

Jubilant Life Sciences Limited – Chairmen’s Speech

39th AGM – August 29, 2017

Good morning ladies and gentlemen.

A warm welcome to 39th Annual General Meeting of Jubilant Life Sciences Limited.

India continues to be the fastest growing economy globally and is expected to grow by 7.2% in FY18 as per projections of the International Monetary Fund. This growth is expected to further accelerate to above 8% in the medium term due to implementation of structural reforms, including the transformative GST regime under the current government.

According to Evaluate Pharma, the global pharmaceuticals market is expected to grow at 6.3% Compound Annual Growth Rate to US\$ 1.12 trillion by 2022. The growth of complex therapeutic areas is projected to outpace the growth of the overall pharmaceutical market, emphasising the importance of increased R&D in the value chain. Global agriculture, on the other hand, has faced some challenges in the last few years but is likely to see a better demand this year for crop protection chemicals in terms of volume as per a report by Federation of Indian Chambers of Commerce and Industry.

Our strong performance continued in FY 2017 and the Company reported highest ever revenue and profits during the year. The differentiated business model focusing on Specialty Pharmaceuticals - Injectables has enabled us to deliver exceptional results and build a strong base for growth going forward in our Pharmaceuticals business. The Company has generated strong operating cash flow which enabled reduction of debt and is expected to deliver better results going forward. Our focus is to strengthen the Balance Sheet, invest in strategic opportunities without increasing debt levels and build strong pipeline of products across our businesses.

Total Revenue from Operations was the highest ever at Rs. 6,006 Crore, up 2% YoY, with International revenue at Rs. 4,247 Crore, contributing 71% of the total revenue. Pharmaceuticals segment revenues were at Rs. 3,117 Crore, up 8% YoY and contributing 52% to the revenues. Within this segment, Specialty Pharmaceuticals - Injectables displayed a growth of 11% YoY. As mentioned earlier, this growth is a testimony to our strategy and the business model wherein we have been able to build multiple levers of exciting and differentiated businesses which have helped the business deliver robust performance. This has been aptly demonstrated in the consistent growth witnessed in Specialty Pharmaceuticals - Injectables despite strong headwinds in the US Generics business from supply chain consolidation. Life Science Ingredients revenue stood at Rs. 2,708 Crore and contributed 45% to

the revenue. Drug Discovery Solutions revenue improved 45% YoY to Rs. 182 Crore contributing 3% of the revenue.

Earnings before Interest, Tax, Depreciation and Amortisation was 9% higher YoY at Rs. 1,370 Crore, translating to margin improvement of 143 basis points at 22.8% as against 21.4% in FY 2016. This was led by the Pharmaceuticals segment which reported EBITDA of Rs. 975 Crore, a growth of 9% YoY with a margin of 31.3% as against the margin of 30.9% achieved last year. The Pharmaceuticals segment now contributes about 68% to the overall EBITDA.

Life Science Ingredients reported EBITDA of Rs. 434 Crore translating to EBITDA margin of 16%, an improvement from 15% in FY 2016. Drug Discovery Solutions EBITDA was at Rs. 26 Crore translating to EBITDA margin of 14.2%. Depreciation and amortisation in FY 2017 was at Rs. 291 Crore as compared to Rs. 347 Crore in FY 2016. Finance cost stood at Rs. 341 Crore, lower by 8% YoY.

Net profit improved by 47% YoY at Rs. 576 Crore as compared to Rs. 392 Crore in FY 2016 with an Earning Per Share of Rs. 36.93 as compared to Rs. 25.10 in FY 2016.

From a balance sheet perspective, in FY 2017 the Company repaid Rs. 506 Crore of debt and the net debt stood at Rs. 3,684 Crore on a constant currency basis.

During the year, Jubilant Pharma Limited, Singapore, a material wholly owned subsidiary of the Company, raised US\$ 300 million of unsecured high yield bonds. In addition, Jubilant Life Sciences Limited also raised Rs. 495 Crore through non-convertible debentures during the year. The net proceeds of the funds raised have primarily been used to refinance the existing high-cost debt of the Company and helped to reduce the cost of borrowings substantially.

Dividend

The Board has proposed a dividend of Rs. 3 per equity share of Re. 1 for the year which will result in a cash outgo of Rs. 58 Crore including tax.

Q1'FY18 Results

We have started FY18 on a steady note, with our Pharma segment reporting record revenues during Q1'FY18 and the LSI revenues growing 13% YoY.

Our consolidated revenue stood at Rs. 1,596 Crore, up 10% YoY. We reported strong profitability with EBITDA of Rs. 344 Crore, margins of 21.6% and net

profit of Rs. 147 Crore, up 9% YoY. I am happy to report that the Company repaid Rs. 113 Crore of debt in Q1 FY 2018.

In Q1'FY18, our Pharmaceuticals segment grew 8% YoY to Rs. 818 Crore and now comprises 51% of the Company's revenues mainly driven by Specialty Pharmaceuticals - Injectables revenues, which reported robust growth of 16% YoY and 7% QoQ.

Life Science Ingredients segment reported revenue of Rs. 737 Crore during the quarter contributing 46% to the overall revenues and growing 13% YoY. This growth was led by Vitamins and Advance Intermediates businesses.

Strategic Initiatives

- 1) Jubilant Pharma Limited, through one of its wholly owned subsidiaries, has signed an Asset Purchase Agreement with Triad Isotopes Inc. and its parent, Isotope Holdings, Inc. to acquire substantially all of the assets which comprise the radiopharmacy business of Triad. The acquisition is a strategic fit to our niche nuclear medicine business and will provide us with direct access to hospital networks with ability to deliver more than 3 million patient doses annually through approx. 1,700 customers. The closing of the transaction is subject to customary closing conditions, including contract, regulatory and other approvals. The acquisition will

be funded through JPL's internal accruals and is likely to be earnings accretive. Triad recorded revenues in excess of US\$ 225 million in CY 2016 with positive EBITDA and operates the second largest radio pharmacy network in the US.

- 2) JPL shall evaluate the option of fund raising through an Initial Public Offerings by listing in an international stock exchange, including Singapore, in order to strengthen the balance sheet of JPL with a dilution of not more than 15% of equity.

Outlook

We expect continued robust growth going forward, led by momentum in Specialty Pharmaceuticals - Injectables and Life Science Ingredients. In FY 2018, improvement in revenues and profitability is expected.

Revenue growth in Pharmaceuticals segment is expected on account of growth in existing portfolio of products, new product launches and ramp up of operations in CMO of Sterile Injectables and Allergy Therapy Products. We expect new product launches and capacity expansions to drive growth in Generics vertical. In the Life Science Ingredients segment, performance is expected to improve on account of better demand, strong price environment, capacity expansion and launch of new products. In the Drug Discovery

Solutions segment, the growth will be led by addition of new customers and milestone revenues from existing and new out-licensing opportunities. We will continue with our endeavours to reduce debt and to improve key financial ratios.

We would like to conclude by thanking all our valued stakeholders, including our customers, vendors, bankers and shareholders for continuing their support and upholding their confidence and trust in us. We would like to welcome Mr. Sushil Kumar Roongta, Mr. Vivek Mehra, Mr. Priyavrat Bhartia, Mr. Arjun Bhartia and Mr. Pramod Yadav on our Board. We would like to thank Mr. Shyamsundar Bang, who resigned from our Board after superannuation, for his invaluable contribution. We are also grateful to all our employees across geographies for their contribution and sincere commitment to taking this organisation to greater heights.

May the coming year be successful for all of us!

Thank you.