

BUZZING

STOCK

Jubilant Organosys Ltd.

CMP – Rs.260

Analyst

Amit Hiremath
 amit.hiremath@idbicapital.com
 +91-22-6637 1188

Key Stock Data

Sensex	12625
Nifty	3691
Sector	Pharmaceutical- CRAMS
Bloomberg	JOL IN
Reuters	VAMO.BO
No. of shares (m)	144
Market Cap (Rs m)	36,090
Market Cap (US\$ m)	837
52-week H/L	Rs.295/180

Shareholding Pattern (%)

Promoters	51.85
Mutual Funds	2.31
FII's	29.02
Corporate Bodies	6.89
Pubic & Others	9.9

New Contracts – In a recent development, Jubilant Organosys has added contracts of worth \$ 60m to its order book. Ninety percent of these contracts i.e. \$ 54m has been sourced from regulated markets like USA and Europe. Most of the clients of Jubilant are leading global life sciences companies. This portfolio also includes some companies from China also. Along with these annual contracts, Jubilant is also involved in executing half yearly, quarterly and monthly contracts and spot sales.

Healthcare Foray – Riding on the wave of the booming healthcare industry in India, Jubilant has decided to make a foray by acquiring a healthcare company in west Bengal. It would be buying 96% stake by investing Rs.800m in the equity of the company. This company is planning to set up tertiary care super specialty hospital near Kolkata and secondary hospitals in West Bengal. Healthcare industry poses a great scope for development with total health expenditure in India poised around \$ 30bn, which translates into per capita expenditure of \$28. Only 1 physician is available for a population of 2000.

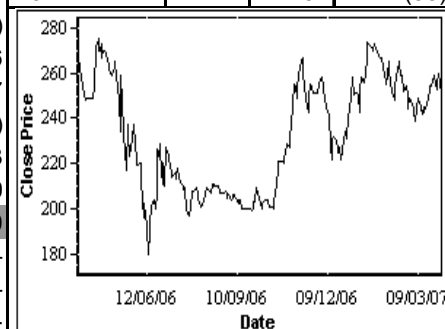
Encouraging Results – Jubilant's pharmaceutical business has been showing a constant growth with its share in the total revenue increasing from 44% to 50% on YoY basis. Posting revenue of Rs.2.3bn, pharma business has grown by healthy 28% compared to previous quarter. The industrial products segment has shown robust performance amassing revenue of Rs.5bn for 9MFY07 showing a growth of 7% YoY. This segment has got strong product portfolio with healthy demand complimented with stable raw material pricing scenario with molasses price consolidation. The international operations, especially from regulated market have grown considerably which showed an appreciation of 90% YoY for 9MFY07 at Rs.4.3bn. this has also resulted in export share increasing by 10% at 46% of the total revenue for 9MFY07.

Valuation – Q3FY07 revenue of Rs.4.6bn grew by 11% YoY. Operating profit also increased by 56% YoY at Rs.1bn. PAT of Rs.637m grew by 74% YoY. The stock is currently trading 17x times annualized EPS of Rs.15.3

** (Table: Financial Snapshot contains standalone numbers).

Financial Snapshot

Jubilant Organosys Ltd.						Rs.m		Ratios (%)		
	Q3 FY07	Q3 FY06	Chg. (%)	FY06	FY05	Chg. (%)		FY06	FY05	Chg.(%)
Financial Year End: March										
Net Sales	4128	3793	9	13860	11146	24	Debt -Equity	0.8	1.1	(33)
Other Income	28	35	(20)	177	139	27	PBIDTM	16.7	17.1	(2)
Total Income	4156	3828	9	14037	11285	24	PBDM	14.8	15.2	(2)
Total Expenditure	3161	3145	1	11657	9221	26	RoCE	18	23	(23)
PBIDT	995	683	46	2380	2064	15	RoNW	21	32	(35)
Interest	30	42	(29)	147	213	(31)				
PBDT	965	641	51	2233	1851	20.6				
Depreciation	131	111	18	442	348	27				
Tax	231	121	91	228.4	370	(38)				
Reported Profit After Tax	603	409	47	1388	1133	23				
Extra -ordinary Items	0	9	(100)	0	67.1	0				
Adj. Profit After Extra-ordinary item	603	400	51	1388	1066	30				
No. of shares (m)	144	28	-	142	26	-				
EPS (annualised.) (Rs.)	16.8	58.3	-	9.74	43.71	-				
P/E	15.4	4.5	-	26.7	5.9	-				



For further clarifications contact: Anita Bhat; anita.bhat@idbicapital.com; 91-22-6637 1187 / S. Narasimhan Rao; narasimhan.rao@idbicapital.com; 91-22-6637 1165

Disclaimer:

This document has been prepared by IDBI Capital Market Services Ltd (IDBI Capital) and is meant for the recipient for use as intended and not for circulation. This document should not be reported or copied or made available to others. The information contained herein is from the public domain or sources believed to be reliable. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. IDBI Capital, its directors and employees, will not in any way be responsible for the contents of this report. This is not an offer to sell or a solicitation to buy any securities. The securities discussed in this report may not be suitable for all investors. Investors must make their own investment decision based on their own investment objectives, goals and financial position and based on their own analysis. IDBI Capital, its directors or employees, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. IDBI Capital, during the normal course of business, from time to time, may solicit from or perform investment banking or other services for any company mentioned in this document.