



JUBILANT
LIFE SCIENCES

Financial Results

Quarter Ended March 31, 2014

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 this presentation is derived from audited Financial Results of the Consolidated entity.*
- 2. The numbers for the quarter have been reclassified and regrouped wherever necessary*
- 3. Closing Exchange Rate for USD 1 at Rs. 54.29 as on March 31'13 & Rs. 59.91 as on March 31'14*
- 4. The Exchange fluctuation on long term forex loans in Indian books have been amortized over the tenure of the loan period as recommended under Indian Accounting Standards*

Conference Call Details

Date : Monday, May 26, 2014

Time : 05:00 pm IST

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Q4 FY14 Results Analysis

Key Business Segments – Q4'FY14

Jubilant Life Sciences

Pharmaceuticals (45%)

▪ Generics

- Active Pharmaceutical Ingredients
- Solid Dosage Formulations

▪ Specialty Pharmaceuticals (Sterile Products)

- Radiopharmaceuticals
- Allergy Therapy Products
- CMO of Sterile Injectables

▪ Drug Discovery and Development Solutions and Others

Life Science Ingredients (55%)

Advanced Intermediates and Specialty Ingredients

Nutrition Products

Life Science Chemicals

Income Statement – Q4'FY14

Particulars	Q4'FY13	Q3'FY14	Q4'FY14	YoY Growth	QoQ Growth
	(Rs Crs)			(%)	
Total Income from Operations	1,393	1,444	1,562	12%	8%
Total Expenditure	1,161	1,193	1,317		
Other Income	5	4	5		
EBITDA including Other Income	237	255	251	6%	-2%
Depreciation	70	73	69		
Finance Cost	59	69	65		
Forex Diff and Interest Swap Cost	12	16	10		
Profit after Interest but before Exceptional Items	96	97	107	11%	11%
Exceptional Item - Gain/(Loss)	(78)	11	36		
Tax Expenses (Net)	43	-49	35		
Minority Interest	7	13	10		
Reported Net Profit After Tax and Minority Interest	-31	143	99		
Normalized Net Profit After Tax	47	133	62	33%	-53%
Paid-up share capital (Face value per share Re.1)	15.93	15.93	15.93		
Earnings Per Share - Basic (Rs.)	-1.94	9.00	6.20		
Normalised Earnings Per Share - Basic (Rs.)	2.94	8.34	3.92	33%	-53%
Promoters and promoter group shareholding	49%	54%	54%		
	(%)			(bps)	
EBITDA Margins	17.0%	17.7%	16.1%	-97	-162
Normalized Net Margins	3.4%	9.2%	4.0%	63	-521

Financial Highlights – Q4'FY14

- **Income from Operations at Rs. 1,562 crs, up 12% YoY**
 - International revenues grew 8% YoY at Rs. 1,160 crs; contribute 74% to total sales
 - Higher volumes in Life Science Ingredients segment.
 - Price uptick in Radiopharmaceutical products.
- **EBITDA at Rs. 251 crs**
 - EBITDA Margins at 16.1%
 - EBITDA contribution from Pharmaceuticals segment at 132 crore and Life Science Ingredients at 131 crore
- **Normalized Profit After Tax at Rs. 62 crs**
 - Normalized Earnings Per Share for Re. 1 FV equity share at Rs. 3.92
 - Reported PAT at Rs. 99 crs with MTM exchange gains of Rs. 40 crs and FCMITDA Amortization of Rs. (10) crs

Segmental Revenue Analysis – Q4'FY14

Segmental Revenue Analysis	Revenue (Rs. Crs.)			Revenue Mix (%)	YoY Growth %	QoQ Growth %
	Q4'FY13	Q3'FY14	Q4'FY14			
Pharmaceuticals	703	677	705	45%	0%	4%
Life Science Ingredients	690	767	858	55%	24%	12%
Income from Operations	1,393	1,444	1,562	100%	12%	8%
Inter Divisional Sales (IDTs)	149	158	170		14%	8%
IDT as a % of Income	11%	11%	11%			

- **Pharmaceuticals segment revenue at Rs. 705 crs**
 - Strong volumes growth in Solid Dosage Formulations
 - Price uptick in Radiopharmaceutical products
 - Price correction in a few key products in formulations as expected
- **LSI segment revenue at Rs. 858 crs, up 24% YoY**
 - Volume buoyancy and better price realization across all businesses

Business Highlights – Q4'FY 14

Generics

Active Pharmaceutical Ingredients

- Higher margins due to continuous cost reduction through processes and yield improvement
- 30 commercial APIs, including 19 in North America, 24 in Europe and 25 in ROW
- Launched Esomeprazole Mg in Europe
- 14 filings during the quarter including 6 in US, 2 in Canada and 3 CEPs
- Expecting commercialization of some key products like Esomeprazole in Europe & Australia and Aripiprazole in Europe, Valsartan & Irbesartan in the US
- Expect to file 10-12 DMFs in the US market

Solid Dosage Formulations

- Over 46 commercial products, including 20 in North America, 26 in Europe and 23 in ROW
- New Launches: Losartan/HCTZ in North America; Sildenafil and Zopiclone in ROW
- Approvals: Four approvals in North America; over fifty in ROW
- Filings: Five ANDAs in the USA and one dossier in Europe
- Strong order book and commercialization of key products in key markets to drive business growth

Business Highlights – Q4'FY 14

Specialty Pharmaceuticals (Sterile products)

Radiopharmaceuticals

- Growth led by better price realisation
- Expected launch of Ruby-fill in FY15 to augment growth

CMO of Sterile Injectables

- Successful resolution to the FDA Warning Letter for Montreal facility
 - Received the Establishment Inspection Report with the site classified as 'Acceptable'
 - Good traction in new business enquiries
- New Management in place. Strengthen Quality management systems and organizational reporting
- Strong order book continues
- FDA conducted a cGMP inspection of Spokane
 - Responses submitted for all USFDA observations
 - Spokane facility planned shutdown of three weeks during Q1 FY 2015 was extended to implement identified enhancements to existing systems for better compliance
 - Advisory team including industry experts are working to expedite resolution of US FDA issues

Business Highlights – Q4'FY 14

Advanced Intermediates and Specialty Ingredients

- Better volume uptick due to higher capacity utilization and new order wins for key products in key markets

Nutrition Products

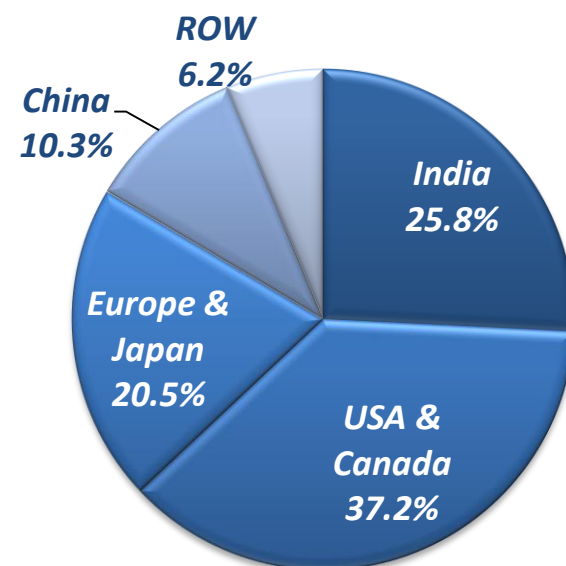
- Full capacity utilization for vitamin B3
- Price hike taken for Niacin feed-grade

Life Science Chemicals

- Pursuing higher presence in export markets of South-East Asia
- Volume growth and price hike in key products

Revenue Analysis – Geography wise- Q4'FY14

Geo-wise Revenue (Rs crs)	Q4'FY13	Q3'FY14	Q4'FY14	Mix %	YoY %
India	318	350	403	26%	27%
International	1,075	1,095	1,160	74%	8%
USA & Canada	577	567	581	37%	1%
Europe & Japan	304	324	320	21%	5%
China	116	113	161	10%	38%
ROW	77	89	97	6%	26%
Income from Operations	1,393	1,444	1,562	100%	12%



- **74% of Income from International Markets, at Rs. 1,160 crs, up 8% YoY**
 - Key developed markets share at 58% of revenue mix with 2% YoY growth
 - Growth of 5% in Europe and Japan primarily driven by Nutrition Products.
 - Growth of 33% in other markets driven by Advanced Intermediates, Nutrition Products and Life Science Chemicals.
- **26% Income from India at Rs. 403 crs in the quarter, up by 27%**

Operating Expenditure Analysis – Q4'FY14

Expenses (Rs Crs)	Q4 FY13	% of Sales	Q3 FY14	% of Sales	Q4 FY14	% of Sales	YoY Growth %	QoQ Growth %
Material Cost	599	43%	595	41%	695	44%	16%	17%
Power & Fuel Cost	91	7%	99	7%	96	6%	6%	-3%
Employee Cost	249	18%	281	19%	284	18%	14%	1%
Other Expenses	222	16%	218	15%	242	15%	9%	11%
Total expenses	1161	83%	1193	83%	1317	84%	13%	10%

- **Material Costs** as percentage of sales increase due to higher input material cost
- **Power & Fuel Costs** as percentage of sales lower for the quarter
- **Employee costs** stable as percentage of sales
- One-off expenses of 16 crs on account of higher consultancy fees and discounts in **Other expenses**

EBITDA Analysis - Q4'FY14

EBITDA (Rs. Crs)					
Business Segments	Q4'FY13	Q3'FY14	Q4'FY14	YoY Growth %	QoQ Growth %
Pharmaceuticals	164	151	132	-19%	-12%
Life Science Ingredients	102	118	131	29%	11%
Less: Corp Expenses	-28	-14	-13		
Reported EBITDA	237	255	251	6%	-2%
Margins (%)					
				YoY Variance (Bps)	QoQ Variance (Bps)
Pharmaceuticals	23.3%	22.3%	18.8%	-449	-353
Life Science Ingredients	14.8%	15.4%	15.3%	56	-8
Reported EBITDA	17.0%	17.7%	16.1%	-97	-162

- EBITDA of Rs. 251 crs in the quarter, Overall EBITDA Margins of 16.1%
- Pharmaceuticals segment EBITDA margins at 18.8%, impacted mainly due to lower profitability in CMO business on account of Warning Letter
- Life Science Ingredients EBITDA margins at 15.3%, impacted due to unabsorption cost in Symtet on account of lower capacity utilization

Total exceptional items for Q4'FY14 – Rs. 36 crs

- **Unrealized Mark to Market book gain - Rs. 40 crs mainly on account of**
 - Currency movement of USD, from Rs. 61.81 as on December 31, 2013 to Rs. 59.91 as on March 31, 2014, with respect to Rupee Loan of Rs. 850 Crore swapped into USD Loan
- **FCMITDA Amortisation of Rs. (10) crs**
 - Unrealised exchange loss on Long Term Foreign Currency Loan amortised over the tenure of the Loan, as recommended under Indian Accounting Standards
- **Others gain of Rs. 6 crs**
 - Forex losses of Rs. (14) crs largely on account of exchange losses on short term loans
 - Interest Swap gains of Rs. 12 crs.
 - Profit on sale/discard of of Fixed Assets and Hospital of Rs. 8 crs

Year End Results Analysis

Income Statement – FY14

Particulars	12M FY13	12M FY14	YoY Growth
	(Rs Crs)		(%)
Total Income from Operations	5,166	5,803	12%
Total Expenditure	4,110	4,796	
Other Income	30	19	
EBITDA including Other Income	1,086	1,027	-5%
Depreciation	254	281	
Finance Cost	240	261	
Forex Diff and Interest Swap Cost	59	62	
Profit after Interest but before Exceptional Items	533	422	-21%
Exceptional Item - Gain/(Loss)	(192)	(214)	
Tax Expenses (Net)	152	70	
Minority Interest	36	29	
Reported Net Profit After Tax and Minority Interest	153	109	-29%
Normalised Net Profit After Tax	345	324	-6%
Paid-up share capital (Face value per share Re.1)	15.93	15.93	
Earnings Per Share - Basic (Rs.)	9.59	6.85	
Normalised Earnings Per Share - Basic (Rs.)	21.65	20.31	-6%
Promoters and promoter group shareholding	49%	54%	
	(%)		(bps)
EBITDA Margins	21.0%	17.7%	-333
Normalized Net Margins	6.7%	5.6%	-110

Financial Highlights – FY14

- **Income from Operations at Rs. 5,803 crs, rose 12% YoY**
 - Revenue from International markets increases 13% YoY
 - Revenue growth led by 6% volume growth
 - Improvement in volumes and pricing in Life Science Ingredients segment
- **EBITDA at Rs. 1,027 crs**
 - Margins at 17.7% for the twelve months period
 - Lower EBITDA margins mainly due to lower profitability in CMO business on account of Warning Letter
- **Normalized Profit After Tax at Rs. 324 crs**
 - Normalized Earnings Per Share for Re. 1 FV equity share at Rs 20.31

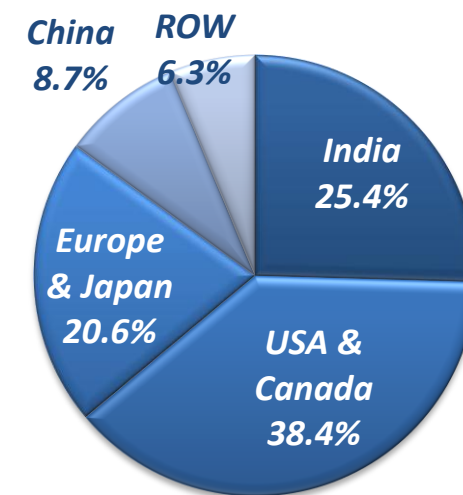
Segmental Revenue Analysis – FY 14

Segmental Revenue Analysis	Revenue (Rs. Crs.)		Revenue Mix (%)	YoY Growth %
	FY13	FY14		
Pharmaceuticals	2,663	2,728	47%	2%
Active Pharmaceutical Ingredients (APIs)	508	528	9%	4%
Solid Dosage Formulations	831	876	15%	5%
CMO of Sterile Injectables	710	696	12%	-2%
Radiopharmaceuticals	209	241	4%	16%
Allergy Therapy Products	177	183	3%	4%
Drug Discovery and Development Solutions (DDDS)	208	184	3%	-12%
Healthcare	19	19	0%	-3%
Life Science Ingredients	2,503	3,076	53%	23%
Advanced Intermediates and Specialty Ingredients	1,121	1,328	23%	18%
Nutrition Products	265	396	7%	50%
Life Science Chemicals (LSC)	1,117	1,352	23%	21%
Income from Operations	5,166	5,803	100%	12%
Inter Divisional Sales (IDTs)	578	610		6%
IDT as a % of Income	11%	11%		

- **Company reports strong 12% YoY growth during the year**
 - Backed by 6% volume growth
 - Prices remain flattish excluding exchange rate impact
- **Pharmaceuticals segment reports revenue of Rs 2,728 crs**
 - Contributes 47% to revenue mix
 - Volume growth in Generics and price improvement in Radiopharmaceuticals
- **LSI segment posts income of Rs 3,076 crs, 23% YoY growth**
 - Strong volumes across all LSI businesses
- **IDTs strong at 11% of Sales, demonstrating strength of Vertical Integration**

Revenue Analysis – Geography wise - FY14

Geo-wise Revenue (Rs crs)	12M'FY13	12M'FY14	Mix %	YoY %
India	1,333	1,477	25%	11%
International	3,833	4,327	75%	13%
USA & Canada	2,134	2,231	38%	5%
Europe & Japan	1,061	1,224	21%	15%
China	387	507	9%	31%
ROW	249	364	6%	46%
Income from Operations	5,166	5,803	100%	12%



- **75% of Income from International Markets, at Rs. 4,327 crs, grew 13% YoY**
 - Regulated Markets - USA, Canada, Europe & Japan contribute 60% to revenue mix
 - Growth of 15% in Europe and Japan primarily driven by Life Science Chemicals, Advanced Intermediates and Nutrition products
 - Growth in China & Emerging Markets driven by Advanced Intermediates, Nutrition products and APIs
- **25% Income from India at Rs. 1,477 crs during the year, up 11% YoY**
 - Traction in Life Science Chemicals and Nutrition products drives domestic growth

Operating Expenditure Analysis – FY14

Expenses (Rs Crs)	12M'FY13	% of Sales	12M'FY14	% of Sales	YoY Growth %
Material Cost	2061	40%	2442	42%	18%
Power & Fuel Cost	357	7%	390	7%	9%
Employee Cost	963	19%	1105	19%	15%
Other Expenses	730	14%	859	15%	18%
Total expenses	4110	80%	4796	83%	17%

- **Material Costs** to Sales higher with increase in Raw Material Costs
- **Power & Fuel Costs and Staff Costs** were stable
- **Other expenses** higher as percentage of sales due to consultancy fees and exchange rate translation in subsidiaries

EBITDA Analysis - FY14

EBITDA (Rs. Crs)			
Business Segments	12M'FY13	12M'FY14	YoY Growth %
Pharmaceuticals	739	610	-17%
Life Science Ingredients	407	483	19%
Less: Corp Expenses	-60	-67	
Reported EBITDA	1,086	1,027	-5%
EBITDA Margins (%)			
			YoY Variance (Bps)
Pharmaceuticals	27.8%	22.4%	-538
Life Science Ingredients	16.3%	15.7%	-55
Reported EBITDA	21.0%	17.7%	-333

- Pharmaceutical segment EBITDA at Rs. 610 crs, margins at 22.4%, impacted mainly due to lower profitability in CMO business on account of Warning Letter
- Life Science Ingredients EBITDA at Rs. 483 crs with 15.7% margins, impacted due to unabsorption cost in Symtet on account of lower capacity utilization

Total exceptional items for FY14 at Rs (214)crs

- **Unrealized Mark to Market book loss Rs (122) crs on account of**
 - Currency movement of USD, from Rs 54.29 as on March 31, 2013 to Rs 59.91 as on March 31, 2014, with respect to Rupee Loan of Rs 850crs swapped into USD Loan
- **FCMITDA Amortisation of Rs (100)crs**
 - Unrealised exchange loss on Long Term Foreign Currency Loan amortised over the tenure of the Loan, as recommended under Indian Accounting Standards
- **Others gain of Rs 8 crs**
 - Forex losses of Rs. (44) crs largely on account of exchange losses on short term loans
 - Interest Swap gains of Rs. 51 crs
 - Legal expenses/One time expenses of Rs. (6) crs
 - Profit on sale/discard of Fixed Assets and Hospital of Rs. 7 crs

Debt Profile

Particulars	31-Mar-13	31-Dec-13	31-Mar-14
Foreign Currency Loans	(\$ Mn)	(\$ Mn)	(\$ Mn)
Standalone	299	264	265
Swapped loan in Standalone	202	202	189
Subsidiaries	190	172	199
Total	692	638	652
Rupee Loans	(Rs. Crs)	(Rs. Crs)	(Rs. Crs)
Standalone	487	463	406
Total	487	463	406
Gross Debt	4,241	4,405	4,393
Cash & Equivalent	356	240	480
Net Debt	3,885	4,165	3,913
Change in debt on account of exchange rate difference from end Q4'13	0	(328)	(260)
Net Debt - Adjusted for foreign exchange difference	3,885	3,838	3,653
Working Capital Debt	1,193	1,193	1,612
Net Long Term debt	2,692	2,973	2,301
Closing Exchange Rate (Rs./USD)	54.29	61.81	59.91

- **Net debt** at Rs. 3,653 crs compared to Rs. 3,838 crs in Dec'13 post adjustment for fx difference
- **Average interest rate** for outstanding loans at 7% pa – Re loans @ 12% pa, \$ loans @ 4%

Robust Outlook going forward

- Sales and EBITDA growth uptrend expected going forward
 - Pharmaceuticals
 - Resolution of Warning Letter in Montreal
 - Focussed attention to resolve US FDA issues in Spokane
 - Consolidation of global quality system for compliance
 - New product launches in Generics business
 - Better price realizations in Radiopharmaceuticals and expected launch of Ruby-fill
 - Life Science Ingredients
 - Higher capacity utilization
 - Better pricing
 - Entry into new geographies
- Strong operational results to lead to robust balance sheet with Debt to EBITDA multiples below 2.5 times in medium term.
- Prudence in Capital Expenditure to continue to generate cash and reduce the debt levels

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