



JUBILANT LIFE SCIENCES LTD

JUNE 06, 2016

SECTOR PHARMA
RECOMMENDATION

Buy @ 340-350, Target 440



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Jubilant Life Sciences- Caring, Sharing and Growing

■ Company Overview and Stock Price	3
■ Business Segments	4
■ Subsidiaries	6
■ Pharma Sector Outlook	7
■ Govt Initiatives in Pharma	8
■ Company Financials	9
■ Peer Comparison	12
■ Shareholding Pattern	13
■ Jubilant Biosys Enters Exclusive licensing	16
■ Investment Rationale	17

Company's Overview and Stock Price

Jubilant Life Sciences Limited, is an integrated global pharmaceutical and life sciences company engaged in manufacturing and supply of APIs, Solid Dosage Formulations, Radiopharmaceuticals, Allergy Therapy Products, Advance Intermediates, Fine Ingredients, Crop Science Ingredients, Life Science Chemicals and Nutritional Products. It also provides services in Contract Manufacturing of Sterile Injectables and Drug Discovery Solutions. The Company's strength lies in its unique offerings of Pharmaceutical and Life Sciences products and services

Over the years, Jubilant Life Sciences has extended its footprint beyond India in the USA, Canada, Europe, and other countries across the globe. It has also expanded the business by building capabilities internally, through strategic expansions and acquisitions. This resulted in a network of 7 world class manufacturing facilities in India and 5 in North America and a team of around 6100 multicultural people across the globe with 1200 in North America and 900 in R&D.



Chart Hypothesis: Above is the weekly price chart of **Jubilant Life Sciences** for last 1 yr, in which we can see that it made a recent high of 452 and has given correction of 25% from there and taken support of 340 levels.

JUBILANT Share Price Performance

EXCHANGE SYMBOL	JUBILANT
Current Price * (Rs.)	354
Face Value (Rs.)	1
52 Week High (Rs.)	454.9 (2-12-15)
	162.05 (03-5-15)
52 Week Low (Rs.)	
Life Time high (Rs.)	454.9(2-12-15)
Life Time low (Rs.)	3.46(16-4-01)
Average Daily Movement	18.14
Average Volume	472135
1 Month Return (%)	-9.08
P/E Ratio (x)	13.38
Book Value	181.13
Market Cap	5782.70 (Cr)
% of Promoter holding pledged	6.92

COMPANY PROFILE OF JUBILANT

Date of Incorporation	21-Jun-1978
Date of Listing	11-Nov-1994
Management	
Name	Designation
Shyam S Bhartia	Chairman
Hari S Bhartia	Co-Chairman & Manag. Director
Ashok Misra	Director
S Sridhar	Director
Sudha Pillai	Director
Shyamsundar Bang	Executive Director
Registered Office Address	
Bhartiagram, Gajraula,, 244223, Amroha District, Uttar Pradesh, India	
Website	
http://www.jubl.com	

Business Segments:

Over the last three decades, Jubilant Life Sciences has emerged as an integrated Pharmaceutical and Life Sciences Solution Provider offering products & services to its customers across the globe.

Life Science Ingredients:

The Life Science Ingredients business of Jubilant Life Sciences Limited is engaged in manufacture and supply of ingredients that find application in wide range of industries viz. pharmaceuticals, crop protection, animal & human nutrition, flavour & fragrances, personal care, paints & coatings and also doing custom research and manufacturing for pharmaceutical and agrochemical customers on exclusive basis.

Jubilant aims to add value to millions of lives through innovations and cutting-edge technology. With continuous expansions over last three decades and the drive for excellence Jubilant has attained leadership positions in the key products it manufactures. Jubilant serves customers in over 85 countries with ground presence in India, North America, Europe and China. Products are approved by more than 275 global pharmaceutical, agrochemical and other industrial customers, Jubilant has global leadership position in several products:

- No. 1 in Pyridine and 11 Pyridine derivatives
- No. 2 in Niacinamide (Vitamin B3)
- No. 4 in Acetic Anhydride
- No. 7 in Ethyl Acetate
- Jubilant is India's largest producer of Choline Chloride.

Crop Science Ingredients: With emphasis on integrated offerings of products to the customers, it has expanded its expertise in the area of Pyridines & its derivatives in order to enhance best in class products for the Crop Science & Agrochemicals industry. It is a global leader in Pyridine & its derivatives; hence it plans to proceed at the same pace by introducing new products and being able to achieve global scales of operations for most of the related Crop Science products for the Agrochemicals industry.

The Crop Science Chemicals business offers the following:

- Advanced Intermediates for Agroactives
- Agroactives

Jubilant Life Sciences Limited is the world's largest producer of Pyridine & Picolines

Jubilant Life Sciences is a leading provider of Fine Ingredients, offering products to a global client base

Crop Science Chemicals business provides Key advance intermediates and actives for Crop Science and Agrochemical industry

Nutritional products: Nutrition Ingredients business is a fully integrated operation and primarily manufactures and markets Vitamin B3, which is formulated for human, pharmacological, cosmetics and animal feed consumption, as well as Choline Chloride (also referred to as Vitamin B4), an important feed additive for poultry. Vitamin B3 is also used extensively in human nutrition such as flour fortification, food enrichment, sports drinks, energy drinks, baby food and multi-vitamins and in animal nutrition as feed additives for the poultry, dairy and pork industry, and in pharmaceuticals such as diabetes and cholesterol-related drugs in cosmetics for skin color and texture improvement and the manufacture of other life sciences intermediates.

The biggest advantage it has is integrated nature of operations. Beta Picoline manufactured under the Proprietary Products is the precursor to Niacin and Niacinamide (Vitamin B3) produced. This provides JUBL with the cost-advantage that is difficult for any player in the industry to match.

Life Science Chemicals: Life Science Chemicals are organic intermediates, also known as Acetyls, which are precursors to Advance Intermediates and Fine Chemicals used in a range of applications such as pharmaceuticals, aromatics, adhesives, food, packaging, beverages, crop protection chemicals, textiles and other solvents. It produces various organic intermediates including Acetic Acid, Monochloro Acetic Acid (MCA), Acetic Anhydride, Ethyl Acetate and Sodium Mono Chlor Acetate (SMCA), which are typically used in the manufacture of downstream products such as pharmaceuticals, crop protection chemicals and solvents.

Life Science Chemicals is a capital intensive business in which scale of operations is imperative. It has leadership position in Acetyls in India and sizeable presence globally. We enjoy economies of scale. The business produces 'Green Solvent' Ethyl Acetate, which is being preferred by customers in global markets.

Pharmaceuticals: Jubilant provides solutions to global pharmaceutical customers, offering a wide range of products & services. The Company is engaged in development, manufacture and supply of APIs, Solid Dosage Formulations, Radiopharmaceuticals, and Allergy Therapy Products. Services comprise Contract Manufacturing of Sterile Injectable, Ointments, Creams and Liquids. It has amplified the business by building capabilities internally, through strategic expansions and acquisitions, thereby, developing network of world class manufacturing facilities in India and in North America and a team of dedicated people across the globe. It has extended its reach globally with ground presence in India, North America and Europe.

Life Science Ingredients

Life Science Chemicals,

Nutrition Products

Advance Intermediates & Specialty Ingredients)

Pharmaceuticals

Active Pharmaceutical Ingredients,

Solid Dosage Formulations,

Radiopharmaceuticals,

Allergy Therapy Products,

Contract Manufacturing of Sterile Injectables,

Drug Discovery Solutions

India Branded Pharmaceuticals

Subsidiaries:

The Company had 48 subsidiaries. Some of the major subsidiaries of Jubilant Life Sciences are:

Jubilant Pharma Limited

Jubilant Pharma Limited, Singapore is the wholly-owned subsidiary of the Company. Jubilant Pharma holds the global pharmaceutical business of the Company through its subsidiaries in USA, Canada, Europe and India. These subsidiaries of Jubilant Pharma are engaged in manufacturing and marketing of various pharmaceutical products and services like active pharmaceutical ingredients, oral dosage forms (tablets and capsules), contract manufacturing of sterile injectables, ointment, creams and liquids, allergy therapy products and radiopharmaceutical business.

Jubilant Generics Limited

Jubilant Generics Limited is a wholly-owned subsidiary of the Company through Jubilant Pharma. During the year, JGL has, by way of slump sale, acquired (i) API business and (ii) Dosage Forms business of the Company through Business Transfer Agreement, on a going concern basis. JGL has also acquired investments of the Company in Jubilant Pharma Holdings Inc., USA and Jubilant Pharma NV, Belgium. JGL owns two manufacturing locations; one at Nanjangud, Karnataka and another at Roorkee, Uttarakhand which are engaged in API and Dosage Forms business, respectively.

Cadista Holdings Inc. and Jubilant Cadista Pharma Inc.

Cadista Holdings Inc a corporation incorporated in Delaware, USA, is a wholly-owned subsidiary of Jubilant Pharma Holdings Inc. Effective December 22, 2014, Jubilant Generics Inc. which held 82.38% shares in Cadista, acquired 17.62% shares held by the minority shareholders in Cadista through Tender Offer. Pursuant to this acquisition, Jubilant Generics Inc. merged into Cadista. ii) Jubilant Cadista pharmaceuticals Inc., a corporation incorporated in Delaware, USA is a wholly-owned subsidiary of Cadista Holdings Inc. This company is in the business of manufacturing solid dosage forms of generic pharmaceuticals at its USFDA approved manufacturing facility in Salisbury, Maryland, USA. Its customer base includes all the large wholesalers, retail and grocery chains. Besides manufacturing its own label products, it also provides Product Development and Contract Manufacturing Services.

Jubilant Pharmaceuticals NV

This is a wholly-owned subsidiary of JLS through Jubilant pharma NV, Belgium, which holds 99.8% of its shares and Jubilant Pharma holds the balance shares. This company is engaged in the business of licensing generic dosage forms providing regulatory services to generic pharmaceutical companies.

Pharmaceutical Sector Outlook

The Indian pharmaceuticals market is the 3rd largest in terms of volume and 13th largest in terms of value. Branded generics dominate the pharmaceuticals market, constituting nearly 70 to 80 % of the market. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 % of global exports in terms of volume. The Indian pharmacy industry, which is expected to grow over 15 % p.a. between 2015 and 2020, will outperform the global pharmacy industry, which is set to grow 5 % p.a. between the same periods. Presently the market size of the pharmaceutical industry in India stands at US\$ 20 billion. **India has the largest number US FDA compliant plants. The industry is expected to reach US\$ 55 billion by 2020, out of which US\$ 30 million will be for exports.**

Increasing investments in the sector

- The Indian pharmaceuticals market increased at a CAGR of 17.46 per cent in 2015 from US\$ 6 billion in 2005 and is expected to expand at a CAGR of 15.92 per cent to US\$ 55 billion by 2020.
- By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size.
- India's cost of production is significantly lower than that of the US and almost half of that of Europe. It gives a competitive edge to India over others.

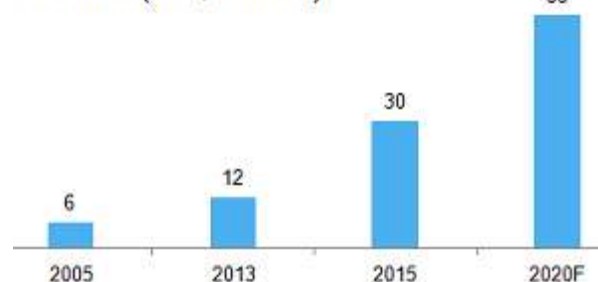
Generic drugs form the largest segment

- With 70 per cent of market share (in terms of revenues), generic drugs form the largest segment of the Indian pharmaceutical sector.
- India supplies 20 % of global generic medicines market exports in terms of volume, making India the largest provider of generic medicines globally and expected to expand even further in coming years
- Over the Counter (OTC) medicines and patented drugs constitute 21 % and 9 %, respectively, of total market revenues of US\$ 20 billion.

Our Four-Pronged R&D Focus:

- Operate across the oncology, diabetes and autoimmune spaces.
- Leverage our expertise in fermentation to drive novel and biosimilar programs.
- Create a differentiated pipeline that stretches across the biopharma value chain.
- Leverage strategic alliances and partnerships for better outcomes.

Revenue of Indian pharmaceutical sector (US\$ billion)



Government Initiatives in Pharma

The Government of India's '**Pharma Vision 2020**' aims at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments. Further, the government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

Some of the major initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

- Indian Pharmaceutical Association, the professional association of pharmaceutical companies in India, plans to prepare data integrity guidelines which will help to measure and benchmark the quality of Indian companies with global peers.
- The GOI plans to give incentive to bulk drug manufacturers, including both state-run and private companies, to encourage 'Make in India' programme and reduce dependence on imports of active pharmaceutical ingredients (API), nearly 85 % of which come from China.
- The Department of Pharma has set up an inter-ministerial co-ordination committee, which would periodically review, coordinate and facilitate the resolution of the issues and constraints faced by the Indian pharmaceutical companies.
- The Department of Pharma has planned to launch a venture capital fund of Rs 1,000 crore to support start-ups in the R&D in the pharmaceutical and biotech industry.
- Indian and global companies have expressed 175 investment intentions worth Rs 1,000 crore in the pharmaceutical sector of Gujarat.
- Telangana has proposed to set up India's largest integrated pharmaceutical city spread over 11,000 acres near Hyderabad, complete with effluent treatment plants and a township for employees, in a bid to attract investment of Rs 30,000 crore in phases. Hyderabad, which is known as the bulk drug capital of India, accounts for nearly a fifth of India's exports of drugs, which stood at Rs 95,000 crore in 2014-15.

'Pharma Vision 2020' aims at making India a global leader in end-to-end drug manufacture.

GOI plans to give incentive to bulk drug manufacturers

Encourage '**Make in India**' programme and reduce dependence on imports of API

Company Financials

	Mar-16	Mar-15	Mar-14
	Annual	Annual	Annual
Net Sales/Income from operations	5,700.45	5,776.14	5,721.61
Other Operating Income	101.87	50.11	81.75
Total Income From Operations	5,802.32	5,826.25	5,803.36
Increase/Decrease in Stocks	-40.39	131.64	-98.95
Consumption of Raw Materials	1,995.09	2,236.01	2,192.09
Purchase of Traded Goods	162.77	294.05	348.92
Power And Fuel	366.71	393.04	389.74
Employees Cost	1,126.73	1,090.28	1,105.17
Depreciation	345.98	287.95	281.17
Other Expenses	913.63	991.97	858.79
Total Expenditure	4,870.52	5,424.94	5,076.93
Operating Profit	931.8	401.31	726.43
Other Income	13.64	42.45	19.06
P/L Before Int., Excpt. Items & Tax	945.44	443.76	745.49
Interest	378.57	355.34	323.72
P/L Before Exceptional Items & Tax	566.87	88.42	421.77
Exceptional Item	17.47	-48.1	-214.49
P/L Before Tax	584.34	40.32	207.28
Tax	152.85	80.48	69.64
P/L After Tax from Ordinary Activities	431.49	-40.16	137.64
PAT	431.49	-40.16	137.64
Minority Interest	--	-17.6	-28.6
Net Profit/(Loss) For the Period	431.49	-57.76	109.04
Equity Share Capital	15.93	15.93	15.45
Reserves	2,893.64	2,437.59	2,611.07
EPS (Rs.)	27.09	-3.63	6.85
Promoters and Promoter Group Shareholding Pledged	6.92	12.94	-

Profitability Highlights:

- Revenues was flat YoY at 5802 Cr in FY16 compared to 5826 Cr in FY15 crore Revenues in the pharmaceutical business grew 10.1% YoY to 839 crore while life science ingredients (LSI) revenues declined 14.4% YoY to 662 crore
- Operating profit increased by 132% from 104 Cr in FY15 to 931.8 Cr in FY16
- PAT was positive by 431 cr in FY16 against loss of 40 Cr in FY15 due to exceptional item of -48 Cr in FY15.
- Company decreased its promoter holding pledge from 12.94% to 6.92% in FY16
- Per share earnings increased from negative 3.63 Cr in FY15 to 27.09 Cr in FY16

Balance Sheet	FY 2013	FY 2014	FY 2015	FY 2016
ASSETS				
Cash And Equivalents	2,661.5	4,655.3	3,865.8	3,444.8
Short Term Investments	731.5	25.3	6.8	-
Total Cash & ST Investments	3,393.0	4,680.6	3,872.6	3,444.8
Total Receivables	7,085.4	8,058.7	8,163.9	9,297.3
Inventories	11,161.8	13,414.2	12,353.3	12,160.6
Prepaid Exp.	1,238.1	867.5	675.5	-
Restricted Cash	135.0	79.6	50.5	-
Other Current Assets	2,597.3	2,179.7	2,163.6	4,110.5
Total Current Assets	25,610.6	29,280.3	27,279.3	29,013.2
Net Property, Plant & Equipment	32,683.3	32,315.7	31,856.9	38,538.7
Long-term Investments	256.1	161.7	211.1	3,606.8
Other Long-Term Assets	25,158.6	26,880.5	26,974.9	18,311.5
Total Assets	83,708.6	88,638.1	86,322.2	89,470.2
LIABILITIES				
Short-term Borrowings	17,763.9	26,784.0	11,018.3	7,281.9
Accounts Payable	6,471.3	7,181.4	6,991.6	5,996.4
Curr. Income Taxes Payable	559.1	282.8	105.0	-
Other Current Liabilities	2,989.3	4,696.0	3,310.6	11,866.5
Total Current Liabilities	27,783.5	38,944.2	21,425.5	25,144.8
Long-Term Debt	24,688.1	17,168.8	36,912.9	30,439.8
Other Non-Current Liabilities	5,360.4	4,680.7	3,448.6	4,789.9
Total Liabilities	57,832.0	60,793.7	61,787.0	60,374.5
Minority Interest	1,115.4	1,579.4	-	-
Additional Paid In Capital	6,037.7	5,455.3	6,037.7	159.3
Comprehensive Inc. and Other	18,723.5	20,809.9	18,497.5	28,936.4
Total Common Equity	25,876.6	27,844.5	24,535.2	29,095.7
Total Equity	25,876.6	27,844.5	24,535.2	29,095.7
Total Liabilities And Equity	83,708.6	88,638.1	86,322.2	89,470.2
Supplemental Items				
Book Value/Share	155.5	164.9	154.0	182.6

Balance Sheet Highlights:

- Total assets of the company has increased YOY
- Long term Debt of the company has decreased YoY
- Book Value has increased from 154 to 182.6 YoY.
- Long term Investment of the company has increased by 10 times from 211 Million to 3607 Million.

Ratios	FY 2013	FY 2014	FY 2015	FY 2016
Profitability				
Return on Assets	1.9%	1.3%	-0.7%	4.9%
Return on Capital	5.3%	4.9%	-5.1%	10.2%
Return on Equity	6.5%	4.3%	-2.3%	16.1%
Margin Analysis				
EBITDA Margin	21.8%	19.2%	12.8%	22.4%
EBIT Margin	15.6%	12.7%	7.1%	16.3%
Earnings from Cont. Ops Margin	15.6%	12.7%	7.1%	16.3%
Net Income Margin	3.0%	1.9%	-1.0%	7.6%
Normalized Net Income Margin	5.4%	4.3%	-0.5%	7.4%
Free Cash Flow Margin	4.4%	2.6%	1.4%	--
Asset Turnover				
Total Asset Turnover	0.6x	0.7x	0.7x	0.6x
Fixed Asset Turnover	1.6x	1.8x	1.8x	1.6x
Accounts Receivable Turnover	7.6x	7.7x	7.2x	6.5x
Short Term Liquidity				
Current Ratio	0.9x	0.8x	1.3x	1.2x
Quick Ratio	0.4x	0.3x	0.6x	0.5x
Cash from Ops. To Curr Liab	0.1x	0.1x	0.2x	0.1x
Avg. Days Sales Out.	48.1x	47.6x	50.8x	56.1x
Long Term Solvency				
Total Debt/Equity	164.1%	157.9%	195.4%	129.6%
Total Debt/Capital	62.1%	61.2%	66.1%	56.5%
LT Debt/Equity	99.7%	65.4%	150.4%	104.6%
LT Debt/Capital	36.1%	23.9%	50.9%	45.6%
Total Liabilities/Total Assets	35.9%	24.7%	46.8%	39.4%
EBIT / Interest Exp.	2.84x	2.40x	1.26x	2.46x
EBITDA / Interest Exp.	3.95x	3.64x	2.28x	3.38x
Total Debt/EBITDA	3.77x	3.94x	6.43x	2.95x
Net Debt/EBITDA	3.47x	3.52x	5.91x	2.68x

Ratio Analysis:

- JUBILANT's debt equity has decreased YoY
- Return on Asset has increased YoY
- Return on Capital has increased YoY
- EBITDA/ Interest Exp has increased YoY

Peer Comparison:

Company Name:	JUBILANT LIFE	SUN PHARMA ADV	INDOCO REMEDIES	BIOCON LTD	CIPLA LTD	AUROBINDO PHARMA
Latest Fiscal Year:	03/2016	03/2016	03/2016	03/2016	03/2016	03/2016
52-Week High	454.90	446.91	396.00	727.00	748.00	891.50
52-Week High Date	12/2/2015	7/17/2015	6/22/2015	6/1/2016	8/17/2015	12/30/2015
52-Week Low	163.50	243.44	232.90	395.30	457.45	582.00
52-Week Low Date	6/3/2015	2/25/2016	2/25/2016	8/24/2015	5/25/2016	2/25/2016
Daily Volume	177,621	127,937	29,246	536,681	1,393,608	1,081,917
Current Price:	353.85	276.00	285.55	703.45	463.40	790.90
52-Week High % Change	-22.2%	-38.2%	-27.9%	-3.2%	-38.0%	-11.3%
52-Week Low % Change	118.4%	13.4%	22.6%	78.0%	1.3%	35.9%
Total Common Shares	159.3	236.7	92.2	200.0	803.4	585.2
Market Capitalization	56,361.6	68,136.0	26,313.5	140,700.0	372,288.3	462,810.6
Total Debt	37,721.7	552.1	1,271.8	-	51,913.9	40,762.2
Cash and Equivalents	3,444.8	127.5	292.5	-	14,519.7	8,344.1
Current Enterprise Value	90,638.5	68,560.6	27,292.8	144,987.0	412,378.8	495,824.2

Above table shows that among all the peers JUBILANT is the strongest having given highest return from 52 week low of 118%

Company Name	1 Week	1 Month	3 Months	6 Months	1 Year
<u>JUBILANT</u>	1.88	-4.74	-3.63	-18.47	104.37
<u>AUROBINDO PHARMA</u>	3.5	-1.88	12.63	-2.12	20.4
<u>BIOCON</u>	0.54	13.56	44.53	51.63	58.2
<u>CIPLA</u>	-1.74	-14.14	-13.48	-27.97	-25.29
<u>INDOCO REMEDIES</u>	-1.33	7.7	3.52	-8.26	-21.26
<u>SUN PHARMA</u>	-10.62	-9.02	-13.94	-2.39	-13.04

Shareholding Pattern

Shareholding Pattern	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15
Promoter and Promoter Group (%)	54.02	54.02	54.02	54.02	54.02
Indian	49.65	49.65	49.65	49.65	49.65
Foreign	4.38	4.38	4.38	4.38	4.38
Institutions (%)	27.56	26.43	18.12	17.73	22.47
FII	16.60	11.19	17.56	16.94	21.75
DII	10.96	15.23	0.57	0.79	0.72
NonInstitutions (%)	18.41	19.55	27.85	28.24	23.50
Bodies Corporate	NIL	NIL	5.71	6.38	6.59
Others	15.96	17.05	22.14	21.86	16.91
Custodians	2.45	2.50	NIL	NIL	NIL
Total no. of shares (cr.)	15.93	15.93	15.93	15.93	15.93

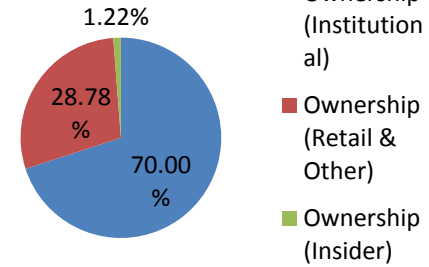
JUBILANT'S shareholding shows that FII investment has increased in March Quarter.

Persons holding securities more than 1% of total number of shares under category Public Shareholding.	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15
Cumin Investments Limited	1.51	1.51	1.51	1.51	1.51
Hsb Corporate Consultants Pvt Ltd	11.74	11.74	11.74	11.74	11.74
Jubilant Stock Holding Private Limited	18.63	18.63	18.63	18.63	18.63
Nikita Resources Pvt Ltd	2.2	2.2	2.2	2.2	2.2
Rance Investment Holdings Ltd	1.51	1.51	1.51	1.51	1.51
Ssb Consultants And Management Services Pvt Ltd	13.19	13.19	13.19	13.19	13.19
Vam Holdings Ltd	3.57	3.57	3.57	3.57	3.57
Atyant Capital India Fund 1	NIL	1	1.26	NIL	NIL
Bodies Corporate	3.79	NIL	NIL	NIL	NIL
Danske Invest Management Company S.A A/C	NIL	NIL	1.4	1.4	1.38
Deutsche Securities Mauritius Limited	1.95	2.42	2.42	2.42	2.42
East Bridge Capital Master Fund Ltd	3.92	3.78	3.78	NIL	NIL
Foreign Institutional Investors	10.82	NIL	NIL	NIL	NIL
Ga Global Investments Ltd	NIL	NIL	NIL	7.14	7.14
Goldman Sachs (Singapore) Pte	1.36	1.29	1.7	1.7	1.7
Government Pension Fund Global	2.13	2.5	2.57	2.57	2.21
JLL Unclaimed Suspense Account (Transferred in Terms of Clause 5A of the Lising Agreement)	1.57	1.58	1.59	1.59	1.6
Jubilant Employees Welfare Trust	NIL	2.69	3.03	3.03	3.03
MORGAN STANLEY ASIA (SINGAPORE) PTE	2.45	2.56	2.23	NIL	NIL
Samena Special Situations Mauritius	3	4.42	4.79	4.79	4.79

Promoters of JUBILANT have kept their investment constant throughout the year

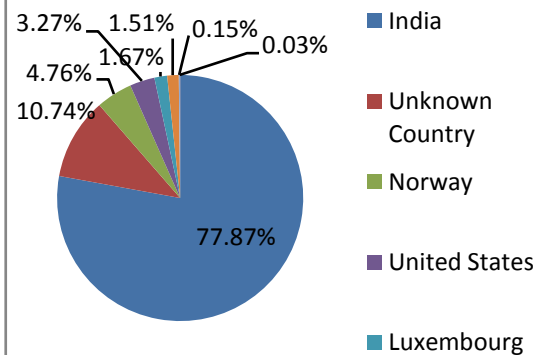
Geographic Ownership Distribution

India	77.87%
Unknown Country	10.74%
Norway	4.76%
United States	3.27%
Luxembourg	1.67%
Hong Kong	1.51%
Ireland	0.15%
Others	0.03%



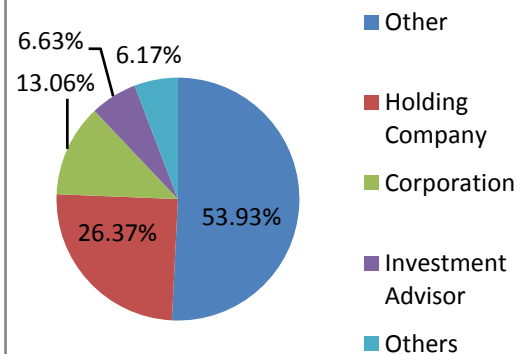
Institutional Ownership Distribution

Other	53.93%
Holding Company	26.37%
Corporation	13.06%
Investment Advisor	6.63%



Ownership Statistics

Shares Outstanding (M)	159.3
Float	46.0%
Ownership (Institutional)	70.00%
Ownership (Retail & Other)	28.78%
Ownership (Insider)	1.22%



Revenue by Geography	FY 2014	FY 2015	FY 2016
Revenue	58,033.6	58,262.5	57,004.5
Americas & Europe	30,398.2	33,433.0	33,628.2
India	13,333.6	15,022.4	16,895.3
Asia & Others	4,055.3	4,598.5	4,232.9
China	3,872.4	4,979.8	3,506.1

Revenue by Product	FY 2014	FY 2015	FY 2016
Revenue	58,033.6	58,262.5	57,004.5
Pharmaceuticals & Life Sciences Products	52,886.9	59,436.5	59,898.2
Inter- Segment	(26.9)	(35.7)	(54.9)
Excise duty on sales	(1,200.5)	(1,367.2)	(1,580.9)
Revenue	58,033.6	58,262.5	57,004.5

WACC	FY 2014	FY 2015	FY 2016
Equity			
Cost of Equity	11.2%	10.7%	12.3%
Weight of Equity	36.5%	33.7%	63.8%
Debt			
Cost of Debt	7.9%	4.3%	7.5%
Weight of Debt	63.5%	66.3%	36.2%
Preferred Equity			
Cost of Pref Equity	--	--	--
Weight of Pref Equity	0.0%	0.0%	0.0%
WACC	9.1%	6.4%	10.6%

Jubilant's Cost of Debt and Cost of Equity has increased YoY

Current Capitalization (Millions)	
Share Price (inr)	354.5
Shares Out.	159.3
Market Capitalization (inr)	56,457.2
Cash & Short Term Investments	3,444.8
Total Debt	37,721.7
Pref. Equity	0.0
Total Minority Interest	0.0
Total Enterprise Value (inr)	90,734.1
Book Value of Common Equity	29,095.7
Pref. Equity	0.0
Total Minority Interest	0.0
Total Debt	37,721.7
Total Capital	66,817.4

Jubilant Biosys Enters into Exclusive out - Licensing Agreement with Checkpoint Therapeutics

Jubilant Biosys Ltd a subsidiary of Jubilant Life Sciences Ltd, and Checkpoint Therapeutics, Inc. a subsidiary of Fortress Biotech, Inc. announced the signing of an exclusive, worldwide license agreement under which Jubilant Biosys will out-license to Checkpoint a family of patents covering compounds that inhibit BRD4, a member of the BET (Bromodomain and Extra Terminal) domain for cancer treatment. The deal includes an upfront payment of US \$2 million and contingent preclinical, clinical and regulatory payments including commercial milestones totalling up to US \$180 million. Jubilant Biosys will also receive research funding and royalty payments on successful commercialization of the compounds. Checkpoint will assume all further preclinical, clinical development and commercialization responsibilities. The field of epigenetics as a treatment for cancer is a rapidly evolving area of focus for the pharmaceutical and biotech industry. Both parties believe that by working together to further develop these compounds, they will better be able to move towards bringing a product to market that will greatly improve the lives of patients.



Mr. Shyam S. Bhartia, Chairman and Mr. Hari S. Bhartia, Co-Chairman and MD of Jubilant Life Sciences, commented, “The Drug Discovery business vertical under Jubilant Biosys and Jubilant Chemsys has acquired many years of extensive expertise and knowledge working with large pharma and biotech companies. Jubilant had decided to make strategic investments in proprietary drug discovery of small molecules with an intent to out-licence the same for upfront payments and phased milestone payments/royalties.”

James F. Oliviero, III, President and CEO of Checkpoint stated, “We are very pleased to be partnering with Jubilant Biosys to license a family of patents covering compounds that inhibit BRD4 for cancer treatment. This agreement enhances our current product portfolio of immuno-oncology and targeted anti-cancer agents. BET inhibitors have generated significant excitement within the oncology community and Jubilant’s asset provides us with additional opportunities to explore proprietary combinations and treatment options for patients. We appreciate Jubilant entrusting our organization to continue development of their exciting technology.”

Investment Rationale:

- Jubilant Life Sciences Ltd, an integrated global Pharmaceuticals and Life Sciences Company, has received **Abbreviated New Drug Application (ANDA) final approval** for Levetiracetam Injection USP, 500 mg/5 mL (100 mg/mL), the generic version of Keppra® Injection 500mg/5mL (100mg/mL) of UCB, which is used for the treatment of epilepsy. As on March 31, 2016, Jubilant Life Sciences had a total of 739 filings for formulations of which 517 have been approved in various regions globally. This includes 72 ANDAs filed in the US, of which 44 have been approved and 46 Dossier filings in Europe.
- Revenues from North America were at Rs. 2,191 Crore, contributing 38% to the revenue mix. Revenues from Europe and Japan stood at Rs. 1,175 Crore, contributing 20% to the revenue mix. Revenues from ROW including China stood at Rs. 791 Crore, contributing 14% to the revenue mix. Domestic revenues stood at Rs. 1,669 crore, up 13% YoY and contributing 29% to the revenue mix. In monetary terms, 40.79 % of the material was sourced locally whereas 59.21 % was sourced from other countries for Indian operations.
- Pharmaceuticals business segment is getting back on track as margin **scenario is improving** due to generic launches in the US, launches in the specialty pharma space and successful resolution of two CMO facilities.
- Jubilant is one of the few Indian CRAMS players with a vertically integrated business model.
- The four key pillars of Jubilant success are: Integrated operations, Global outreach, Innovation and Sustainability.
- Strong margins growth expected: Revenues was down YoY from 5826 Cr to 5802 Cr YoY whereas. EBITDA margins **increased 523 bps YoY to 21.3%**.
- Revenues was flat YoY at 5802 Cr in FY16 compared to 5826 Cr in FY15 crore Revenues in the pharmaceutical **business grew 10.1% YoY to 839** crore while life science ingredients (LSI) revenues declined 14.4% YoY to 662 crore
- Operating profit **increased by 132%** from 104 Cr in FY15 to 931.8 Cr in FY16
- **PAT was positive by 431 cr in FY16 against loss of 40** Cr in FY15 due to exceptional item of -48 Cr in FY15.
- Company **decreased** its promoter holding pledge from 12.94% to 6.92% in FY16
- Per share earnings **increased** from negative 3.63 Cr in FY15 to 27.09 Cr in FY16
- Jubilant has **filed 2 products** in Japan and expects ramp up of operations in CMO of sterile injectables and oral solid facilities
- Jubilant has **added 2 pyridine** derivative products in FY16 and plans to add another product by Q4FY17. All pharmaceutical facilities were inspected successfully by the USFDA during the year.
- Jubilant has **planned 7-8 launches** and 10-12 ANDA filings in the US in FY17

We recommend BUY in JUBILANT @ 340-350 with the Target of 440 as Jubilant is aiming to improve its Debt situation in FY17 and revenues is expected to grow by 28% in FY18 to 7442.1 crore from 5802 Cr in FY16, driven by formulations, specialty pharma, CMO and nutrition products.

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