subsidiary or subsidiaries

## Transfer pricing

Transfer price is a price of a transaction between associated enterprises for the transfer of physical goods and intangible property or provision of services. Transfer pricing should be based on the arm's-length principle. It ensures that profits are allocated to the countries where the relevant economic activity occurs, and value is created.



# Annexure 2 – List Of Entities

Name of the Company	Country	Relation	Holding
Lupin Limited	India	Holding	-
Generic Health Pty Limited	Australia	Subsidiary	100%
Lupin Australia Pty Limited	Australia	Subsidiary	100%
Bellwether Pharma Pty Limited [ under liquidation]	Australia	Subsidiary	100%
Southern Cross Pharma Pty Limited	Australia	Subsidiary	100%
Medquimica Industria Farmaceutica LTDA	Brazil	Subsidiary	100%
Lupin Pharma Canada Limited	Canada	Subsidiary	100%
Hormosan Pharma GmbH	Germany	Subsidiary	100%
Lupin Europe GmbH	Germany	Subsidiary	100%
Lupin Diagnostics Limited	India	Subsidiary	100%
Lupin Biologics Limited	India	Subsidiary	100%
Lupin Digital Health Limited	India	Subsidiary	100%
Lupin Foundation [In the process of Deregistration]	India	Subsidiary	100%
Generic Health SDN. BHD.	Malaysia	Subsidiary	100%
Lupin Mexico S.A. de C.V.	Mexico	Subsidiary	100%
Laboratorios Grin, S.A. de C.V.	Mexico	Subsidiary	100%
Nanomi B.V.	Netherlands	Subsidiary	100%
Multicare Pharmaceuticals Philippines, Inc.	Philippines	Subsidiary	51%
Lupin Philippines Inc.	Philippines	Subsidiary	100%
Pharma Dynamics (Proprietary) Limited	South Africa	Subsidiary	100%
Lupin Atlantis Holdings SA	Switzerland	Subsidiary	100%
Lupin Healthcare (UK) Limited	UK	Subsidiary	100%
Lupin Inc.	USA	Subsidiary	100%
Lupin Pharmaceuticals, Inc.	USA	Subsidiary	100%
Novel Laboratories, Inc.	USA	Subsidiary	100%
Lupin Research Inc.	USA	Subsidiary	100%
Lupin Management, Inc.	USA	Subsidiary	100%
Lupin Oncology Inc.	USA	Subsidiary	99.30%
Avenue Coral Springs, LLC	USA	Subsidiary	100%

## Annexure 3 – Major Jurisdiction-wise Other Key Financial Information for FY 2022-23

(₹ In Millions)

Jurisdictions	Revenues - Unrelated Party	Revenues - Related Party	Revenues - Total	Profit (Loss) before Income Tax	Income Tax Accrued - Current Year	Income Tax Paid (on a cash basis)	Number of Employees
India	82,819.2	31,029.0	113,848.2	4,121.6	939.0	1,274.4	19,246
USA	50,974.8	2,171.1	53,145.9	(5,394.3)	195.3	136.8	338
South Africa	6,573.2	-	6,573.2	837.1	240.5	255.6	162
Australia	6,185.1	0.3	6,185.4	1,879.2	599.3	248.7	48
Switzerland	2,770.8	2,535.9	5,306.7	(595.1)	-	117.2	15
Others	18,206.8	1,146.2	19,352.7	(321.3)	475.5	446.8	1,271

Jurisdictions	Stated Capital	Accumulated Earnings	Tangible Assets other than Cash and Cash Equivalents	Business Description
India	15,266.9	168,358.4	75,357.3	Manufacturing, research, distribution and sale of pharmaceuticals, digital healthcare services and diagnostics services
USA	83,823.3	(102,617.8)	14,863.4	Owns investments and IPs, R&D, Exploits IPs through contract manufacturing, sales and support services, marketing and distribution, provision of management services
South Africa	0.5	4,354.9	2,302.2	Marketing and distribution
Australia	1,377.6	1,919.1	1,517.4	Marketing and distribution
Switzerland	32,164.4	8,970.1	147.0	Owns investments and IPs, R&D, Exploits IPs through contract or toll manufacturing; distribution, sales and support services
Others	65,733.8	20,860.3	8,392.7	

Note: 'Others' represent less than 10% of the consolidated revenues from operations of the company.












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