

Incorporated in 1978, Jubilant Life Sciences Ltd (formerly Jubilant Organosys Ltd – 'JOL') is a global pharmaceutical and life sciences company based in India. The company manufactures and supplies APIs, Solid Dosage Formulations, Radiopharmaceuticals, Allergy Therapy Products and Life Science Ingredients. APIs are produced by the company for Cardiovascular System (CVS) and Central Nervous System (CNS) therapeutic areas besides few Anti-infective and Anti-ulcerants. Jubilant Life Sciences serves its customers globally with sales in over 100 countries and ground presence in India, North America, Europe and China.

### Key Developments

#### Net revenue increased by 0.4% to Rs. 5,826.2 Crores in FY15:

Net revenues increased by 0.4% YoY to Rs. 5,826.2 Crores in FY15. EBITDA fell by 31.6% to Rs. 689.3 Crores in FY15 from Rs. 1,007.6 Crores in FY14 mainly due to an increase in material cost by 9% to Rs. 2,661.7 Crores from Rs. 2,442.1 Crores last year. As a result, EBITDA margin fell 553 bps to 11.8%. The company has reported a net loss of Rs. 57.8 Crores in FY15 because of an increase in finance cost, depreciation and tax expenses.

#### Consolidated net profit stood at Rs. 128.1 Crores in Q1FY16:

JLS reported a marginal decline in its revenue in Q1FY16 down by 1% YoY at Rs. 1,458.6 Crores. However, the EBITDA increased by 126.4% YoY to Rs. 329.4 Crores in Q1FY16 on the back of declining costs of material as a percentage to sales. EBITDA margins rose by 1,271 bps YoY to 22.6% during the same period. PAT rose by 2,579.1% to Rs. 128.1 Crores on a YoY basis on the back of better operational performance. PAT margin saw an 845 bps expansion to 8.8% in Q1FY16 from 0.3% in Q1FY15.

#### Consolidate its position in North America

Jubilant has garnered significant market share in North America for several products including; I-131 Therapeutic & Diagnostic for thyroid and cancer, Methylene-Diphosphonate (MDP) for bone imaging, Macro-Aggregated Albumin (MAA) for lung imaging, Diethylene Triamine Penta-acetic Acid (DTPA) for renal imaging. The company has consolidated its market share for Radiopharmaceuticals in North America through a range of offerings.

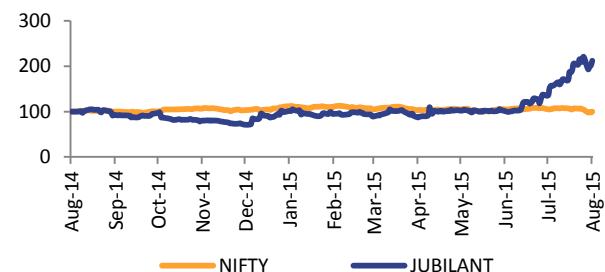
### Market Data

<b>CMP (₹)</b>	<b>356</b>
Face Value	1.0
52 week H/L (₹)	373/116
Adj. all time High (₹)	373
Decline from 52WH (%)	4.6
Rise from 52WL (%)	206.9
Beta	1.3
Mkt. Cap (₹Cr)	5,689
Enterprise Value(₹Cr)	2,293

### Fiscal Year Ended

	FY13A	FY14A	FY15A
<b>Net Sales (₹Cr)</b>	5,166.0	5,803.4	5,826.2
<b>Net Profit (₹Cr)</b>	152.7	109.0	(57.8)
<b>Share Capital (₹Cr)</b>	15.9	15.4	15.9
<b>EPS (₹)</b>	9.6	6.9	(3.6)
<b>P/E (x)</b>	17.7	23.7	(97.2)
<b>P/BV (x)</b>	1.1	1.0	2.3
<b>ROE (%)</b>	6.5	4.3	(2.3)

### One year Price Chart



Shareholding	Jun15	Mar15	Diff.
<b>Promoters</b>	54.0	54.0	0.0
<b>DII</b>	0.8	0.7	0.1
<b>FII</b>	16.9	21.8	(4.9)
<b>Others</b>	28.3	23.5	4.8

*JLS is engaged in the manufacture and supply of pharmaceuticals and life science ingredients in India and abroad. It is also a CRAMS player and a DDDS provider based in India.*

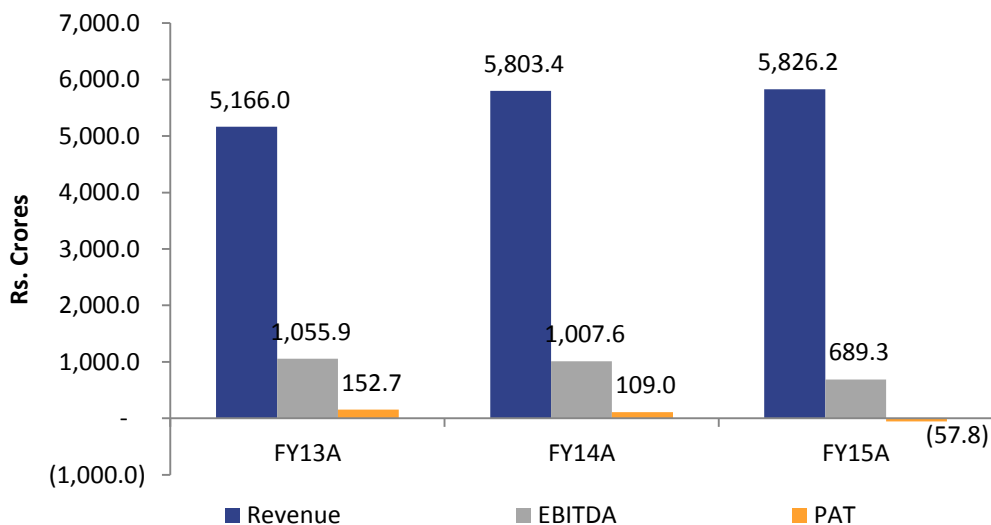
## Company Overview

Established in the year 1978, Jubilant Life Sciences Ltd (JLS) (previously known as Jubilant Organosys Limited – ‘JOL’) is a global pharmaceutical and life sciences company based in India. The company is engaged in the manufacturing and supply of APIs, Solid Dosage Formulations, Radiopharmaceuticals, Allergy Therapy Products and Life Science Ingredients. It is a Custom Research and Manufacturing Services (CRAMS) player and a Drug Discovery and Development Solution (DDDS) provider out of India.

JLS is an integrated chemicals turned pharmaceuticals company. It started as a full-fledged chemical company by entering the Vinyl Acetate Monomer (VAM) business in 1983. Broadly, the company operates through two business segments - pharmaceuticals (46% of the turnover in FY15) and life science ingredients (54% of turnover in FY15). The pharmaceuticals segment consists of sub-segments like 1) generics- APIs and formulations, 2) specialty pharma - radio pharma, allergy therapy products and contract manufacturing (CMO) of sterile injectables, 3) drug discovery and development solutions. The EBITDA margin in the pharmaceuticals segment is higher due to its presence in the formulations and specialty pharma. The LSI segment consists of sub-segment such as 1) advanced intermediates and specialty ingredients, 2) nutrition products and 3) life science chemicals. This segment caters to more routine customers with committed requirements. On account of the commodity nature, margins in this segment are relatively low.

Jubilant Life Sciences has 7 manufacturing facilities in India and 3 in North America and a team of around 6,100 multicultural people across the globe with ~ 1,300 in North America and ~1,000 in R&D. The company serves its customers globally with sales in over 100 countries and ground presence in India, North America, Europe and China. Its manufacturing locations are situated at Gajraula (UP), Nanjangud (Karnataka), Nira & Ambernath (Maharashtra), Samlaya & Bharuch (Gujarat), Roorkee (Uttarakhand) and a US FDA approved manufacturing facility for dosage forms in Maryland, USA.

### Financial snapshot for JLS



Consolidated net revenue stood at Rs. 1,458.6 Crores in Q1FY16. EBITDA was reported at Rs. 329.4 Crores and the net profit stood at Rs. 128.1 Crores during the same period.

## Net profit increases to Rs. 128.1 Crores in Q1FY16

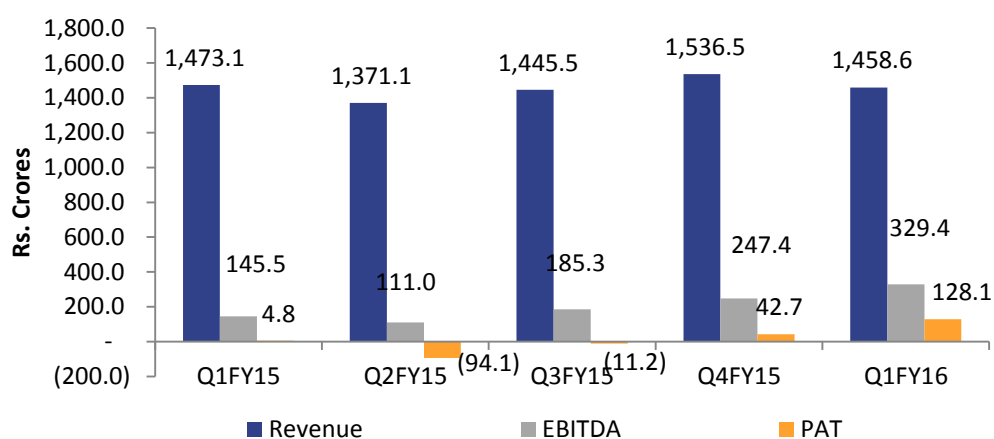
On a consolidated basis, JLS reported net revenue of Rs. 1,458.6 Crores in Q1FY16, which was 1% lower as compared to the Q1FY15 driven by 22.6% YoY growth in pharmaceutical business (led by sustained performance in Radiopharmaceuticals and API business) but pulled back by 17.5% YoY de-growth in life science ingredients (LSI) business. EBITDA surged by 126.4% YoY to Rs. 329.4 Crores in Q1FY16 on the back of declining costs of material as a percentage to sales. The material costs declined by 24% YoY. EBITDA margins rose by 1,271 bps YoY to 22.6% during the same period. PAT increased by 2,579.1% to Rs. 128.1 Crores on a YoY basis on the back of better operational performance. PAT margin saw an 845 bps expansion to 8.8% in Q1FY16 from 0.3% in Q1FY15.

The pharmaceutical segment contributed ~51% (Rs. 740.9 Crores) to the topline during the quarter. Key developed markets share was 87% of total Pharmaceutical segment revenues. Revenues from North America increased 35% YoY to Rs 569 Crore during the quarter. The domestic business grew 41% YoY while ROW (Rest of the World) business grew 26% YoY.

The LSI segment contributed ~49% (Rs. 717.7 Crores) to the topline in Q1FY16. International markets contributed 49% to the total LSI revenue with key developed markets share at 32% of the total sales in the segment.

International revenue accounted for approximately 72% to the total revenues for the quarter at Rs. 1,056 Crores. Revenue from North America stood at Rs. 619 crores, contributed 42% to the overall revenues, while revenue from Europe and Japan stood at Rs. 254 crore, and contributed 17% to the revenue mix. Domestic revenues (accounted for 28% to the overall mix) stood at Rs. 402 crore. Revenue from ROW including China was at Rs. 184 crore (accounted 13% to the overall mix).

### Quarterly performance trend



Out of the total 72 ANDAs filed by JLS till date, 38 have been approved and 33 are still awaiting approval by the USFDA.

## USFDA filings stand at 72

Jubilant's cumulative filings with USFDA (United States Food and Drug Administration) currently stood at 72 ANDAs (Abbreviated New Drug Applications) with 38 approved and 33 awaiting approvals (all are oral solids). The company has 48 commercial products, 20 in North America, 29 in Europe, and 26 in ROW (all of these are already approved).

During Q1FY16, the company filed six new products with the USFDA and launched a new product (Bupropion).

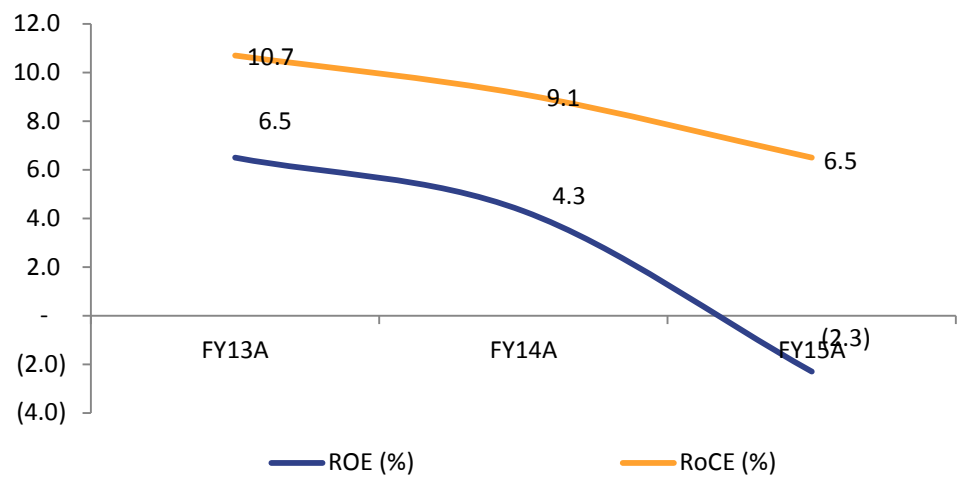
Debt was reported at Rs. 4,208.5 Crores in FY15, up by 44.9% as compared to the last year. This was mainly on account of high forex loans and the depreciation of Indian rupee.

## Debt stands at Rs. 4,208.5 Crores in FY15

The company's debt was up by 44.9% in FY15 to Rs. 4,208.5 Crores (comprising of INR loan of Rs.1,510 Crores and forex loan of Rs. 2,770 Crores) from Rs. 2,904.7 Crores last year. Forex loan contributes 60% of current debt portfolio. The major part of debt comprised of long term borrowings at ~88% in FY15. Jubilant has an interest rate of 6% with the Forex borrowing at about 4.7% and rupee borrowing at about 11.9%.

As most of the debt has been US dollar dominated, the sharp rupee depreciation over two or three years strongly impacted the debt situation of the company. Jubilant has not seen meaningful cash-flows due to margin pressure.

### Return ratios trend



## Consolidate its position in North America

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## Balance Sheet (Consolidated)

(₹Cr)	FY13A	FY14A	FY15A
Share Capital	15.9	15.4	15.9
Reserve and surplus	2,460.2	2,611.1	2,437.6
<b>Net Worth</b>	<b>2,476.1</b>	<b>2,626.5</b>	<b>2,453.5</b>
Minority interest	111.5	157.9	0.0
Long-term borrowings	2,468.8	1,716.9	3,691.3
Deferred tax liability	292.2	237.1	238.0
Other long term liabilities	5.9	11.5	39.8
Long term Provisions	238.0	219.5	67.0
Current Liabilities	2,778.4	3,894.4	2,142.6
<b>Total Equity &amp; Liabilities</b>	<b>8,370.9</b>	<b>8,863.8</b>	<b>8,632.2</b>
Fixed Assets	5,404.3	5,571.2	5,507.9
Investments	25.6	34.0	39.5
Long term loans and advances	379.0	330.0	356.3
Other non-current assets	0.9	0.6	0.6
Current Assets	2,561.1	2,928.0	2,727.9
<b>Total Assets</b>	<b>8,370.9</b>	<b>8,863.8</b>	<b>8,632.2</b>

## Cash Flow (Consolidated)

Y/E (₹ Cr)	FY13A	FY14A	FY15A
<b>Net profit/loss before tax</b>	<b>341.1</b>	<b>207.3</b>	<b>40.3</b>
Net cashflow from operating activities	966.1	783.7	764.2
Net cash used in investing activities	(499.8)	(174.4)	(343.3)
Net cash used from financing activities	(449.8)	(414.4)	(502.7)
<b>Net inc/dec in cash and cash equivalents</b>	<b>16.6</b>	<b>194.9</b>	<b>(81.9)</b>
Cash and cash equivalents begin of year	263.1	279.6	473.5
Cash and cash equivalents end of year	279.6	473.5	391.6

## Financial performance snapshot

Net revenue increased by 0.4% YoY to Rs. 5,826.2 Crores in FY15. Revenue from international markets stood at Rs. 4,136.7 Crores, contributed 71% to total revenue in FY15. Key regulated markets, comprising North America, Europe and Japan contributed 58% of the total revenue, while domestic revenue stood at Rs. 1,689.5 Crores, contributed 29% to the total revenue and increased by 12% YoY. EBITDA fell by 31.6% to Rs. 689.3 Crores in FY15 from Rs. 1,007.6 Crores in FY14 mainly due to an increase in material cost by 9% to Rs.2,661.7 Crores from Rs. 2,442.1 Crores last year. EBITDA margin stood at 11.8% down by 553 bps. The company has reported a net loss of Rs. 57.8 Crores in FY15 because of an increase in finance cost, depreciation and tax expenses.

## Profit & Loss Account (Consolidated)

(₹Cr)	FY13A	FY14A	FY15A
<b>Net Sales</b>	<b>5,166.0</b>	<b>5,803.4</b>	<b>5,826.2</b>
Expenses	4,110.0	4,795.8	5,137.0
<b>EBITDA</b>	<b>1,055.9</b>	<b>1,007.6</b>	<b>689.3</b>
Other Income	(162.3)	(195.4)	(5.7)
Depreciation	253.8	281.2	288.0
<b>EBIT</b>	<b>639.8</b>	<b>531.0</b>	<b>395.7</b>
Interest	298.7	323.7	355.3
<b>Profit Before Tax</b>	<b>341.1</b>	<b>207.3</b>	<b>40.3</b>
Tax	152.4	69.6	80.5
Minority Interest	36.1	28.6	17.6
<b>Net Profit</b>	<b>152.7</b>	<b>109.0</b>	<b>(57.8)</b>

## Key Ratios (Consolidated)

	FY13A	FY14A	FY15A
EBITDA Margin (%)	20.4	17.4	11.8
EBIT Margin (%)	12.4	9.1	6.8
NPM (%)	3.0	1.9	(1.0)
ROCE (%)	10.7	9.1	6.5
ROE (%)	6.5	4.3	(2.3)
EPS (Rs.)	9.6	6.9	(3.6)
P/E (x)	17.7	23.7	(97.2)
BVPS(Rs.)	155.4	170.0	154.0
P/BVPS (x)	1.1	1.0	2.3
EV/EBITDA (x)	5.9	4.9	13.6



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