

## **Jubilant Life Sciences Limited – Chairman’s speech – AGM September 1, 2015**

Good morning ladies and gentlemen.

A warm welcome to 37th Annual General Meeting of Jubilant Life Sciences Limited.

India is projected to be one of the fastest growing major economies in the world in 2015-16 with the World Bank projecting India’s GDP to expand to 7.5 percent in 2015-16. The global pharmaceutical industry is also expected to grow healthily with a World Health Organisation report pegging the global pharmaceutical market to grow to US\$ 400 billion.

At Jubilant, we continue our endeavors to tap this growing global pharmaceutical market by leveraging our chemistry skills to manufacture quality products at an affordable cost.

The year FY 2015 saw Income from Operations of Rs. 5,826 crore. EBITDA stood at Rs. 732 crore with corresponding EBITDA margins at 12.6%. Our Profits before Exceptional Items, Tax and Minority Interest stood at Rs. 88 crore. The reported Profit after Tax was at Rs. Negative (58) crore.

Let me give you an update of our segmental performance. In FY 2015, the Pharmaceuticals segment revenues were at Rs. 2,682 crore, contributing 46% to the overall Income from Operations. This was due to improved performance in our Radiopharmaceuticals and APIs businesses. Revenues from Life Science Ingredients segment stood at Rs. 3,144 crore thus contributing 54% to the overall Income from Operations. While there was healthy increment in pricing and volume in the Nutritional Products business, our Advanced Intermediates business saw some impact on margins following continuing anti-dumping duties imposed in China.

International revenues accounted for 71% of the revenue mix at Rs. 4,137 crore. This is primarily driven by revenues from North America, Europe and Japan. The Company continues to expand its presence globally with its products and services reaching out to customers in over 100 countries across the globe.

Our integrated business model offers products across the entire value chain helping us reduce dependence on external suppliers. We derive a global competitive edge on account of our cost efficiencies and vertical integration. With an 892 member strong R&D team, our spending on R&D stood at 6% of our Pharmaceuticals segment revenues.

During the year, we completed the consolidation of all our Pharmaceuticals businesses under Jubilant Pharma, Singapore with effect from July 1, 2014. Further, we completed management consolidation of Pharmaceuticals and Life Science Ingredients segments and appointed separate CEOs to focus on growth in the respective segments. We also acquired the stake of minority shareholders in Jubilant Cadista to help us in consolidating the US Generics business.

## **Dividend**

The Board has recommended a dividend of 300% or Rs. 3 per equity share of Re. 1 for the year. This will result in a cash outgo of Rs. 57.5 crore (including tax).

## **Q1 FY 16 Results**

In the first quarter of the Financial Year 2016, we have shown a marked improvement in our performance.

Income from Operations in Q1 FY2016 stood at Rs. 1,459 crore with EBITDA at Rs. 333 crore resulting in EBITDA margin of 22.8%. EBITDA grew 123% YoY driven by growth and margin expansion in our Pharma segment. The PAT for the quarter stood at Rs 128 crore, translating to an EPS of Rs. 8.04 for the quarter.

Pharmaceuticals segment revenue stood at Rs. 741 crore, increasing 23% YOY. Contribution to overall sales stood at 51%, up from 41% during Q1 FY15. EBITDA margins for the segment were at 30.4%, up from 5.9% during Q1 FY15. This growth has been led by sustained performance in Radiopharmaceuticals and API business. Another key feature during the quarter was successful completion of the inspection status at our Spokane site and we are in the process of normalization of operations in Spokane.

Moving on to Life Science Ingredients, the revenues generated from the segment stood at Rs. 718 crore in Q1 FY16. The EBITDA in this segment stood at Rs. 121 crore translating to an EBITDA margin of 16.9% as against 15.3% in Q1 FY15. In this segment, most key businesses demonstrated higher margins.

## **Outlook**

FY 2016 revenue growth is expected to be driven by Pharmaceuticals segment primarily led by growth in our North American market and normalization of our CMO business. We also expect growth in our Generic business through new products. Our Life Science

Ingredients segment is expected to deliver better results as compared to FY 2015 due to improved operational efficiency and growth in nutritional products and specialty ingredients businesses.

We wish to convey our earnest gratitude to all our stakeholders which include our customers, vendors, bankers and shareholders for continuing their support and maintaining their confidence and trust with us. We would like to welcome Dr. Ashok Misra who joined us as a Director on our Board this year. Mr. Abhay Havaladar, a nominee of a Private Equity Investor, has resigned from our Board during the year. We take this opportunity to thank him for his invaluable contribution. Also, Dr. Inder Mohan Verma and Mr. Suresh Kumar resigned from our Board and have become Directors of Jubilant Pharma Limited, Singapore, a wholly-owned subsidiary of the Company. We are looking forward to their continued contribution in our global pharmaceutical business. We would also like to express our deepest gratitude to our employees across geographies for their contribution and commitment towards achieving the organisational goals.

May the coming year be successful for all of us!

Thank you.