



Jubilant Industries Limited – Chairman’s speech – AGM August 28, 2012

Good afternoon ladies and gentlemen,

Welcome to the Annual General Meeting of Jubilant Industries Ltd. Your Company has a well diversified business portfolio with strong presence in Agri, Performance Polymers and Retail sectors. Over the last year, we have successfully streamlined the operations of the independent entity, which came into existence after the demerger from Jubilant Life Sciences Limited in November 2010. Later, as a strategic growth initiative, we went on to acquire the sunrise retail business. Our management’s strategic vision has stimulated the Company to attain remarkable growth and leadership position in select business lines.

Strategic Growth Initiatives

In FY 2012, the Company showed remarkable 26% revenue growth in its existing businesses of Agri Products and Performance Polymers. While your Company is growing well organically, the Board of Directors decided to put it on a faster growth track inorganically, and entered into the upcoming retail sector which is believed to have enormous growth potential.

The acquired Retail business is the 2nd largest retailer in Bangalore and runs state of the art 5 hypermarkets under the brand “Total Superstore”. It has a single city focus, yielding smoother supply chain and better cost efficiencies. This segment focuses on the hypermarket business with emphasis on offering variety and value to its core customers. We have embarked upon an aggressive plan to refine the value proposition, right-size and upgrade the stores, improve marketing efficacy and optimise our cost structure to deliver better financial performance.



With this acquisition, the Company is expected to provide good growth prospects. Accordingly, businesses have been reorganised into three major segments, namely Agri Products, Performance Polymers and Retail.

Financial Performance

While the sales of existing businesses grew 26% at Rs. 636 Crore, their Earnings before Interest, Taxes, Depreciation and Amortisation grew 40% at Rs. 87 Crore in FY 2012. Agri Products recorded revenue of Rs. 304 Crore, with growth of 20% Y-o-Y. Performance polymer business grew by 33% to Rs. 332 Crore. Post acquisition of the Retail segment, the Company reported consolidated Revenue of Rs. 995 Crore and EBITDA of Rs. 19 Crore. The reported net loss after tax was at Rs. 57 Crore. However, Normalised Loss after tax was Rs. 15 Crore after adjusting for exceptional items.

The Board of Directors of the Company propose to re-invest the cash generated from operations for business growth and expansion and hence have not recommended any dividend for the financial year ended March 31, 2012.

Q1 FY 2013 Performance

For the first quarter of current financial year 2012-13, we are pleased to report good performance across segments. Revenues were at Rs. 239 crore for the quarter, up 7% from Rs. 224 crore last year in same quarter. Agri Business contributed 26% to the revenue mix, Performance Polymers 39% and balance 35% came in from Retail.

EBITDA stood at Rs. 9 crore, up from loss of Rs. 0.4 crore in same quarter last year. Loss before Tax & exceptional items at Rs. 6 crore was lower than Rs.12 crore in same quarter last year. Reported Net Loss after taxes was at Rs. 10 crore, down from Rs. 17 crore, indicating improving trend.

Outlook



We believe that your Company continues to be on a strong growth trajectory thereby ensuring high value creation to all stakeholders.

Agri Products segment where the Company is amongst the leading national players for Single Super Phosphate fertilizer, is expected to continue momentum with a strong branding under 'Ramban'.

Under the Performance Polymers segment, where the Company is the 2nd largest national player in consumer adhesives with Jivanjor brand and global leadership positions in Solid PVA and VP Latex, are expected to drive growth.

Retail business is expected to work on a city saturation model of expansion with a clear focus on variety and value. With a refined merchandising approach and granular marketing, the Company aspires to be a leading tier 1 metro hypermarket retailer in Bengaluru.

We remain committed to strengthen our diverse business portfolio through process improvements and innovative solutions to deliver value to our customers worldwide.

We would like to take the opportunity to thank every stakeholder viz. shareholders, bankers, employees, customers, partners and vendors of the Company for their continued support and being a part of this growth story.

Thank you