

Financial Results

Quarter Ended December 31, 2013

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 this presentation is derived from audited Financial Results of the Consolidated entity.*
2. *The numbers for the quarter have been reclassified and regrouped wherever necessary*
3. *Closing Exchange Rate for USD 1 at Rs. 55.00 as on December 31'12 & Rs. 61.81 as on December 31'13*
4. *The Exchange fluctuation on long term forex loans in Indian books have been amortized over the tenure of the loan period as recommended under Indian Accounting Standards*

Conference Call Details

Date : Thursday, February 06, 2014
Time : 05:00 pm IST

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Q3 FY14 Results Analysis

Key Business Segments

Jubilant Life Sciences

Pharmaceuticals (47%)

- **Generics**
  - Active Pharmaceutical Ingredients
  - Solid Dosage Formulations
- **Specialty Pharmaceuticals**
  - Radiopharmaceuticals
  - Allergy Therapy Products
  - Sterile Injectables and OCL (Ointments, Creams & Liquids)
- **DDDS and Others**
  - Drug Discovery and Development Solutions
  - Healthcare

Life Science Ingredients (53%)

- Proprietary Products & Exclusive Synthesis
- Nutrition Ingredients
- Life Science Chemicals

Income Statement – Q3'FY14

Particulars	Q3'FY13	Q2'FY14	Q3'FY14	YoY Growth	QoQ Growth
	(Rs Crs)			(%)	
Total Income from Operations	**1,306**	**1,436**	**1,443**	**10%**	**0%**
Total Expenditure	1,041	1,165	1,193		
Other Income	12	5	5		
EBITDA including Other Income	**277**	**276**	**255**	**-8%**	**-8%**
Depreciation	63	71	73	16%	
Finance Cost	54	66	64	18%	
Interest Swap Cost	16	16	20		
Profit after Interest but before Exceptional Items	**144**	**123**	**97**	**-33%**	**-21%**
Exceptional Item - Gain/(Loss)	(69)	(150)	11		
Tax Expenses (Net)	35	52	-49	-238%	
Minority Interest	13	1	13		
Reported Net Profit After Tax and Minority Interest	**27**	**-81**	**143**		
Normalized Net Profit After Tax	**96**	**70**	**133**	**39%**	**91%**
Paid-up share capital (Face value per share Re.1)	15.93	15.93	15.93		
Earnings Per Share - Basic (Rs.)	**1.68**	**(5.06)**	**9.00**		
Normalised Earnings Per Share - Basic (Rs.)	6.01	4.37	8.35	39%	91%
Promoters and promoter group shareholding	49%	54%	54%		
	(%)			(bps)	
EBITDA Margins	21.2%	19.2%	17.6%	-359	-156
Normalized Net Margins	7.3%	4.9%	9.2%	188	436

Financial Highlights – Q3'FY14

- **Income from Operations at Rs. 1,443 Crore, up 10% YoY**
  - Higher volumes from new capacities in Life Science Ingredients segment aid revenue growth
  - International revenues at Rs. 1,093 Crore, 76% of total sales

- **EBITDA at Rs. 255 Crore**
  - EBITDA contribution from Pharmaceuticals segment at 56% and LSI at 44%
  - EBITDA Margins at 17.6%

- **Normalized Profit After Tax at Rs. 133 Crore**
  - Normalized Earnings Per Share for Re. 1 FV equity share at Rs. 8.35
  - Reported PAT at Rs. 143 Crore with MTM exchange gains of Rs. 19 Crore and FCMITDA Amortization of Rs. (25) Crore

Segmental Revenue Analysis

Segmental Revenue Analysis	Revenue (Rs. Crs.)			Revenue Mix (%)	YoY Growth %	QoQ Growth %
	Q3'FY13	Q2'FY14	Q3'FY14			
Pharmaceuticals	665	691	675	47%	2%	-2%
Life Science Ingredients	641	744	767	53%	20%	3%
Income from Operations	**1,306**	**1,436**	**1,443**	**100%**	**10%**	**0%**
Inter Divisional Sales (IDTs)	148	153	158		7%	3%
IDT as a % of Income	11%	11%	11%			

- **Pharmaceuticals segment revenue at Rs. 675 Crore, 2% higher YoY**
  - Strong volumes growth in Solid Dosage Formulations
  - Price correction in a few key products in formulations as expected

- **LSI segment revenue at Rs. 767 Crore, up 20% YoY**
  - Better price realization across all businesses
  - Volume buoyancy in Vitamins and Acetyl products

Business Highlights – Q3'FY 14

Generics

Active Pharmaceutical Ingredients

Business

- Strong volume growth in key products such as Sartans
- Continuous cost reduction through processes and yield improvement results in lower cost of production, higher output and continued high margins

Product Profile

- 30 commercial APIs, including 19 in North America, 24 in Europe and 25 in ROW
- Supplied Bupropion and Valsartan to customers in North America for their launch in the US.
- 12 filings during the quarter including Aripiprazole in Australia, Oxcarbazepine in Kosovo and 5 CEPs in Europe

Business Highlights – Q3'FY 14

Generics

Solid Dosage Formulations

Business

- New launches:
  - Launched Escitalopram in the US and Esomeprazole in Europe
  - Launched Sildenafil & Donepezil in Canada
  - Supplies initiated to CIS countries

- Product Approvals:
  - Two product approvals in the USA (Bupropion and Quetiapine)
  - Donepezil in Canada
  - Solifenacin in Europe
  - Four approvals in emerging markets (Risedronate, Repaglinide, Sildenafil and Azithromycin) – Expected launch in Q4 FY 14

- Roorkee plant successfully audited by KFDA Korea and DAV Vietnam

Product Profile

- 46 commercial products, including 17 in North America, 26 in Europe and 23 in ROW
- Filed two ANDAs in the USA

Business Highlights – Q3'FY 14

Specialty Pharmaceuticals

Radiopharmaceuticals

- Continued to work with USFDA and Health Canada to produce MAA which has been designated as a critical drug in shortage
- HICON benefitted from pricing and volume growth
- Ruby-fill launched planned for second half of FY15

Sterile Injectables and OCL

- Continue to receive new awards and the order book is at US$ 671 Million
- Lower sales due to order deferral and production downtimes
- Conducting detailed review of quality systems for both Spokane and Montreal sites to resolve the FDA Warning Letter (WL) issues
  - Montreal issues have been responded and expect early closure
  - Responded to WL on Spokane with the FDA and await FDA response

Business Highlights – Q3'FY 14

PPES

- Maintained healthy realization on pyridine prices in domestic and export markets
- Renewed major supply contracts with global agrochemicals companies
- Anti-dumping duty on pyridine finalized by Chinese regulators at 24.6% - inline with the interim duty
- Symtet is still under stabilization

Nutrition Ingredients

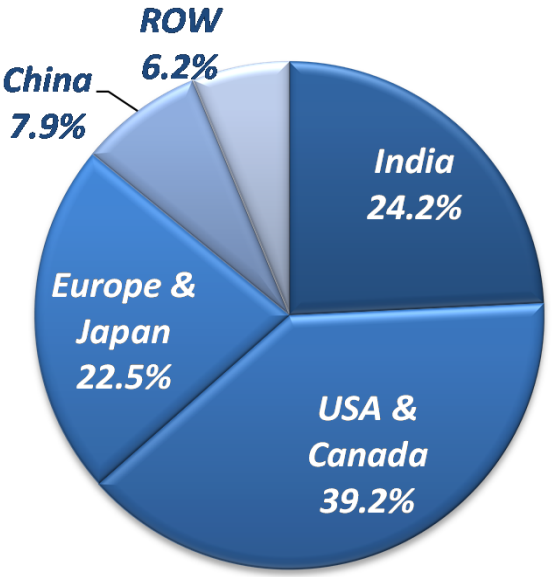
- Full capacity utilization for Niacin and Niacinamide achieved
- Pricing environment and demand was stable

Life Science Chemicals

- Ethyl Acetate sales higher on the back of growth in Europe, Africa & Middle East region
- Acetic Anhydride sales tracked opportunities in both the domestic and exports market
- Entered new markets; Vietnam and Thailand (Ethyl Acetate) and Korea (Acetic Anhydride)

Revenue Analysis – Geography wise- Q3'FY14

Geo-wise Revenue (Rs crs)	Q3'FY13	Q2'FY14	Q3'FY14	Mix %	YoY %
India	**344**	**366**	**350**	**24%**	**2%**
International	**962**	**1,070**	**1,093**	**76%**	**14%**
USA & Canada	539	559	566	39%	5%
Europe & Japan	266	306	324	22%	22%
China	98	110	113	8%	16%
ROW	60	95	89	6%	50%
Income from Operations	**1,306**	**1,436**	**1,443**	**100%**	**10%**



- **76% of Income from International Markets, at Rs. 1,093 Crore, up 14% YoY**
  - Key developed markets share at 62% of revenue mix with 11% YoY growth
    - Growth of 22% in Europe and Japan primarily driven by Life Science Chemicals and PPES
  - Growth of 29% in other markets driven by PPES and Nutrition Ingredients

- **24% Income from India at Rs. 350 Crore in the quarter, up by 2%**

Operating Expenditure Analysis – Q3'FY14

Expenses (Rs Crs)	Q3 FY13	% of Sales	Q2 FY14	% of Sales	Q3 FY14	% of Sales	YoY Growth %	QoQ Growth %
Material Cost	535	41%	570	40%	595	41%	11%	4%
Power & Fuel Cost	92	7%	103	7%	99	7%	8%	-3%
Employee Cost	238	18%	284	20%	281	19%	18%	-1%
Other Expenses	176	14%	208	14%	218	15%	23%	5%
Total expenses	**1041**	80%	**1165**	81%	**1193**	83%	**15%**	**2%**

- **Material and Power & Fuel Costs** as percentage of sales stable for the quarter
- **Other expenses** higher as percentage of sales due to increase in packing material costs, freight costs

EBITDA Analysis Q3'FY14

EBITDA (Rs. Crs)					
Business Segments	**Q3'FY13**	**Q2'FY14**	**Q3'FY14**	**YoY Growth %**	**QoQ Growth %**
Pharmaceuticals	189	175	149	-21%	-14%
Life Science Ingredients	97	125	118	22%	-6%
Less: Corp Expenses	-9	-24	-13		
Reported EBITDA	**277**	**276**	**255**	**-8%**	**-8%**
Margins (%)					
				YoY Variance (Bps)	**QoQ Variance (Bps)**
Pharmaceuticals	28.4%	25.3%	22.1%	-630	-314
Life Science Ingredients	15.1%	16.8%	15.4%	31	-140
Reported EBITDA	**21.2%**	**19.2%**	**17.6%**	**-359**	**-156**

- EBITDA of Rs. 255 Crore in the quarter, Overall EBITDA Margins of 17.6%
- Pharmaceuticals segment EBITDA margins at 22.1%, impacted due to price correction in a few key generic products as expected and order deferral in Sterile Injectables
- Life Science Ingredients EBITDA margins at 15.4%, impacted due to unabsorption cost in Symtet on account of lower capacity utilization

Exceptional Items for Q3'FY14

Total exceptional items for Q3'FY14 – Rs. 11 Crore

- **Unrealized Mark to Market book gain - Rs. 19 Crore mainly on account of**
  - Currency movement of USD, from Rs. 62.60 as on September 30, 2013 to Rs. 61.81 as on December 31, 2013, with respect to Rupee Loan of Rs. 910 Crore swapped into USD Loan

- **FCMITDA Amortisation of Rs. (25) Crore**
  - Unrealised exchange loss on Long Term Foreign Currency Loan amortised over the tenure of the Loan, as recommended under Indian Accounting Standards

- **Others gain of Rs. 17 Crore**
  - Forex gains mainly on restatement of closing receivables and payables of Rs. 5 Crore
  - Interest Swap gains of Rs. 13 Crore
  - Legal expenses/One-time expenses of (1) Crore

Nine Monthly Results Analysis

Income Statement – 9M'FY14

Particulars	9M FY13	9M FY14	YoY Growth
	(Rs Crs)		(%)
Total Income from Operations	**3,769**	**4,236**	**12%**
Total Expenditure	2,949	3,479	
Other Income	19	16	
EBITDA including Other Income	**839**	**772**	**-8%**
Depreciation	184	213	
Finance Cost	171	193	
Forex Diff and Interest Swap Cost	47	52	
Profit after Interest but before Exceptional Items	**437**	**315**	**-28%**
Exceptional Item - Gain/(Loss)	(114)	(251)	
Tax Expenses (Net)	110	34	
Minority Interest	30	19	
Reported Net Profit After Tax and Minority Interest	**184**	**10**	**-94%**
Normalised Net Profit After Tax	298	261	-12%
Paid-up share capital (Face value per share Re.1)	15.93	15.93	
Earnings Per Share - Basic (Rs.)	11.53	0.64	
Normalised Earnings Per Share - Basic (Rs.)	**18.71**	**16.39**	**-12%**
	(%)		(bps)
EBITDA Margins	22.3%	18.2%	-403
Normalized Net Margins	7.9%	6.2%	-174

Financial Highlights – 9M'FY14

- **Income from Operations at Rs. 4,236 crs, grew 12% YoY**
  - Revenue from International markets improves 15% YoY
  - Expanded geographic reach drives growth momentum
  - Higher volumes from new capacities in Life Science Ingredients segment aid revenue growth

- **EBITDA at Rs. 772 crs**
  - Margins at 18.2% for the nine months period

- **Normalized Profit After Tax at Rs. 261 crs**
  - Normalized Earnings Per Share for Re. 1 FV equity share at Rs 16.39

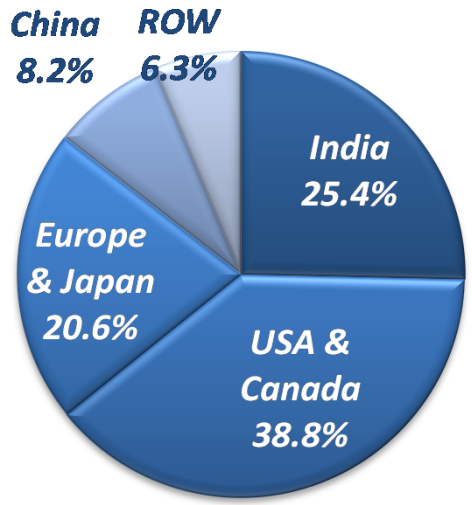
Segmental Revenue Analysis – 9M'FY14

Segmental Revenue Analysis	Revenue (Rs. Crs.)		Revenue Mix (%)	YoY Growth %
	9M'FY13	9M'FY14		
Pharmaceuticals	1,956	2,018	48%	3%
Life Science Ingredients	1,813	2,218	52%	22%
Income from Operations	**3,769**	**4,236**	**100%**	**12%**
Inter Divisional Sales (IDTs)	429	440		3%
IDT as a % of Income	11%	10%		

- **Company reports strong 12% YoY growth in the nine months**
  - Backed by 8% volume growth
  - Positive exchange variation of 7%
- **Pharmaceuticals segment reports revenue of Rs 2,018 crs, 3% YoY growth**
  - Contributes 48% to revenue mix
  - Growth driven by Speciality Pharmaceuticals and Generics
- **LSI segment posts income of Rs 2,218 crs, 22% YoY growth**
  - Strong volumes across all businesses drive growth
- **IDTs strong at 10% of Sales**, demonstrating strength of Vertical Integration

Revenue Analysis – Geography wise- 9M'FY14

Geo-wise Revenue (Rs crs)	9M'FY13	9M'FY14	Mix %	YoY %
India	**1,015**	**1,074**	**25%**	**6%**
International	**2,754**	**3,162**	**75%**	**15%**
USA & Canada	1,554	1,645	39%	6%
Europe & Japan	757	904	21%	19%
China	271	347	8%	28%
ROW	172	267	6%	55%
Income from Operations	**3,769**	**4,236**	**100%**	**12%**



- **75% of Income from International Markets, at Rs. 3,162 crs, grew 15% YoY**
  - Regulated Markets - USA, Canada, Europe & Japan contribute 60% to revenue mix
    - Growth of 21% in Europe and Japan primarily driven by Life Science Chemicals, PPES and Nutrition Ingredients
  - Growth in China & Emerging Markets driven by PPES, Nutrition Ingredients and APIs
- **25% Income from India at Rs. 1,074 crs in the nine months, up 6% YoY**
  - Traction in Life Science Chemicals and Nutrition Ingredients drives domestic growth

Operating Expenditure Analysis – 9M'FY14

Expenses (Rs Crs)	9M'FY13	% of Sales	9M'FY14	% of Sales	YoY Growth %
Material Cost	1462	39%	1747	41%	20%
Power & Fuel Cost	266	7%	293	7%	10%
Employee Cost	714	19%	821	19%	15%
Other Expenses	507	13%	617	15%	22%
Total expenses	**2949**	78%	**3479**	82%	**18%**

- **Material Costs** to Sales higher with increase in Raw Material Costs
- **Power & Fuel Costs and Staff Costs** were stable
- **Other expenses** higher as percentage of sales due to increase in packing material costs, freight costs

EBITDA Analysis 9M'FY14

EBITDA (Rs. Crs)			
Business Segments	**9M'FY13**	**9M'FY14**	**YoY Growth %**
Pharmaceuticals	572	473	-17%
Life Science Ingredients	305	352	15%
Less: Corp Expenses	-38	-52	
Reported EBITDA	**839**	**772**	**-8%**
EBITDA Margins (%)			
			YoY Variance (Bps)
Pharmaceuticals	29.2%	23.4%	-580
Life Science Ingredients	16.8%	15.9%	-97
Reported EBITDA	**22.3%**	**18.2%**	**-403**

- EBITDA of Rs. 772 crs in nine months, Margins of 18.2%
- Pharma segment EBITDA at Rs. 473 Crs, margins at 23.4%
- Life Science Ingredients EBITDA at Rs. 352 crs, 15.9% margins

Exceptional Items

Total exceptional items for 9M'FY14 at Rs (251)crs

- **Unrealized Mark to Market book loss Rs (163) crs on account of**
  - Currency movement of USD, from Rs 54.29 as on March 31, 2013 to Rs 61.81 as on December 31, 2013, with respect to Rupee Loan of Rs 910crs swapped into USD Loan

- **FCMITDA Amortisation of Rs (90)crs**
  - Unrealised exchange loss on Long Term Foreign Currency Loan amortised over the tenure of the Loan, as recommended under Indian Accounting Standards

- **Others gain of Rs 2 crs**
  - Forex losses mainly on restatement of closing receivables and payables of Rs. (30) Crore
  - Interest Swap gains of Rs. 38 Crore
  - Legal expenses/One time expenses of Rs. (6) Crore

Debt Profile

Particulars	31-Dec-12	30-Sep-13	31-Dec-13
Foreign Currency Loans	**($ Mn)**	**($ Mn)**	**($ Mn)**
Standalone	244	236	219
Swapped loan in Standalone	202	202	202
Subsidiaries	210	145	172
Total	**656**	**582**	**593**
Rupee Loans	**(Rs. Crs)**	**(Rs. Crs)**	**(Rs. Crs)**
Standalone	279	406	432
Total	**279**	**406**	**432**
Gross Debt	3,889	4,051	4,096
Cash & Equivalent	343	139	240
Net Debt	3,546	3,911	3,856
Change in debt on account of exchange rate difference from end Q3'13	0	(289)	(266)
Net Debt - Adjusted for foreign exchange difference	3,546	3,623	3,589
Working Capital Debt	889	1,128	1,193
Net Long Term debt	2,657	2,784	2,663
Closing Exchange Rate (Rs./USD)	55.00	62.60	61.81

- **Net debt** at Rs. 3,589 Crore compared to Rs. 3,623 Crore in Sep'13 post adjustment for fx difference
- **Average interest rate** for outstanding loans at 5.8% pa – Re loans @ 12% pa, $ loans @ 4%

Outlook

Robust Outlook going forward

- Sales and EBITDA growth uptrend expected going forward
  - Higher utilisation of capacities in Sterile Injectables and OCL, Nutrition Ingredients, Symtet and 3CP
  - Price uptrend in Proprietary Products and Nutrition Ingredients to continue
  - Strong pipeline in APIs and Solid Dosage Formulations businesses with new product launches and geographic expansion
  - Robust order book in Sterile Injectables & OCL to deliver results

- Strong operational results to lead to robust balance sheet with Debt to EBITDA multiples below 2.5 times in medium term.

- Prudence in Capital Expenditure to continue to generate cash and reduce the debt levels

For more information

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