

## Investors' Delight: Jubilant Lifesciences Ltd. (JLL) – "BUY"

"Recovery in core business visible; overall fundamentals to improve"

### Investment Summary

Jubilant Life Sciences Limited is a global Pharmaceutical and Life Sciences Company engaged in manufacture and supply of APIs, Generics, Specialty Pharmaceuticals and Life Science Ingredients. It also provides Services in Contract Manufacturing and Drug Discovery and Development. The Company's strength lies in its unique offerings of Pharmaceutical and Life Sciences products and services across the value chain. With 10 world-class manufacturing facilities in India, US and Canada and a team of over 6,200 multicultural people across the globe, the Company is committed to deliver value to its customers spread across 98 countries. The Company has recently announced that it has received Abbreviated New Drug Application (ANDA) approvals from the US Food and Drug Administration (USFDA) for a) Bupropion Hydrochloride Extended – release Tablets USP (SR), the generic version of Glaxo SmithKline's antidepressant Wellbutrin SR. b) Bupropin Hydrochloride Extended – release Tablets USP, the generic version of GlaxoSmithKline's smoking cessation aid Zyban. The current total market size for these products as per IMS is US\$ 518 mn p.a. The Company expects to launch these products in Q3FY14. As on June 30, 2013, Jubilant Life Sciences had a total of 649 filings for formulations of which 189 have been approved in various regions of the world. This includes 58 ANDAs filed in the US and 41 Dossier filings in Europe. JLL has accorded its approval to transfer and vest the two business undertakings namely Active Pharmaceuticals Ingredients (API) Business and Dosage Forms Business of the Company, together with all assets and liabilities on a going concern basis; and transfer of 18% shares of Jubilant Pharma Holdings Inc., USA (formerly Jubilant Life Sciences Holdings Inc.), and 77.65% shares of Jubilant Pharma NV, Belgium, held by the Company, to a new company to be incorporated in India as a wholly owned subsidiary of Jubilant Pharma Limited, Singapore (which is a wholly owned subsidiary of the Company) for a total consideration of Rs. 1145.10 crores, subject to the approval of shareholders of the Company and such other approvals and permissions as may be deemed necessary.

With due consideration to factors like a) promoters stake increased by 4.9 percent in September, 2013, b) pick up in Symtet capacity utilization with new launches, c) price hike in US markets, d) strong presence in CRAMS space, e) attractive valuations, we recommend a "BUY". At CMP, the stock is cheaply valued at a PE multiple of 5x FY14 EPS and P/BV multiple of 0.71x FY13 Book Value of Rs. 157.

With due consideration to the fact that the stock has seen up a good run up from Rs. 65 levels and markets fairly valued at this point of time, we value the stock conservatively at a P/E of 8x at FY14 consensus estimated EPS of Rs. 22, arriving at target price of Rs.176 with investors having 9-12 months horizon.

Date	25 <sup>th</sup> October, 2013
Industry	Pharmaceuticals
CMP	Rs. 110
Target Price	Rs. 176
Upside	73%
Beta vs Sensex	0.76
BSE/NSE Code	530019/JUBILANT
Bloomberg Code	JOL IN
52 Week High	Rs. 248.62 (12 <sup>th</sup> Oct, 2012)
52 Week Low	Rs. 65.1 (28 <sup>th</sup> Aug, 2013)
Face Value	Rs. 10
Share Capital	Rs. 6,037.69 mn
Networth	Rs. 26,059 mn
Market Capitalization	Rs. 17,712 mn
Book Value	Rs. 157
Shareholding Pattern (%)	As on June 2013
Promoters	49.04
Bodies Corporate	9.60
Mutual Funds	0.62
FII's	21.15
Public and Others	19.59

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