



JUBILANT
LIFESCIENCES

Financial Results Analysis

Q4'11 and Full Year ending March 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. Only Pharma and Life Science business segment numbers have been taken for like to like comparison in case of previous period numbers on account of demerger of Agri and Performance Polymers segment.*
- 2. Q4 FY11 and FY11 numbers in presentation are consolidated numbers*
- 3. Exchange rate considered USD 1 = Rs. 44.60 as on March 31, 2011 & USD 1 = Rs. 44.90 as on March 31, 2010*
- 4. Numbers for each period are compared on Year on Year basis with same period in previous year*
- 5. 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*

Financial Highlights



- **Net Sales at Rs. 890crore for Q4'11 and Rs. 3,433crore in FY11**
 - Revenue from Products at Rs 698crs grew 12% in Q4'11, at Rs 2,685crs in FY11, up 9%
 - Revenue from Services Business at Rs 192cr in Q4'11, at Rs 749crs for FY11, down 19%
- **EBITDA at Rs. 137crore in Q4'11; at Rs. 567crore for FY11**
 - Margins at 15.4% for the quarter and at 16.5% for the full year
 - Product Business Margins at 19.6% for the quarter, 22.4% for FY11
 - Services Business margins at 10.3% for Q4'11, 4.6% for FY11
- **Profit After Tax at Rs. 62crore in Q4'11, at Rs. 230crore in FY11**
- **Basic Earnings Per Share at Rs 3.87 for the quarter, Rs 14.42 for FY11**

Profit and Loss Account



Particulars	(Rs Crs)			
	Q4'FY10	Q4'FY11	FY10	FY11
Net Sales	902	890	3,386	3,433
Others	5	9	25	22
Total Income	907	899	3,411	3,455
Total Expenditure	688	762	2,601	2,888
Operating Profit Before Int., Dep. & Tax	219	137	810	567
Depreciation	32	33	124	180
Interest (Net)	34	32	150	105
Exceptional Item - Loss/(Gain)	(2)	15	33	41
Tax Expenses (Net)	24	(5)	91	13
Minority Interest	(2)	(0)	0	(2)
Net Profit After Tax and Minority Interest	132	62	412	230
Earnings Per Share - Basic (Rs.)	8.93	3.87	27.89	14.42
EBITDA Margins	24.2%	15.4%	23.9%	16.5%
Net Margins	14.6%	6.9%	12.2%	6.7%

Revenue Analysis – Business wise



	(Rs Crs) (%)			(Rs Crs) (%)		
	Q4'FY10	Q4'FY11	Variance	FY10	FY11	Variance
Life Science Ingredients	521	573	10%	2084	2233	7%
Generics	101	125	24%	383	452	18%
Life Science Products	622	698	12%	2,467	2,685	9%
	(Rs Crs) (%)			(Rs Crs) (%)		
	Q4'FY10	Q4'FY11	Variance	FY10	FY11	Variance
CMO	223	133	-40%	662	527	-20%
DDDS	56	56	0%	249	210	-16%
Others	2	3	31%	8	12	47%
Life Science Services	281	192	-32%	919	749	-19%

Products Business grows 12% for the quarter, 9% in FY11

- Strong volume growth of 13% for the quarter and 15% for full year
- Witness slight price improvement in the quarter though down 4% for full year
- Solid Dosage Forms grew over 33%
- APIs business with about 20% growth was the main contributor for higher sales

Services Business growth impacted due to high base effect, FY11 revenue down 19%

- Excluding one time revenue of H1N1 in Q4'10, CMO has shown 9% growth in the Q4'11
- DDDS witnessed further delay in milestone receipts, post flat YoY growth in quarter

Revenue Analysis – Detailed

Business	FY10	FY11	Growth	
	(Rs Crs)	(Rs crs)	(Rs crs)	(%)
Life Sciences Products	2467	2685	218	9%
Life Science Ingredients	2,084	2,233	149	7%
<i>Proprietary Prod. & Excl. Synthesis</i>	945	949	4	0%
<i>Nutritional Ingredients</i>	197	192	(5)	-3%
<i>Life Science Chemicals</i>	659	755	96	15%
<i>Active Pharmaceutical Ingredients (API)</i>	283	337	54	19%
Generics	383	452	69	18%
<i>Radio Pharmaceuticals</i>	110	129	19	18%
<i>Allergenic Extracts</i>	121	120	-1	-1%
<i>Dosage Forms</i>	152	203	51	33%
Life Science Services	919	749	(170)	-19%
CMO	662	527	(135)	-20%
DDDS	249	210	(39)	-16%
Others	8	12	4	47%
Total	3,386	3,433	47	1%

Highlights - Life Science Products



Life Science Products Revenue at Rs 698cr in Q4'11, Rs 2,685cr in FY11

- In Q4'11, contributed 78% to Sales, grew 12% with volume growth of 13%
- In FY11, contributed 78% to Sales, grew 9% with volume growth of 15%

1. Life Science Ingredients – Rs 573cr in Q4'11, Rs 2,233cr in FY11

- In Q4'11, contributed 64% to Revenue, grew 10% due to 10% volume growth
- In FY11, contributed 65% to Revenue, grew 7% with volume growth of 14%
- Witnessed marginal price improvement in the quarter, though down 4% in the year
- Announced plans to set up a Pyridine derivative-Symtet plant of global scale
- API Sartan plant commercialised; Products launched -2 each in US and Canada, 1 in Europe and 5 in ROW
- Cumulative US DMF Filings for the Company stand at 51 with 15 filings in US in FY11

Highlights - Life Science Products



2. Generics Business – Revenues of Rs 125cr in Q4'11, Rs 452cr in FY11

- In Q4'11, contributed 14% to Total Revenue which grew 24%, volume growth 28%
- In FY11, contributed 13% to Total Revenue with 18% growth, volume growth of 25%

- **Solid Dosage Formulations recorded growth of 39% in Q4'11 and 33% in FY11**
 - 20 commercial products till FY11, 11 in US, 8 in EU and 1 in Emerging Markets
 - 6 new launches in the year (2 in US, 3 in Europe and 1 in Emerging Markets)
 - 8 product approvals (2 ANDAs/ 6 Dossiers) received in FY11
 - 13 filings (8 ANDAs & 5 Dossiers) in FY11
 - 27 ANDAs/Dossiers in pipeline as at FY11 end

- **Radiopharma grew 30% in the quarter, 18% for FY11**
 - Market leadership in I-131 Therapeutic & Diagnostic products shows robust growth; higher sales of Sestamibi and DTPA kit
 - Robust product pipeline, expect launches in FY12 in emerging markets

- **Allergenic Products stable, witness volume growth**

Highlights - Life Science Services



Life Science Services Business Revenues at Rs193cr in Q4, Rs 749cr in FY11

- In Q4 & FY11, contributed 22% share to Revenues with reduction of 31% and 19% respectively

1. CMO Services of Sterile and Non-sterile

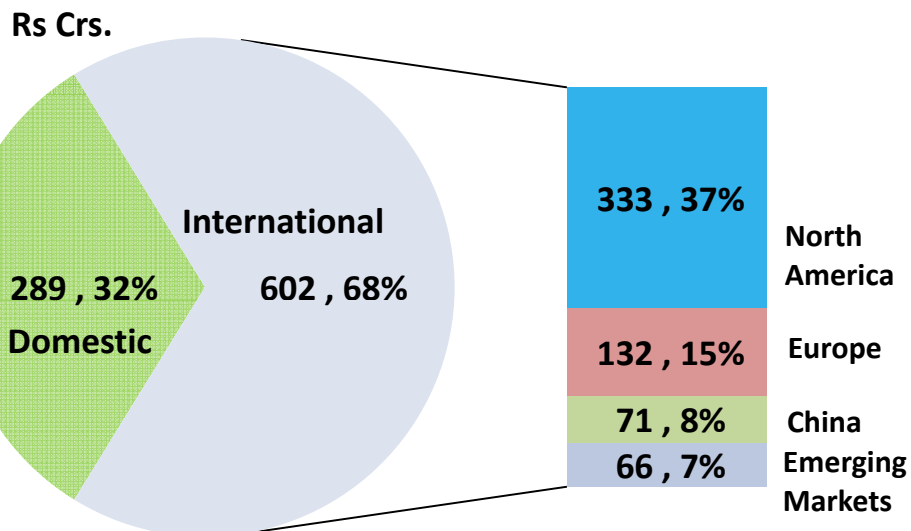
- Contributed 15% to Q4'11 and FY11 revenue
- Excluding one time H1N1 revenue of ~Rs 98crs in Q4'10, witnessed 9% YoY growth
- Witness reduction in key client forecasts due to delay in regulatory approvals of customers' products

2. Drug Discovery and Development Services

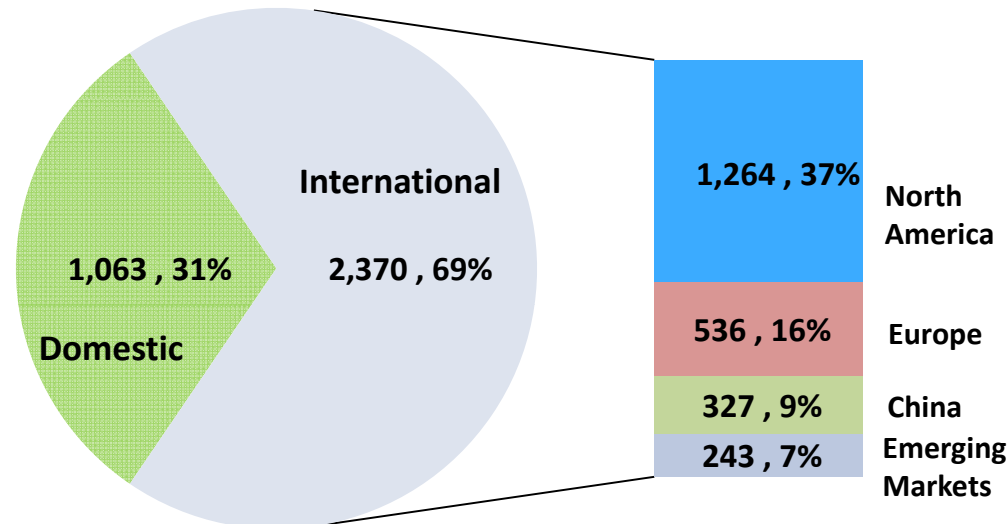
- Contributed 6.3% to Q4'11 and 6.1% to FY11 revenue
- Delayed on-boarding of new integrated programs from key customers
- Postponement of milestone payments
- Clinsys in US faced pressure on account of market slowdown & pharma consolidation through the year, affecting growth rates

Revenue Analysis – Geography wise

Q4'11 Geo-Mix



FY11 Geo-Mix



International Markets constitute 69% of Total Revenue in FY11

- At Rs 602cr in Q4'11 and Rs 2,370cr in FY11
- Regulated Markets constitute 52% of sales in the year
- Revenue from European markets grow by 21% in Q4'11 and 14% in the year
- Revenue Growth in Emerging Markets is 28% for the quarter, 36% for FY11

Domestic Revenue at Rs 289cr in the quarter, up 16% and at Rs 1,063crs in FY11 grows 6%

- Healthy traction in Life Science Chemicals business drives domestic growth

Operating Expenditure Analysis



Costs (Rs Crs)	Quarterly Analysis					Annual Analysis				
	Q4'10	% of Sales	Q4'11	% of Sales	Change %	FY10	% of Sales	FY11	% of Sales	Change %
Material	396	44%	390	44%	-1%	1,440	43%	1,543	45%	7%
Manufacturing	70	8%	86	10%	22%	268	8%	294	9%	10%
Staff	177	20%	183	21%	3%	709	21%	718	21%	1%
SG & A	45	5%	103	12%	130%	184	5%	333	10%	81%
Total expenses	688	76%	762	86%	11%	2,601	77%	2,888	84%	11%

- Share of Material Costs to sales rise for the year on account of
 - higher element of Products vis-à-vis Services business
 - higher volumes
- Manufacturing costs higher by 10% in the year primarily due to higher power & fuel cost
- Staff cost higher at about 21% of sales, over 5750 resources on rolls
 - Over 25% stationed internationally
 - strong scientists talent pool of about 1300 across multiple R&D centres
- SG&A head includes FX loss of Rs 14cr in Q4'11 (gain of Rs 25crs in Q4'10) and Rs 19crs in FY11 (gain of Rs 107crs in FY10)

EBITDA Analysis

EBITDA (Rs Crs)	Quarterly Analysis			Year To Date Analysis		
	Q4'10	Q4'11	Variance	FY10	FY11	Variance
Products	188	137	(51)	728	600	(128)
Services	48	20	(28)	146	35	(111)
EBITDA	236	157	(79)	874	635	(239)
Allocations	17	20	3	64	68	4
Margins (%)	Q4'10	Q4'11		FY10	FY11	
Products	30.3%	19.6%	-10.6%	29.5%	22.4%	-7.2%
Services	17.0%	10.3%	-6.8%	15.8%	4.6%	-11.2%
Company	24.2%	15.4%	-8.5%	23.9%	16.5%	-7.4%

- Company reported margins 15.4% for Q4'11 and 16.5% for the FY11
- In Products business
 - improvement in pricing is witnessed in the quarter, though marginally.
 - In FY11, there was price reduction impact of 4.1%, negative impact of 2.4% in exchange rate and balance due to increase in material costs
- In Services business, unabsorbed fixed costs due lower utilisation of capacity and absence of high margin H1N1 opportunity impacted margins

Debt Profile



Particulars		In Rs Crs		In USD Mn	
		31-Dec-10	31-Mar-11	31-Dec-10	31-Mar-11
Jubilant Standalone	Foreign Currency	760	847	170	190
	Rupee	588	1509	131	338
	FCCB	635	634	142	142
Subsidiaries	Foreign Currency	970	868	217	195
	Rupee	26	26	6	6
Gross Debt		2,979	3,884	666	871
Cash & equivalents		98	1,046	22	234
Net Debt		2,881	2,838	644	637

- Cash in liquid funds/ bank deposits of over Rs 1,000crs to meet the FCCB repayment obligation of \$202Mn due on May 19, 2011
- Average cost of total borrowings for FY11 was at 5.3% pa, with Rupee borrowings at 9.5% pa and Dollar borrowings at 4.3% pa
- No major loan repayment in parent in next 3 years except FCCBs due this month
- Net Debt to Equity stands at 1.3 as on March 31, 2011

(Exchange rate USD 1= Rs 44.60 on March 31, 2011 compared to Rs 44.70 as on Dec 31, 2010 and Rs 44.90 as on March 31, 2010)

Plans and Strategic Initiatives for Growth...



- Strategy for growth in Sales is largely attributed to increased capacity utilisation, commissioning of new plants, innovation led new launches and expansion of market geographies
- Commissioning of new plants and expansion of existing plants likely as below
 - In Q1FY12
 - Already commissioned 2 new plants for Agrochemical Actives/ Intermediates
 - Commissioning of new Niacinamide plant
 - In Q2FY12
 - To witness, New Pharmaceutical Intermediate plant commissioning
 - Pyridines capacity expansion by 20%
 - In Q3FY12
 - Life Science Chemicals capacity expansions likely to be completed
 - In Q4FY12
 - Commissioning of Symtet plant, a large volume Intermediate is likely to be completed by Q4FY12.

In FY12, planned Capex of Rs 500crs, to generate revenue of over Rs 1200crores at full capacity

...Plans and Strategic Initiatives for Growth



- Innovation led 55 New launches
 - 26 launches in Solid Dosage Form and 19 in APIs; in therapeutic areas of CVS, CNS, Anti Infective, Anti Ulcerant and Anti Allergic
 - 10 products in Proprietary Products & Exclusive Synthesis

- Geographical Market Expansion
 - Revenues from Europe & Japan are likely to grow by more than 40% in FY12 and double in FY13.
 - From Emerging markets, revenues likely to grow by 35% and double in FY13

- The Services business consisting of CMO and Drug Discovery & Development is likely to witness turnaround in FY12, resulting in substantial increase in margins.

In FY12, the Company is expected to

- post robust growth in sales and operating profits
- to witness substantial improvement quarter on quarter
- Based on exchange rate assumptions of Rs44.50 to US\$ 1

For more information



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