

Financial Results Analysis

Quarter & 9 Months Ended December 31, 2011

Disclaimer

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential product characteristics and uses, product sales potential and target dates for product launch are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. Jubilant Life Sciences may, from time to time, make additional written and oral forward looking statements, including statements contained in the company's filings with the regulatory bodies and our reports to shareholders. The company assumes no obligation to update forward-looking statements to reflect actual results, changed assumptions or other factors.

NOTES:

1. *All Financial data in presentation pertains to consolidated entity*
2. *Closing Exchange Rate for USD 1 at Rs. 44.70 as on December 31'10 & Rs. 53.10 as on December 31'11*
3. *Numbers for quarter are compared on Year on Year basis with same quarter in previous year*
4. *Numbers for 9 Months period are compared on Year on Year basis with corresponding period in FY11.*
5. *The Company has exercised the option under clause 46A of AS 11 to account for the effect of restatement of loans in to Foreign Currency Monetary Items Translation Difference Account, which is amortized as required by AS 11*

Quarterly Results Analysis

Financial Highlights – Q3'FY12

- **Net Sales at Rs. 1,087crs for Q3'FY12, grew 25% YoY**
  - Record highest ever sales in a quarter
  - Revenue from Products Business at Rs. 867crs, grew 24%
  - Revenue from Services Business at Rs. 220crs, grew 32%
- **EBITDA at Rs. 212crs in Q3'FY12, up 58% YoY**
  - Margins at 19.5% for the quarter, grew 405 bps
  - Product Business Margins at 23.6%, higher by 77 bps
  - Services Business Margins at 10.9%, depict turnaround
- **Normalised Profit After Tax at Rs. 77crs in Q3' FY12, up 66% YoY**
  - Reported loss is after accounting for Rs. 155crs of exceptional items, mainly due to unrealised foreign exchange book loss
  - Normalised Earnings Per Share for Re. 1 FV equity share at Rs. 4.84 in Q3'FY12

Income Statement – Q3'FY12

Particulars	Q3'FY11	Q3'FY12	YoY Growth
	(Rs Crs)		(%)
Net Sales	**866**	**1,087**	**25%**
Other operating Income	3	1	
Income from Operations	**869**	**1,088**	**25%**
Total Expenditure	737	880	19%
Operating Profit	132	208	58%
Other Income	2	4	
EBITDA including Other Income	**134**	**212**	**58%**
Depreciation	49	54	
Interest (Net)	29	57	
Profit after Interest but before Exceptional Items	**56**	**101**	**81%**
Exceptional Item - Gain/(Loss)	(2)	(155)	
Tax Expenses (Net)	10	9	
Minority Interest	-	15	
Net Profit After Tax and Minority Interest	44	(78)	
Normalised Net Profit After Tax	**46**	**77**	**66%**
Paid-up share capital (Face value per share Re.1)	15.93	15.93	
Earnings Per Share - Basic (Rs.)	2.77	(4.92)	
Normalised Earnings Per Share - Basic (Rs.)	**2.92**	**4.84**	**66%**
	(%)		(bps)
EBITDA Margins	15.4%	19.5%	405
Normalised Net Margins	5.3%	7.1%	184

Revenue Analysis – Business wise – Q3'FY 12

	Q3'FY11	Q3'FY12	Revenue Mix (%)	YoY Growth %
	(Rs crs)			
Life Science Ingredients (LSI)	582	656	60%	13%
Generics (GX)	118	211	19%	78%
Life Science Products	**700**	**867**	**80%**	**24%**
CMO	115	157	14%	37%
DDDS	49	59	5%	22%
Others	3	4	0%	25%
Life Science Services	**167**	**220**	**20%**	**32%**
Total Net Sales	**866**	**1,087**	**100%**	**25%**
Inter Divisional Sales (IDTs)	61	123	11%	102%
Sales Including IDTs	**927**	**1,210**		**31%**

- Products Business contributes 80% to Revenue Mix, grew 24%
- Services Business contributes 20% to Revenue Mix, grew 32%
- Higher Interdivisional Sales at over 11% of Net Sales
  - IDTs grew more than 100% for the quarter
  - Company continues on higher Vertical Integration path for competitive positioning

Highlights – Life Science Products- Q3'FY12

Life Science Products Revenue at Rs. 867crs, grew 24% YoY

- Growth driven by volume and positive price variance of 16.3%
- Positive foreign exchange fluctuation impact of 7.7%

1. Life Science Ingredients – Rs. 656crs, 60% of Revenue Mix

- Constitutes APIs, Nutrition Ingredients, PPES and Life Science Chemicals business
- Grew 13% driven by
  - positive volume and price variance of 7.5%
  - favorable exchange rate movement

2. Generics Business – Revenues of Rs. 211crs, 19% of Revenue Mix

- Constitutes Solid Dosage Formulations, Radiopharmaceuticals and Allergy Products business
- Grew 78%, primarily driven by
  - volume growth across all businesses
  - favorable pricing in Solid Dosage Formulations

Highlights – Life Science Services- Q3'FY12

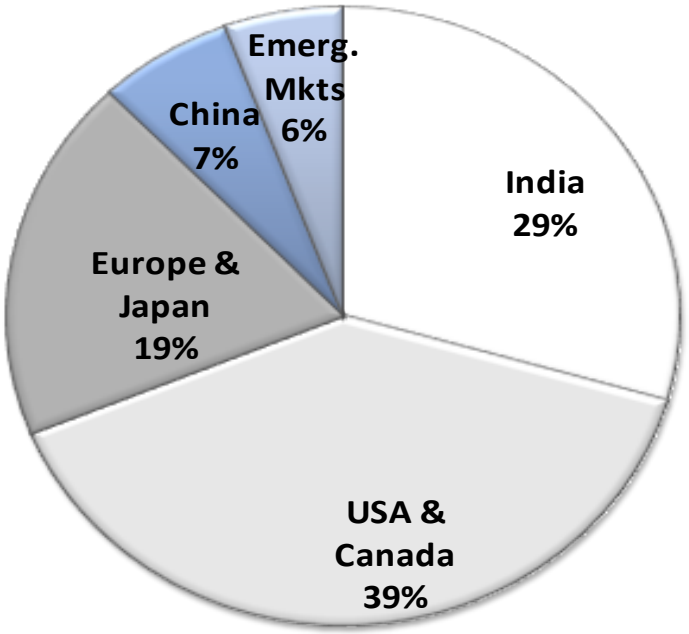
Life Science Services Business Revenues at Rs. 220crs, grew 32% YoY

- Constitutes the CMO, DDDS and Healthcare business

1. **CMO Services of Sterile Injectables and Non-sterile products at Rs. 157crs**
   - Grew 37%, contributed over 14% to revenue mix
   - Strategic initiatives result in profitable revenue growth

2. **Drug Discovery and Development Services at Rs. 59crs**
   - grew by 22%, contributed over 5% to revenue mix
   - Functional / Chemistry services in Discovery business continues to lead revenue growth
   - Revenue from US Clinical Trials business declined, margins still under pressure

Revenue Analysis – Geography wise- Q3'FY12



(Rs crs)	Q3' FY11	Q3' FY12	Mix %	YoY %
India	**267**	**320**	**29%**	**20%**
International	**599**	**767**	**71%**	**28%**
USA & Canada	308	428	39%	39%
Europe & Japan	136	207	19%	52%
China	94	71	6%	-25%
Emerging Markets	62	61	6%	0%
Net Sales	**866**	**1,087**	**100%**	**25%**

- **71% of Sales from International Markets, at Rs. 767crs, grew 28% YoY**
  - Regulated Markets - USA, Canada, Europe & Japan 58% of sales mix
  - Revenue growth of 39% in USA & Canada and 52% in Europe and Japan mainly driven by Generics business
- **29% Sales from India, at Rs. 320crs in the quarter, up 20% YoY**
  - Healthy traction in APIs and Life Science Chemicals business drives domestic growth

Operating Expenditure Analysis – Q3'FY12

Expenses (Rs Crs)	Q3'FY11	% of Sales	Q3'FY12	% of Sales	YoY Growth %
Material	408	47%	453	42%	11%
Manufacturing	70	8%	103	9%	47%
Staff	178	21%	228	21%	28%
SG&A	81	9%	95	9%	18%

- Share of Material Costs to sales down to 42% due to
  - Higher value addition in vertically integrated Life Science Ingredients and Generics Business
  - higher margin product mix in Generics and CMO
  - operational efficiency in manufacturing
- Manufacturing costs rise due to increase in coal, power and fuel rates
- Staff costs increase on account of additional manpower for new capacities and annual increments
- Increase in Selling, General and Administration expenses mainly on account of increased business development activity

EBITDA Analysis Q3'FY12

EBITDA (Rs. Crs)	Q3'FY11	Q3'FY12	YoY Growth %
Products Business	160	204	28%
Services Business	(3)	24	866%
Reported EBITDA	**134**	**212**	**58%**
Margins (%)	**Q3'FY11**	**Q3'FY12**	**bps variance**
Products Business	22.8%	23.6%	77
Services Business	-1.9%	10.9%	1,277
Consolidated	**15.4%**	**19.5%**	405

Reported EBITDA is net of Corporate Expenses

Company reported margins of 19.5% for Q3'FY12, up 405 bps

- Products business EBITDA was Rs. 204crs, witnessed margin improvement due to
  - Volume growth
  - better realisations in key products and favourable exchange rate
- In Services business, EBITDA at Rs. 24crs witnesses a nine fold increase
  - Margin improvement of 12% in CMO due to strategic initiatives and better capacity utilisation

9 Months Results Analysis

Financial Highlights – 9M'FY12

- **Revenue of Rs. 3,080crs for 9M'FY12, grew 21% YoY**
  - Highest ever sales in Nine Month period
  - Revenue from Products Business at Rs. 2,439crs, grew 23%
  - Revenue from Services Business at Rs. 640crs, grew 15%
- **EBITDA at Rs. 643crs in 9M'FY12, up 50% YoY**
  - Margins at 20.9% for the 9 months period, grew 396bps
  - Product Business margins at 24.5%, higher by 121bps
- **Normalised Profit After Tax at Rs. 280crs in 9M'FY12, up 45% YoY**
  - Reported PAT Rs. 78 crs is after accounting for Rs. 202crs of exceptional items, mainly due to unrealised foreign exchange book loss
  - Normalised Earnings Per Share for Re. 1 FV equity share at Rs.17.60 in 9M'FY12

Income Statement – 9M'FY12

Particulars	9M'FY 11	9M'FY 12	YoY Growth
	(Rs Crs)		(%)
Net Sales	**2543**	**3080**	21%
Other operating Income	5	7	
Income from Operations	**2548**	**3087**	**21%**
Total Expenditure	2126	2454	15%
Operating Profit	422	632	50%
Other Income	8	11	
EBITDA including Other Income	**430**	**643**	**50%**
Depreciation	147	154	
Interest (Net)	73	150	
Profit after Interest but before Exceptional Items	**210**	**339**	**61%**
Exceptional Item - Gain/(Loss)	(26)	(202)	
Tax Expenses (Net)	18	33	
Minority Interest	(2)	25	
Net Profit After Tax and Minority Interest	168	78	-54%
Normalised Net Profit After Tax	**194**	**280**	45%
Paid-up share capital (Face value per share Re.1)	15.93	15.93	
Earnings Per Share - Basic (Rs.)	10.55	4.90	-54%
Normalised Earnings Per Share - Basic (Rs.)	**12.17**	**17.60**	**45%**
	(%)		(bps)
EBITDA Margins	16.9%	20.9%	396
Normalised Net Margins	7.6%	9.1%	147

Revenue Analysis – Business wise – 9M'FY12

Business wise Revenue	9M'FY 11	9M'FY 12	Revenue Mix (%)	YoY Growth %
	Rs. Crore			
Life Science Ingredients (LSI)	1,660	1,856	60%	12%
Generics (GX)	327	583	19%	78%
Life Science Products	**1,987**	**2,439**	**79%**	**23%**
CMO	393	462	15%	18%
DDDS	154	169	5%	9%
Others	9	10	0%	8%
Life Science Services	**556**	**640**	**21%**	**15%**
Total Net Sales	**2,543**	**3,080**	**100%**	**21%**
Inter Divisional Sales (IDTs)	152	328	11%	116%
Sales Including IDTs	**2,695**	**3,407**		**26%**

- Products Business grew 23% YoY, contributes 79% to Revenue Mix
- Services Business grew 15% YoY, contributes 21% to Revenue Mix
- Higher Interdivisional Sales at 11% of Net sales
  - IDTs grew 116% in nine months period
  - Company continues on higher Vertical Integration path for competitive positioning

Highlights – Life Science Products- 9M'FY 12

Life Science Products Revenue at Rs. 2,439crs in 9M'FY12, grew 23%YoY

- Growth driven by volume and positive price variance of 21%
- Positive foreign exchange fluctuation impact of 2%

1. Life Science Ingredients revenue of Rs. 1,856crs, 60% of Revenue Mix

- Constitutes APIs, Nutrition Ingredients, PPES and Life Science Chemicals business
- Grew 12% driven by
  - positive volume and price variance of 10.7%
  - favorable foreign exchange movement
- Growth is attributed to excellent volume and positive prices in APIs and Life Science Chemicals

2. Generics Business revenue of Rs. 583crs in 9M'FY12, 19% of Revenue Mix

- Constitutes Solid Dosage Formulations, Radiopharmaceuticals and Allergy Products business
- Grew 78%, driven by
  - volume growth across all businesses and
  - favorable prices in Solid Dosage Formulations

Highlights – Life Science Services- 9M'FY12

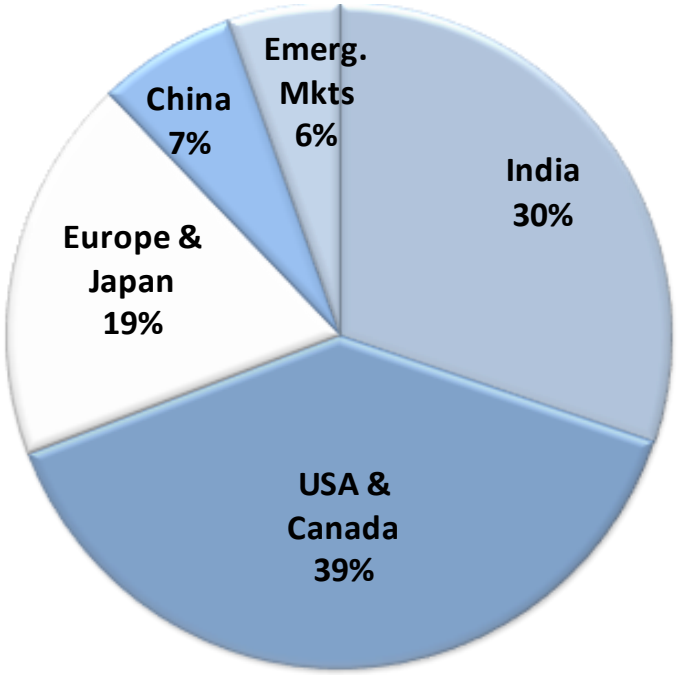
Life Science Services Business revenues at Rs. 640crs in 9M'FY12, grew 15% YoY

- Constitutes the CMO, DDDS and Healthcare business

1. **CMO Services of Sterile Injectibles and Non-sterile products at Rs. 462crs**
   - Grew more than 18%, contributed over 15% to revenue mix
   - Increased capacity utilisation along with improved product mix resulted in revenue and profitability growth

2. **Drug Discovery and Development Services at Rs. 169crs**
   - Grew by 9% , contributed over 5% to revenue mix
   - Functional / Chemistry Services continue to lead the growth in Discovery business
   - US Clinical Research business declines in revenues, continues to witness margin pressure

Revenue Analysis – Geography wise- 9M'FY12



(Rs crs)	9M'FY 11	9M'FY 12	Mix %	YoY %
India	**775**	**929**	**30%**	**20%**
International	**1,768**	**2,151**	**70%**	**22%**
USA & Canada	934	1,203	39%	29%
Europe & Japan	404	575	19%	42%
China	253	207	7%	-18%
Emerging Markets	177	166	5%	-6%
Net Sales	**2,543**	**3,080**	**100%**	**21%**

- **70% of Sales from International Markets at Rs. 2,151crs, grew 22% YoY**
  - Regulated Markets - USA, Canada, Europe & Japan 58% of sales mix
  - Revenue Growth of 42% in Europe and Japan and 29% in USA & Canada driven primarily by Generics businesses
- **30% Sales from India at Rs. 929crs for the nine months period, grew 20% YoY**
  - Healthy traction in APIs business drives domestic growth

Operating Expenditure Analysis – 9M'FY12

Expenses (Rs Crs)	9M 'FY11	% of Sales	9M'FY12	% of Sales	YoY Growth %
Material	1,153	45%	1,309	43%	14%
Manufacturing	208	8%	265	9%	27%
Staff	535	21%	624	20%	17%
SG & A	230	9%	256	8%	11%

- Share of Material Costs to sales down due to
  - Higher value addition in vertically integrated Life Science Ingredients and Generics Business
  - higher margin product mix in Generics and CMO
  - operational efficiency in manufacturing
- Manufacturing costs rise due to increase in coal, power and fuel rates
- Rate of Increase in staff costs and SG&A is lower than sales growth due to operating leverage

EBITDA Analysis – 9M'FY12

EBITDA (Rs Crs)	9M'FY 11	9M'FY 12	YoY Growth%
Products Business	463	598	29%
Services Business	15	95	550%
Reported EBITDA	**430**	**643**	**50%**
Margins (%)			**bps variance**
Products Business	23.3%	24.5%	121
Services Business	2.6%	14.9%	1,225
Consolidated	**16.9%**	**20.9%**	396

Reported EBITDA is net of Corporate Expenses

Company reported margins of over 20.9% for 9M'FY12, up by 396bps

- Products business EBITDA at Rs. 598crs, witnessed 29% growth
  - at 24.5% margins, witnesses 121bps improvement
  - enhanced vertical integration and better realisations of key products drive profitability
- In Services business EBITDA at Rs. 95crs, grew 550%
  - at 14.9% margins, a six fold increase
  - strategic initiatives and better capacity utilisation resulted in higher profitability

Exceptional Items

Particulars	Q3'FY11	Q3'FY12	9M 'FY11	9M'FY12	Proforma based on Feb 3,2012
	(Rs Crs)				
MTM Provs	4	(143)	(6)	(161)	(61)
FCMITDA Amortisation	0	(13)	(12)	(41)	(24)
Others	(6)		(8)		
Total Exceptional Gain/ (Loss)	**(2)**	**(155)**	**(26)**	**(202)**	**(85)**
Closing Rates (USD - INR)	**44.70**	**53.10**	**44.70**	**53.10**	**48.65**

- **Unrealised Mark to Market book loss** mainly on account of
  - Currency movement of USD, from base of Rs 45 to Rs 53.10, with respect to Rupee Loan of Rs 910crs swapped into USD Loan at the time of FCCB repayment.
  - Based on Feb 3, 2012 exchange rate of Rs 48.65, this unrealized book loss of Rs 161 crs is reduced by Rs 100 crs.
- **FCMITDA Amortisation**
  - Unrealised exchange loss amortised on Long Term Foreign Currency Loan of USD 274Mn over the period of tenure of the loan as per Clause 46A of AS 11
  - Balance amount of Rs 109crs debited to Exchange Fluctuation Reserve account, Rs 6crs has been capitalised as on 31st December, 2011.
  - Based on Feb 3, 2012 exchange rate of Rs 48.65, there would be a reversal of Rs 17crs in P/L and Rs 57crs in Exchange Fluctuation Reserve account.

Debt Profile

	March 31, 2011	September 30, 2011	December 31, 2011
Foreign Currency Loans	**($ Mn)**	**($ Mn)**	**($ Mn)**
Standalone	190	219	274
Subsidiaries	195	195	184
FCCB	142	0	0
Total	**527**	**414**	**458**
Rupee Loans	**(Rs. Crs)**	**(Rs. Crs)**	**(Rs. Crs)**
Standalone	438	679	692
Subsidiaries	26	0	0
Rupee Loan Swapped	1,070	910	910
Total	**1,534**	**1,589**	**1,602**
Gross Debt	3,884	3,617	4,033
Cash & Equivalent	1,046	181	349
Total Net Debt	**2,838**	**3,436**	**3,685**
Change in Net Debt			248
Closing Exchange Rate	44.70	48.98	53.10

- Increase in Net Debt of Rs. 248 crs in the quarter is mainly on account of restatement of Dollar loans into Rupee with exchange movement from Rs. 48.98 to Rs. 53.10 as on December 31, 2011
- Average interest rate at quarter end for outstanding loans at 5.85% per annum
  - Rupee loan at an average of 11.07% per annum
  - Foreign currency loans at an average of 4.20% per annum

Outlook

The overall underlying strength of our business has been strong with increasing order book position and capacity utilisation in all our business segments.

The Company expects to continue to build on the robust sustainable revenue and margin growth momentum recorded for the nine month period.

- **In Products business**
  - Revenue growth would be on account of utilisation of newly added capacities, new product launches and geographic expansion
  - Operating profit growth would be backed by improved capacity utilisation, increased vertical integration and favourable prices of certain key products
- **In Services business**
  - Focused margin improvement initiatives, increased capacity utilisation, higher margin product mix and cost optimization would continue to lead to higher profitability

Conference Call Details

Date : Monday, 06th February, 2012
Time : 4:00 pm IST

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Replay from : February 06 to February 12, 2012
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