Financial Results Analysis

Q3'11 and 9 months ending December 31, 2010

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. *Q3 FY11 and 9 month FY11 numbers in presentation are unaudited consolidated numbers*
3. *Exchange rate considered USD 1 = Rs. 44.70 as on December 31, 2010 & USD 1 = Rs. 46.53 as on December 31, 2009*
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. 867crore for Q3’11; in 9M’11 at Rs. 2,543crore with growth of 2%**
    - Revenue from Products grew 13% backed by strong volume growth of 17% in Q3’11
    - Revenue from Services Business at Rs 167cr in Q3’11, reduction of 32%
- **EBITDA at Rs. 134crore in Q3’11; at Rs. 430crore in 9M’11**
    - Margins at 15.4% for the quarter and for the nine months at 16.9%
    - Exchange rate volatility & Pricing pressures in Products business impact margins
    - In Services, one-time high margin H1N1 CMO contract in FY10 impacted growth
- **Profit After Tax at Rs. 44crore in Q3’11, at Rs. 168crore in 9M’11**
    - Effect of lower interest and tax provision mitigated by higher depreciation
- **Earnings Per Share at Rs 2.77 for the quarter, Rs 10.55 for 9M’11**

Profit and Loss Account

Particulars	Q3'FY10	Q3'FY11	9M FY10	9M FY11
	(Rs Crs)			
Net Sales	**865**	**867**	**2,484**	**2,543**
Other operating Income	2	2	5	5
Income from Operations	**867**	**869**	**2,489**	**2,548**
Other Income	8	2	15	8
Total Income	**875**	**871**	**2,504**	**2,556**
Total Expenditure	645	737	1,912	2,126
Operating Profit Before Int., Dep. & Tax	**230**	**134**	**592**	**430**
Depreciation	31	49	92	147
Interest (Net)	39	29	116	72
Exceptional Item - Loss/(Gain)	42	2	35	26
Tax Expenses (Net)	20	10	67	19
Minority Interest	3	(1)	2	(2)
Net Profit After Tax and Minority Interest	**95**	**44**	**280**	**168**
Earnings Per Share - Basic (Rs.)	**6.47**	**2.77**	**18.97**	**10.55**
EBITDA Margins	26.6%	15.4%	23.8%	16.9%
Net Margins	10.9%	5.1%	11.3%	6.6%

Revenue Analysis – Business wise

	(Rs Crs)		(%)	(Rs Crs)		(%)
	Q3'FY10	Q3'FY11	Variance	9M 'FY10	9M 'FY11	Variance
Life Science Ingredients	524	582	11%	1563	1660	6%
Generics	95	118	24%	282	327	16%
Life Science Products	**619**	**700**	**13%**	**1,845**	**1,987**	**8%**

	(Rs Crs)		(%)	(Rs Crs)		(%)
	Q3'FY10	Q3'FY11	Variance	9M 'FY10	9M 'FY11	Variance
CMO	175	115	-34%	440	393	-11%
DDDS	69	49	-29%	193	154	-20%
Others	2	3	33%	6	9	54%
Life Science Services	**246**	**167**	**-32%**	**639**	**556**	**-13%**

Products Business grows 13% for the quarter, 8% in 9 months

- Strong volume growth of 17% for the quarter and 16% for 9 month period
- Witness price improvement sequentially in the quarter
- APIs is a major growth driver with entry into new geographies and market share gains
- Dosage Forms in Generics drives highest growth with stabilisation of new products

Services Business affected by base effect with 9M revenue down 13%

- Excluding one time revenue of H1N1 in FY10, CMO has shown flat growth for the Q3’11
- DDDS saw delays in on-boarding of integrated programs and in closure of new CRO business

Highlights – Life Science Products

Life Science Products Revenue at Rs 700cr in Q3'11, Rs 1987cr in 9M'11

- Contributed 81% to Total Revenue in Q3, grew 13% with volume growth of 17%
- Contributed 78% to Total Revenue in 9M'11, grew 8% with volume growth of 16%

1. Life Science Ingredients – Rs 582cr in Q3'11, Rs 1660cr in 9M'11

- Contributed 67% to Total Revenue, grew 11% in Q3 with volume growth of 15%
- In 9M, contributed 65% to Total Revenue, grew 6% with volume growth of 15%
- Witnessed Price improvement sequentially, in the quarter
- API, Proprietary Products & Nutrition Ingredients capacity expansion projects progressing well
- Four new DMFs filed in the quarter taking cumulative filings to a high of 43

Highlights - Life Science Products

2. Generics Business – Revenues of Rs 118cr in Q3’11, Rs 327cr in 9M’11

- Contributed 14% to Total Revenue which grew 24% in Q3, volume growth 30%
- In 9M, contributed 13% to Total Revenue with 16% growth and volume growth of 23%

- Solid Dosage Formulations recorded growth of 30% in Q3’11 and 31% in 9M’11
  - 5 product approvals (ANDAs/Dossiers) received in 9M’11
  - 4 products filed in Q3; 9 in 9M’11, 26 ANDAs/Dossiers in pipeline for approval

- Radiopharma grew 31% in the quarter backed by stability in Isotope supplies from the Canadian Nuclear Reactor
  - Robust pipeline and expect product launches as scheduled

- Allergenic Products continue to grow at steady rates

Highlights – Life Science Services

Life Science Services Business Revenues at Rs167cr in Q3, Rs 556cr in 9M

- In Q3, contributed 19% share to Revenues with reduction of 32%
- In 9M, contributed 22% share to Revenues with reduction of 13%

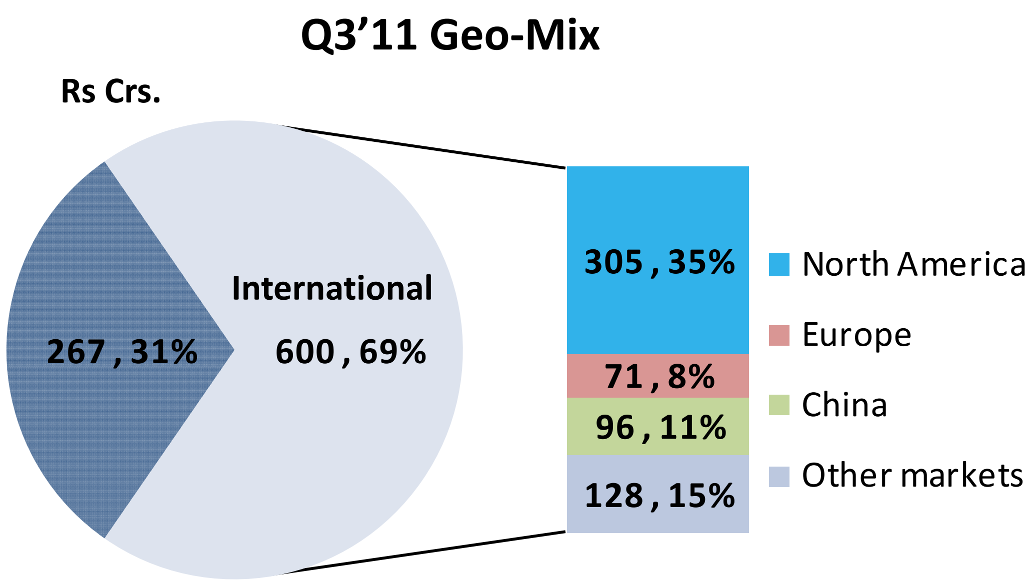
1. CMO Services of Sterile and Non-sterile

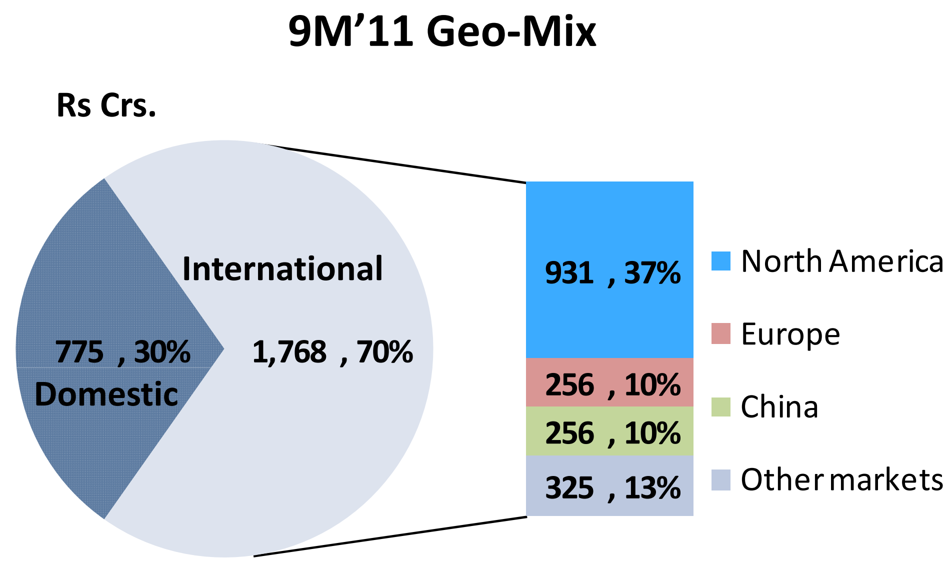
- Contributed 13% to Q3’11 revenue, 16% in 9M’11
- Excluding one time H1N1 revenue of ~Rs 55crs in Q3’10, witnessed flat growth
- Delays in customer product approvals thereby delaying new contract closures
- Reductions in key customer forecasts due to slow down in their commercial products

2. Drug Discovery and Development Services

- Contributed 6% to Q3’11 and 9M’11 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

Revenue Analysis – Geography wise





International Markets constitute 70% of Total Revenue in 9M'11, catering to 60 nations

- At Rs 600crs in Q3'11 and Rs 1,768crs in 9M'11,
- Revenue from International markets grow by 2% in 9M'11
- North Americas at Rs 931crs for 9M'11 contributed 37% of revenue, Regulated Markets ~47%

Domestic Revenue at Rs 267crs in the quarter and at Rs 775crs in 9M'11 grow 4%

- Good growth in Products business drives domestic growth

Operating Expenditure Analysis

Costs	Quarterly Analysis					Year To Date Analysis				
(Rs Crs)	Q3’10	% of Sales	Q3’11	% of Sales	Change %	9M'FY10	% of Sales	9M'FY11	% of Sales	Change %
Material	365	42%	408	47%	12%	1,043	42%	1,153	45%	11%
Manufacturing	71	8%	70	8%	-1%	198	8%	208	8%	5%
Staff	179	20%	178	20%	-1%	532	21%	535	21%	1%
SG & A	30	3%	81	9%	172%	139	6%	230	9%	65%
Total expenses	**645**	**74%**	**737**	**85%**	**14%**	**1,912**	**76%**	**2,126**	**83%**	**11%**

- Share of Material Costs to sales rise on account of
  - higher element of Products vis-à-vis Services business
  - higher volumes
- Manufacturing costs are maintained at same level of 8%
- Staff cost maintained at about 20% of sales, over 5700 resources on rolls with 25% stationed internationally and strong Scientists talent pool of 1300 across multiple R&D centres
- SG&A head includes FX gain/ loss which has skewed variance by Rs 60cr in Q3’11 and Rs 87 crs in 9M’11, on YoY basis

EBITDA Analysis

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EBITDA (Rs Crs)	Quarterly Analysis			Year To Date Analysis		
	Q3'10	Q3'11	Variance	9M'FY10	9M'FY11	Variance
Products	186	160	(26)	540	463	(77)
Services	57	(3)	(60)	98	15	(83)
EBITDA	**243**	**157**	**(86)**	**638**	**478**	**(160)**
Allocations	13	23	10	46	48	2
Margins (%)	**Q3'10**	**Q3'11**		**9M'FY10**	**9M'FY11**	
Products	30.1%	22.8%		29.3%	23.3%	
Services	23.1%	-1.9%		15.3%	2.6%	
Company	**26.6%**	**15.4%**		**23.8%**	**16.9%**	

- Company reported margins of 15.4% for Q3'11 and 16.9% for the 9M'11
- In Products business, sequential improvement in pricing is witnessed, but compared to Q3'10, price reduction of 2% and negative impact of 2.3% in exchange rate led to reduced margins. In 9M'11, there was price reduction impact of 5.5% and negative impact of 3% in exchange rate
- In Services business, unabsorbed fixed costs due to postponement of customer orders, delayed milestone payments and under utilisation of capacity impacted margins

Debt Profile

Particulars		In Rs Crs		In USD Mn	
		30-Sep-10	31-Dec-10	30-Sep-10	31-Dec-10
Jubilant Standalone	Foreign Currency	775	760	173	170
	Rupee	399	588	89	131
	FCCB	639	635	142	142
Subsidiaries	Foreign Currency	1,007	970	224	217
	Rupee	51	26	11	6
Gross Debt		**2,871**	**2,979**	**639**	**666**
Cash & equivalents		141	98	31	2
Net Debt		**2,730**	**2,881**	**608**	**664**

- Average cost of total borrowing at 5% pa, with Rupee funds at 9% pa and Foreign funds at 4.2% pa
- No major loan repayment in parent in next 3 years except FCCBs
- Sufficient Funds tied up to meet the $202Mn FCCB repayment obligation, due in May 2011
- Net Debt to Equity stands at 1.37 as on December 31, 2010

(Exchange rate USD 1= Rs 44.70 on Dec 31, 2010 compared to Rs 44.94 in Sept end, 2010)

Outlook

- Outlook for the longer-term remains promising, given the increasing outsourcing of Products and Services business from global pharmaceutical and agrochemical companies
- Healthy and Increasing order book position with new contracts signed across all our businesses especially in the Life Science Ingredients, CMO and Drug Discovery
- Capacity expansion in Proprietary Products & Exclusive Synthesis, Nutrition Ingredients and APIs to drive growth
- Expect new product launches and new filings in Formulations and API business
- Growth in Revenue and Margins in CMO and DDDS is expected on account of
  - full year impact of signed contracts
  - traction in clinical trials
  - on boarding of new integrated programs from key customers

For more information

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