



***JUBILANT***  
***LIFESCIENCES***

# **Financial Results Analysis**

**Quarter & Half Year Ended September 30, 2011**

*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 June 30, 2011 & Rs. 48.98 as on September 30, 2011*
- 3. Average Exchange Rate for USD 1 at Rs 46.47 in Q2'FY11 and Rs 45.79 in Q2'FY12*
- 4. Numbers for each period are compared on Year on Year basis with same quarter in previous year and Quarter on Quarter basis with immediately preceding quarter*
- 5. Numbers for the Half Year are compared on Year on Year basis with corresponding period in FY11.*
- 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*

# Quarterly Results Analysis

- **Revenue of Rs. 1,048crs for Q2'FY12**
  - Growth of 22% YoY
  - Revenue from Products at Rs. 833crs, grew 25% YoY
  - Revenue from Services Business at Rs. 215crs, grew 12% YoY
- **EBITDA at Rs. 241crs in Q2'FY12, up 58% YoY**
  - Margins at 23.0% for the quarter, grew 520bps YoY
  - Product Business Margins at 26.8%, higher by 260bps YoY
  - Services Business Margins at 16.7%, higher by 1390 bps on YoY
- **Profit After Tax at Rs. 79crs in Q2' FY12, up 8% YoY**
  - PAT is after accounting for Rs. 43crs mainly due to unrealised foreign exchange loss
  - Basic/Diluted Earnings Per Share for Re. 1 FV equity share at Rs. 4.98 in Q2'FY12
  - EPS growth of 19% YoY on diluted basis

# Income Statement – Q2'FY12

Particulars	Q2'FY11	Q2'FY12	YoY Growth
	(Rs Crs)		(%)
<b>Net Sales</b>	<b>859</b>	<b>1,048</b>	<b>22%</b>
Other operating Income	1	2	
<b>Income from Operations</b>	<b>860</b>	<b>1,050</b>	<b>22%</b>
Total Expenditure	712	812	14%
Operating Profit	148	238	61%
Other Income	4	3	
<b>EBITDA including Other Income</b>	<b>152</b>	<b>241</b>	<b>58%</b>
Depreciation	49	51	
Interest (Net)	25	50	
Exceptional Item - Loss/(Gain)	3	43	
Tax Expenses (Net)	3	9	
Minority Interest	-1	9	
<b>Net Profit After Tax and Minority Interest</b>	<b>73</b>	<b>79</b>	<b>8%</b>
Paid-up share capital (Face value per share Re.1)	15.88	15.93	
<b>Earnings Per Share - Basic (Rs.)</b>	<b>4.61</b>	<b>4.98</b>	<b>8%</b>
<b>Earnings Per Share - Diluted (Rs.)</b>	<b>4.17</b>	<b>4.98</b>	<b>19%</b>
	(%)		(bps)
EBITDA Margins	17.8%	23.0%	520
Net Margins (without exceptional items)	8.9%	11.6%	270

# Revenue Analysis – Business wise – Q2'FY 12

	Q2'FY11	Q2'FY12	Revenue Mix (%)	YoY Growth %
	(Rs crs)			
Life Science Ingredients (LSI)	556	592	56%	6%
Generics (GX)	110	241	23%	118%
<b>Life Science Products</b>	<b>666</b>	<b>833</b>	<b>79%</b>	<b>25%</b>
CMO	139	154	15%	11%
DDDS	51	58	6%	13%
Others	3	3	0%	4%
<b>Life Science Services</b>	<b>193</b>	<b>215</b>	<b>21%</b>	<b>12%</b>
<b>Total Net Sales</b>	<b>859</b>	<b>1,048</b>	<b>100%</b>	<b>22%</b>
Inter Divisional Sales (IDTs)	45	108	10%	140%
<b>Sales Including IDTs</b>	<b>904</b>	<b>1,156</b>		<b>28%</b>

- Products Business contributes 79% to Revenue Mix, grew 25% YoY
- Services Business contributes 21% to Revenue Mix, grew 12% YoY
- Higher Vertical Integration depicts improving cost competitive positioning
  - IDTs of Rs. 108crs at 10.3% of Net Sales; 5.2% in Q2' FY11

## **Life Science Products Revenue at Rs. 833crs, contributed 79% to Net Sales**

- Grew 25% YoY driven by volume and positive price variance of 26%

### **1. Life Science Ingredients – Rs. 592crs, 56% of Revenue Mix**

- Constitutes APIs, Nutrition Ingredients, PPES and Life Science Chemicals business
- Grew 6.5% YoY driven by volume and price variance of 7.2%
- Signed a 3 year supply contract valued at US\$ 80-100 million beginning from Q1'FY13

### **2. Generics Business – Revenues of Rs. 241crs, 23% of Revenue Mix**

- Constitutes Solid Dosage Forms, Radiopharma and Allergy Products business
- Grew 118% YoY with volume & positive price variance of 120%
- Geographic reach enhancing with launch of products in Radiopharma in new geographies and signing of agreements with parties in new geographies for Dosage Formulations

## Life Science Services Business Revenues at Rs. 215cr in Q2'FY12

- Contributed 21% share to Net Sales
- Grew 12% YoY

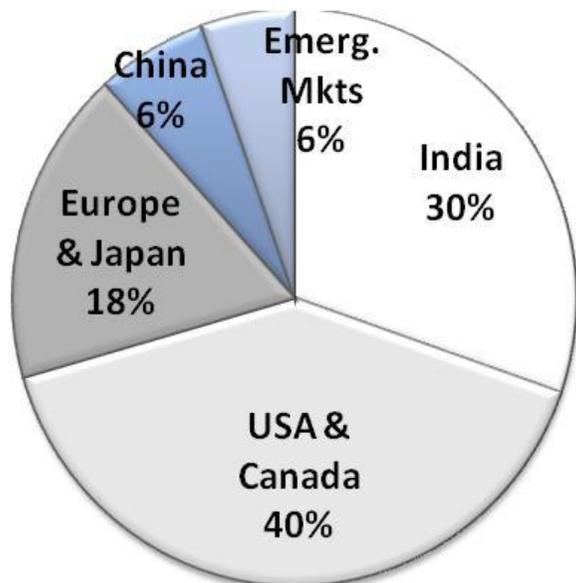
### 1. **CMO Services of Sterile and Non-sterile at Rs. 154crs**

- Contributed 15% to revenue mix, grew 11% YoY
- Strategic initiatives on improved product mix and cost rationalisation resulted in profitable revenue growth
- Signed a multi-year contract of US\$70 million for manufacture of OTC women health and personal care product commencing in FY12

### 2. **Drug Discovery and Development Services at Rs. 58crs**

- Contributed 6% to revenue, higher by 13% on YoY
- Functional services in Discovery business led to higher revenue growth
- Clinical Trials in US expected to grow from Q1'FY13

# Revenue Analysis – Geography wise- Q2'FY12



(Rs crs)	Q2' FY11	Q2' FY12	Mix %	YoY %
<b>India</b>	<b>260</b>	<b>318</b>	<b>30%</b>	<b>22%</b>
<b>International</b>	<b>599</b>	<b>730</b>	<b>70%</b>	<b>22%</b>
USA & Canada	315	422	40%	34%
Europe & Japan	146	186	18%	27%
China	74	66	6%	-11%
Emerging Markets	64	56	5%	-12%
<b>Net Sales</b>	<b>859</b>	<b>1,048</b>	<b>100%</b>	<b>22%</b>

- **70% of Sales from International Markets, at Rs. 730crs, grew 22% YoY**
  - Regulated Markets - USA, Canada, Europe & Japan - 58% of sales mix
  - Revenue Growth in focused geographies
    - USA & Canada – 34% YoY backed by opportunities in Generics business
    - Europe and Japan markets - 27% YoY due to initiatives in Life Science Ingredients Business
- **30% Sales from India, at Rs. 318crs in the quarter, up 22% YoY**
  - Healthy traction in Life Science Chemicals and APIs business drives domestic growth

# Operating Expenditure Analysis – Q2'FY12

Expenses (Rs Crs)	Q2'FY11	% of Sales	Q2'FY12	% of Sales	YoY Growth %
Material	379	44%	438	42%	16%
Manufacturing	72	8%	84	8%	16%
Staff	181	21%	206	20%	14%
SG & A	80	9%	86	8%	7%
Exchange Loss/ (gain)	0	0%	-2	0%	
<b>Total expenses</b>	<b>712</b>	<b>82%</b>	<b>812</b>	<b>77%</b>	<b>14%</b>

- Share of Material Costs to sales down on account of higher volumes despite witnessing increase in few raw material prices
- Manufacturing costs including power & fuel expenses optimised with larger scale of operations
- Staff cost remains at 20% of sales, reflecting increase in productivity despite additional manpower
  - Over 6000 people on rolls, net addition of 237 resources in the quarter with primary additions in manufacturing function in India
  - Over 1500 resources stationed internationally
  - strong scientists talent pool of 1300 across multiple R&D centres

# EBITDA Analysis Q2'FY12

	Q2'FY11	Q2'FY12	YoY Growth %
Products	161	223	38%
Services	5	36	577%
<b>Business EBITDA</b>	<b>166</b>	<b>259</b>	<b>56%</b>
Corp. Allocations	14	18	
<b>Reported EBITDA</b>	<b>152</b>	<b>241</b>	<b>58%</b>
Margins (%)	Q2'FY11	Q2'FY12	bps variance
Products	24.2%	26.8%	260
Services	2.8%	16.7%	1390
<b>Consolidated</b>	<b>17.8%</b>	<b>23.0%</b>	520

## Company reported margins of 23% for Q2'FY12, up 260bps on YoY

- Products business EBITDA was Rs. 223crs, witnessed YoY margin improvement
  - successful implementation of vertical integration and better realisations in key products
- In Services business, EBITDA at Rs. 36crs, a seven fold increase
  - Margin improvement of 1390 bps on YoY basis, a six fold increase
  - strategic margin improvement initiatives and increased capacity utilisation resulted in higher profitability

# Half Yearly Results Analysis

# Financial Highlights – H1'FY12

- **Revenue of Rs. 1,992crore for H1'FY12, growth of 19% YoY in H1'FY12**
  - Revenue from Products at Rs. 1,572crs grew 22%
  - Revenue from Services Business at Rs. 420crs grew 8%
- **EBITDA at Rs. 431crore in H1'FY12, up 46%**
  - Margins at 21.7% for the half year, grew 400bps
  - Product Business margins at 25%, higher by 140 bps
  - Services Business margins at 17.0%, higher by 1240 bps
- **Profit After Tax at Rs. 156crore in H1'FY12, up 26%**
  - PAT is after accounting for Rs. 47crs mainly due to unrealised foreign exchange loss
  - Basic/Diluted Earnings Per Share for Re 1 FV equity share at Rs. 9.82 in H1'FY12
  - EPS growth of 40% YoY on Diluted basis
- **Repaid USD 209Mn on account of FCCB including YTM, on due date in May, 2011**

# Income Statement – H1'FY12

Particulars	H1'FY 11	H1'FY 12	YoY Growth
	(Rs Crs)		(%)
<b>Net Sales</b>	<b>1,677</b>	<b>1,992</b>	19%
Other operating Income	2	6	
<b>Income from Operations</b>	<b>1,679</b>	<b>1,999</b>	<b>19%</b>
Total Expenditure	1,389	1,574	13%
Operating Profit	290	424	46%
Other Income	6	7	
<b>EBITDA including Other Income</b>	<b>296</b>	<b>431</b>	<b>46%</b>
Depreciation	98	101	
Interest (Net)	44	93	
Exceptional Item - Loss/(Gain)	24	47	
Tax Expenses (Net)	8	24	
Minority Interest	-2	10	
<b>Net Profit After Tax and Minority Interest</b>	<b>124</b>	<b>156</b>	<b>26%</b>
Paid-up share capital (Face value per share Re.1)	<b>15.88</b>	<b>15.93</b>	
<b>Earnings Per Share - Basic (Rs.)</b>	<b>7.78</b>	<b>9.82</b>	<b>26%</b>
<b>Earnings Per Share - Diluted (Rs.)</b>	<b>7.03</b>	<b>9.82</b>	<b>40%</b>
	<b>(%)</b>		<b>(bps)</b>
EBITDA Margins	17.7%	21.7%	401
Net Margins (without exceptional items)	8.8%	10.2%	142

# Revenue Analysis – Business wise – H1'FY12

Business wise Revenue	H1'FY 11	H1'FY 12	Revenue Mix (%)	YoY Growth %
	Rs. Crore			
Life Science Ingredients (LSI)	1,078	1,200	60%	11%
Generics (GX)	209	373	19%	78%
<b>Life Science Products</b>	<b>1,287</b>	<b>1,572</b>	<b>79%</b>	<b>22%</b>
CMO	278	305	15%	10%
DDDS	106	109	5%	4%
Others	6	6	0%	0%
<b>Life Science Services</b>	<b>390</b>	<b>420</b>	<b>21%</b>	<b>8%</b>
<b>Total Net Sales</b>	<b>1,677</b>	<b>1,992</b>	<b>100%</b>	<b>19%</b>
Inter Divisional Sales (IDTs)	91	204	10%	125%
<b>Sales Including IDTs</b>	<b>1,767</b>	<b>2,197</b>		<b>24%</b>

- Products Business contributes 79% to Revenue Mix at Rs. 1,572crs, grew 22% YoY
- Services Business contributes 21% to Revenue Mix, grew 8% YoY at Rs. 420crs
- Increased Vertical Integration - IDTs of Rs. 204crs at 10.3% of Net Sales; 5.4% in H1'FY11

## **Life Science Products Revenue at Rs. 1,572crs in H1'FY12, contributed 79% to Net Sales**

- Grew 22% YoY driven by volume and positive price variance of 23%

### **1. Life Science Ingredients – Rs. 1,200crs in H1'FY12, 60% of Revenue Mix**

- Constitutes APIs, Nutrition Ingredients, PPES and Life Science Chemicals business
- Grew 11% YoY with volume and positive price variance of 12%
- Growth is attributed to volume growth in APIs and price strengthening in Life Science Chemicals

### **2. Generics Business – Revenues of Rs. 373cr in H1'FY12, 19% of Revenue Mix**

- Constitutes Solid Dosage Forms, Radiopharma and Allergy Products business
- Grew 78% YoY with volume and positive price variance of 80%
- Witness excellent pricing momentum in Dosage formulations along with higher volumes across all 3 business lines

## Life Science Services Business recorded revenue of Rs. 420cr in H1'FY12

- Contributed 21% share to Net Sales
- Grew 8% YoY

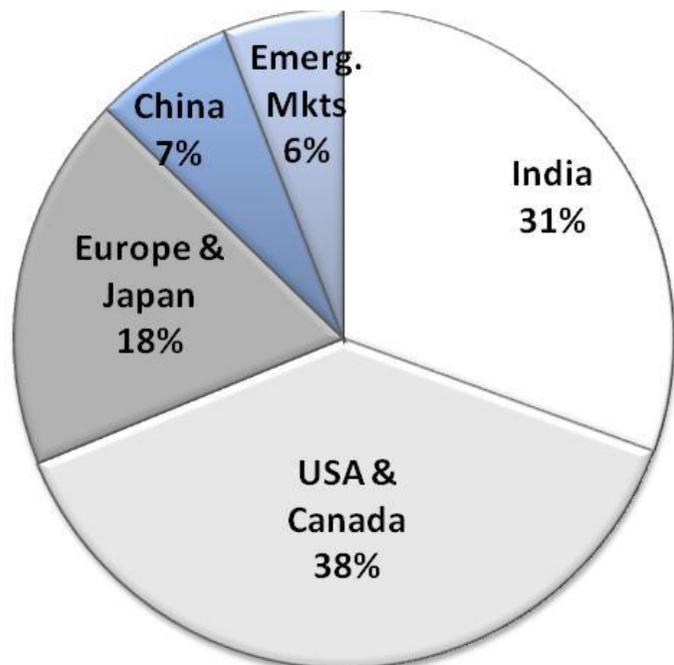
### 1. **CMO Services of Sterile and Non-sterile injectibles and products at Rs. 305crs**

- Contributed over 15% to revenue, grew 10% YoY
- Increased capacity utilisation along with improved product mix resulted in revenue and profitability growth

### 2. **Drug Discovery and Development Services at R.s 109crs**

- Contributed over 5% to revenue, grew by 4% on YoY basis
- Integrated Drug Discovery and Functional Services doing well
- Clinical Research business expected to show positive momentum in Q1'FY13
- Cost control measures and strategic business initiatives help improve margins

# Revenue Analysis – Geography wise- H1'FY12



(Rs crs)	H1'FY 11	H1'FY 12	Mix %	YoY %
India	508	609	31%	20%
International	1,169	1,383	69%	18%
USA & Canada	626	762	38%	22%
Europe & Japan	268	368	18%	37%
China	160	137	7%	-14%
Emerging Markets	115	116	6%	1%
<b>Net Sales</b>	<b>1,677</b>	<b>1,992</b>	<b>100%</b>	<b>19%</b>

- **69% of Sales from International Markets at Rs. 1,383crs, grew 18% YoY.**

- Regulated Markets - USA, Canada, Europe & Japan - 56% of sales mix
- Revenue Growth
  - Europe and Japan markets - 37% YoY driven by APIs, Nutrition Ingredients, Dosage & LS Chemicals
  - USA & Canada- 22% YoY driven primarily by Dosage Formulations
- Enhanced reach in 75 countries in the world, entry into South American countries

- **31% Sales from India at Rs. 609crs in the quarter, up 20% YoY**

- Healthy traction in Ingredients business drives domestic growth

# Operating Expenditure Analysis – H1'FY12

Expenses (Rs Crs)	H1'FY11	% of Sales	H1'FY12	% of Sales	YoY Growth
Material	744	44%	856	43%	15%
Manufacturing	138	8%	162	8%	17%
Staff	358	21%	396	20%	11%
SG & A	147	9%	159	8%	8%
Exchange Loss/ (gain)	2	0%	1	0%	-23%
<b>Total expenses</b>	<b>1,389</b>	<b>82%</b>	<b>1,574</b>	<b>78%</b>	<b>13%</b>

- Share of Material Costs to sales in line with increase in volume growth though witness increase in prices of some of the raw materials
- Manufacturing costs including power & fuel expenses stable at 8% of sales
- Lower Staff cost as % of sales reflects increase in productivity
  - Over 6000 people on rolls
  - net addition of 307 resources in the 6 months
  - Revenue per person improvement witnessed in the period

# EBITDA Analysis – H1'FY12

EBITDA (Rs Crs)	H1'FY 11	H1'FY 12	YoY Growth%
Products	303	394	30%
Services	18	71	301%
<b>Business EBITDA</b>	<b>321</b>	<b>465</b>	<b>45%</b>
Corp. Allocations	25	34	
<b>Reported EBITDA</b>	<b>296</b>	<b>431</b>	<b>46%</b>
Margins (%)			Bps Variance
Products	23.6%	25.0%	140
Services	4.6%	17.0%	1240
<b>Consolidated</b>	<b>17.7%</b>	<b>21.7%</b>	400

## Company reported margins of over 21.7% for H1' FY12, up by 400bps on YoY

- Products business EBITDA was Rs. 394crs, witnessed 140bps YoY margin improvement on account of enhanced vertical integration, innovation led cost optimisation, improved capacity utilisation and better realisations
- In Services business, successful implementation of margin improvement initiatives and increased capacity utilisation resulted in improvement of 1,240bps on YoY basis

# Debt Profile

	June 30, 2011	September 30, 2011	Change from June-September
<b>Foreign Currency Loans</b>	<b>(\$ Mn)</b>	<b>(\$ Mn)</b>	
Standalone	195	219	
Subsidiaries	208	195	
FCCB	0	0	
<b>Total</b>	<b>403</b>	<b>414</b>	<b>11</b>
Change in Foreign Currency Loan Rs. Crs			54
<b>Rupee Loans</b>	<b>(Rs. Crs)</b>	<b>(Rs. Crs)</b>	
Standalone	652	679	
Subsidiaries	0	0	
Rupee Loan Swapped	910	910	
<b>Total</b>	<b>1,562</b>	<b>1,589</b>	<b>27</b>
Change in Total Debt			81
<b>Cash &amp; Equivelent</b>	<b>81</b>	<b>181</b>	<b>100</b>
<b>Change in Net Debt (Rs crs)</b>			<b>-19</b>

- Average interest rate at quarter end for outstanding loans at 6.1% per annum
  - Rupee loan at an average of 11.5% per annum
  - Foreign currency loans at an average of 4.2% per annum

- The overall underlying strength of our business has been strong due to increasing order book position and capacity utilisation in all our business segments
- In Second Half, the Company expects to continue to build on the robust sustainable revenue and margin growth momentum recorded in the first half
- **In Products business**
  - revenue growth would be driven by commissioning of new capacities, innovation led product launches and geographic expansion into high growth markets
  - operating profit growth would be backed by improved capacity utilisation and increased vertical integration
- **In Services business**
  - focused margin improvement initiatives of increased capacity utilisation, higher margin product mix and innovation led cost optimization would continue to lead to higher profitability

**Date of the Call: Tuesday, November 1, 2011**

**Time of the Call: 04:00 pm IST**

## Conference Dial-In Numbers

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