



**SPEECH BY THE CHAIRMAN & MANAGING DIRECTOR MR. SHYAM S BHARTIA
AT JUBILANT LIFE SCIECNES'S 33rd AGM**

Good morning Ladies and Gentlemen

This is the first year when we report the performance of Jubilant Life Sciences as a pure Pharma and Life Sciences Company. During the year the name of the Company was changed from Jubilant Organosys Limited to Jubilant Life Sciences Limited & the Agri and Performance Polymers business was demerged from the Company, thereby accentuating our partnering capabilities for value creation in Life Sciences, for all our stakeholders.

For FY2011, Jubilant Life Sciences recorded consolidated Revenue of Rs. 3,433 crore, EBITDA stood at Rs. 567 core, Net Profit was Rs. 230 crore and the Basic EPS stood at Rs. 14.42 (face value Rs. 1 per equity share).

Our Life Sciences Products business revenue was Rs. 2,685 crore which is 78% of the overall revenue mix while the Life Science Services business delivered revenues of Rs. 749 crore, contributing 22% to consolidated revenue. The Life Science Products business witnessed good volume growth across all products. This growth was particularly fuelled by robust performance of APIs and Life Science Chemicals in the Ingredients space and new product launches and market share gains in the Generics business.

In Life Science Services business we have seen a muted performance for the year but the business has turned around in last quarter of FY11. Previous year had record sales with one time opportunity in H1N1 which was not continued in FY 2011; excluding the onetime H1N1 contract last year, CMO Services grew 5%. Functional services performed well though drug development activity in the US faced pressure on account of market slowdown, pharma consolidation and delayed on boarding of new integrated programs.

The Company's success is due to its strategic focus on its Life Science Products and Services businesses, moving up the value chain for products, providing services across geographies, constantly investing in various growth platforms and promoting a culture of innovation. Going



forward, we are confident of our continuous ability to deliver on the promise of a leading outsourcing player.

Global Pharma Outsourcing & India Opportunity

World over, there is pressure on Governments to reduce spiraling healthcare costs. The use of low cost generics is being encouraged across the developed world. The increase in patent expiries is further putting pressure on the innovators who are set to prioritize the replenishment of new product pipelines and step-up outsourced manufacturing. Recently, several large pharma companies have declared their intent to outsource their manufacturing to cost efficient destinations. Companies like ours, with such inherent strengths stand to gain from these positive trends.

Partnering for Value Creation

Our wealth of knowledge in chemical and pharma research, respect for Intellectual Property Rights (IPR), world-class Good Manufacturing Practice & multi locational US FDA approved manufacturing plants, large talent pool, low R&D and manufacturing costs give us an additional edge in the outsourcing domain. Over the years, we have strengthened our integrated business model to offer products and services across the pharma value chain including end-to-end drug discovery and development solutions. This enables us to partner innovator pharma and life sciences companies for sustainable value creation.

We are proud to share that in a recently released **World Investment Report 2011 by UNCTAD**, our Company has been ranked **at #6 in the Top 10** global contract manufacturing and services outsourcing players of Pharmaceutical Industry.

Dividend

For FY 2011, we have announced a dividend of Rs. 2 per equity share of face value Rs. 1 each which is 200% for the year, resulting in a payout of Rs. 370 million including dividend tax.

Vision 2014

The Company's future growth strategy will be driven by four key factors of capacity enhancement; innovation led new launches; expansion of the geographic markets and vertical



integration. We see continued volume growth in the Life Science Products business on the back of new product launches and existing product ramp-ups. Good growth through geographical expansion into international markets is expected to be led by penetration into Europe, Japan and Emerging markets. The realignment of the Services business with market requirements will bear fruit in terms of better performance and margin enhancement. We launched a new program “**Vision 2014**” which will enable us to witness:

1. Enhanced revenue momentum driven by robust geographical growth as well as innovation led new products and launches
2. Operating profit improvement due to revenue growth in Products business, margin improvement in Services business, competitive advantage with vertical integration and innovation led cost reduction programs with the help of Six Sigma projects
3. Attractive Return on Capital Employed through higher operating profits and better capital utilisation and
4. Strong balance sheet with contained debt levels.

During the period, we have made **investments in setting up new capacities** including one of the largest Sartans plant for APIs to tap the CVS (Cardio Vascular Systems) market, a Niacinamide plant for Vitamin B3 in Nutrition Ingredients to further consolidate our leadership position and Symtet & Pyridines plants to meet the increasing customer demands while moving up the value chain in forward integration initiatives. In FY 2012, our overall capex plan is at Rs. 500 crore, 25% of which we have already incurred in the first quarter. We are likely to generate revenue of more than Rs. 1,200 crore at current prices and full capacity utilisation from these investments.

We are happy to share that, the **Company has delivered strong revenue and earnings growth both sequentially and year on year basis in the first quarter of FY2012**. During Q1 FY12, the Company reported Income from Operations of Rs 948 crore, up 16% YoY and 6% quarter on quarter. Our International business from 75 countries contributed 69% to Net Sales at Rs 653 crore. EBITDA at Rs 190crs and margins at 20.1% in Q1FY12 showed substantial improvement. Net Profit for the quarter was up at Rs 77 crore, Basic and diluted EPS was Rs



4.84 per equity share of Re.1 face value, with fully diluted EPS growing at 69% Year on Year and 38% Quarter on Quarter.

Overall underlying strength of our business has been strong due to leadership and cost competitive positions in many of our Products and Services. We expect to sustain our growth momentum and are confident of continued delivery of robust growth in sales and substantial growth in operating profit in the subsequent quarters.

Corporate Social Responsibility

In line with our continued focus on the sustainability of the business, we aim at improving stakeholder value through improved eco efficient use of capital and natural resources. Our approach to sustainable development focuses on the triple bottom line of Economic, Environment and Social performance.

Corporate Social Responsibility is an integral part of how we conduct our business and our efforts are directed towards community development and inclusive growth. Going forward, we will be engaged in strengthening our initiatives in the areas of Primary Education, Basic Healthcare and Livelihood Generation programs for our communities.

We stay **committed to partnering for value creation** and take this opportunity to thank all our stakeholders including independent directors, our customers, partners, bankers and shareholders for reposing their confidence in the Company and providing their unstinted support. We also take this opportunity to appreciate the contributions of our employees across India, North America, Europe and other parts of the world, who have participated in our journey this far. Through their tireless efforts, enthusiasm and dedication, we have reached this global size and scale. With our collective effort we will continue to surpass the expectations of our customers and provide world class products and services.

Thank you.