

# Jubilant Life Sciences

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
39,058	11,584
Bloomberg	JUBILANT IN
Equity Shares (m)	155
M.Cap.(INRb)/(USD\$b)	89.4 / 1.3
52-Week Range (INR)	898 / 392
1, 6, 12 Rel. Per (%)	0/-15/-30
12M Avg Val (INR M)	311
Free float (%)	49.3

**CMP: INR561 TP: INR650 (+16%) Buy**

## In-line earnings; Demerger of Pharma/LSI approved

### 2HFY20 outlook better for LSI on stable pricing

**Pharma segment growth offsets decline in LSI segment:** 2QFY20 sales at INR22.6b (in-line) were flat YoY. The 9% YoY growth in pharmaceuticals (64% of sales) was offset by 15% YoY decline in Life Science Ingredients (LSI) (33% of sales). Particularly, Generics segment in Pharma and Specialty Intermediates in LSI grew 20%/32% YoY to INR3b/INR2.6b.

**Higher opex reduces benefit of superior product mix:** Gross margin improved 450bp YoY (~50bp QoQ) to 66% due to superior product mix. EBITDA margin grew at lower rate of 90bp YoY to 20.7% (in-line) due to higher employee cost (+130bp YoY as % of sales) and other expense (+170bp YoY as % of sales). Accordingly, EBITDA grew 4% to INR4.7b (v/s est: INR4.6b). PBT was stable YoY at INR3b. However, PAT grew at a higher rate of 19% YoY to INR2.5b (v/s est: INR2.2b) due to lower tax outgo. For 1HFY20, sales/EBITDA/PAT came in at INR44b/INR9b/INR4.4b, up 2%/3%/8% YoY.

**Board approves demerger of Pharma/LSI business:** Company's LSI business with mirror shareholding as that of JLS would be listed on the BSE/NSE. Process would take about nine months. The Pharma entity had sales/EBITDA of INR56b/INR14b and LSI had sales/EBITDA of INR36b/INR4.2b for FY19. Net debt for the Pharma/LSI business is ~INR21b/INR10b.

**Key Concall highlights:** (a) Sartans-related issues resolved and supplies have resumed. (b) Remediation cost and non-supply penalty will continue in 3QFY20. (c) 2HFY20 should be better on stable Acetic acid pricing.

**Valuation and view:** We raise EPS estimates by 2%/3% for FY20/FY21 to factor in better outlook for the API business and gradual improvement in profitability of LSI business. We roll our earnings and continue to value JLS on SOTP basis (8x EV/EBITDA for pharma and 4x EV/EBITDA for LSI) to arrive at a price target of INR650. We remain positive on JLS on the back of robust profitability in the Pharma segment and gradual revival in the LSI segment. Maintain **Buy**.

### Financials & Valuations (INRb)

Y/E Mar	FY19	FY20E	FY21E
Net Sales	91.1	91.0	98.4
EBITDA	18.4	19.1	21.3
PAT	9.0	9.2	10.6
EPS (INR)	57.5	59.0	67.9
Gr. (%)	26.1	2.7	15.1
BV/Sh (INR)	308.7	362.2	424.5
RoE (%)	20.1	17.6	17.3
RoCE (%)	11.4	11.4	11.7
P/E (x)	9.8	9.5	8.3
P/BV (x)	1.8	1.5	1.3

Estimate change 

TP change 

Rating change 

### Consolidated - Quarterly Earning Model

Y/E March	FY19				FY20E				FY19	FY20E	FY20	vs Est (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<b>Net Sales</b>	<b>20,787</b>	<b>22,695</b>	<b>23,771</b>	<b>23,856</b>	<b>21,819</b>	<b>22,659</b>	<b>23,231</b>	<b>23,281</b>	<b>91,108</b>	<b>90,990</b>	<b>22,292</b>	<b>1.6</b>
YoY Change (%)	30.2	38.2	15.0	5.9	5.0	-0.2	-2.3	-2.4	20.5	-0.1	-1.8	
Total Expenditure	16,411	18,193	18,838	19,246	17,332	17,975	18,353	18,223	72,688	71,882	17,655	<b>1.8</b>
<b>EBITDA</b>	<b>4,376</b>	<b>4,502</b>	<b>4,933</b>	<b>4,610</b>	<b>4,486</b>	<b>4,685</b>	<b>4,879</b>	<b>5,058</b>	<b>18,420</b>	<b>19,108</b>	<b>4,637</b>	<b>1.0</b>
Margins (%)	21.1	19.8	20.8	19.3	20.6	20.7	21.0	21.7	20.2	21.0	20.8	
Depreciation	880	895	984	950	1,027	1,168	1,150	1,131	3,709	4,477	1,020	
Interest	727	627	683	616	726	716	690	607	2,198	2,739	610	
Other Income	95	38	290	-66	97	123	125	110	357	455	80	
<b>PBT before EO expense</b>	<b>2,864</b>	<b>3,018</b>	<b>3,556</b>	<b>2,978</b>	<b>2,831</b>	<b>2,922</b>	<b>3,164</b>	<b>3,430</b>	<b>12,870</b>	<b>12,347</b>	<b>3,087</b>	<b>-5.3</b>
Extra-Ord expense	0	0	151	3,378	140	0	0	0	3,529	140	0	
<b>PBT</b>	<b>2,864</b>	<b>3,018</b>	<b>3,405</b>	<b>-400</b>	<b>2,691</b>	<b>2,922</b>	<b>3,164</b>	<b>3,430</b>	<b>9,341</b>	<b>12,207</b>	<b>3,087</b>	<b>-5.3</b>
Tax	860	920	881	607	841	428	886	958	3,268	3,113	911	<b>-53.0</b>
Rate (%)	30.0	30.5	25.9	-151.8	31.2	14.7	28.0	27.9	35.0	25.5	29.5	
Minority Interest & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
<b>Reported PAT</b>	<b>2,004</b>	<b>2,098</b>	<b>2,524</b>	<b>-1,007</b>	<b>1,850</b>	<b>2,494</b>	<b>2,278</b>	<b>2,472</b>	<b>6,073</b>	<b>9,094</b>	<b>2,176</b>	<b>14.6</b>
<b>Adj PAT</b>	<b>2,004</b>	<b>2,098</b>	<b>2,636</b>	<b>2,218</b>	<b>1,947</b>	<b>2,494</b>	<b>2,278</b>	<b>2,472</b>	<b>8,955</b>	<b>9,190</b>	<b>2,176</b>	<b>14.6</b>
YoY Change (%)	36.2	63.6	24.0	-0.1	-2.9	18.9	-13.6	11.5	26.1	2.6	3.7	
Margins (%)	9.6	9.2	11.1	9.3	8.9	11.0	9.8	10.6	9.8	10.1	9.8	

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

**Re-organizing business to unlock share-holder value**

- Board of directors had considered the option of reorganizing its business to create separate and focused entities for Pharmaceuticals and Life Science Ingredients (LSI) businesses.
- The Pharma Entity will have 3 business a) Pharma Business b) Drug Discovery Services c) Proprietary Drug Discovery Business.
  - Pharma business would be under Jubilant Pharma Limited Singapore to engage in manufacturing and supply of APIs, Solid Dosage Formulations, Injectable, Radiopharmaceuticals.
  - DDS business to be run through Jubilant Biosys Ltd & Jubilant Chemsys Ltd to provide collaborative research through its 2 India centers
  - PDDS would be under Jubilant Therapeutics targeting small molecule therapies in the area of oncology and auto-immune disorder
  - The consolidated Pharmaceutical entity had revenue of INR55.67b with EBITDA of INR13.53b in FY19
- The LSI business is to engage in Specialty Intermediates, Nutritional Products and Life Science Chemicals through five manufacturing facilities in India.
- Post the scheme becoming effective, the Life Science Ingredients business will stand demerged into the resulting entity, which will be listed on NSE and BSE with a mirror shareholding of JLL.
- The demerger process would take ~9months.
- The process would also enable amalgamation of promoter shareholding companies into JLS with objective of simplifying holding structure of promoters with no change in ownership percentage and number of shares of Promoters.

**CDMO/Specialty intermediates/Nutritional products drive revenue growth**

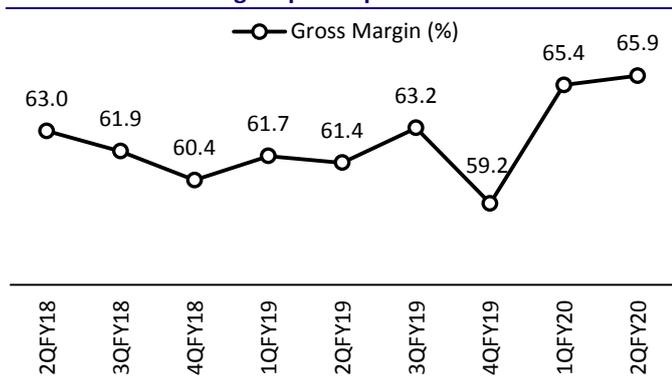
- The Pharmaceuticals segment (64% of sales) grew at 9% YoY for the quarter to INR14.5b; this growth was catalyzed by 20%/10% YoY growth in Generics (21% of Pharma sales)/ CDMO (28% of Pharma sales) business at INR3b/INR4b.
- The Specialty Pharmaceuticals (51% of Pharma sales) performance remained muted at 4% YoY to INR7.5b.
- For LSI segment(33% of sales, -15%YoY ), Despite strong performance by Specialty Intermediates segment with 32% YoY growth at INR2.6b , the overall segment was dragged by weak performance of Nutritional Products/ Life Science Chemicals (+6%/-35% YoY) at INR1b/INR3.8b.

**Exhibit 1: Segmental Performance**

(INR b)	FY18				FY19				FY20	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Pharma(ex-Triad)</b>	<b>8.2</b>	<b>7.4</b>	<b>7.8</b>	<b>8.0</b>	<b>8.6</b>	<b>10.1</b>	<b>11.1</b>	<b>10.7</b>	<b>10.0</b>	<b>11.3</b>
YoY (%)	8.3	11.9	-1.2	-1.5	5.4	17.0	42.8	35.0	16.1	12.5
<b>Triad sales</b>		1.2	3.3	4.4	3.3	3.3	3.1	3.2	3.2	3.2
<b>LSI</b>	<b>7.4</b>	<b>7.4</b>	<b>9.3</b>	<b>9.7</b>	<b>8.5</b>	<b>8.9</b>	<b>9.0</b>	<b>9.1</b>	<b>8.1</b>	<b>7.5</b>
YoY (%)	13.4	20.5	39.6	24.0	14.9	20.1	-2.9	-6.0	-4.9	-15.1
<b>DDS</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>
YoY (%)	-18.0	16.5	1.9	-8.0	13.2	13.0	33.8	58.9	15.0	10.0
<b>Total</b>	<b>16.0</b>	<b>16.4</b>	<b>20.7</b>	<b>22.5</b>	<b>20.8</b>	<b>22.7</b>	<b>23.8</b>	<b>23.9</b>	<b>21.8</b>	<b>22.7</b>
YoY (%)	12.4	15.7	38.8	37.4	30.3	38.1	14.8	5.8	4.9	-0.1

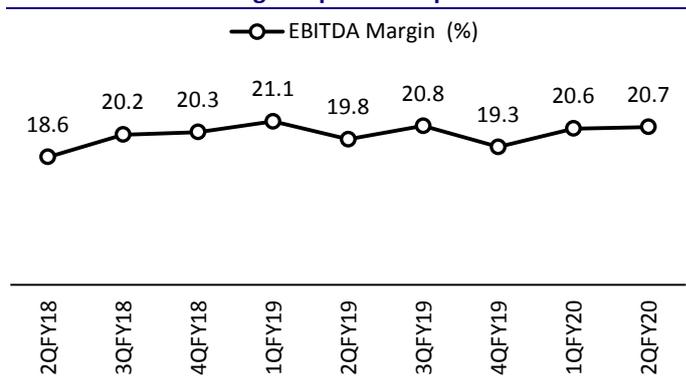
Note: \*Estimate; Source: MOFSL, Company

**Exhibit 2: Gross margin up 450bp YoY**



Source: Company, MOFSL

**Exhibit 3: EBITDA margin expands 90bp YoY**

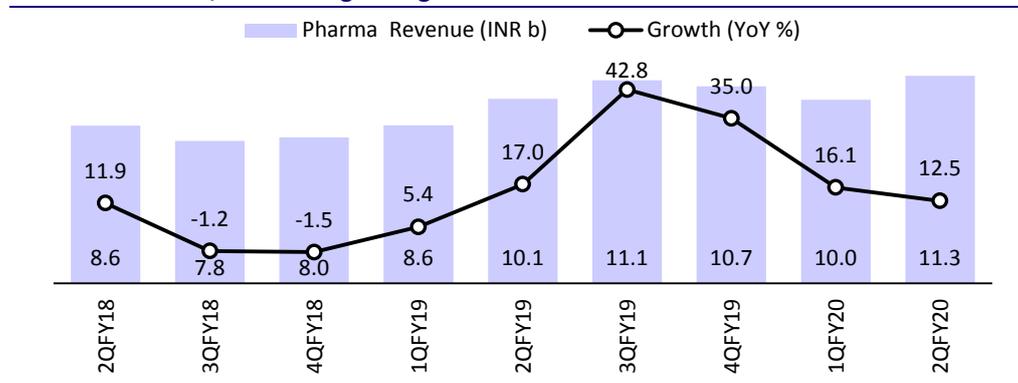


Source: Company, MOFSL

**Generics/CDMO drives revenue in Pharma segment**

- JLS exhibited healthy traction in CDMO segment (28% of Pharma sales) on the back of improved volumes from existing customers in CMO segment.
- While, regulatory issues led lower volumes of sartans for the quarter, other APIs exhibited better volumes as well as pricing
- JLS garnered 20% YoY growth in generics (20% of Pharma sales) on favorable demand scenario.
- The company is working on expanding total capacity by 30% total which is expected to bring in USD30m of revenue.

**Exhibit 4: Ex-Triad, Pharma segment grew 13% YoY**

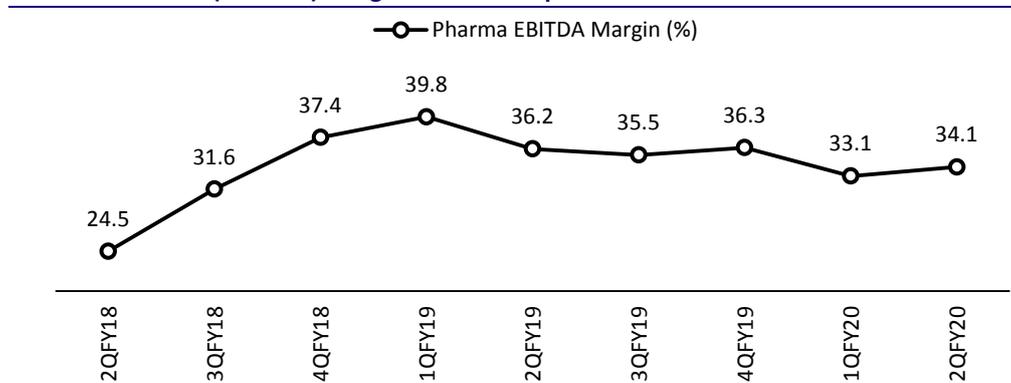


Source: MOFSL, Company

### Lower share of Specialty drugs margins of Pharma segment

- The Triad business was flat YoY at INR3.2b. Pharma EBITDA margin is 26.6% for the quarter with marginal dip of 40bp YoY. Ex-Triad, EBITDA margin is down 210bp YoY due to lower share of Specialty pharma business and remediation related cost being incurred to resolve warning letter.

**Exhibit 5: Pharma (Ex-Triad) margins down 210bp YoY**



Note: EBITDA margin is adj. for Triad business for like-to-like comparison Source: MOFSL, Company

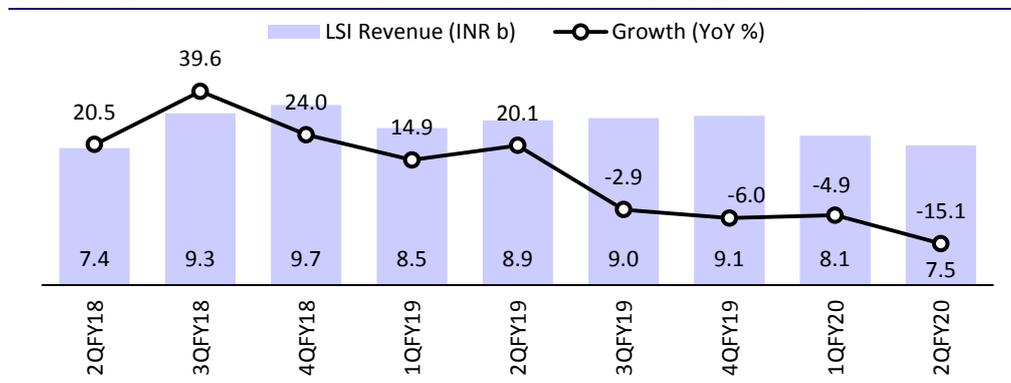
### R&D spend to build radio pharma/proprietary products portfolio

- During the quarter, JLS Pharmaceuticals segment R&D spent was INR570m which was 3.9% of Pharmaceuticals segment sales. Of this, INR530m was charged to P&L.

### Lower chemical prices leads reduction in LSI revenue

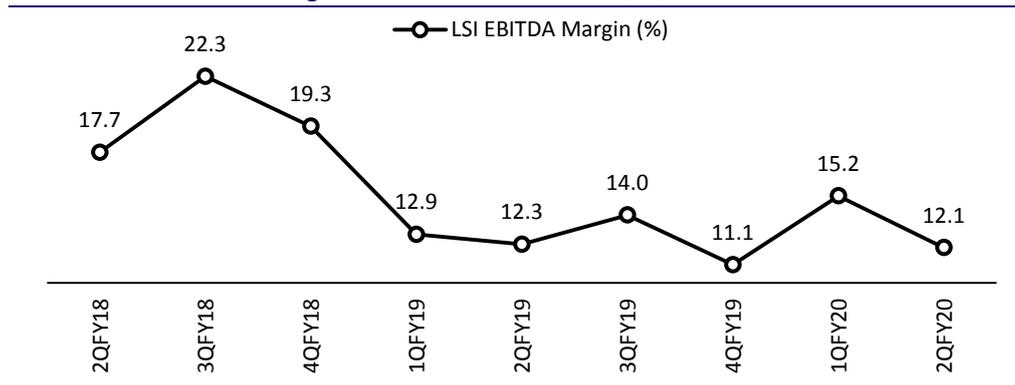
- LSI segment revenues declined 15% YoY impacted by 35% YoY decline in Acetic acid prices. Further, continued high Molasses (one of the key raw materials) prices led impacted profitability of Life Science Chemical segment.
- With the Acetic acid prices showing some stability over past 15-20days, the management has guided for better performance of LSI business in 2HFY20.
- JLS had strong traction in Specialty intermediates segment on the back of robust demand of key products like Pyridine, Beta and Pyridine derivatives. The nutritional product segment grew at 6% YoY, on the back of Vitamin B3 pricing. 2HFY220 is expected to see up-take on demand side in this segment.

**Exhibit 6: Life science chemical business led 15% YoY decline in LSI revenues**



Source: MOFSL, Company

- Fall in finished goods prices and hike in raw material prices led 16% YoY reduction in EBITDA from INR1.1b in 2QFY19 to INR910m in 2QFY20.

**Exhibit 7: LSI's EBITDA margin declined YoY as well as QoQ**

Source: MOFSL, Company

**Net debt inches down**

- JLS' net debt decreased to INR31.5b vs INR32.9b in 1QFY20; average blended interest rate cost stood at 6.1% p.a. for 1HFY20.

**Exhibit 8: Debt profile**

Particulars (INR m)	1QFY20	2QFY20
<b>Gross Debt</b>	<b>46,020</b>	<b>45,940</b>
Cash & Cash Equivalent	13,160	13,630
<b>Net Debt</b>	<b>32,860</b>	<b>31,450</b>

Source: MOFSL, Company

**Capex update**

- JLS spent ~INR1.5b toward capex in 2QFY20 and summed it up to INR3.2b for 1HFY20. JLS has guided for capex of INR6b in FY20.

**Valuation**

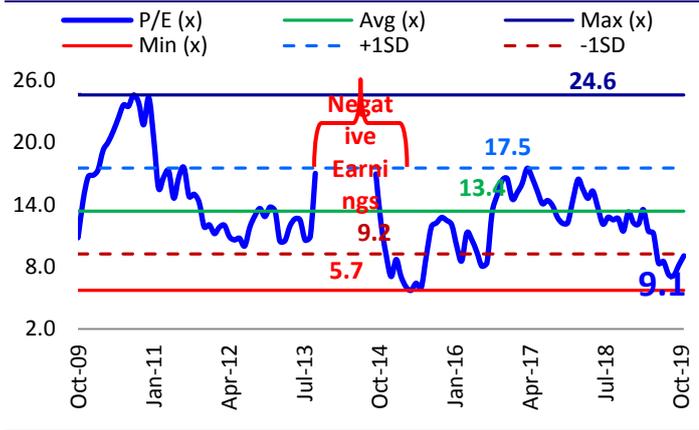
We raise EPS estimate by 2%/3% for FY20/FY21 to factor better outlook for API business and gradual improvement in profitability of LSI business. We roll our earnings and continue to value JLS on SOTP basis (8x EV/EBITDA for pharma/4x EV/EBITDA for LSI) to arrive at price target of INR650. We remain positive on JLS on the back of robust profitability in the Pharma segment and gradual revival in the LSI segment. Maintain **Buy**.

**Exhibit 9: SOTP-based price target of INR650 per share**

Valuation	12M forward
<b>EBITDA of Pharma business (INR m)</b>	<b>14,962</b>
EV/EBITDA multiple for JOL	8
EV of Pharma (INR m)	1,16,704
<b>EBITDA of LSI business (INR m)</b>	<b>4,131</b>
EV/EBITDA multiple for JOL	4
EV of LSI (INR m)	16,525
Total EV (INR m)	1,33,229
Net Debt	31,450
<b>Market Cap (INR m)</b>	<b>1,01,779</b>
Target Price (INR per share)	650
CMP	561
<b>Potential upside (%)</b>	<b>15.9</b>

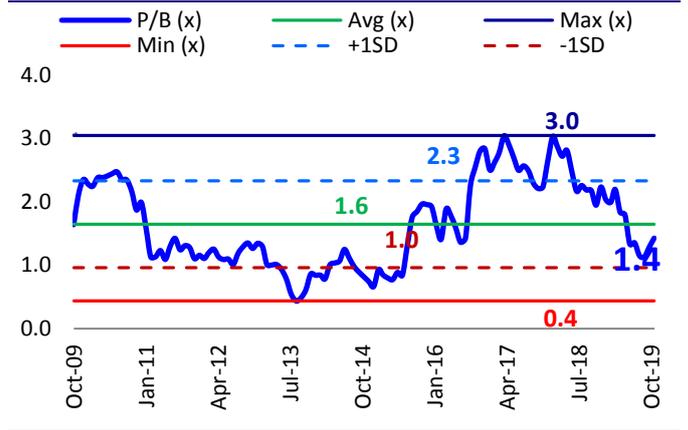
Source: MOFSL

Exhibit 10: P/E band



Source: MOFSL

Exhibit 11: P/BV band



Source: MOFSL

## Financials and valuations

Consolidated - Income Statement								(INR M)
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
<b>Total Income from Operations</b>	<b>58,034</b>	<b>58,263</b>	<b>57,491</b>	<b>58,614</b>	<b>75,578</b>	<b>91,108</b>	<b>90,990</b>	<b>98,418</b>
Change (%)	12.3	0.4	-1.3	2.0	28.9	20.5	-0.1	8.2
Raw Materials	24,421	26,617	21,175	19,995	28,688	35,218	31,846	34,446
Employees Cost	11,052	10,903	11,251	12,309	15,559	19,260	20,746	22,439
Other Expenses	12,485	13,850	12,596	12,857	16,148	18,210	19,290	20,274
<b>Total Expenditure</b>	<b>47,958</b>	<b>51,370</b>	<b>45,022</b>	<b>45,161</b>	<b>60,394</b>	<b>72,688</b>	<b>71,882</b>	<b>77,160</b>
% of Sales	82.6	88.2	78.3	77.0	79.9	79.8	79.0	78.4
<b>EBITDA</b>	<b>10,076</b>	<b>6,893</b>	<b>12,470</b>	<b>13,453</b>	<b>15,184</b>	<b>18,420</b>	<b>19,108</b>	<b>21,258</b>
Margin (%)	17.4	11.8	21.7	23.0	20.1	20.2	21.0	21.6
Depreciation	2,812	2,880	3,467	2,914	3,241	3,709	4,477	4,505
<b>EBIT</b>	<b>7,264</b>	<b>4,013</b>	<b>9,002</b>	<b>10,539</b>	<b>11,943</b>	<b>14,711</b>	<b>14,631</b>	<b>16,753</b>
Int. and Finance Charges	3,237	3,553	3,714	3,411	2,843	2,198	2,739	2,444
Other Income	191	425	134	249	400	357	455	394
<b>PBT bef. EO Exp.</b>	<b>4,218</b>	<b>884</b>	<b>5,422</b>	<b>7,376</b>	<b>9,501</b>	<b>12,870</b>	<b>12,347</b>	<b>14,703</b>
EO Items	-2,145	-481	0	0	-910	-3,529	-140	0
<b>PBT after EO Exp.</b>	<b>2,073</b>	<b>403</b>	<b>5,422</b>	<b>7,376</b>	<b>8,591</b>	<b>9,341</b>	<b>12,207</b>	<b>14,703</b>
Total Tax	696	805	1,554	1,630	2,247	3,268	3,113	4,117
Tax Rate (%)	33.6	199.6	28.7	22.1	26.2	35.0	25.5	28.0
Minority Interest	286	176	-50	-10	-84	0	0	0
<b>Reported PAT</b>	<b>1,090</b>	<b>-578</b>	<b>3,918</b>	<b>5,757</b>	<b>6,428</b>	<b>6,073</b>	<b>9,094</b>	<b>10,586</b>
<b>Adjusted PAT</b>	<b>2,515</b>	<b>-1,057</b>	<b>3,918</b>	<b>5,757</b>	<b>7,100</b>	<b>8,955</b>	<b>9,190</b>	<b>10,586</b>
Change (%)	-2.9	-142.0	-470.8	46.9	23.3	26.1	2.7	15.1
Margin (%)	4.3	-1.8	6.8	9.8	9.4	9.8	10.1	10.8

Consolidated - Balance Sheet								(INR M)
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Equity Share Capital	155	159	155	156	156	159	159	159
Total Reserves	26,111	24,376	29,507	34,205	40,710	47,930	56,269	65,977
<b>Net Worth</b>	<b>26,265</b>	<b>24,535</b>	<b>29,663</b>	<b>34,361</b>	<b>40,865</b>	<b>48,089</b>	<b>56,428</b>	<b>66,136</b>
Minority Interest	1,579	0	-381	-393	-515	1	1	1
Total Loans	43,953	47,931	44,933	40,453	35,449	47,431	45,431	43,431
Deferred Tax Liabilities	2,371	2,380	1,146	445	26	528	528	528
<b>Capital Employed</b>	<b>74,168</b>	<b>74,847</b>	<b>75,359</b>	<b>74,865</b>	<b>75,825</b>	<b>96,049</b>	<b>1,02,387</b>	<b>1,10,095</b>
Gross Block	53,614	54,245	35,597	39,102	44,936	50,411	60,122	66,064
Less: Accum. Deprn.	22,319	24,508	2,864	5,657	9,807	13,516	17,993	22,498
<b>Net Fixed Assets</b>	<b>31,295</b>	<b>29,737</b>	<b>32,733</b>	<b>33,445</b>	<b>35,129</b>	<b>36,894</b>	<b>42,129</b>	<b>43,567</b>
Goodwill on Consolidation	19,693	19,376	18,311	17,622	18,877	19,589	19,589	19,589
Capital WIP	4,724	5,966	6,113	6,838	6,710	9,014	4,303	3,361
<b>Total Investments</b>	<b>340</b>	<b>395</b>	<b>854</b>	<b>1,027</b>	<b>1,235</b>	<b>1,151</b>	<b>1,151</b>	<b>1,151</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>32,587</b>	<b>30,714</b>	<b>29,385</b>	<b>30,055</b>	<b>32,621</b>	<b>46,541</b>	<b>52,235</b>	<b>60,754</b>
Inventory	13,414	12,353	12,031	12,204	13,914	14,174	14,017	15,046
Account Receivables	8,059	8,193	9,505	10,053	11,308	12,716	12,699	13,736
Cash and Bank Balance	4,795	3,944	3,446	4,596	2,488	13,704	19,580	25,548
Loans and Advances	6,318	6,225	4,403	3,202	4,912	5,947	5,939	6,424
<b>Curr. Liability &amp; Prov.</b>	<b>14,471</b>	<b>11,342</b>	<b>12,038</b>	<b>14,122</b>	<b>18,747</b>	<b>17,141</b>	<b>17,019</b>	<b>18,325</b>
Account Payables	7,498	7,669	6,328	7,909	11,362	10,201	10,088	10,829
Other Current Liabilities	2,205	2,028	3,487	4,425	5,897	5,109	5,102	5,519
Provisions	4,768	1,645	2,222	1,788	1,488	1,831	1,829	1,978
<b>Net Current Assets</b>	<b>18,116</b>	<b>19,372</b>	<b>17,348</b>	<b>15,933</b>	<b>13,874</b>	<b>29,400</b>	<b>35,216</b>	<b>42,429</b>
<b>Appl. of Funds</b>	<b>74,168</b>	<b>74,847</b>	<b>75,359</b>	<b>74,865</b>	<b>75,825</b>	<b>96,049</b>	<b>1,02,387</b>	<b>1,10,095</b>

## Financials and valuations

### Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
<b>EPS</b>	<b>16.1</b>	<b>-6.8</b>	<b>25.1</b>	<b>36.9</b>	<b>45.6</b>	<b>57.5</b>	<b>59.0</b>	<b>67.9</b>
Cash EPS	34.2	11.7	47.4	55.7	66.4	81.3	87.8	96.9
BV/Share	168.6	157.5	190.4	220.5	262.3	308.7	362.2	424.5
DPS	3.0	3.1	3.1	3.1	3.4	4.8	4.8	5.6
Payout (%)	49.9	-99.6	12.2	8.3	8.3	12.2	8.3	8.3
<b>Valuation (x)</b>								
P/E		-82.8	22.3	15.2	12.3	9.8	9.5	8.3
Cash P/E		48.0	11.8	10.1	8.5	6.9	6.4	5.8
P/BV		3.6	2.9	2.5	2.1	1.8	1.5	1.3
EV/Sales		2.3	2.2	2.1	1.6	1.3	1.2	1.1
EV/EBITDA		19.1	10.3	9.2	7.9	6.6	5.9	5.0
Dividend Yield (%)	0.5	0.5	0.5	0.5	0.6	0.8	0.9	1.0
FCF per share	33.9	27.9	48.8	51.7	38.0	15.1	71.0	69.9
<b>Return Ratios (%)</b>								
RoE	9.9	-4.2	14.5	18.0	18.9	20.1	17.6	17.3
RoCE	7.2	-6.2	8.9	11.2	12.1	11.4	11.4	11.7
RoIC	7.6	-6.2	9.9	12.9	13.8	13.9	14.6	15.3
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	1.1	1.1	1.6	1.5	1.7	1.8	1.5	1.5
Asset Turnover (x)	0.8	0.8	0.8	0.8	1.0	0.9	0.9	0.9
Inventory (Days)	84	77	76	76	67	57	56	56
Debtor (Days)	51	51	60	63	55	51	51	51
Creditor (Days)	47	48	40	49	55	41	40	40
<b>Leverage Ratio (x)</b>								
Current Ratio	2.3	2.7	2.4	2.1	1.7	2.7	3.1	3.3
Interest Cover Ratio	2.2	1.1	2.4	3.1	4.2	6.7	5.3	6.9
Net Debt/Equity	1.5	1.8	1.4	1.0	0.8	0.7	0.4	0.3

### Consolidated - Cash Flow Statement

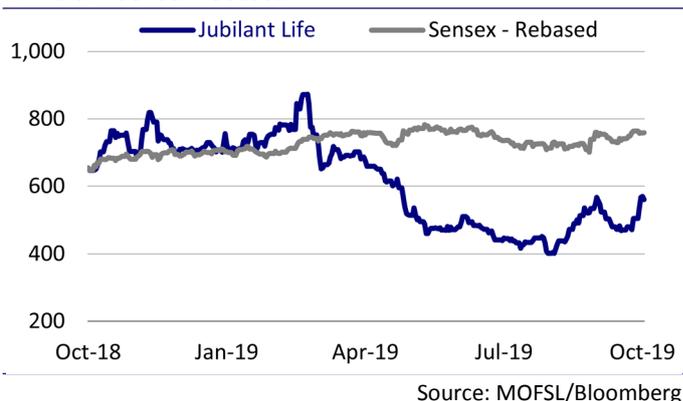
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
OP/(Loss) before Tax	2,073	403	5,422	7,376	9,501	12,870	12,347	14,703
Depreciation	2,812	2,880	3,467	2,914	3,241	3,709	4,477	4,505
Interest & Finance Charges	3,185	3,491	3,686	3,323	2,443	1,841	2,284	2,050
Direct Taxes Paid	-809	-793	-481	-1,439	-2,247	-3,268	-3,113	-4,117
(Inc)/Dec in WC	-1,107	964	-1,332	369	-50	-4,309	59	-1,244
<b>CF from Operations</b>	<b>6,153</b>	<b>6,945</b>	<b>10,763</b>	<b>12,543</b>	<b>12,888</b>	<b>10,843</b>	<b>16,054</b>	<b>15,897</b>
Others	1,569	888	225	142	0	0	0	0
<b>CF from Operating incl EO</b>	<b>7,723</b>	<b>7,833</b>	<b>10,989</b>	<b>12,685</b>	<b>12,888</b>	<b>10,843</b>	<b>16,054</b>	<b>15,897</b>
(Inc)/Dec in FA	-2,438	-3,491	-3,392	-4,623	-6,961	-8,491	-5,000	-5,000
<b>Free Cash Flow</b>	<b>5,285</b>	<b>4,341</b>	<b>7,597</b>	<b>8,062</b>	<b>5,927</b>	<b>2,352</b>	<b>11,054</b>	<b>10,897</b>
(Pur)/Sale of Investments	-63	-42	257	74	-208	84	0	0
Others	156	-125	76	-126	400	357	455	394
<b>CF from Investments</b>	<b>-2,344</b>	<b>-3,658</b>	<b>-3,059</b>	<b>-4,676</b>	<b>-6,769</b>	<b>-8,050</b>	<b>-4,545</b>	<b>-4,606</b>
Issue of Shares	0	0	197	77	0	4	0	0
Inc/(Dec) in Debt	-247	-1,136	-4,558	-4,086	-5,004	11,982	-2,000	-2,000
Interest Paid	-3,345	-3,353	-3,511	-2,291	-2,843	-2,198	-2,739	-2,444
Dividend Paid	-552	-538	-555	-559	-534	-743	-755	-879
Others	0	0	0	0	153	-620	-140	0
<b>CF from Fin. Activity</b>	<b>-4,144</b>	<b>-5,027</b>	<b>-8,427</b>	<b>-6,859</b>	<b>-8,228</b>	<b>8,424</b>	<b>-5,634</b>	<b>-5,322</b>
<b>Inc/Dec of Cash</b>	<b>1,235</b>	<b>-852</b>	<b>-498</b>	<b>1,150</b>	<b>-2,109</b>	<b>11,217</b>	<b>5,875</b>	<b>5,968</b>
Opening Balance	3,561	4,795	3,944	3,446	4,596	2,488	13,705	19,580
<b>Closing Balance</b>	<b>4,795</b>	<b>3,944</b>	<b>3,446</b>	<b>4,596</b>	<b>2,488</b>	<b>13,705</b>	<b>19,580</b>	<b>25,548</b>

## Corporate profile

### Company description

Jubilant Life Sciences (JLS), one of the three flagship companies of Jubilant Bhartia Group, is an integrated pharmaceuticals and life sciences company. It is engaged in the manufacturing of radiopharmaceuticals, allergy products, advanced intermediates, nutritional products and life science chemicals. The company also provides services in contract manufacturing and drug discovery solutions. JLS' operations are spread across the world, including India, the US, Canada, Europe and other countries.

### Exhibit 1: Sensex rebased



### Exhibit 2: Shareholding pattern (%)

	Sep-19	Jun-19	Sep-18
Promoter	50.7	50.7	50.7
DII	2.6	4.6	4.3
FII	27.2	27.0	26.9
Others	19.5	17.7	18.1

Note: FII Includes depository receipts

Source: Capitaline

### Exhibit 3: Top holders

Holder Name	% Holding
EAST BRIDGE CAPITAL MASTER FUND LIMITED	4.6
Rakesh Radheshyam Jhunjhunwala	3.5
GOVERNMENT PENSION FUND GLOBAL	3.0
LAZARD EMERGING MARKETS SMALL CAP EQUITY TRUST	1.3
DSP TOP 100 EQUITY FUND	1.2

Source: Capitaline

### Exhibit 4: Top management

Name	Designation
Shyam S Bhartia	Chairman
Hari S Bhartia	Co-Chairman & Managing Director
Arjun Shanker Bhartia	Director
Priyavrat Bhartia	Director
Anant Pande	Whole-time Director
Rajesh Srivastava	Whole-time Director
Rajiv Shah	Company Secretary

Source: Capitaline

### Exhibit 5: Directors

Name	Name
Arun Seth	Sudha Pillai
Ashok Misra	SUSHIL KUMAR ROONGTA
S Sridhar	Vivek Mehra

\*Independent

### Exhibit 6: Auditors

Name	Type
B S R & Co LLP	Statutory
Ernst & Young LLP	Internal
J K Kabra & Co	Cost Auditor
Sanjay Grover & Associates	Secretarial Audit

Source: Capitaline

### Exhibit 7: MOFSL forecast v/s consensus

EPS (INR)	MOFSL forecast	Consensus forecast	Variation (%)
FY20	59.0	55.3	6.7
FY21	67.9	65.4	3.8

Source: Bloomberg

## NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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