

Financial Results Analysis

Q2 and H1 FY 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. *Business segments - PLSPS – Pharma and Life Sciences Products and Services and APP – Agri and Performance Polymers which is being demerged into Jubilant Industries Ltd and will be listed subsequently*
2. *Q2 FY 2011 numbers in presentation are unaudited consolidated numbers*
3. *The numbers have been regrouped/reclassified in line with the proposed business reorganization*
4. *Exchange rate considered USD 1 = Rs. 44.935 as on September 30, 2010 & USD 1 = Rs. 48.105 as on September 30, 2009*
5. *Numbers of Q2 FY 2011 are compared with Q2 FY 2010 and H1 FY 2011 are compared with H1 FY 2010*
6. *The Company has exercised the option under 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*

Overview of Business Highlights

- Newly Signed Contracts and Pipeline deals in CRAMS confirm an intact trend towards outsourcing
- Margin pressure easing on account of passing on of higher raw material costs to customers
- Specialty Products to witness momentum with commencement of Nuclear Reactor
- Capacity expansions in Propreitary Products, APIs and Nutrition Ingredients to fuel growth
- Expected launches of new products through customers in US and European region, in API and Dosage Forms
- Visibility continues to improve though volatility persists on account of slow regulatory product approvals of customers

Business Highlights – Life Science Products

Life Science Ingredients business contributed 64% of PLSPS revenue

- Two Multi - Year contract wins indicate buoyancy in outsourcing
- Good volume growth of 13% witnessed across all sub segments
- Pricing pressure subdued growth. As indicated earlier, pressure is easing and better top line and margins in H2'11 can be expected
- Growth to be driven by all business segments i.e. Proprietary Products & Exclusive Synthesis, Life Science Chemicals and API business and backed by:
  - Capacity additions
  - Deeper existing customer engagements and acquisition of new clients
  - Entry into new geographies
  - New product launches

Business Highlights – Life Science Products

Generics Business contributed 13% of the PLSPS revenue

- Dosage Forms reported 50% growth in the quarter, trend expected to continue
- Successfully launched Meclizine in US and gained market share, expect to launch Pantoprazole in US subject to US FDA approval in H2
- Supply agreements are being signed in various geographies, including with some of the leading players in Canada, South Africa and Russia
- Losartan, Azithromycin and Risedronate to be launched in European markets in CY11
- Specialty Products driven by 9% growth in Radiopharmaceuticals, with the revival of Canadian Nuclear Reactor and higher market share in I-131 products

Business Highlights – Life Science Services

CMO Services business contributed 16% of the PLSPS revenue

- Revenue visibility continues to improve
- Volatility persists due to some slow regulatory approvals of Customer products

Drug Discovery and Development Services Business

- Good traction of business in Biosys, in particular the functional aspects like biology & chemistry from pharma and biotec companies backed by improving market conditions
- In clinical research , face delay of on boarding of projects on account of consolidation of research portfolio with customers
- In current quarter, project flow has been re established to normal levels, new contracts are in advance stage of discussion with in principal confirmation from customers

Business Highlights – APP (Demerging Business)

Agri Products

- Robust growth due to increased capacity in SSP and nutrition based subsidy by government

Performance Polymer

- Strong construction boom in the country driving the growth in Consumer products.
- Robust growth in Auto industry leading to higher consumption of tyres is fuelling the growth in Latex business
- 15% increase in capacity in Q2 FY11 in Latex by debottlenecking and process improvement
- 120% increase in capacity in Food Polymers in Q2 FY11

Result Highlights – Q2 and H1 FY11

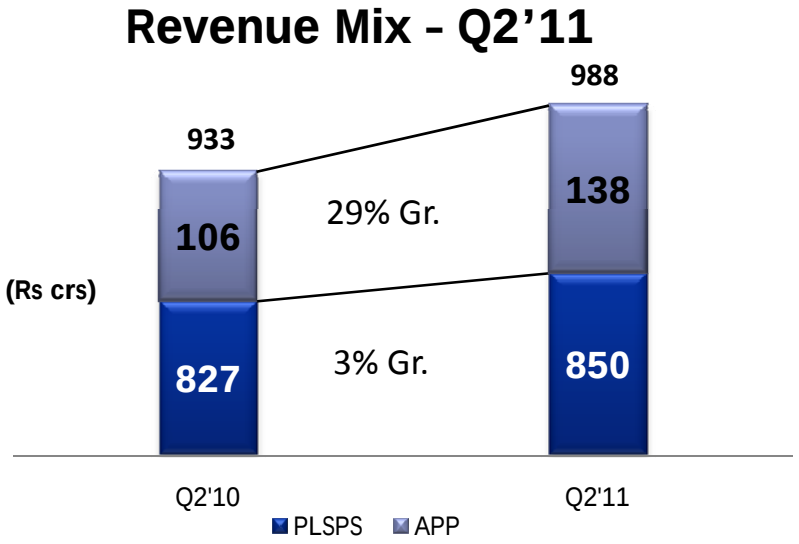
- **Steady revenue growth of 6% at Rs. 988 crore for Q2'11; 8% at Rs. 1969 crore in H1'11**
  - PLSPS business grows by 3% backed by strong volume growth of 13% in Products for the quarter
  - APP business grew by 29% on account of excellent growth in Agri Products segment
- **EBITDA at Rs. 164 crore in Q2'11; at Rs. 326 crore in H1'11**
  - Margins at 16.6% for the quarter and for the first half also
  - Exchange rate volatility & Pricing pressures in Products business impacts margins, which is getting corrected in Q3 FY11
- **Profit After Tax grows by 42% to Rs. 82 crore in Q2'11, at Rs. 145 crore in H1'11**
  - Lower interest and tax help to improve Net Profit Margins in the quarter
- **Strong Balance Sheet**
  - Net Debt at Rs. 2,730 crore including FCCB debt of USD 142 million repayable in May 2011
  - Net Debt to Equity stood at 1.2 as of 30th September 2010

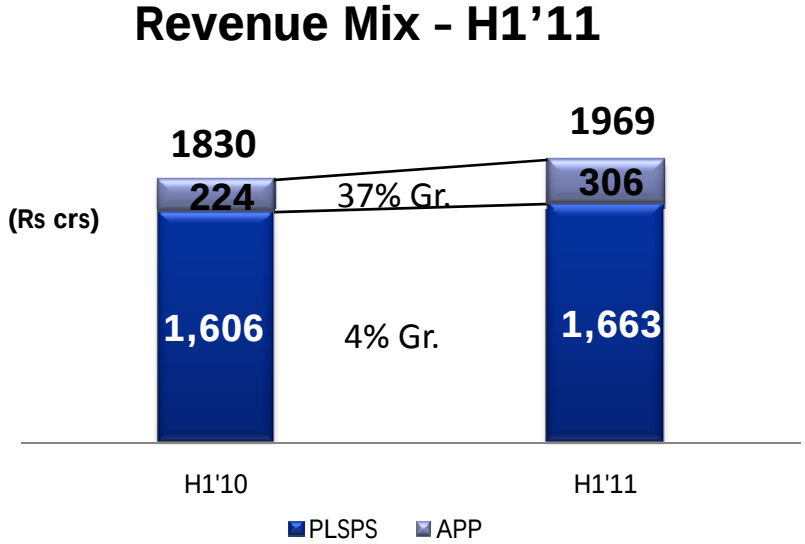
Profit and Loss Account

Particulars	Q2'FY10 (Rs Crs)	Q2'FY11	Variance (%)	H1'FY10 (Rs Crs)	H1'FY11	Variance (%)
Net sales/Income from Operations	**933**	**988**	**6%**	**1,830**	**1,969**	**8%**
Other Income	8	9	15%	16	15	-7%
Total Income	**941**	**997**	**6%**	**1,846**	**1,984**	**7%**
Total Expenditure	749	833	11%	1,485	1,658	12%
Operating Profit Before Int., Dep. & Tax	**192**	**164**	**-14%**	**361**	**326**	**-10%**
Depreciation	31	51	-64%	61	100	-63%
Interest (Net)	36	25	32%	77	45	42%
Exceptional Item - Loss/(Gain)	43	1		(6)	21	
Tax Expenses (Net)	24	6	75%	46	17	63%
Minority Interest	0	(1)		(1)	(2)	
Net Profit After Tax and Minority Interest	**58**	**82**	**42%**	**184**	**145**	**-21%**
Paid-up share capital (Face value per share Re.1)	14.75	15.88		14.75	15.88	
Earnings Per Share - Basic (Rs.)	**3.91**	**5.17**	**32%**	**12.44**	**9.12**	**-27%**
Earnings Per Share - Diluted (Rs.)	3.38	4.71	39%	10.74	8.31	-23%
EBITDA Margins	20.6%	16.6%		19.7%	16.6%	
Net Margins	6.2%	8.3%		10.0%	7.4%	

32% improvement in EPS for the quarter on expanded equity base

Revenue Analysis – Segment wise





PLSPS business

- PLSPS contributes 86% of total Consolidated revenues
- International markets account for 71% of PLSPS revenues
- Products segment depicts Volume growth of 13% for the quarter and 15% for H1'11
- Services segment sees improved visibility though volatility persists

APP Business

- APP business grew by 29% in the quarter due to both price and volume improvements in Agri Products.

Revenue Analysis – PLSPS Business

PLSPS Business	Q2'FY10 (Rs Crs)	Q2'FY11 (Rs Crs)	Variance (%)	H1'FY10 (Rs Crs)	H1'FY11 (Rs Crs)	Variance (%)
1. Life Sciences Products	**627**	**657**	**5%**	**1213**	**1273**	**5%**
i) Life Science Ingredients	534	547	2%	1,026	1,064	4%
ii) Generics	93	110	18%	187	209	12%
2. Life Science Services	**200**	**193**	**-3%**	**393**	**390**	**-1%**
i) CMO Services	135	139	3%	266	278	5%
ii) Drug Discovery & Development Services (DDDS)	63	51	-18%	124	106	-15%
iii) Other	2	3	60%	3	6	65%
Total PLSPS	**827**	**850**	**3%**	**1,606**	**1,663**	**4%**

- **Life Sciences Products**
  - Business has grown 5% in revenues with good volume growth of 13% in the quarter and 15% in first six months
  - This volume growth confirms the buoyancy in outsourcing trend
- **Life Sciences Services**
  - In CMO services, visibility continues to improve but volatility persists due to slow regulatory approvals of customers' products
  - In DDDS, slow down is due to consolidation in clinical research industry in North America

Revenue Analysis – APP Business

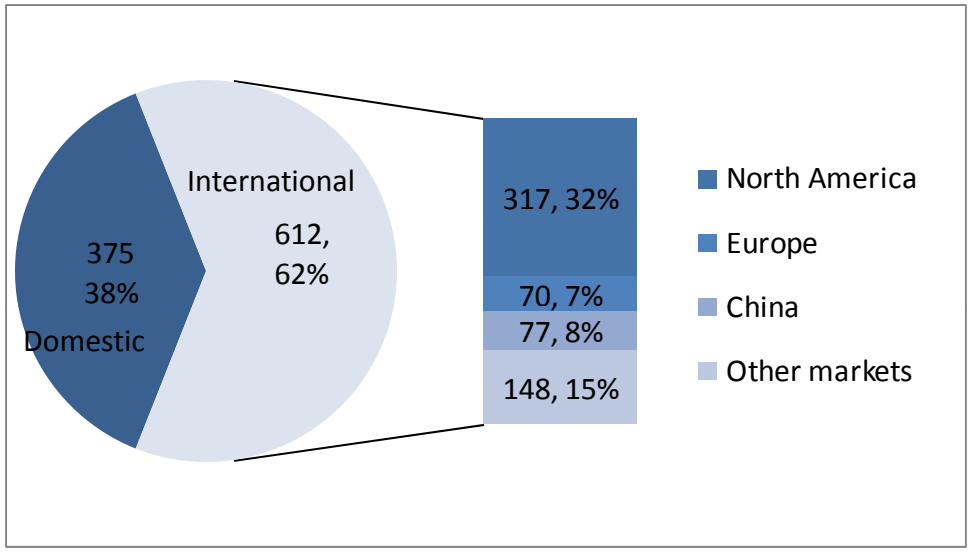
APP Business	Q2'FY10 (Rs Crs)	Q2'FY11	Variance (%)	H1'FY10 (Rs Crs)	H1'FY11	Variance (%)
Agri Products	34	69	99%	82	156	91%
Performance Polymers	72	69	-4%	142	150	6%
Total APP	**106**	**138**	**29%**	**224**	**306**	**37%**

- **APP business segment grows 29% in the quarter, 37% in H1'11**
  - Price stabilization & nutrition based subsidy help grow the Agri Products
- **Performance Polymer business registers 6% growth in H1'11**
  - Strong growth in economy helped double digit growth in Latex and Consumer products
  - Product rationalization and debottlenecking of capacity in Solid PVA leads to lower utilization in Q2'11

Revenue Analysis – Geography wise

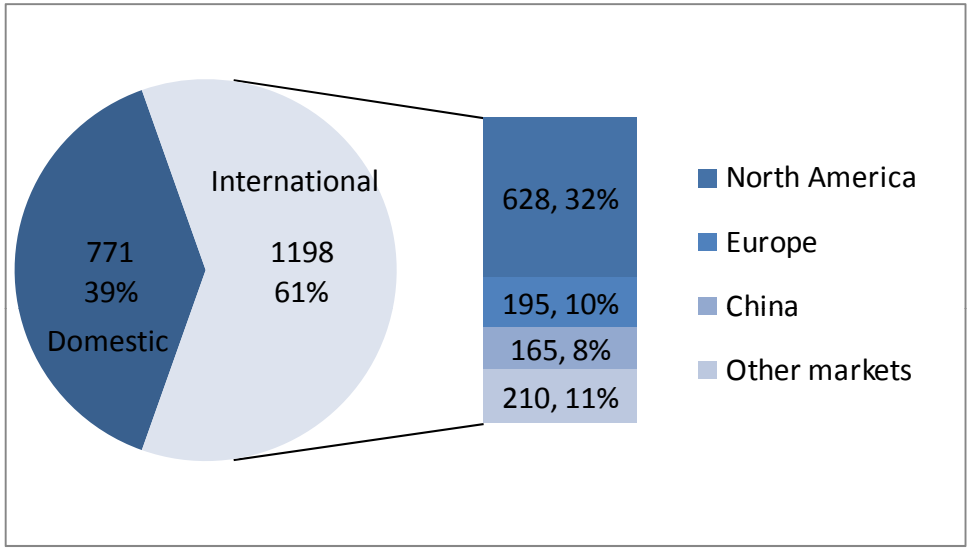
Rs Crs.

Q2'11 Geo-Mix



Rs Crs.

H1'11 Geo-Mix



- **International Revenues at Rs 612 crs grow 3% in the quarter, at Rs 1198 crs in H1'11**
  - Revenue growth in Dollar terms 7% for the quarter and 9% in H1'11

- **Domestic Revenues at Rs 375 crs grow 11% in the quarter and at Rs 771 crs grow 16% in H1'11**
  - Good growth in Agri Products business in APP drive domestic growth

Operating Expenditure Analysis

Costs	Quarterly Analysis					Half Yearly Analysis				
(Rs Crs)	Q2'10	% Sales	Q2'11	% Sales	Change %	H1'10	% Sales	H1'11	% Sales	Change %
Material	422	45%	465	47%	10%	836	46%	940	48%	12%
Manufacturing	76	8%	75	8%	-1%	138	8%	148	8%	8%
Staff	188	20%	193	19%	2%	372	20%	378	19%	2%
SG & A	63	7%	100	10%	59%	139	7%	192	10%	37%
Total expenses	**749**	**80%**	**833**	**84%**	**11%**	**1,485**	**81%**	**1,658**	**84%**	**12%**
Exceptional Item	(43)	5%	(1)	0%		6	0%	(21)	1%	

- Material Costs rise on account of higher element of products vis-à-vis Services segments
- SG&A increase is due to increase in Freight & Forwarding Charges, Legal & Professional Consultancy charges and Foreign exchange fluctuation
- Exceptional items include Mark to Market provisions and FCMITDA amortisation

EBITDA Analysis – Segment wise

EBITDA	Quarterly Analysis			Half Yearly Analysis		
(Rs Crs)	**Q2'10**	**Q2'11**	**Change %**	**H1'10**	**H1'11**	**Change %**
PLSPS	205	165	-20%	395	320	-19%
APP	(3)	17	677%	0	38	12500%
EBITDA (after unallocable exps)	**192**	**164**	**-15%**	**361**	**326**	**-10%**
Margins (%)	**Q2'10**	**Q2'11**	**Change (bps)**	**H1'10**	**H1'11**	**Change (bps)**
PLSPS	25%	19%	(540)	25%	19%	(540)
APP	-3%	13%	1,540	0%	12%	1,220
Total	**21%**	**17%**	(390)	**20%**	**17%**	(310)

- Company reported margins of 16.6 % for the quarter and also for the first half
- PLSPS Margins were at 19.4%, compared to 24.8% last year same quarter.
  - Margins lower due to pricing pressure and exchange rate volatility
- APP margins improved to 12.6% from -2.8% last year
  - improved prospects of the Agri Products segment

Debt Profile

Particulars		In Rs Crs		In USD Mn	
		30-Jun-10	30-Sep-10	30-Jun-10	30-Sep-10
Jubilant Standalone	Foreign Currency	801	775	173	173
	Rupee	303	399	65	89
	FCCB	660	639	142	142
Subsidiaries	Foreign Currency	1,055	1,007	227	224
	Rupee	51	51	11	11
Gross Debt		**2,870**	**2,871**	618	639
Cash & equivalents		141	141	30	31
Net Debt		**2,729**	**2,730**	**587**	**608**

- Average cost of total borrowing at 4.9% per annum, with Rupee funds at 8.9% per annum and Foreign funds at 4.2% per annum
- No major loan repayment in parent in next 3 years except FCCBs which are due in May 2011
- Net Debt to Equity stands at 1.2 as of 30th September, 2010

(Exchange rate USD 1= Rs 44.94 in Sept end, 2010 down from Rs 46.45 in Jun end, 2010)

Pipeline of Products

A	CRAMS				
		Phase I	Phase II	Phase III	Total
	Exclusive Synthesis	3	3	10	16
	CMO	30	15	10	55
	Total	33	18	20	71
B	API				
	Number of DMFs Filed	38	(2 in H1 FY 2011)		
	Commercialised Products	19			
	Products to be Commercialised	10			
	Products in R&D Pipeline	19			
	Expect to file 8-10 DMFs each year				
C	Dosage Form				
		ANDAs	Dossiers	Total	
	Products Approved	16	15	31	
	Products Filed and Under Approval	15	9	24	
	Products Filed in H1 FY2011	4	1	5	
	Expect to file 18-20 ANDAs/Dossiers each year				
D	RadioPharmaceuticals				
	Products to be commercialized	Ruby fill in 2012			
		Magnevist in 2013			
		Moly fill in 2015			

Outlook for FY 2011

- Buoyancy in global outsourcing business offers exciting opportunity
- Strong Order book in CRAMS business to drive growth
- Capacity enhancements in Pyridines, Niacinamide and API facilities to bring in revenues and profitability
- Proprietary Products business to witness improvement in pricing, expected to be back on track at higher levels
- Life Science Chemicals business exhausts high cost raw material inventory, paving way for higher margins and improvement in selling price
- API and Dosage Forms business to launch new products and enter into new geographies to enhance market share
- Radio Pharma business to show good revenue and margin growth

For more information

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