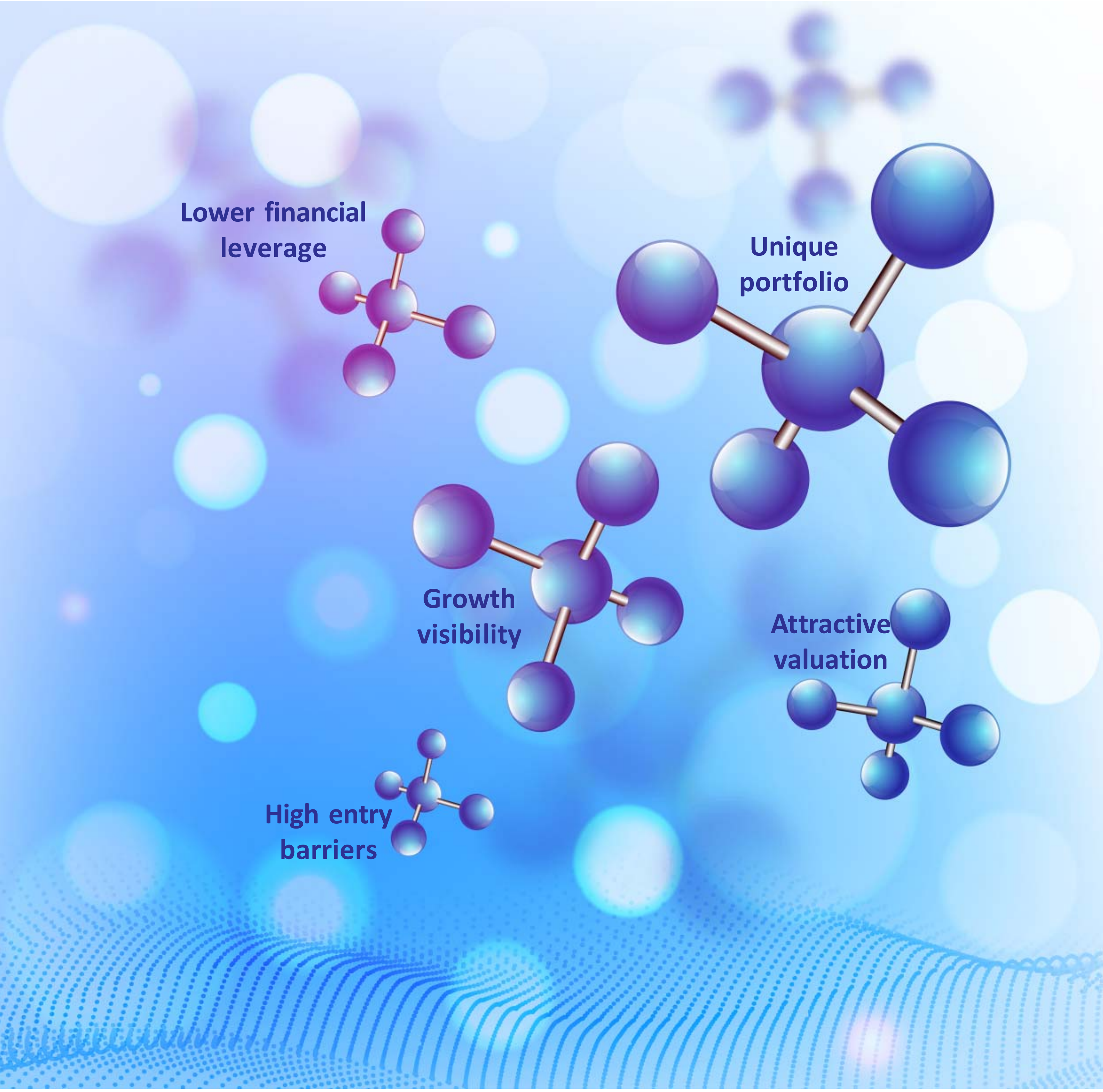
MOTILAL OSWAL

Initiating Coverage |4 July 2017
Sector: Healthcare

Jubilant Life Sciences



Promising formulation

Tushar Manudhane (Tushar.Manudhane@motilaloswal.com); +91 22 3010 2498
Rajat Srivastava (Rajat.Srivastava@motilaloswal.com); +91 22 3010 2511

Contents

Jubilant Life Sciences

BSE Sensex	S&P CNX
31,210	9,613

CMP: INR692 **TP: INR905 (+31%)** **Buy**

Stock Info

Bloomberg	JOL IN
Equity Shares (m)	159.3
52-Week Range (INR)	879 / 298
1, 6, 12 Rel. Per (%)	-6/-20/104
M.Cap. (INR b)	110.2
M.Cap. (USD b)	1.71
Avg Val, INRm	667
Free float (%)	46.0

Financial Snapshot (INR b)

Y/E MARCH	FY17	FY18E	FY19E
Net Sales	60.1	65.9	72.9
EBITDA	13.5	15.7	17.7
NP	5.8	7.4	8.8
EPS (INR)	37.0	47.3	56.7
EPS Gr.%km	37.5	28.0	19.8
BV/Share	220.7	263.3	314.4
P/E (x)	18.7	14.6	12.2
P/BV (x)	3.1	2.6	2.2
RoE (x)	18.1	19.6	19.6
RoCE (x)	11.0	12.0	13.0

Shareholding pattern (%)

As On	Mar-17	Dec-16	Mar-16
Promoter	54.0	54.0	54.0
DII	3.7	3.1	0.1
FII	22.9	25.7	29.9
Others	19.3	17.2	16.0

FII Includes depository receipts

Jubilant Life Sciences

Promising formulation

Tushar Manudhane
+91 22 3010 2498
tushar.manudhane@motilaloswal.com

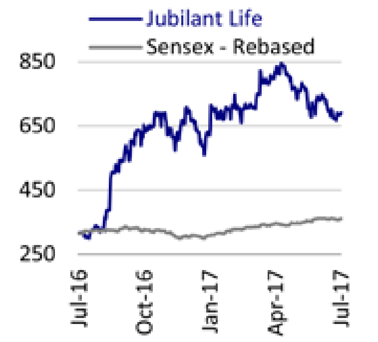
Please click here for Video Link

Promising formulation

Multiple triggers in place to drive earnings

- **Jubilant Life Sciences (JLS), part of Jubilant Bhartia Group, is an integrated pharmaceuticals and life sciences company engaged in the manufacture of radiopharmaceuticals, allergy products, generics, advance intermediates, nutritional products and life science chemicals. JLS 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.**
- **All sub-segments in pharmaceuticals (52% of total sales) are well poised for growth, in our view. Compared to peers, JLS has a unique portfolio of specialty pharmaceuticals, which includes radiopharmaceuticals, allergy products and CMO. We expect the company's differentiated products & distribution strategy and long-term contracts to lead to 18% CAGR (FY17-20) in radiopharmaceuticals sales, while enhanced marketing efforts to improve productivity should lead to 20% CAGR (over FY17-20) in allergy products sales. High entry barriers for developing and manufacturing are expected to further improve profitability.**
- **JLS is also expected to perform well in the life science ingredients (LSI) segment (45% of total sales), driven by product launches and price hikes in key products. Post 4.2% compounded decline in revenues over FY14-17 due to product-specific issues, LSI is expected to post revenue CAGR (FY17-20) of 10.2% to INR36.2b.**
- **JLS has successfully cleared US FDA inspections at its various facilities in the past three years. Notably, it resolved warning letters at Spokane and Montreal within 12-15 months. While peers are faced with numerous regulatory headwinds, we believe JLS has minimal regulatory risks over the medium term.**
- **The company's debt-reduction program (from internal accruals) remains on track. This is expected to reduce financial leverage from 1.1x in FY17 to 0.4x in FY20. This, along with lower-cost debt, is expected to improve the interest coverage ratio from 3.1x in FY17 to 6.6x by FY20. Overall, for JLS, we expect PAT CAGR (FY17-20) of 22.9%.**
- **We value JLS on an SOTP basis, assigning 11x EV/EBITDA to the pharma business and 4.5x EV/EBITDA to the LSI business. We value the pharma business at industry average, as the share of high-margin segments is increasing in the pharma portfolio. Accordingly, we initiate coverage on JLS with a Buy rating and a price target of INR905.**

Stock Performance (1-year)



Pharmaceuticals – the key growth driver

- JLS has a segment-specific strategy in place to deliver a better performance in pharmaceuticals.
- With long-term contracts in place for the radiopharma portfolio, the company's owned distribution network (via the acquisition of Triad), along with ongoing efforts toward commercializing RUBY-FILL and selling via its own distribution network, is expected to significantly boost its radiopharma revenues over the next 4-5 years.
- Increased marketing effort in the allergy business and better visibility for the CMO business with improved margins would drive growth in specialty pharmaceuticals.
- De-bottlenecking, cost efficiency and a healthy product pipeline are expected to facilitate healthy growth in API and formulations business of pharma generics.

LSI segment to support overall growth in medium term

- JLS has lined up seven new product launches in FY18 to aid growth in specialty intermediates. There has been capacity expansion as well, led by retrofitting.
- Although capacity has been fully utilized for nutritional products, JLS is likely to drive growth via price hikes over the medium term.

Ongoing debt-reduction program to enhance profitability

- JLS has reduced net debt by INR8.7b over the past two years, and guided for further payment of ~INR3b on annualized basis over the next two years.
- It is also trying to convert high-cost debt to low-cost one. As a result, JLS has been able to not only reduce interest cost, but also improve profitability.

Inspection performance has been good over past three years

- JLS successfully resolved warning letters at its Spokane and Montreal facilities in 2014 and 2015, respectively. Since then, it is FDA-compliant at all other facilities.
- Most of the facilities have been re-inspected successfully in the past six months.

Valuation

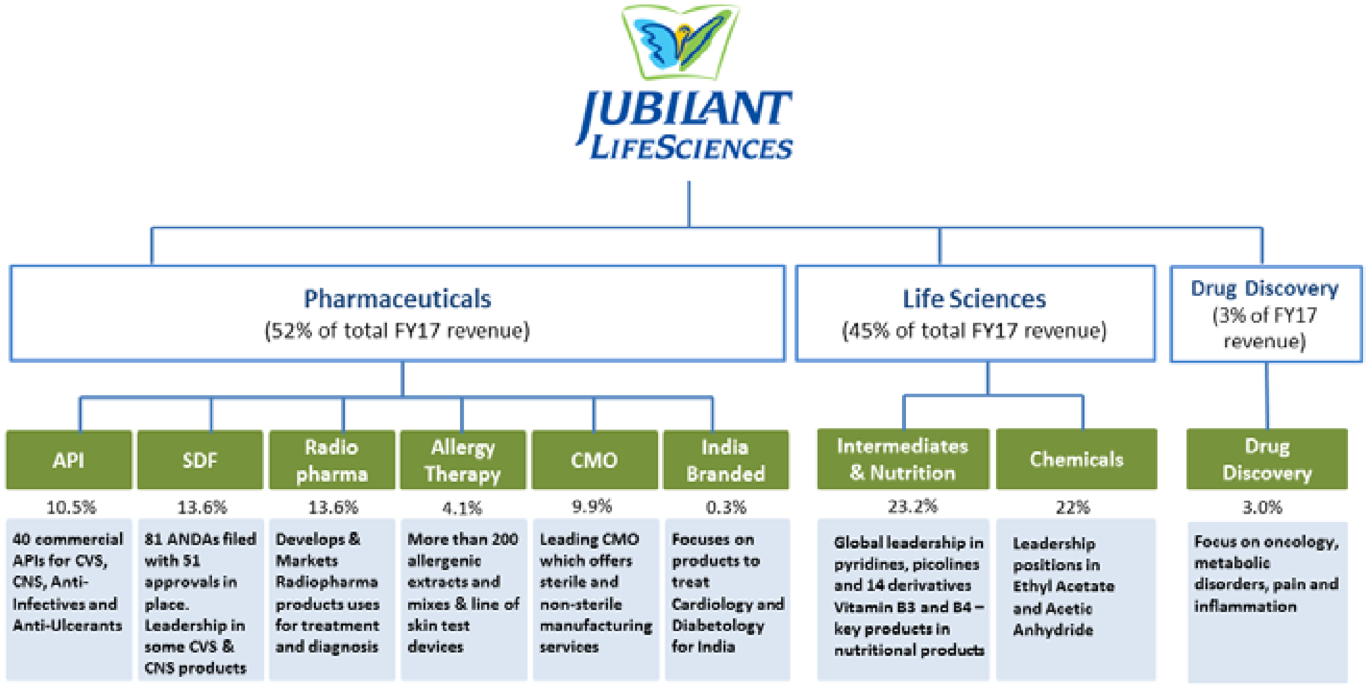
- JLS has exhibited considerable improvement in its financial performance, led by margin improvement over the past two years. In addition, based on management outlook, there are enough levers in place to gain further traction in earnings via revenue and margins improvement.
- We expect revenue CAGR of 11% to reach INR82b in FY20. We also expect EBITDA CAGR of 14.4%, led by improved efficiency. Further reduction in interest outgo, coupled with EBITDA growth, is expected to lead to PAT CAGR of 22.9% to INR10.6b by FY20.
- We value the pharma business at 11x 12M forward EBITDA, which is industry average multiple, to arrive at pharma EV of INR151b. We value the LSI business at 4.5x 12M forward EBITDA to arrive at LSI EV of INR25.7b. Reducing the net debt, we arrive at an SOTP-based valuation of INR141b. We thus initiate coverage on JLS with a **Buy** rating and a target price of INR905.

Risks

- A miss on execution expectations would result in lower growth in revenues from radiopharma and allergy products.
- Lower-than-expected acceptance of innovative radiopharma products may impact revenue and profit growth.
- Delay in ANDA approvals in the US market may result in loss of opportunity and thus reduce profitability of formulation generics.

Current business description in charts

Exhibit 1: Pharmaceuticals contribute 52% of total revenues for FY17...



Pharmaceuticals FY17 EBITDA margin was 31.3% which contributed 69% to the total EBITDA

EBITDA of Pharma business (INR m)	**13,787**
EV/EBITDA multiple for JOL	11
EV of Pharma (INR m)	151,662

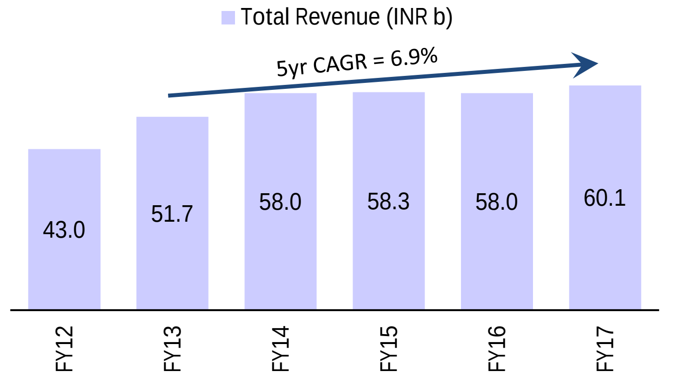
LSI FY17 EBITDA margin was 16% contributing 31% to total EBITDA

EBITDA of LSI business (INR m)	**5,729**
EV/EBITDA multiple for JOL	4.5
EV of LSI (INR m)	25,781

Source: MOSL, Company

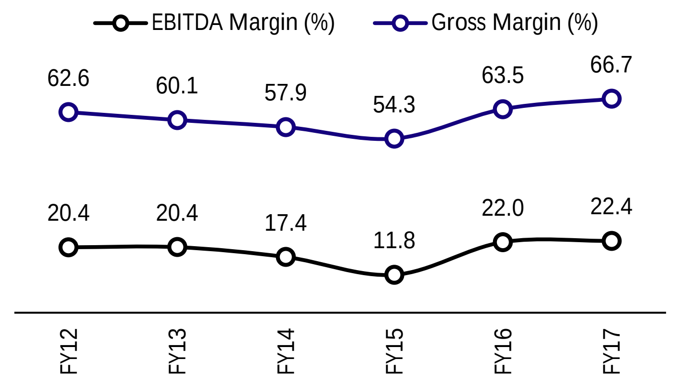
Story in charts (till FY17)

Exhibit 2: Revenue CAGR has been moderate...



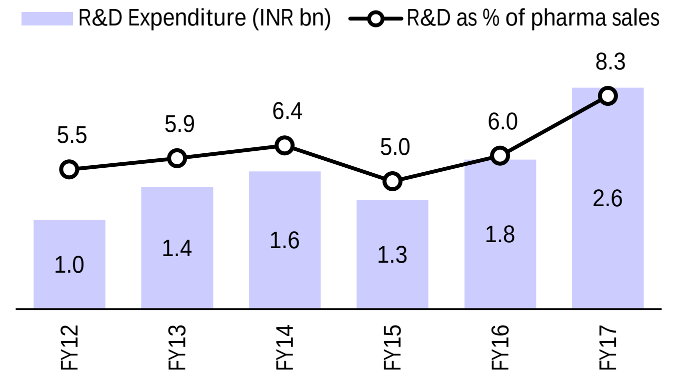
Source: MOSL Company

Exhibit 3: ...however, margin has been on uptrend



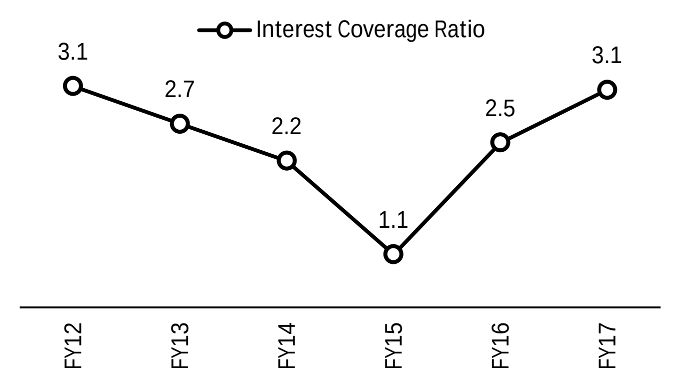
Source: MOSL Company

Exhibit 4: R&D spend has been rising for future growth



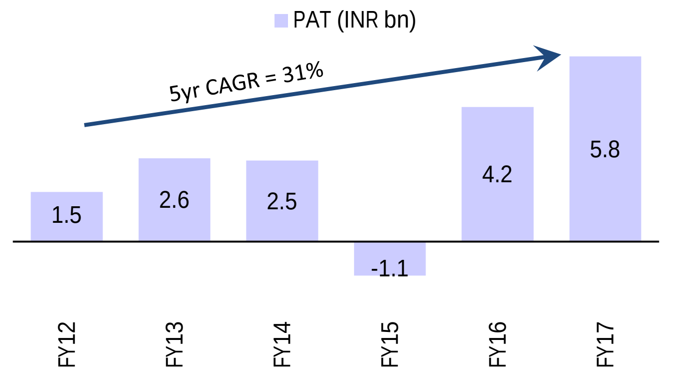
Source: MOSL Company

Exhibit 5: Interest coverage ratio improving



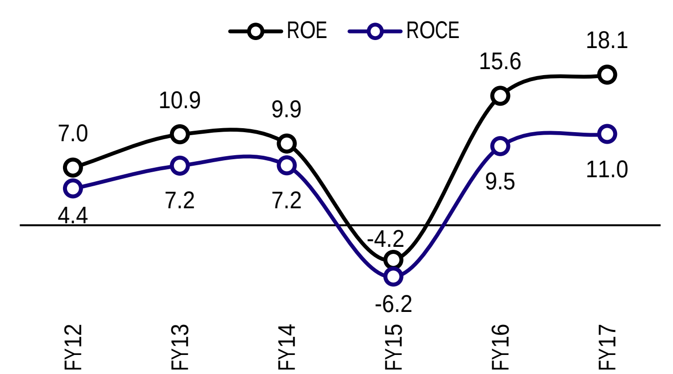
Source: MOSL Company

Exhibit 6: Margin expansion aids PAT growth...



Source: MOSL Company

Exhibit 7: ... and return ratios as well

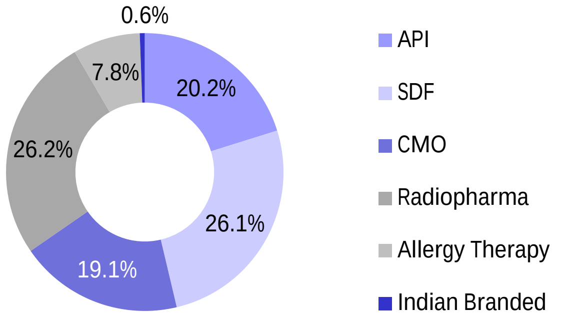


Source: MOSL Company

Investment Argument 1: Pharmaceuticals to fire on all cylinders

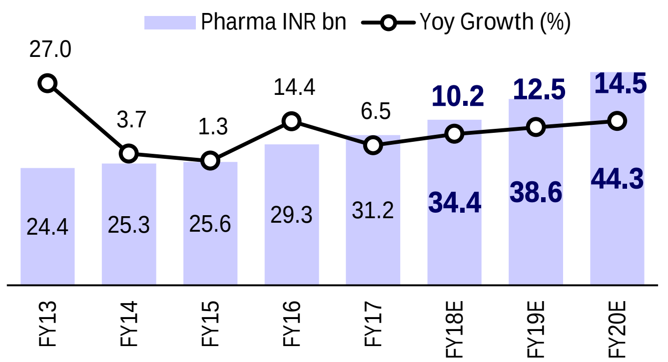
JLS has multiple levers in place in the major sub-segments of pharmaceuticals, which should drive better growth, going forward. Actions taken by management are already reflected to some extent in growth over the last two years.

Exhibit 8: Revenue composition of Pharma (FY17)



Source: MOSL, Company

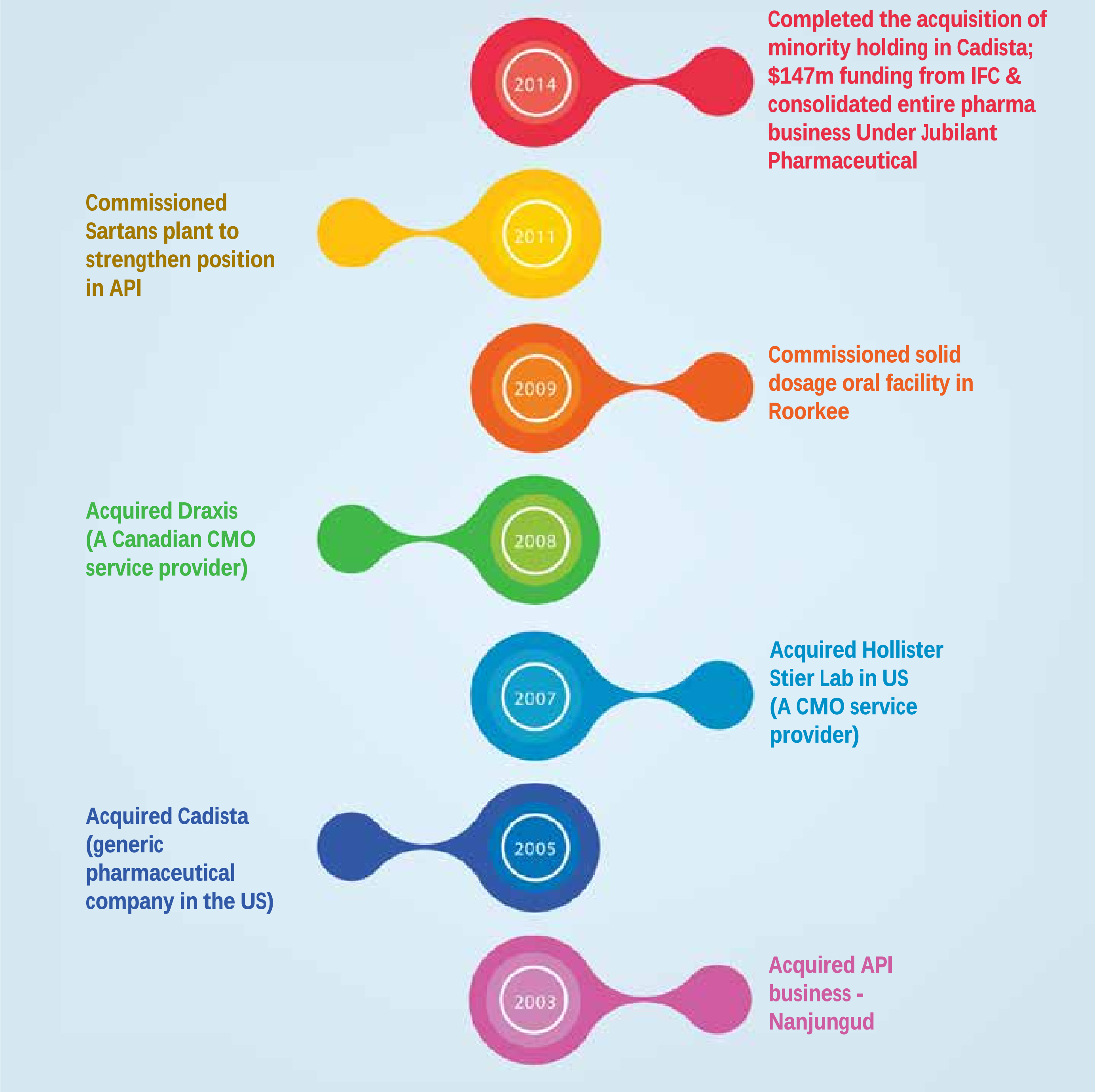
Exhibit 9: Superior execution and capacity enhancement to drive growth



Source: MOSL, Company

JLS exhibited muted revenue growth in FY14 and FY15 due to segment-specific issues. However, we note that these issues are not only largely resolved, but JLS has added enough triggers of growth for the next 2-3 years.

Exhibit 10: Added high-margin businesses via inorganic route



Source: MOSL, Company

Within the pharmaceuticals business, specialty pharma is expected to lead growth over the medium term. All the three sub-segments in specialty pharma are expected to have better traction due to:

- Commercial launch of NDA (RUBY-FILL) and acquisition of a distribution chain to increase penetration in radiopharma.
- Health order book and ramp-up of operations in CMO of sterile injectables.
- Increased field force to enhance reach in allergy products.

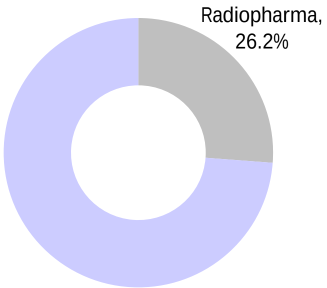
Also, the other segment within pharmaceuticals – generics – is expected to show revival in growth, led by:

- Brownfield expansion and considerable capex lined up for future growth in API.
- New product launches and increased traction in existing products, which should drive growth in solid dosage formulation.

After growing sharply in FY17, the drug discovery solutions business is expected to maintain its annual run-rate, led by out-licensing income and addition of new customers. Each segment is explained in detail in the coming sections.

1.1 Radiopharma: A promising space to watch for

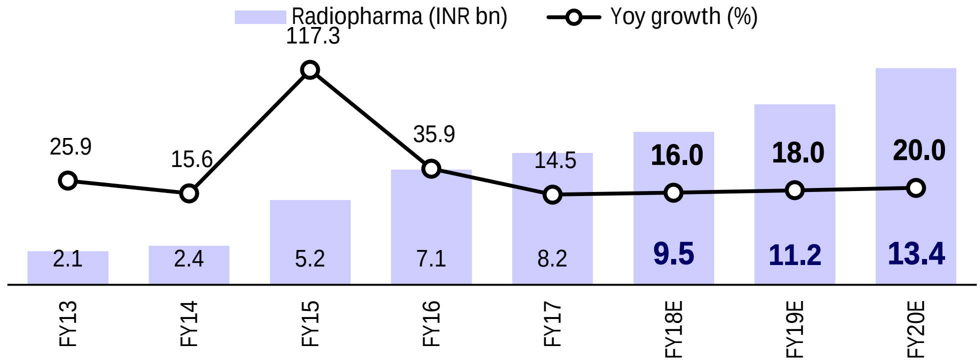
Recent NDA approval and subsequent commercialization to boost sales and profitability



Source: MOSL, Company
Note: Radiopharma sales as a % of pharmaceuticals sales in FY17.

Via the acquisition of Draxis in 2008, JLS entered into the business of developing, manufacturing and commercializing radiopharmaceuticals used for diagnosis, treatment and monitoring of diseases.

Exhibit 11: Innovative products and differentiated strategy to drive growth over 4-5 years



Source: MOSL, Company

JLS currently supplies products to specialized radiopharmacies. Over the past five years, this business has exhibited CAGR of 38% to reach INR8.2b. Notably, JLS is the leader in North America for thyroid radiotherapy, lung, kidney and bone imaging. It has facility in Montreal, Canada, where ~150 skilled employees are involved in the manufacture of radiopharmaceutical products.

Warning letter issued by USFDA was closed out at Montreal in September 2014. Post that, there has been renewed strategic focus based on value-based approach on business which led to strong growth in revenues in FY15 and FY16. In addition, the company adopted customer-specific targeting for radio-iodine therapy, which led to further growth in this business.

Long-term contracts for radiopharma products provides good visibility of business over medium term

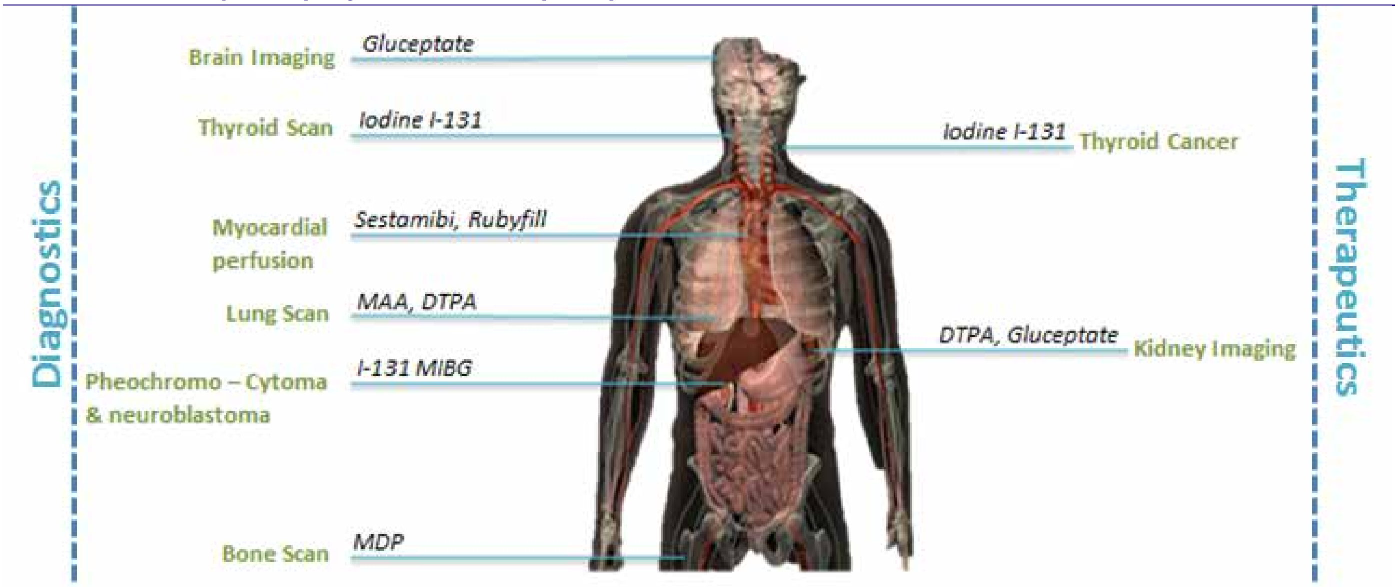
JLS has signed long-term contracts with other distribution networks in the US for the supply of radiopharma products for period of 39 months, effective January 2017.

Acquisition of Triad to provide own distribution network

JLS recently signed an asset purchase agreement with Triad Isotopes to acquire substantially all of the assets that comprise the radio pharmacy business of the latter. Triad has the second largest radio pharmacy network in the US. It had generated revenue of USD225m with positive EBITDA in CY16. JLS would be able to increase the reach of its radiopharma products through the Triad network, which would aid growth in revenue and profitability.

In addition, JLS would also be approaching hospital based customers (nuclear medicine physicians and technologists) through own distribution network. This would also drive growth in radiopharmaceutical segment to considerable extent.

Exhibit 12: Product profile (Diagnostic and Therapeutic)



Source: MOSL, Company

RUBY-FILL – another growth enabler in radiopharma

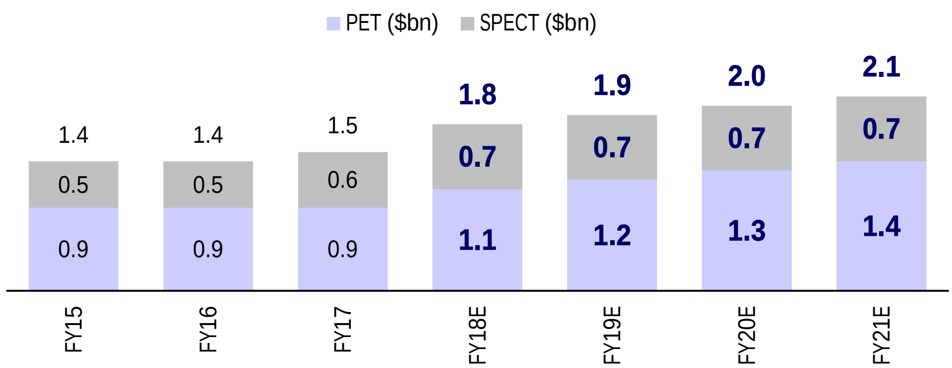
In October 2016, JLS received US FDA approval for RUBY-FILL, an innovative technology for Positron Emission Technology (PET) myocardial perfusion imaging (MPI).

About RUBY-FILL: Comprised of Rubidium-82 generator and precedent setting elution system, RUBY-FILL is used to produce a personalized patient dose of Rubidium Rb 82 chloride used to evaluate regional myocardial perfusion in adult patients with suspected or existing coronary artery disease (CAD), which is an important component of diagnosing CAD.

Industry overview

The different methods of scanning include x-ray computed tomography (CT), magnetic resonance imaging (MRI), functional magnetic resonance imaging (fMRI), ultrasound, single-photon emission computed tomography (SPECT) and positron emission tomography (PET). While scans such as CT and MRI isolate organic anatomic changes in the body, PET and SPECT are capable of detecting areas of molecular biology detail (even prior to anatomic change). The market size for PET and SPECT was about ***USD1.4b at the end of 2016.*** *About 95% of market in terms of procedures for molecular biology detailing is dominated by SPECT. This is primarily due to low cost of SPECT scans as they are able to use-longer lived more easily obtained radioisotopes than PET.*

Exhibit 13: US diagnostic radiopharmaceuticals market size



Source: MOSL Company, Industry

Of the total US diagnostic radiopharma market, nuclear cardiology diagnostic PET procedures **(market size of USD65m)** are largely performed by JLS' competitor.

Advantage RUBY-FILL

Using RUBY-FILL, JLS has strategized to enter the PET category via marketing of new products and technology, which the company claims to be superior to the existing one. Also, the quality of imaging is expected to be much better.

In addition, JLS has a different strategy in place for RUBY-FILL in terms of selling the product. JLS would be doing direct marketing (to hospitals/radio pharmacies) with its own field force. Thus, JLS would not be involving distributors for this product.

Thus, superior technology and own distribution would help enhance sales and profitability.

Product filings

JLS has product approvals in Canada, Europe and ROW. JLS continues to expand its reach, gaining better traction from the launched products in these markets.

JLS has about 10 products under development, of which two are under review by the US FDA. JLS has guided to file two products in FY18 and remaining over the next three years.

Another NDA – I-131 MIBG

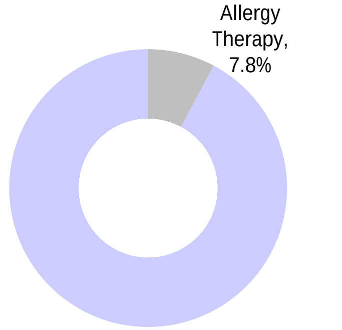
Specifically, JLS has received orphan drug status, with eligibility for accelerated approval, no regulatory filing fees and seven years' exclusivity for I-131 MIBG. Enrolment for the phase-II trial is expected to start by 3QFY18, and there is a good scope for fast-track approval post the trial.

Thus, based on its existing products, superior growth in RUBY-FILL, increased advantage due to the acquisition of distribution network and healthy product pipeline, as well as considering the management guidance, we expect the radiopharma business to grow at 18% CAGR (FY17-20) to INR13.5b.

1.2 Allergy business: Ample scope and renewed focus to drive business

Another leg of growth in specialty pharma

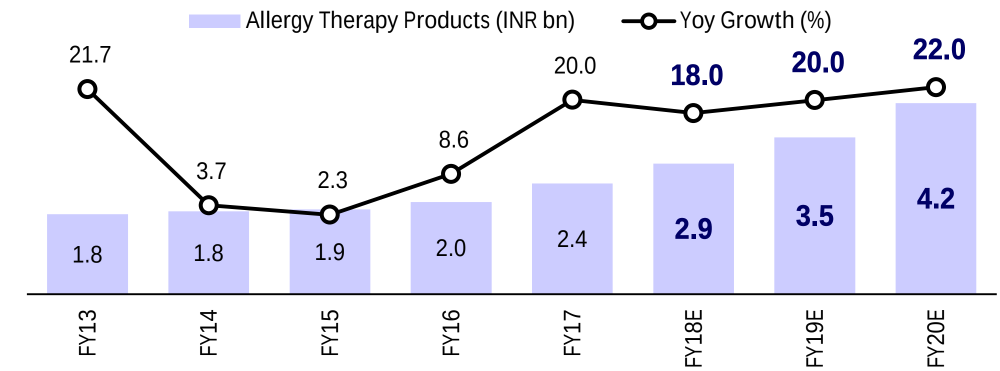
JLS entered the allergy business via the acquisition of HollisterStier in 2007, and is now the leading immunotherapy player in the US market with strong presence across product segments. JLS's allergic business encompasses over 200 allergenic extracts and mixes, along with specialized skin test diagnostic devices.



Source: MOSL, Company

Note: Allergy Therapy sales as a % of pharmaceuticals sales in FY17.

Exhibit 14: Higher prescription through increased reach and productivity to drive growth



Source: MOSL, Company

Growth was muted in FY14 due to a weak performance in diluent products – a sub-segment of allergy products. There was recall and re-introduction of diluent products, which impacted overall growth of the allergy segment. There was six-week shutdown at the beginning of FY15, which coupled with the exercise to improve efficiencies, led to subdued growth in FY15 as well. However, there has been strong uptrend in growth since FY16 due to increased prescription, led by better sales reach and increased field force.

Our channel checks suggest that JLS is the third largest player in the allergy business, with ~15% market share (note that there is significant gap between JLS and the second largest player). To gain further traction in this business, the company is now focusing on improving field force productivity. JLS is also in the process of increasing penetration in the geographies outside of the US (e.g. Canada, New Zealand, France, South Korea and Australia). In this segment, JLS also focuses on patient education, availability of physician resources and allergy consulting. Considering this, we expect the allergy therapy business to record a CAGR (FY17-20) of 20% to INR4.2b.

1.3 CMO: Healthy orderbook and client addition are key

JLS entered the CMO business in 2007 via the acquisition of HollisterStier. The company provides sterile manufacturing services for phase-I through commercial liquid and lyophilized products in vials and ampoules, as well as ophthalmic and optic solutions. JLS also offers non-sterile manufacturing services for ointment, cream and liquid products.

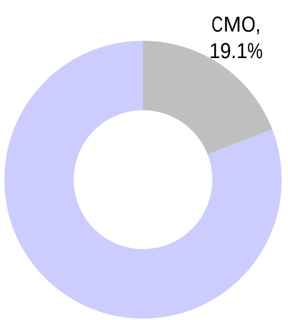
Exhibit 15: Manufacturing facilities for CMO business

Facility	Description
Spokane, USA	Phase 1 commercial sterile injectable and lyophilisation (vials), laboratory services
Montreal, Canada	Commercial sterile injectable (vials and ampoules), lyophilization, sterile ophthalmics and optics (tubes and bottles), non-sterile topical and liquids (tubes, bottles, jars, applicators), laboratory services

Source: MOSL, Company

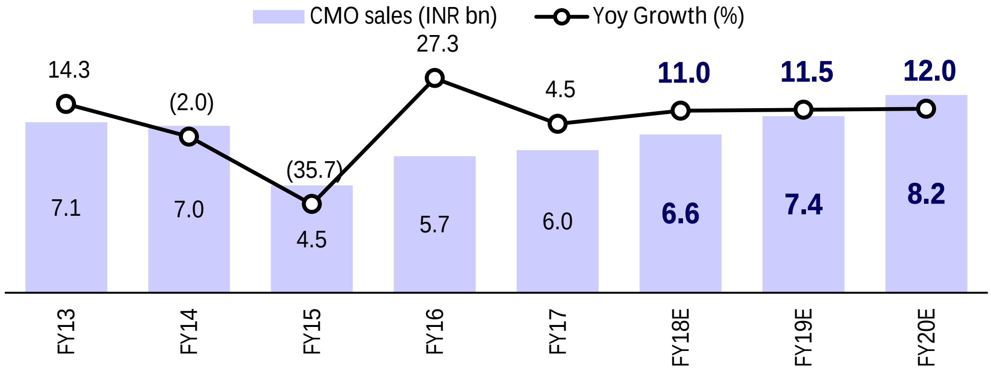
Time for growth after improving profitability in FY16 & FY17

As shown in exhibit 6, growth in the CMO business was adversely impacted in FY14 and FY15 due to warning letter by the US FDA for its Spokane facility in December 2013 and voluntary shutdown of facility for period of four months. As a result, the company's CMO sales declined from INR7.1b in FY13 to INR4.5b in FY15.



Source: MOSL, Company
Note: CMO sales as a % of pharmaceuticals sales in FY17.

Exhibit 16: After focusing on profits for past two years, it's time to focus on growth



Source: MOSL, Company

However, JLS implemented remediation measures and resolved the regulatory issues, which resulted in up-gradation of the facility to Voluntary Action Initiated (VAI) status in June 2015. Ramp-up in operations post this led to 27% YoY growth in revenue to INR5.7b in FY16. Growth, however, again fell in FY17 due to the company's focus on profitability, rather than just revenue growth.

With ongoing cost-efficiency measures, a healthy order book and client additions, we expect JLS to record better revenue growth going forward with improved profitability.

1.4 API: Debottlenecking and capacity increase to improve sales

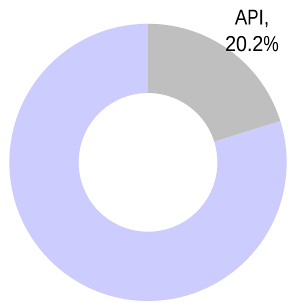
JLS has been into the API business since 2003 with a focus on production for the cardiovascular system (CVS) and central nervous system (CNS) therapeutic areas, besides some anti-infective, analgesic and antispasmodic products.

In terms of geographies, JLS supplies APIs to markets like North America, South America, Europe, Japan, Korea, Commonwealth of Independent States (CIS) countries, the Middle East, and Australia.

JLS has an API facility at Nanjangud, with very large capacities for Carbamazepine, Oxcarbazepine, Citalopram, Lamotrigine, Donepezil, Pinaverium Bromide, Meclizine, Escitalopram and Azithromycin Monohydrate.

Decent growth as capacity constraint eases

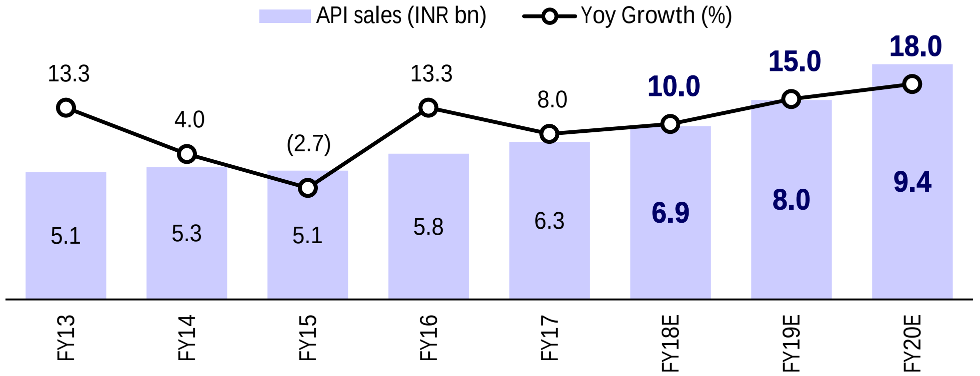
JLS has 40 commercial APIs emphasizing on CVS, CNS, anti-infective and anti-ulcerants, which are marketed to some leading generics companies. The company has also filed for 88 drug master files (DMFs).



Source: MOSL, Company

Note: API sales as a % of pharmaceuticals sales in FY17.

Exhibit 17: API sales to rise on capacity increase and new product launches



Source: MOSL, Company

The facility is utilized for captive and third-party sales. There was downtrend in API sales growth in FY15 due to capacity constraints. However, addition of a new block led to sale of incremental volumes, resulting in good growth in FY16. The ongoing exercise of debottlenecking of the existing plant, improving efficiency and new product launches are expected to drive JLS' API sales growth in FY18 and FY19.

JLS has earmarked capex of INR2-2.5b over the next two years, which is expected to lead to better growth FY19 onward.

1.5 SDF & DDS: Product pipeline strong for SDF, good option for outlicensing in DDS

JLS' primary focus is on developing, manufacturing and sale of proprietary solid dosage formulations (SDF), including value-added formulations for CVS, CNS and anti-allergy categories.

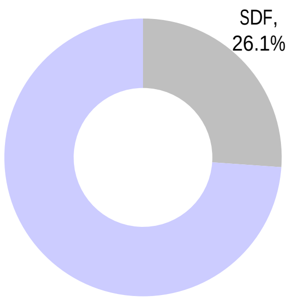
JLS enjoys leadership in the US for methylprednisolone, terazosin and lamotrigine, as well as meclizine, cyclobenzaprine, prochlorperazine, donepezil and HCTZ caps. In Europe, the company's key strengths include regulatory affairs services, formulation development and licensing of marketing authorizations, in addition to supplies of SDF to makers of generic products.

JLS supplies formulations through Roorkee (Uttarakhand, India) and Salisbury (Maryland, USA).

About 70% of SDF are sold in the US market, while the rest are sold in the ROW market. JLS' SDF segment continues to deliver ~20-25% YoY growth in the ROW market due to its country-specific strategy of marketing & distribution.
In Japan, JLS has been pursuing product-specific partnerships with local players, supported by in-house, country-specific product development. The company is strengthening its pipeline and distribution partnership in the Australia market. Branding and new product launches have been its focus areas in Asia, Middle-East and South Africa.

JLS to have good ANDA filing rate going forward

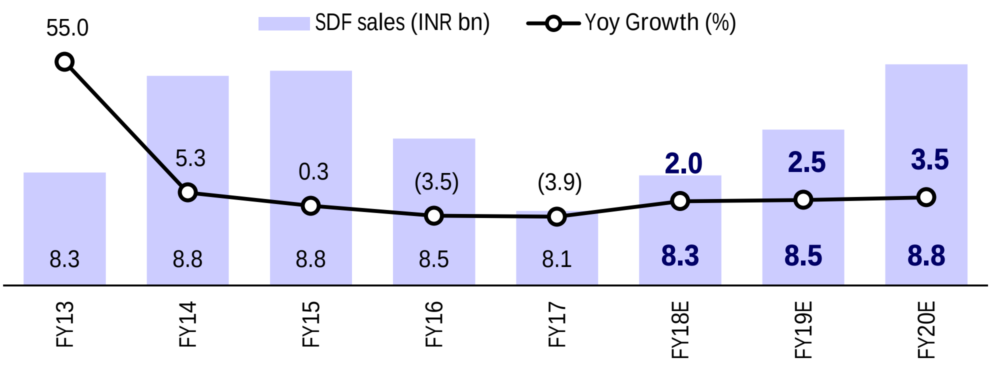
However, overall growth in the SDF segment has been impacted due to pricing pressure in its key products (like methylprednisolone) and industry wide consolidation in the US market. As a result, overall annual run-rate of SDF sales has remained stable over the past 3-4 years.



Source: MOSL, Company

Note: SDF sales as a % of pharmaceuticals sales in FY17.

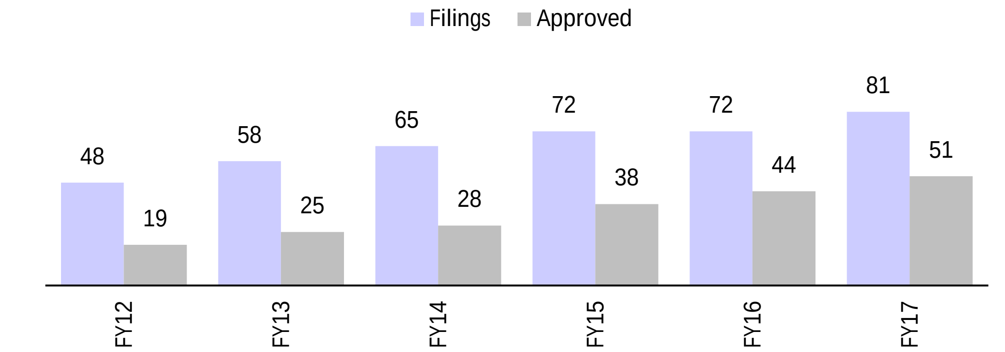
Exhibit 18: Healthy product pipeline to aid future growth, subject to approval



Source: MOSL, Company

There would some improvement in growth, as JLS has a strong pipeline of 81 ANDAs filed (30 pending for approval as on 31 March 2017).

Exhibit 19: 81 ANDAs filed, with a strong pipeline of 30 awaiting approval



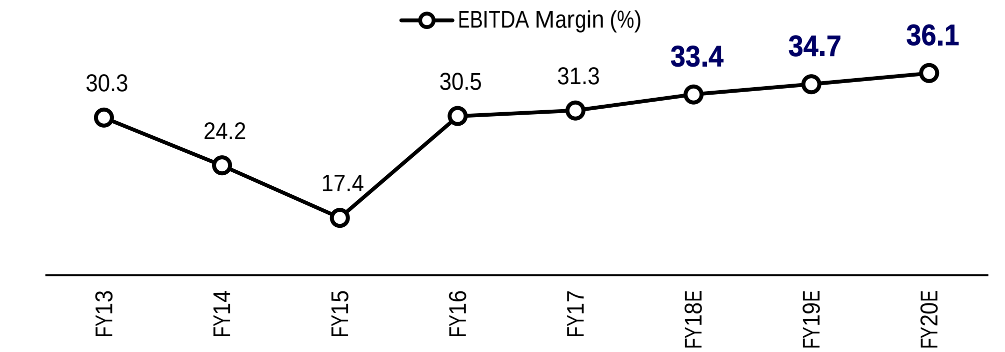
Source: MOSL, Company

We expect moderate 3% CAGR (FY17-20) in SDF business sales to INR9.2b.

Increased high-margin products to drive pharma EBITDA margin

JLS delivered highest-ever EBITDA margin in the pharma segment in FY17 due the increased share of the high-margin specialty business compared to generics.

Exhibit 20: Pharma EBITDA margin to gradually inch upward



Source: MOSL, Company

EBITDA margin contracted in FY15, largely due to the adverse impact of warning letter for its Spokane facility and one-off expenses. However, implementation of remediation measures, close-out of warning letter and increased traction in the specialty segment led to improvement in margins in FY16 and FY17.

We expect EBITDA margin to expand further, albeit at slower pace compared to previous years, due to:

- Focus on reducing cost associated with manufacturing in CMO business
- Robust growth in high-margin radiopharma business
- Increased traction in allergy products due to improved reach
- Improved volumes in API segment and further economies of scale, led by debottlenecking.

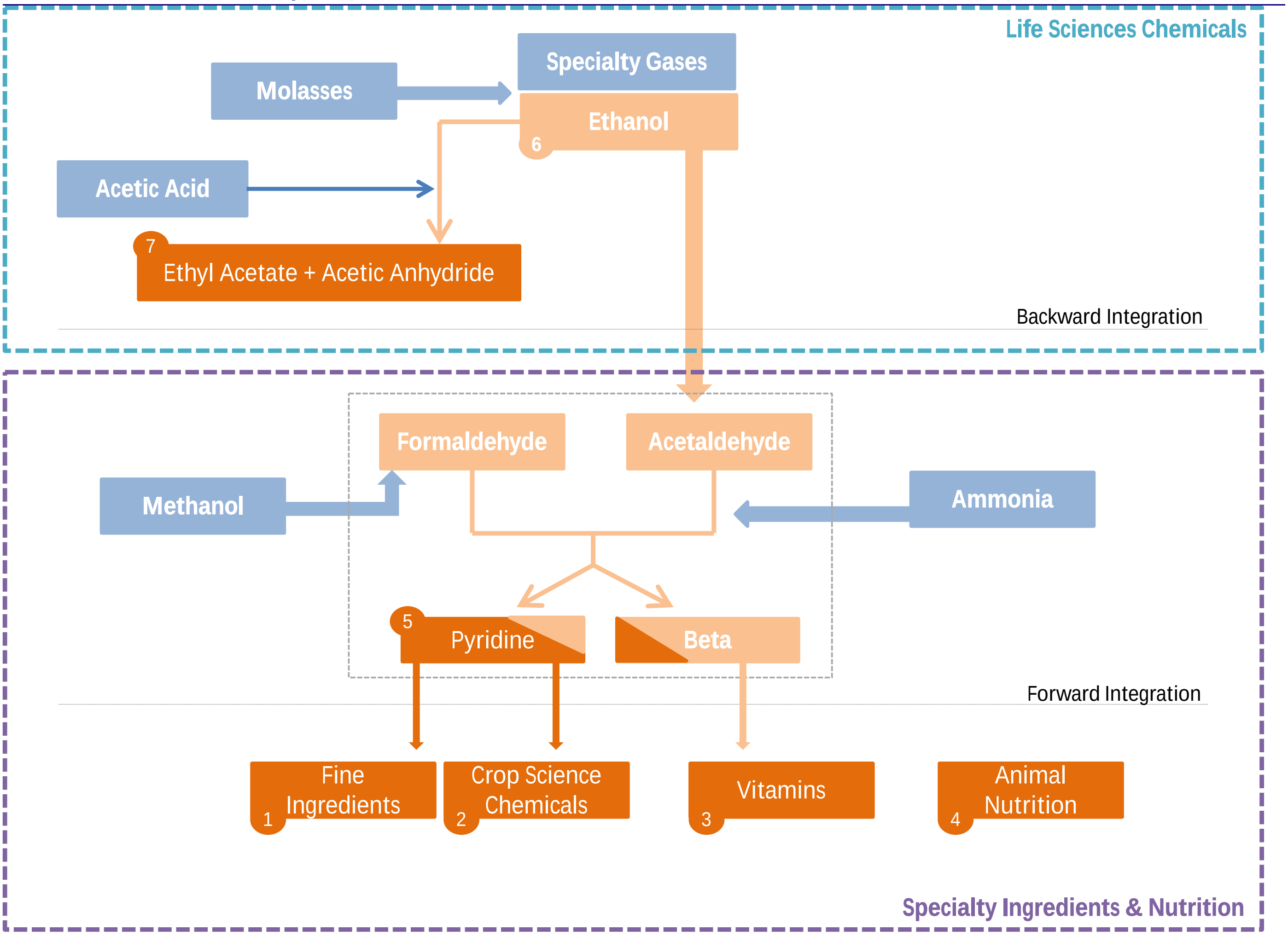
Overall, we expect EBITDA margin to expand 480bp to 36.1% over FY17-20E.

Investment Argument 2: Specialty intermediates to drive LSI business

In the life science ingredients (LSI) segment, specialty intermediates and nutritional products (SINP) form ~52% of sales, while life science chemicals account for the remaining ~48%.

As shown in the exhibit below, JLS has produced multiple products in LSI using molasses, acetic acid, methanol and ammonia as major raw materials.

Exhibit 21: Flow chart of LSI products



Source: MOSL, Company

Over the years, JLS has integrated its processes (both forward and backward) to not only improve revenues but also profitability.

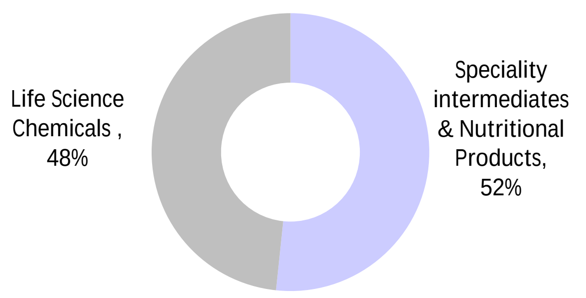
The key products in this space are fine ingredients, crop science chemicals, nutritional products, ethyl acetate and acetic anhydride.

Fine ingredients, crop science chemicals and nutritional products are clubbed as SNIP, while ethyl acetate and acetic anhydride are clubbed as life science chemicals.

New product launches and increased traction in existing products to improve SNIP performance

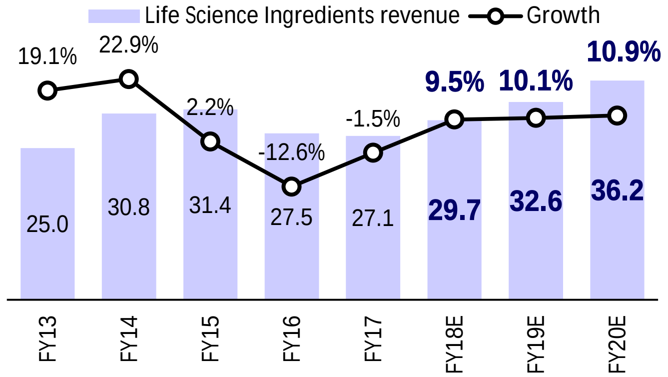
Specialty intermediates form ~67% of SNIP and nutritional products.

Exhibit 22: Revenue share more or less equal from both segment



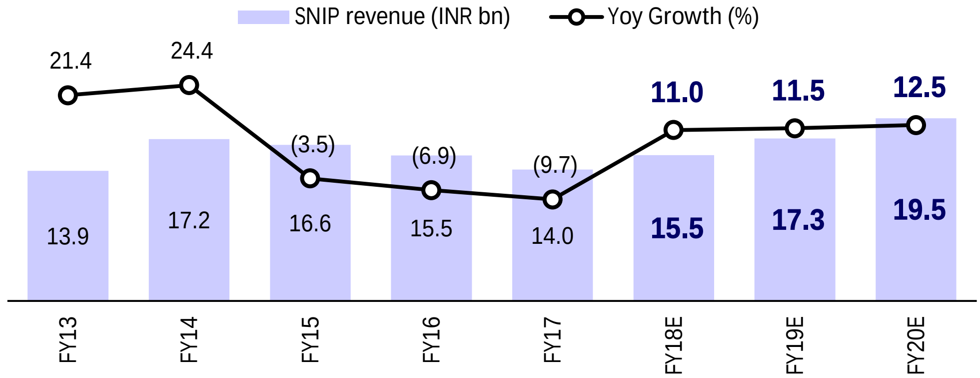
Source: MOSL, Company

Exhibit 23: Growth to remain on uptrend



Source: MOSL, Company

Exhibit 24: Growth expected to increase on account of capacity expansion/price hikes



Source: MOSL, Company

We note that growth in specialty intermediates and nutritional products has been on downtrend due to:

- Low demand for pyridine from China – a major market for JLS – due to the ban on paraquat manufacturing in aqueous form for domestic use. Anti-dumping duty imposed by China also impacted profitability in FY14 and FY15. Since then, JLS has reduced its exposure to China for pyridine-based products, and with increased business from other markets, there has been steady growth in the past quarters.
- However, JLS' revenues declined again in FY17, largely due to lower input and crude prices, which led to a reduction in finished product prices as well.
- Technical issues led to lower capacity utilization for products in the crop science category.

The nutritional products segment, however, delivered positive growth in FY14 and FY15 due to volume growth and better capacity utilization. Revenues have been stable in FY16 and FY17 due to maximum capacity utilization.

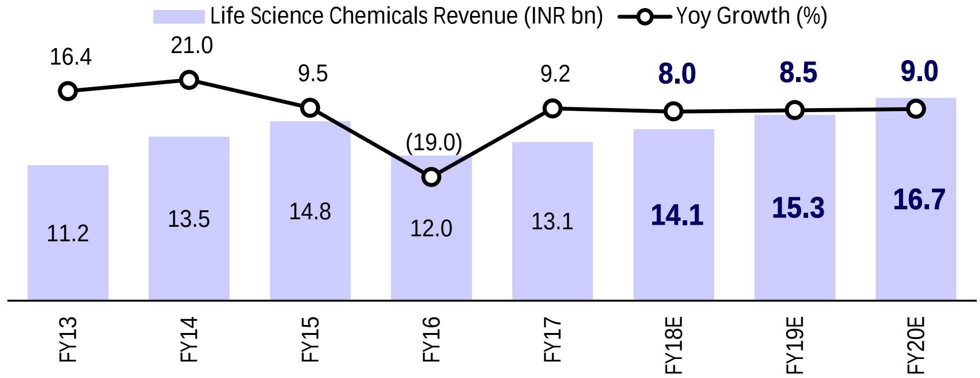
Management has guided for better growth over the next 2-3 years, led by:

- Capacity enhancement due to retrofitting, and new product launches are likely to aid growth. JLS has guided for atleast seven new product launches in FY18. JLS has commissioned an alpha gamma plant, and launched Alpha Picoline and Gamma Picoline.
- Management has taken price hikes, which is expected to drive growth over the next two years in nutritional products.

Life science chemicals to maintain momentum over medium term

The LSC segment exhibited better growth in FY17 compared to the previous years due to improved crude oil prices and higher demand from global agrochemical customers. As a result, there has been increased demand for Ethyl Acetate and acetic acid which are major products of JLS in life science chemical segment.

Exhibit 25: Stable growth going forward on account of demand



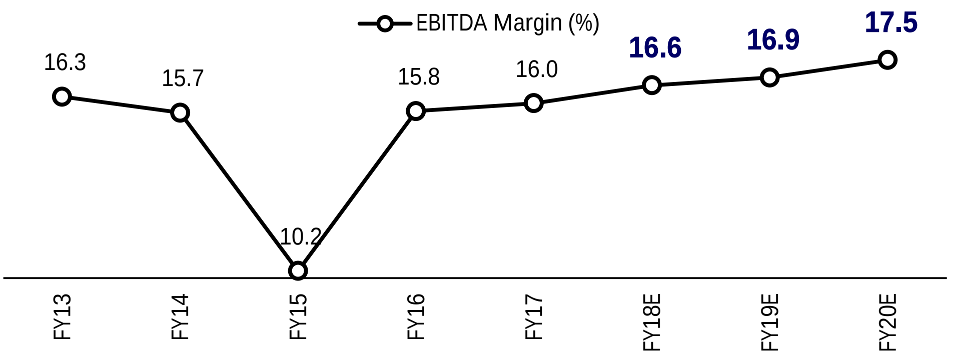
Source: MOSL, Company

We expect revenue growth to be stable led by demand improvement; however, revenue growth is also subject to the crude oil price trend.

EBITDA margin in LSI segment to improve gradually

JLS has delivered better EBITDA margin in FY16 and FY17 v/s FY15, largely on account of its focus on relatively high-margin products, cost-optimization initiatives and improved process efficiencies.

Exhibit 26: Focus on high-margin products to lead to gradual rise in EBITDA margin



Source: MOSL, Company

EBITDA margin shrunk in FY15, largely due to unabsorbed cost in Symtet products in the crop science segment. In addition, the anti-dumping duty imposed by China in advanced intermediates led to volumes and margins contraction.

However, JLS has reduced exposure to China for pyriudine based products and increased its business from other markets. Also, JLS has taken price hikes in nutritional products, which would aid margins improvement. Furthermore, new product launches would result in higher capacity utilization and better cost efficiency, leading to better EBITDA margin in the crop science segment.

Manufacturing facilities and inspection status

Exhibit 27: Manufacturing facilities

Name of the plant	Remarks
Cadista (USA)	Manufactures solid dosage formulations (Pharma generics)
Roorkee (India)	Manufactures solid dosage formulations (Pharma generics)
Spokane (USA)	CMO of sterile injectables
Montreal JDI (Canada)	Develops, manufactures and markets radiopharmaceuticals
Montreal (Canada)	CMO of sterile injectables
Nanjanguda (India)	API Manufacturing

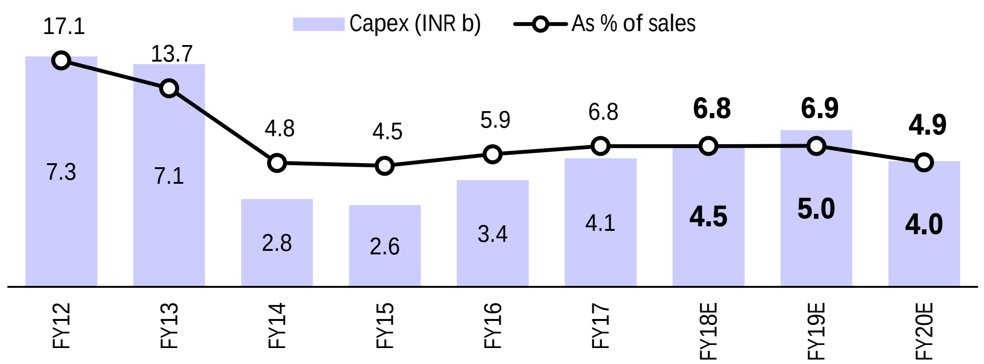
Source: MOSL, Company

Exhibit 28: Inspection status

Last Inspected on	Cadista-USA	Roorkee-India	CMO/Allergy-Spokane	CMO-Montreal	JDI-Montreal	Nanjangud-India
FDA (USA)	March'17	March'17	Nov'16	Dec'16	Dec'16	Oct'15
Health Canada (Canada)				Sep'15	Apr'16	
PMDA (Japan)		Dec'15	Feb'17			May'16
SLA/CDSCO (India)		Sep'15				Sep'16
ANVISA (Brazil)				May'16		Mar'15
Tc Sagak (Turkey)			Mar'15			
Cofepris (Mexico)						Aug'15

Source: MOSL, Company

Exhibit 29: Capex outlook robust over next three years



Source: MOSL, Company

JLS incurred total capex of INR4.1b in FY17 toward capacity enhancement and maintenance of existing facilities. The company has guided for capex of INR9b over the next 2-3 years, of which ~INR 2.5b would be spent on capacity expansion of API facility, INR1b on other pharma business, and INR2.5b as annual maintenance capex in both the pharma and LSI segments.

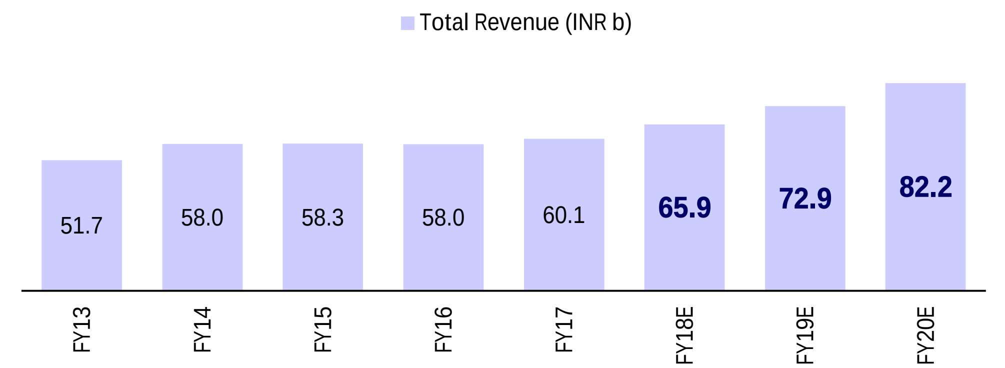
Financial performance to improve with revenue growth kicking in

We expect JLS to post improved revenue growth over FY17-20, backed by superior performance in the pharma and LSI segments. We expect overall revenue CAGR of 10.5% over FY17-20.

Within the pharma segment, we expect radiopharma, CMO, allergy and API to post CAGR of 18%, 11.5%, 20% and 14%, respectively. This should lead to 12.4% CAGR in the pharma segment.

Within the LSI segment, we expect specialty intermediates and nutritional products to post CAGR of 10.3%, resulting in segment CAGR of 9.5%.

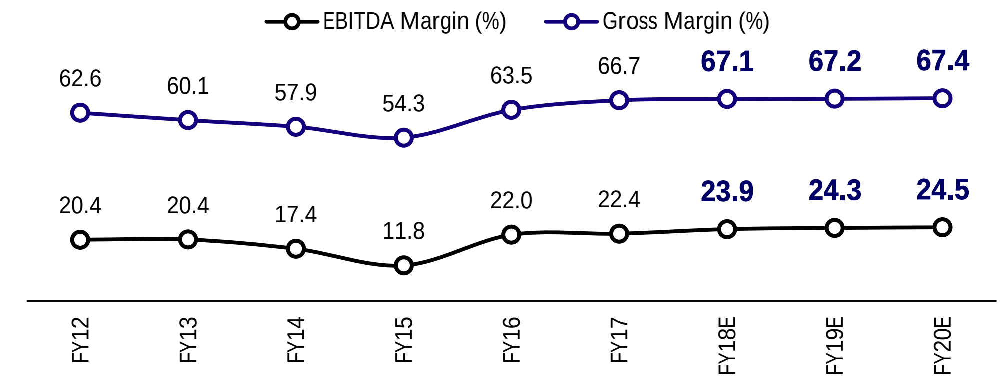
Exhibit 30: Revenue growth, which was subdued till FY17, to improve over next 3-4 years



Source: MOSL, Company

With better growth and a superior product mix, the gross margin is expected to improve gradually to 67.4% in FY20 from 66.7% in FY17. In addition, cost efficiency would lead to EBITDA margin improvement from 22.4% in FY17 to 24.5% in FY20.

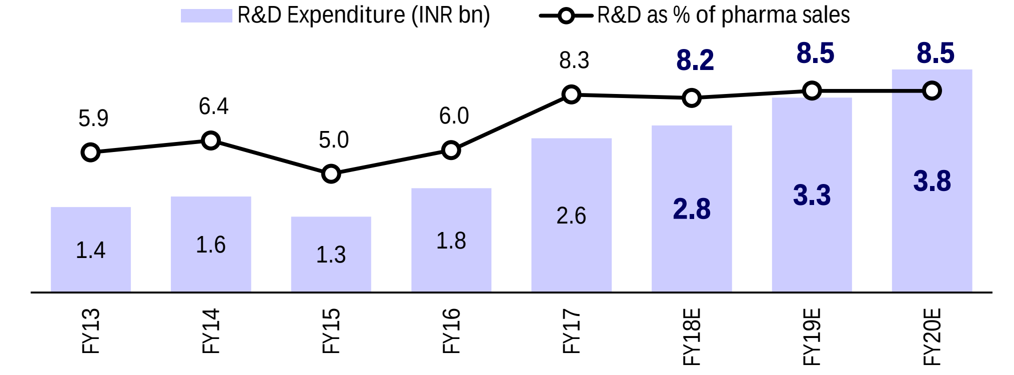
Exhibit 31: Superior product mix and cost optimization to continue driving margins



Source: MOSL, Company

Overall R&D spend (including charged to P&L and capitalized) as % of pharma sales has been increasing gradually. R&D spent increased to INR2.6b in FY17, accounting for 7.9% of pharma sales, which was largely toward radiopharmaceuticals and development of products for the US market. We expect R&D spend toward radiopharmaceuticals to inch up further over FY18-20.

Exhibit 32: R&D spend to rise on absolute level and as % of pharma sales



Source: MOSL, Company

Financial leverage and interest cost to decline

Over the past two years, JLS has reduced its net debt by INR8.7b, which has not only reduced financial leverage but also lowered interest burden. Also, there has been a reduction in interest rate from 7.6% in FY16 to 6.8% in FY17 on a blended basis.

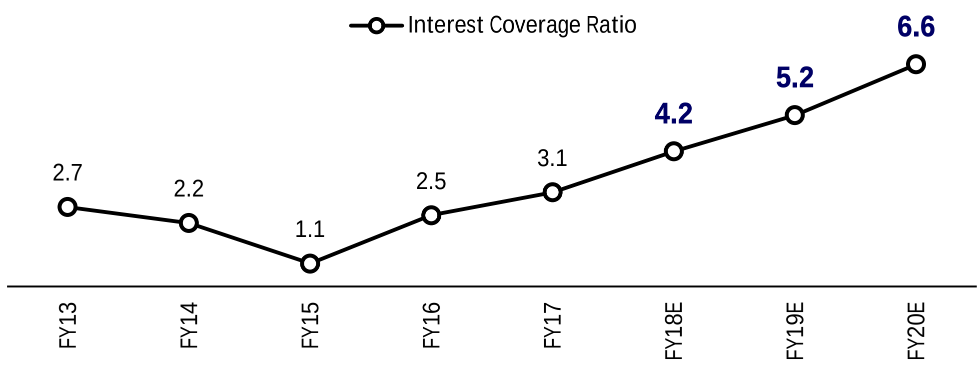
Exhibit 33: Debt composition

Particulars (In INR b)	FY17
Foreign Currency Loans	27.6
Rupee Loans	13.2
Gross Debt	40.9
Cash & Cash Equivalent	4.6
Net Debt	36.3

Source: MOSL, Company

As a result, overall interest outgo reduced from INR3.8b in FY16 to INR2.6b in FY17 on adjusted basis. Reported interest cost in FY17 is higher due to the inclusion of charge from stock settlement instrument of INR540m and one-time cost of INR320m due to the replacement of high-cost debt with low-cost debt. INR540m is non-cash debit to P&L on account of convertible instrument issued to IFC of USD60m as a mandatory conversion option at IPO of JPL.

Exhibit 34: Interest coverage ratio is increasing due to reduced debt and low cost



Source: MOSL, Company

JLS has guided for debt reduction of INR6bn over next 2 years

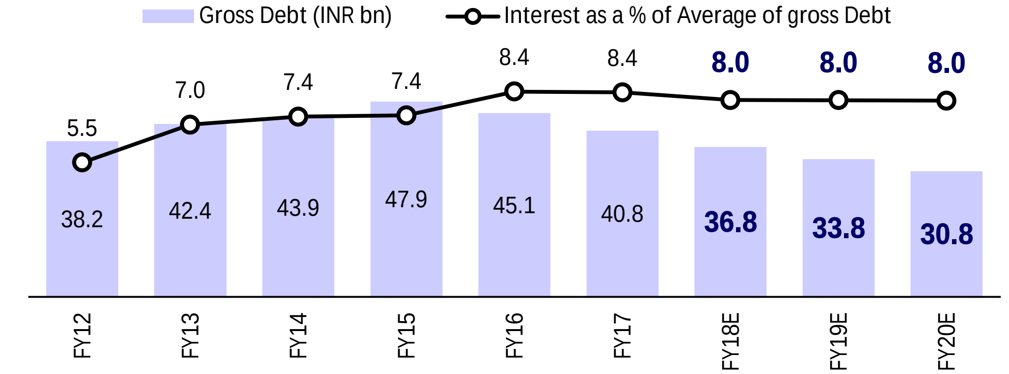
Conversion of IFC debt to shares – one way to reduce debt

Jubilant Pharma, a wholly owned subsidiary of JLS, has obtained unsecured loan of USD60m from IFC, which is due for repayment on 15 June 2020 (50%) and 15 June 2021 (50%), along with repayment of premium in accordance with the terms of the contract, if on or prior to such repayment date there has been (a) neither a private equity (PE) investment nor a qualifying IPO, or (b) there has been a PE investment, but IFC has not converted the entire loan into shares.

Thus, one of the routes to reduce debt would be IPO of Jubilant Pharma to provide exit option for IFC, which effectively would reduce book value of debt by USD60m. Jubilant Pharma board has resolved in its meeting held in April 2017 that it would evaluate option of fund raising through an IPO by listing in an international stock exchange, including Singapore, in FY18, to strengthen balance sheet of Jubilant Pharma (JPL) with dilution of not more than 15%.

Better revenue growth, coupled with improving margin, would result in improved operating cash flow, which would also enable further debt reduction. This would also improve overall profitability with lowering of interest outgo.

Exhibit 35: Some options available to reduce debt over 2-3 years

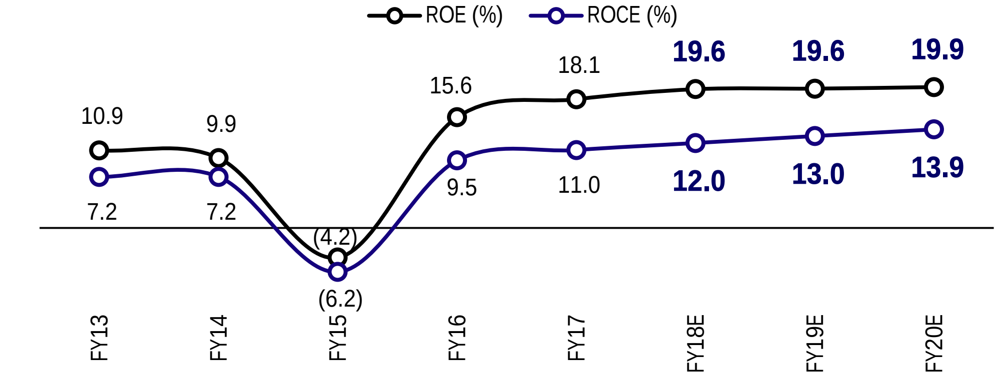


Source: MOSL, Company

Return ratios to exhibit upward trajectory

There has been a sharp improvement in the return ratios over the past two years, primarily led by EBITDA margin expansion and debt reduction.

Exhibit 36: Better revenue growth and ongoing margin improvement to drive RoCE



Source: MOSL, Company

EBITDA margin improved from 11.8% in FY15 to 22.4% in FY17, largely due EBITDA margin expansion of 1,375bp in the pharma segment and 580bp in the LSI segment.

With improving operating margin and lower interest outgo, JLS delivered profit of INR5.75b in FY17 from loss of INR578m in FY15.

We expect RoCE to further improve to 13.9% by FY20 from 11% in FY17, led by revenue growth, better operating margin and lower interest outgo.
RoE is also expected to increase, although at a lower rate than RoCE, due to a reduction in financial leverage. We expect RoE to increase from 18.1% in FY17 to 20% by FY20.

Sensitivity analysis

- In our base case, we factor in revenue and PAT CAGR FY17-20E of 11% and 22.9% to INR82b and INR10.6b, respectively, led by increased business from the pharma and LSI segments. We expect the EBITDA margin to continue its uptrend to reach 24.5% by FY20 from 22.4% in FY17.

- In our bear case, sales and PAT CAGR would reduce to 5.5% and 12.2%, respectively, led by lesser-than-anticipated business from specialty pharma and delay in new product launches in specialty ingredient/nutritional products. Accordingly, 12M forward EPS would be INR48, and the price target would be INR616, implying limited downside.

- In our bull case, sales and PAT CAGR would be 13% and 27.6% to INR87b and INR12b over FY17-20, respectively, led by better-than-anticipated business from specialty pharma and superior execution in specialty ingredient/nutritional products. Accordingly, 12M forward EPS would be INR65.4, and the price target would be INR1,052, implying upside of 52% from current levels.

Exhibit 37: Sensitivity analysis indicates limited downside from current levels

Sensitivity Analysis	Bear Case	Base Case	Bull Case
Revenue (INR m)	66,102	72,949	75,201
EBITDA (INR m)	15,336	17,727	18,274
EBITDA margin %	23	25	25
PBT (INR m)	9,352	11,760	12,328
Tax rate (%)	22.1	25.0	22.1
PAT (INR m)	7,296	8,831	9,614
EPS	46.9	56.7	61.7
SOTP based Target price	616	905	1,052
% Return	-11.0	30.8	52.0

Source: MOSL

Valuation

- JLS has exhibited considerable improvement in its financial performance, led by margin improvement over the past two years. In addition, based on management outlook, there are enough levers in place to gain further traction in earnings via revenue and margins improvement. Compared to previous years, margin improvement is expected to be gradual, but revenue growth should be much higher.
- The stock price has almost doubled in the past year and is up 15% in the past six months. Despite this, we believe that the current price has not adequately factored in the company's current performance as well as future growth in earnings. In addition to improving financials, there is reasonable valuation comfort at these levels.
- We expect revenue CAGR of 11% to reach INR82b in FY20. We also expect EBITDA CAGR of 14.4%, led by improved efficiency. Further reduction in interest outgo, coupled with EBITDA growth, is expected to lead to PAT CAGR of 22.9% to INR10.6b by FY20.
- We value the pharma business at 11x 12M forward EBITDA, which is industry average multiple, to arrive at pharma EV of INR151b. We value the life science intermediates business at 4.5x 12M forward EBITDA to arrive at life science ingredient EV of INR25.8b. Reducing the net debt, we arrive at an SOTP-based valuation of INR141b.

Exhibit 38: We arrived at price target of INR905 on SOTP based valuation

Valuation	12M forward
EBITDA of Pharma business (INR m)	13,787
EV/EBITDA multiple for JLS	11
EV of Pharma (INR m)	151,662
EBITDA of LSI business (INR m)	5,729
EV/EBITDA multiple for JLS	4.5
EV of LSI (INR m)	25,781
Total EV (INR m)	177,443
Net Debt	36,250
Market Cap (INR m)	141,193
Target Price (INR per share)	905
CMP	692
Potential upside (%)	30.8

Source: MOSL

- We initiate coverage on JLS with a **Buy** rating and a target price of INR905.

Risks

- A miss on execution expectations would result in lower growth in revenues from radiopharma and allergy products.
- Lower-than-expected acceptance of innovative radiopharma products may impact revenue and profit growth.
- Delay in ANDA approvals in the US market may result in loss of opportunity and thus reduce profitability of formulation generics.

Exhibit 39: Peer comparison

	Sales			EBITDA margin			PAT			P/E			EV/EBITDA		
	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E
Ajanta	20,020	22,628	27,519	34.9	34.7	34.2	5,168	5,869	7,063	26.4	23.3	19.3	19.3	16.9	13.8
Dishman	16,339	18,557	20,982	28.4	28.0	29.2	1,454	2,259	2,977	33.43	21.29	15.84	12.5	10.93	9.25
Indoco	10,694	12,560	14,458	14.6	16.1	17.0	771	1,025	1,337	24.19	18.17	13.92	13.12	10.12	8.36
Natco	20,650	21,498	25,602	33.1	36.5	37.5	4,860	4,842	5,811	36.06	36.01	28.76	25.78	22.42	18.33
Unichem	15,195	18,043	20,683	12.5	13.4	14.2	1,087	1,552	1,946	22.51	15.66	12.49	13.26	10.38	8.53
Alembic	31,013	36,205	42,251	19.7	20.6	21.7	4,068	4,908	6,052	23.3	19.3	15.7	15.3	12.6	10.1
Biocon	38,760	48,901	60,180	24.1	24.0	25.5	6,118	6,611	8,980	32.5	30.1	22.2	21.4	17.2	12.9
Jubilant	**60,063**	**65,860**	**72,949**	**22.4**	**23.9**	**24.3**	**5,756**	**7,370**	**8,831**	**18.7**	**14.6**	**12.2**	**11**	**9.1**	**7.8**
Granules	14,353	17,051	23,390	20.8	21.6	22.4	1,654	2,060	2,883	18.4	16.4	11.7	11.4	9.3	6.8

Source: MOSL, Bloomberg

About Jubilant Life Science

- 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 manufacture of radiopharmaceuticals, allergy products, advance 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.

Key personnel at JLS

Shyam S Bhartia – Chairman

Shyam S Bhartia is chairman of JLS and Jubilant FoodWorks. He is also chairman & managing director of Jubilant Pharma. Mr Bhartia holds bachelors' degree in commerce from St. Xavier's College, Calcutta University. He is a qualified cost and works accountant, and a fellow member of the Institute of Cost and Works Accountants of India (ICWAI). He serves on the boards of several public, private and foreign companies like Chambal Fertilizers and Chemicals Limited, India; Safe Food Corporation, USA. Mr Bhartia was also director on the board of Air India.

Hari S Bhartia – Co Chairman & Managing Director

Hari S Bhartia is co-chairman & managing director of JLS, co-chairman of Jubilant FoodWorks, and chairman of Jubilant Industries. A chemical engineering graduate from the Indian Institute of Technology (IIT), Delhi, Mr Bhartia was conferred the Distinguished Alumni award by his alma mater in 2000. He is former president of the Confederation of Indian Industry (CII)(2010-2011) and a member of several educational, scientific and technological programs of the Government of India. Mr Bhartia is also a member of several CEO Forums, the prominent ones being India-USA CEO Forum and India-France CEO Forum.

R Sankaraiah – Executive Director, Finance

Mr. R Sankaraiah, holds a Bachelor's degree in Science and is a member of the Institute of Chartered Accountants of India. He has been a member of the IFRS advisory council of the International Accounting Standards Board, SEBI's committee on Disclosures and Accounting Standards as well as the member of CII National Council on Corporate Governance and Regulatory Affairs. He has over 30 years of experience in areas including M&A, financial engineering, profit management systems, forex management and taxation.

G.P. Singh – CEO, Jubilant Pharma

GP Singh is CEO of Jubilant Pharma. Prior to joining Jubilant, he was serving as president of Sun Pharma, USA. Mr Singh has extensively worked in various leadership roles pertaining to strategy, M&A, commercial and operations with 23+ years of industry experience. He holds masters in pharmacy, pharmaceutical chemistry from the Punjab University.

Pramod Yadav – Whole-time director & co-CEO Life Science Ingredients

Pramod Yadav holds bachelor's degree in technology from the Institute of Chemical Technology, and master's degree in marketing management from Jamnalal Bajaj Institute of Management Studies. He has spent 21 years at JLS, and has more than 30 years of overall work experience.

Rajesh Srivastava – Co-CEO Life Sciences Ingredients

Rajesh Srivastava is the Co-CEO, Life Science Ingredients business of JLS. Rajesh's association with Jubilant is now over 16 years. Since his joining, he has led the Company in charting growth strategies for JLS Ingredients business. As a Co-CEO of Life Science Ingredients business, he is leading business operations of business segments offering value added specialty ingredients & acetyls product range of products used in various industries globally like Pharmaceuticals, Agrochemicals, Personal Care and many such industries. He is an Engineer with specialization in chemical technology from HBTI, Kanpur and Master in Marketing Management from Jamnalal Bajaj Institute of Management Studies, Mumbai.

Financials and Valuations

Consolidated - Income Statement (INR Million)

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Total Income from Operations	**51,660**	**58,034**	**58,263**	**58,023**	**60,063**	**65,860**	**72,949**	**82,170**
Change (%)	20.1	12.3	0.4	-0.4	3.5	9.7	10.8	12.6
Raw Materials	20,609	24,421	26,617	21,175	19,995	21,668	23,927	26,787
Employees Cost	9,626	11,052	10,903	11,267	12,310	13,304	14,663	16,516
Other Expenses	10,866	12,485	13,850	12,803	14,306	15,148	16,632	18,735
Total Expenditure	**41,101**	**47,958**	**51,370**	**45,246**	**46,611**	**50,119**	**55,223**	**62,038**
% of Sales	79.6	82.6	88.2	78.0	77.6	76.1	75.7	75.5
EBITDA	**10,559**	**10,076**	**6,893**	**12,778**	**13,452**	**15,740**	**17,727**	**20,132**
Margin (%)	20.4	17.4	11.8	22.0	22.4	23.9	24.3	24.5
Depreciation	2,538	2,812	2,880	3,460	2,914	3,240	3,552	3,790
EBIT	**8,021**	**7,264**	**4,013**	**9,318**	**10,538**	**12,501**	**14,174**	**16,341**
Int. and Finance Charges	2,987	3,237	3,553	3,786	3,411	2,962	2,717	2,469
Other Income	299	191	425	136	249	273	302	340
PBT bef. EO Exp.	**5,333**	**4,218**	**884**	**5,669**	**7,376**	**9,812**	**11,760**	**14,212**
EO Items	-1,922	-2,145	-481	175	0	0	0	0
PBT after EO Exp.	**3,411**	**2,073**	**403**	**5,843**	**7,376**	**9,812**	**11,760**	**14,212**
Total Tax	1,524	696	805	1,528	1,630	2,453	2,940	3,553
Tax Rate (%)	44.7	33.6	199.6	26.2	22.1	25.0	25.0	25.0
Minority Interest	361	286	176	0	-10	-11	-11	-12
Reported PAT	**1,527**	**1,090**	**-578**	**4,315**	**5,756**	**7,370**	**8,831**	**10,671**
Adjusted PAT	**2,591**	**2,515**	**-1,057**	**4,186**	**5,756**	**7,370**	**8,831**	**10,671**
Change (%)	68.0	-2.9	-142.0	-496.1	37.5	28.0	19.8	20.8
Margin (%)	5.0	4.3	-1.8	7.2	9.6	11.2	12.1	13.0

Consolidated - Balance Sheet (INR Million)

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Equity Share Capital	159	155	159	159	156	156	156	156
Total Reserves	24,602	26,111	24,376	28,936	34,205	40,839	48,790	58,397
Net Worth	**24,761**	**26,265**	**24,535**	**29,096**	**34,360**	**40,995**	**48,945**	**58,552**
Minority Interest	1,115	1,579	0	0	-393	-393	-393	-393
Total Loans	42,452	43,953	47,931	45,167	44,311	40,311	37,311	35,311
Deferred Tax Liabilities	2,922	2,371	2,380	3,269	445	445	445	445
Capital Employed	**71,251**	**74,168**	**74,847**	**77,532**	**78,724**	**81,358**	**86,308**	**93,916**
Gross Block	50,244	53,614	54,245	58,129	64,064	71,784	77,178	81,757
Less: Accum. Deprn.	19,027	22,319	24,508	27,705	30,619	33,858	37,411	41,201
Net Fixed Assets	**31,217**	**31,295**	**29,737**	**30,425**	**33,445**	**37,926**	**39,767**	**40,556**
Goodwill on Consolidation	18,457	19,693	19,376	20,489	17,622	17,622	17,622	17,622
Capital WIP	4,369	4,724	5,966	5,936	6,838	3,618	3,224	2,645
Total Investments	**256**	**340**	**395**	**361**	**1,294**	**1,294**	**1,294**	**1,294**
Curr. Assets, Loans&Adv.	**29,409**	**32,587**	**30,714**	**32,260**	**29,788**	**31,994**	**36,644**	**45,563**
Inventory	11,162	13,414	12,353	12,161	12,204	13,123	14,459	16,243
Account Receivables	7,086	8,059	8,193	9,297	10,053	11,023	12,210	13,753
Cash and Bank Balance	3,561	4,795	3,944	3,445	4,596	4,630	6,411	11,551
Loans and Advances	7,601	6,318	6,225	7,357	2,935	3,218	3,564	4,015
Curr. Liability & Prov.	**12,458**	**14,471**	**11,342**	**11,938**	**10,264**	**11,095**	**12,243**	**13,764**
Account Payables	6,893	7,498	7,669	6,204	7,495	8,059	8,880	9,976
Other Current Liabilities	2,167	2,205	2,028	2,936	1,604	1,759	1,948	2,195
Provisions	3,398	4,768	1,645	2,799	1,165	1,277	1,415	1,594
Net Current Assets	**16,951**	**18,116**	**19,372**	**20,321**	**19,524**	**20,899**	**24,401**	**31,799**
Appl. of Funds	**71,251**	**74,168**	**74,847**	**77,532**	**78,724**	**81,359**	**86,309**	**93,916**

Financials and Valuations

Ratios

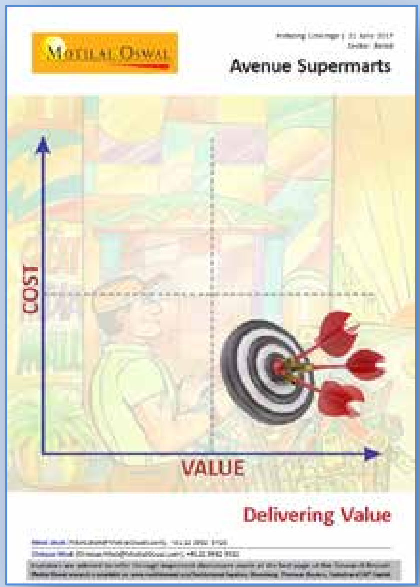
Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Basic (INR)								
EPS	**16.6**	**16.2**	**-6.8**	**26.9**	**37.0**	**47.3**	**56.7**	**68.5**
Cash EPS	32.9	34.2	11.7	49.1	55.7	68.1	79.5	92.9
BV/Share	159.0	168.7	157.6	186.9	220.7	263.3	314.4	376.1
DPS	3.1	3.0	3.1	3.1	3.1	3.9	4.7	5.7
Payout (%)	36.6	49.9	-99.6	13.3	10.0	10.0	10.0	10.0
Valuation (x)								
P/E			-102.0	25.7	18.7	14.6	12.2	10.1
Cash P/E			59.1	14.1	12.4	10.2	8.7	7.5
P/BV			4.4	3.7	3.1	2.6	2.2	1.8
EV/Sales			2.6	2.6	2.5	2.2	1.9	1.6
EV/EBITDA			22.0	11.7	11.0	9.1	7.8	6.5
Dividend Yield (%)	0.4	0.4	0.4	0.4	0.4	0.6	0.7	0.8
FCF per share	34.2	33.9	27.9	47.5	62.9	47.8	51.8	66.3
Return Ratios (%)								
RoE	10.9	9.9	-4.2	15.6	18.1	19.6	19.6	19.9
RoCE	7.2	7.2	-6.2	9.5	11.0	12.0	13.0	13.9
RoIC	7.6	7.6	-6.2	10.4	12.3	13.6	14.4	15.9
Working Capital Ratios								
Fixed Asset Turnover (x)	1.0	1.1	1.1	1.0	0.9	0.9	0.9	1.0
Asset Turnover (x)	0.7	0.8	0.8	0.7	0.8	0.8	0.8	0.9
Inventory (Days)	79	84	77	76	74	73	72	72
Debtor (Days)	50	51	51	58	61	61	61	61
Creditor (Days)	49	47	48	39	46	45	44	44
Leverage Ratio (x)								
Current Ratio	2.4	2.3	2.7	2.7	2.9	2.9	3.0	3.3
Interest Cover Ratio	2.7	2.2	1.1	2.5	3.1	4.2	5.2	6.6
Net Debt/Equity	1.6	1.5	1.8	1.4	1.1	0.8	0.6	0.4

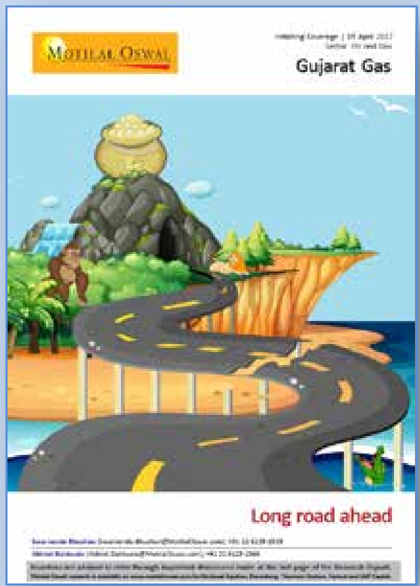
Consolidated - Cash Flow Statement **(INR Million)**

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
OP/(Loss) before Tax	3,411	2,073	403	5,843	7,376	9,812	11,760	14,212
Depreciation	2,538	2,812	2,880	3,460	2,914	3,240	3,552	3,790
Interest & Finance Charges	2,874	3,185	3,491	3,758	3,163	2,689	2,415	2,129
Direct Taxes Paid	-1,196	-809	-793	-481	-1,630	-2,453	-2,940	-3,553
(Inc)/Dec in WC	-40	-1,107	964	-1,467	1,949	-1,341	-1,722	-2,257
CF from Operations	**7,587**	**6,153**	**6,945**	**11,114**	**13,771**	**11,947**	**13,065**	**14,321**
Others	2,112	1,569	888	-191	0	0	0	0
CF from Operating incl EO	**9,699**	**7,723**	**7,833**	**10,923**	**13,771**	**11,947**	**13,065**	**14,321**
(Inc)/Dec in FA	-4,378	-2,438	-3,491	-3,532	-3,970	-4,500	-5,000	-4,000
Free Cash Flow	**5,321**	**5,285**	**4,341**	**7,391**	**9,801**	**7,447**	**8,065**	**10,321**
(Pur)/Sale of Investments	-54	-63	-42	257	-933	0	0	0
Others	123	156	-125	76	-2,881	273	302	340
CF from Investments	**-4,309**	**-2,344**	**-3,658**	**-3,198**	**-7,784**	**-4,227**	**-4,698**	**-3,660**
Issue of Shares	0	0	0	0	-4	0	0	0
Inc/(Dec) in Debt	-992	-247	-1,136	-4,319	-856	-4,000	-3,000	-2,000
Interest Paid	-2,957	-3,345	-3,353	-3,335	-3,411	-2,962	-2,717	-2,469
Dividend Paid	-548	-552	-538	-569	-574	-735	-881	-1,064
Others	0	0	0	0	10	11	11	12
CF from Fin. Activity	**-4,498**	**-4,144**	**-5,027**	**-8,223**	**-4,835**	**-7,686**	**-6,586**	**-5,521**
Inc/Dec of Cash	**892**	**1,235**	**-852**	**-499**	**1,152**	**34**	**1,781**	**5,140**
Opening Balance	2,668	3,561	4,795	3,944	3,445	4,597	4,630	6,411
Closing Balance	**3,561**	**4,795**	**3,944**	**3,445**	**4,597**	**4,630**	**6,411**	**11,551**

REPORT GALLERY

RECENT INITIATING COVERAGE REPORTS





Disclosures

This document has been prepared by Motilal Oswal Securities Limited (hereinafter referred to as Most) to provide information about the company (ies) and/sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies). This report is for personal information of the selected recipient/s and does not construe to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and Motilal Oswal Securities Limited (hereinafter referred as MOSt) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

MOSt and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We and our affiliates have investment banking and other business relationships with a some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that MOSt and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business . The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on twin parameters of performance & profitability of MOSt.

MOSt generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, MOSt generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. MOSt and its affiliated company(ies), their directors and employees and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of MOSt even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition MOST has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc, and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt MOSt or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOSt or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOSt or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent MOSt's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, MOSt and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent MOSt and/or its affiliates from doing so. MOSt or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOSt or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This report is intended for distribution to institutional investors. Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

Most and it's associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Most and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.

Subject Company may have been a client of Most or its associates during twelve months preceding the date of distribution of the research report

MOSt and/or its affiliates and/or employees may have interests/positions, financial or otherwise of over 1 % at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, MOSt has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Motilal Oswal Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014. SEBI Reg. No. INH000000412

Pending Regulatory inspections against Motilal Oswal Securities Limited:

SEBI pursuant to a complaint from client Shri C.R. Mohanraj alleging unauthorized trading, issued a letter dated 29th April 2014 to MOSL notifying appointment of an Adjudicating Officer as per SEBI regulations to hold inquiry and adjudge violation of SEBI Regulations; MOSL replied to the Show Cause Notice whereby SEBI granted us an opportunity of Inspection of Documents. Since all the documents requested by us were not covered we have requested to SEBI vide our letter dated June 23, 2015 to provide pending list of documents for inspection.

List of associate companies of Motilal Oswal Securities Limited -**Click here to access detailed report**

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of MOSt research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

Disclosure of Interest Statement	Jubilant Life Sciences
§ Analyst ownership of the stock	No
§ Served as an officer, director or employee -	No

A graph of daily closing prices of securities is available at www.nseindia.com and http://economictimes.indiatimes.com/markets/stocks/stock-quotes

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOSt & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong: This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Kong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Securities Limited (MOSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOSL, including the products and services described herein are not available to or intended for U.S. persons.

This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

Motilal Oswal Capital Markets Singapore Pte Limited is acting as an exempt financial advisor under section 23(1)(f) of the Financial Advisers Act(FAA) read with regulation 17(1)(d) of the Financial Advisors Regulations and is a subsidiary of Motilal Oswal Securities Limited in India. This research is distributed in Singapore by Motilal Oswal Capital Markets Singapore Pte Limited and it is only directed in Singapore to accredited investors, as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time.

In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

Varun Kumar
Varun.kumar@motilaloswal.com
Contact : (+65) 68189232
Office Address:21 (Suite 31),16 Collyer Quay,Singapore 04931

MOTILAL OSWAL

Motilal Oswal Securities Ltd
Motilal Oswal Tower, Level 9, Sayani Road, Prabhadevi, Mumbai 400 025
Phone: +91 22 3982 5500 E-mail: reports@motilaloswal.com