

SPEECH BY THE CHAIRMAN & MANAGING DIRECTOR Mr. SHYAM S BHARTIA AT
JUBILANT'S 32nd AGM

Good morning ladies and gentlemen. Let me welcome you to the 32nd Annual General Meeting of Jubilant Organosys Limited.

Since the last time I addressed you, I am glad to share that Jubilant has strengthened its place in outsourcing even further. We are India's largest CRAMS Company with active presence in high-growth businesses. As you would have learnt this quarter the Board of Directors of your Company approved the amalgamation and demerger of few of our businesses. This is to enable focussed growth and value realization across the operating entities. We have undertaken the merger of Specialty Molecules Limited, a wholly owned subsidiary of Jubilant Organosys and Pace Marketing Specialty Limited, an exclusive contract manufacturer for adhesives of Consumer Products Division for Jubilant Organosys. We believe that this merger will be synergistic integration of the two businesses and will help to improve our managerial and operational efficiencies.

The Board has also approved the proposal for demerger of Agri and Performance Polymer (APP) business. That strategic move will enable us to pursue growth opportunities for both businesses independently through separate listed entities thereby creating greater value for our stakeholders. Each company will then be able to adopt the capital structure and investment policy which is tailored to specific needs to enable greater stakeholder value recognition.

Going forward, the name of Jubilant Organosys Ltd. is proposed to be changed to Jubilant Life Sciences Ltd. while the demerged APP business will be referred as Jubilant Industries Limited. The scheme of arrangement has been filed with the Allahabad High Court for its approval, which will be followed by listing of Jubilant Industries Ltd. 's shares on The Stock Exchange, Mumbai and National Stock Exchange. One additional equity share of Face Value Rs.10 each of Jubilant Industries Ltd. will be issued for every 20 equity shares held in Jubilant Organosys of Face Value Re.1 each.

Jubilant –leveraging outsourcing for growth

The global market for outsourcing in Pharmaceuticals Industry is growing at a CAGR of over 15% and is estimated at USD 67 billion presently. India continues to be the preferred

outsourcing destination on account of tremendous advantage to the global pharma and biotech companies in terms of world-class US FDA compliant infrastructure, large talent pool, low R&D & manufacturing costs and high capital efficiency.

Jubilant Organosys is well equipped to capitalise on the entire spectrum of the global outsourcing opportunity. It is today India's largest CRAMS Company with an order book of nearly USD 1 billion and is poised to capture a bigger share of the market.

Our key competitive advantages of having a presence across the pharma value chain, strong culture of innovation, multi location presence in CMO and CRO business and focus on providing cost effective, high quality products and services has enabled us to build value for our customers which has strengthened our relationships with all our customers. Today, we are recognized as a Partner of Choice by all leading pharma and biotech companies.

FY2010 financial performance

Moving on to the full year, financial performance for the year has been extremely good in terms of your company's profit performance.

Just to give you some highlights our Net Sales were up 7% to Rs. 3,781 crore. This was due to the increased sales in Pharma business, up by 13% to Rs. 3,362 crore given the strong rise in the revenue from CMO operations at Rs. 662 crore up by 35%. Our APP segment stood at Rs 419 crore and is already showing very good growth momentum this year. Revenues from our international operations showed growth of 13% at Rs. 2,454 crore. This was on account of better results in key regulated markets and China.

Our EBITDA was up by 34% to Rs. 826 crore driven by the Pharma business and EBITDA margins improved to 21.8% in 2009-10 from 17.5% in 2008-09, reflecting a significant improvement of 430bps. Our PBT showed growth of 75% to Rs. 518 crore while the Net Profit showed robust growth of 49% to Rs. 421 crore. The basic EPS for 2009-10 stood at Rs. 28.56, up from Rs. 19.20 in the previous year.

Q1 FY2011 performance

The first quarter of 2010-11 showed continued performance with Revenues enhancing by 9.5% to Rs. 982 crore from Rs. 896 crore. Revenues in the Pharma business saw growth of 4.3% to

Rs. 813 crore. We saw strong volume growth across all the segments of Life Science Products by 16% in Q1 FY2011. APP business witnessed a growth of 44.1% to Rs. 169 crore thanks to the robust improvement in sales of Single Super Phosphate. Net Profit in Q1 FY2011 was 63 crore against Rs. 126 crore last year. However PAT before Exceptional Items was Rs. 84 crore as compared to Rs. 77 crore in Q1 FY 2010. The EPS was at Rs. 3.95 in Q1 FY2011 against Rs. 8.53 last year.

Dividend

I am very glad to share that the Board of Directors have recommended dividend of 200% on fully-paid up equity shares of Re. 1 for the year ending March 31, 2010 compared to 150% last year. This year's dividend will result in a payout of Rs. 37 crore including dividend tax. With this we continue to share profits that the business has been generating with the shareholders.

Outlook for FY 2011

I would now like to share the outlook for year FY 2010-11. We have an exciting opportunity ahead in terms of outsourcing. Going forward, we expect robust increase in revenue & profitability backed by strong order book position of about USD 1 billion in CRAMS business; Capacity expansion in pyridine & its derivatives & commissioning of additional capacity in Niacinamide & multipurpose API facility for Sartans; strong Product pipelines for Generics and API with expected new product launches on account of patents expiry.

Conclusion

I would now like to take this opportunity to extend a thank you to all our stakeholders, including customers, vendors, investors, employees, bankers & lenders. I trust Jubilant will continue to earn the trust and support from all of you. Thank You.