

February 6, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	2,075		2,250	
Sales (Rs. m)	44,662	50,591	45,689	51,782
% Chng.	(2.2)	(2.3)		
EBITDA (Rs. m)	12,372	14,595	12,827	15,056
% Chng.	(3.5)	(3.1)		
EPS (Rs.)	53.8	64.9	56.0	67.1
% Chng.	(3.9)	(3.3)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	34,842	39,537	44,662	50,591
EBITDA (Rs. m)	8,969	10,447	12,372	14,595
Margin (%)	25.7	26.4	27.7	28.8
PAT (Rs. m)	5,527	6,706	8,350	10,070
EPS (Rs.)	35.6	43.2	53.8	64.9
Gr. (%)	34.8	21.3	24.5	20.6
DPS (Rs.)	14.8	15.0	15.0	15.0
Yield (%)	0.9	0.9	0.9	0.9
RoE (%)	20.5	21.3	22.8	23.1
RoCE (%)	24.0	26.0	28.3	29.0
EV/Sales (x)	7.6	6.6	5.7	4.9
EV/EBITDA (x)	29.6	25.0	20.6	16.9
PE (x)	48.2	39.7	31.9	26.4
P/BV (x)	9.1	7.9	6.7	5.6

Key Data

JBCH.BO | JBCP IN

52-W High / Low	Rs.2,030 / Rs.1,474
Sensex / Nifty	78,271 / 23,696
Market Cap	Rs.267bn/ \$ 3,051m
Shares Outstanding	156m
3M Avg. Daily Value	Rs.315.47m

Shareholding Pattern (%)

Promoter's	53.66
Foreign	14.64
Domestic Institution	16.40
Public & Others	15.30
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(8.1)	(9.9)	0.4
Relative	(7.0)	(9.4)	(8.0)

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In-line; strong growth across domestic and CDMO

Quick Pointers:

- Re-iterate EBITDA margin guidance of 26–28%.
- Plans to launch 4–5 major CDMO projects in the next 15–18m.

J.B. Chemicals & Pharmaceuticals (JBCP) Q3FY25 EBITDA growth of 14% YoY was in line with our estimates. Revenue growth across domestic formulation remained healthy with sharp recovery witnessed from the contract manufacturing business during the quarter. We believe JBCP will continue with its growth momentum driven by 1) geographical expansion of legacy brands 2) improvement in MR productivity 3) scale up in Sanzyme, Azmarda and Razel franchise 4) launch of new products & therapies 5) scaling up contract manufacturing business and 6) improvement in FCF generation. Our FY26E/27E EPS stands cut by 3–4%. We expect EPS CAGR of 23% over FY25–27E. At CMP, the stock is trading at 26x FY27E EPS. We maintain 'BUY' rating with revised TP of Rs2,075/share, valuing at 32x FY27E EPS.

- Strong domestic growth, ex opthal up 12% YoY:** JBCP revenues grew by 14% YoY to Rs9.6bn, in line with our estimates. Domestic formulation sales continued to show double-digit growth of 23% YoY to Rs 5.7bn. Ex of acquired opthal portfolio; domestic formulation growth was at 12% YoY. Export formulations showed de-growth of 4% YoY to Rs 2.5bn. Decline was largely on account of US & Russia business. South Africa tender business recorded growth YoY. CDMO business recovered sharply up 33% YoY at Rs 1180mn. API sales were down by 14% YoY.
- In line EBITDA; OPM at 28.1% adj for ESOP:** EBITDA came in at Rs 2.5bn up 14% YoY, in line with our estimates. Margins came in at 26.4%. Adjusted for ESOP (Rs160mn), EBITDA was Rs2.7bn with OPM of 28.1%, up 24bps YoY. GM's increased 95bps QoQ at 67.1% led by change in the product mix and price growth. PAT came in at Rs1.63bn up 22% YoY.
- Key concall takeaways: Domestic business** contributed 60% to the overall revenue post integration of opthal portfolio. Ex opthal portfolio it grew 12% YoY with 7% volume growth and gross margin improvement of 160bps in Q3FY25. Overall strong performance led by key brands such as Cilacar, Cilacar T, Nicardia and Sporlac which performed well with an increase in their ranks respectively. Azmarda's monthly sales rose to 130,000 units from 100,000 in FY '24. The Sporlac franchise reached Rs 1.2bn, with Sporlac GG performing well in dental health. **Ophthalmology portfolio:** Mgmt cited the portfolio is scaling up well. The ophthalmology portfolio, supported by 120 MR, aims to add 1–2 new products each quarter. **CDMO:** The segment has recovered, supported by a strong order position. It remains robust, with 4–5 major projects expected to commence in the next 15–18 months. These projects will be handled through the Daman and Panoli plants. Guided for mid teen growth. **Other:** Russia faced challenges due to a muted flu season, while the US business is expected to recover in coming quarters. JBCP aims for Rs1bn in sales from 8–10 brands in 2–3 years and plans to launch liquid probiotics and women's health

formulations soon. MTM forex impact of Rs 40mn was recorded in other expenses in Q3 due to rubble depreciation. Reduction in gross debt led to decreased finance cost during the quarter. **Guidance** – GMs to range between 66-67%. Maintained EBITDA margin outlook of 26-28%. Domestic business to deliver mid teen growth. ESOP expenses are expected at Rs160 mn in Q4 FY25, Rs 400/240 mn in FY26E/FY27E respectively. Gross debt at Rs 540mn. Net cash stands at Rs5.2bn.

Exhibit 1: Q3FY25 Result Overview (Rs mn): In line performance; GMs improved QoQ

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Net Sales	9,635	8,445	14.1	10,006	(3.7)	29,685	26,225	13.2
Raw Material	3,167	2,736	15.8	3,384	(6.4)	9,949	8,818	12.8
<i>% of Net Sales</i>	<i>32.9</i>	<i>32.4</i>		<i>33.8</i>		<i>33.5</i>	<i>33.6</i>	
Personnel Cost	1,733	1,517	14.3	1,706	1.6	5,108	4,487	13.8
<i>% of Net Sales</i>	<i>18.0</i>	<i>18.0</i>		<i>17.0</i>		<i>17.2</i>	<i>17.1</i>	
Others	2,189	1,961	11.7	2,211	(1.0)	6,574	5,932	10.8
<i>% of Net Sales</i>	<i>22.7</i>	<i>23.2</i>		<i>22.1</i>		<i>22.1</i>	<i>22.6</i>	
Total Expenditure	7,090	6,214	14.1	7,301	(2.9)	21,631	19,237	12.4
EBITDA	2,545	2,231	14.1	2,705	(5.9)	8,054	6,988	15.3
<i>Margin (%)</i>	<i>26.4</i>	<i>26.4</i>		<i>27.0</i>		<i>27.1</i>	<i>26.6</i>	
Depreciation	419	340	23.2	419	0.1	1,246	976	27.7
EBIT	2,126	1,891	12.4	2,286	(7.0)	6,808	6,012	13.2
Other Income	80	74	8.8	100	(19.6)	238	206	15.5
Interest	26	125	(79.3)	21	25.2	103	349	(70.6)
PBT	2,180	1,840	18.5	2,365	(7.8)	6,943	5,869	18.3
Total Taxes	555	504	10.2	620	(10.4)	1,805	1,604	12.5
<i>ETR (%)</i>	<i>25.5</i>	<i>27.4</i>		<i>26.2</i>		<i>26.0</i>	<i>27.3</i>	
Minority Interest	-	-	-	-	-	-	-	-
Reported PAT	1,625	1,336	21.7	1,746	(6.9)	5,139	4,265	20.5

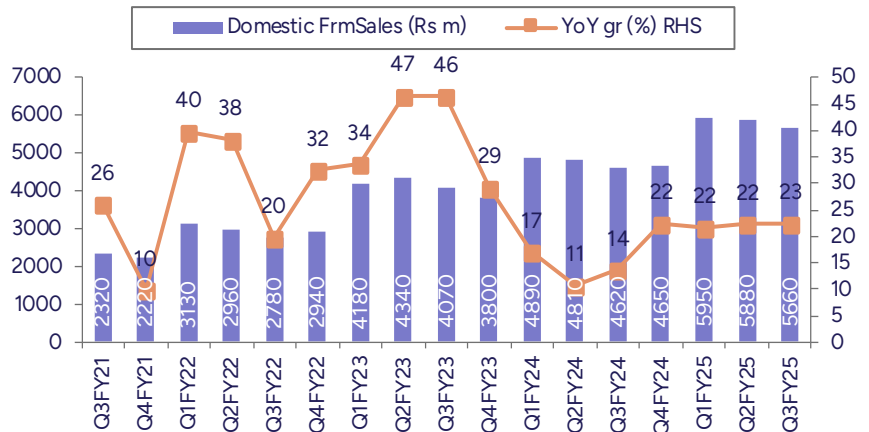
Source: Company, PL

Exhibit 2: Steady performance from domestic formulations YoY

Major sources of revenues	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Domestic	5,660	4,620	22.5	5,880	(3.7)	17,490	14,320	22.1
Formulations	5,660	4,620	22.5	5,880	(3.7)	17,490	14,320	22.1
Exports	3,970	3,830	3.7	4,126	(3.8)	12,186	11,910	2.3
Formulations	2,540	2,650	(4.2)	3,000	(15.3)	8,440	8,030	5.1
CMO	1,180	890	32.6	936	26.1	3,176	3,230	(1.7)
APIs	250	290	(13.8)	190	31.6	570	650	(12.3)
Other	-	-	-	-	-	-	4	-
Net Revenues	9,630	8,450	14.0	10,006	(3.8)	29,676	26,230	13.1

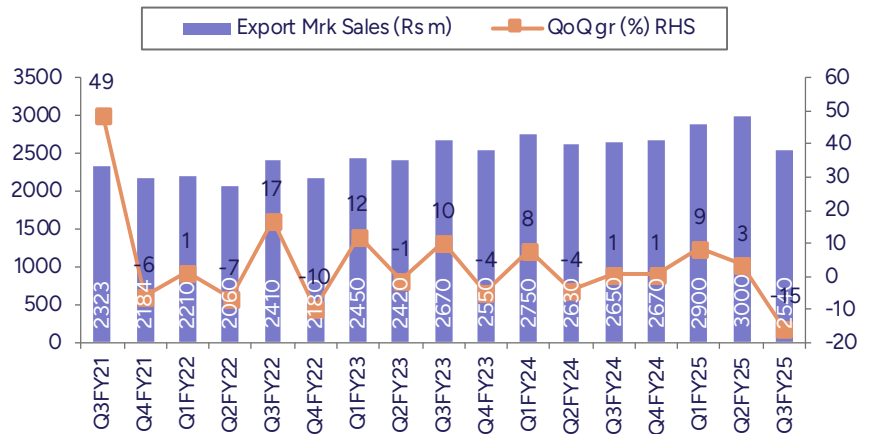
Source: Company, PL

Exhibit 3: Delivers double digit growth YoY



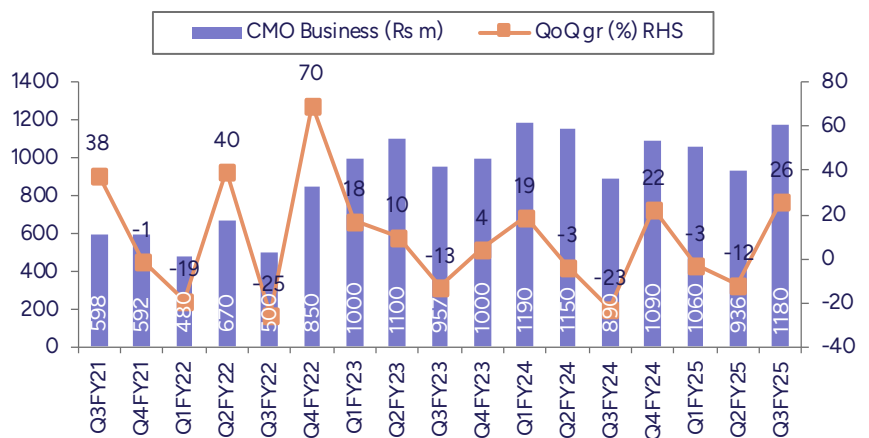
Source: Company, PL

Exhibit 4: Muted performance, SA recorded growth YoY



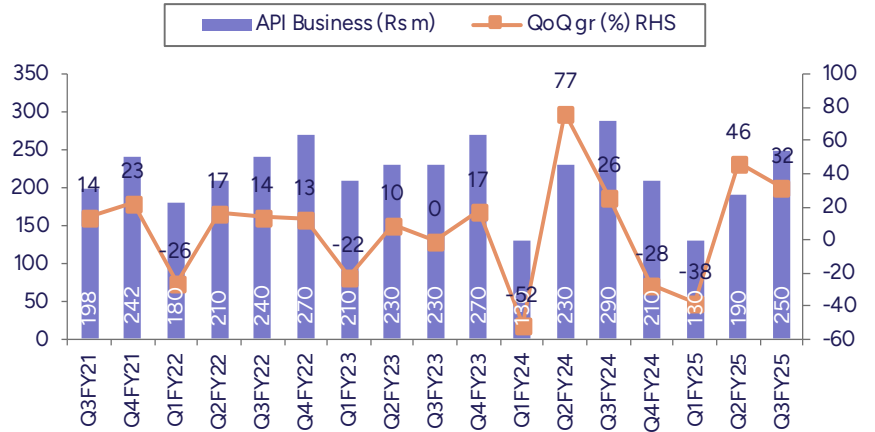
Source: Company, PL

Exhibit 5: Strong recovery in the CMO business



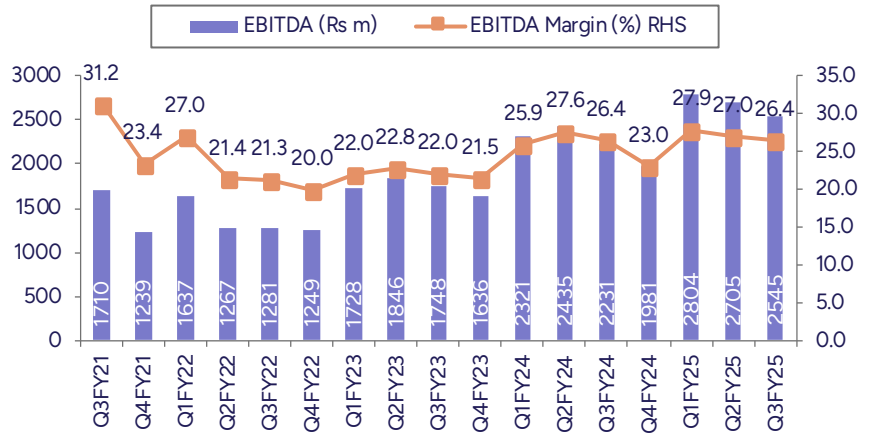
Source: Company, PL

Exhibit 6: API business continues to remain weak



Source: Company, PL

Exhibit 7: Adj ESOP EBITDA margin at 28.1%



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	34,842	39,537	44,662	50,591
YoY gr. (%)	10.6	13.5	13.0	13.3
Cost of Goods Sold	11,821	12,216	13,890	15,743
Gross Profit	23,022	27,321	30,772	34,848
Margin (%)	66.1	69.1	68.9	68.9
Employee Cost	6,014	6,616	7,277	8,078
Other Expenses	8,038	10,258	11,123	12,175
EBITDA	8,969	10,447	12,372	14,595
YoY gr. (%)	28.9	16.5	18.4	18.0
Margin (%)	25.7	26.4	27.7	28.8
Depreciation and Amortization	1,383	1,667	1,762	1,857
EBIT	7,586	8,780	10,610	12,738
Margin (%)	21.8	22.2	23.8	25.2
Net Interest	443	129	51	21
Other Income	373	350	650	800
Profit Before Tax	7,515	9,002	11,208	13,517
Margin (%)	21.6	22.8	25.1	26.7
Total Tax	1,989	2,295	2,858	3,447
Effective tax rate (%)	26.5	25.5	25.5	25.5
Profit after tax	5,527	6,706	8,350	10,070
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	5,527	6,706	8,350	10,070
YoY gr. (%)	34.8	21.3	24.5	20.6
Margin (%)	15.9	17.0	18.7	19.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5,527	6,706	8,350	10,070
YoY gr. (%)	34.8	21.3	24.5	20.6
Margin (%)	15.9	17.0	18.7	19.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,527	6,706	8,350	10,070
Equity Shares O/s (m)	155	155	155	155
EPS (Rs)	35.6	43.2	53.8	64.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	28,235	28,635	29,035	29,435
Tangibles	14,351	15,351	16,351	17,351
Intangibles	13,885	13,285	12,685	12,085
Acc: Dep / Amortization	8,635	10,302	12,063	13,920
Tangibles	8,635	10,302	12,063	13,920
Intangibles	-	-	-	-
Net fixed assets	19,600	18,334	16,972	15,515
Tangibles	5,716	5,049	4,287	3,431
Intangibles	13,885	13,285	12,685	12,085
Capital Work In Progress	633	633	633	633
Goodwill	575	575	575	575
Non-Current Investments	237	129	129	129
Net Deferred tax assets	(1,433)	(1,433)	(1,433)	(1,433)
Other Non-Current Assets	154	154	154	154
Current Assets				
Investments	3,647	3,647	3,647	3,647
Inventories	5,025	5,741	6,485	7,346
Trade receivables	6,869	7,799	8,565	9,702
Cash & Bank Balance	955	2,791	8,656	16,090
Other Current Assets	2,180	2,180	2,180	2,180
Total Assets	39,941	42,048	48,061	56,037
Equity				
Equity Share Capital	155	155	155	155
Other Equity	29,078	33,456	39,479	47,221
Total Networkth	29,233	33,612	39,634	47,376
Non-Current Liabilities				
Long Term borrowings	236	236	236	236
Provisions	-	-	-	-
Other non current liabilities	297	297	297	297
Current Liabilities				
ST Debt / Current of LT Debt	3,335	835	335	-
Trade payables	3,563	3,791	4,283	4,851
Other current liabilities	1,784	1,784	1,784	1,784
Total Equity & Liabilities	39,941	42,048	48,061	56,037

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	7,515	9,002	11,208	13,517
Add. Depreciation	1,383	1,667	1,762	1,857
Add. Interest	443	129	51	21
Less Financial Other Income	373	350	650	800
Add. Other	(3,824)	-	-	-
Op. profit before WC changes	5,518	10,797	13,022	15,395
Net Changes-WC	(56)	(1,418)	(1,019)	(1,430)
Direct tax	(1,325)	(2,295)	(2,858)	(3,447)
Net cash from Op. activities	4,137	7,084	9,144	10,518
Capital expenditures	(2,604)	(1,000)	(1,000)	(1,000)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Inv. activities	(2,604)	(1,000)	(1,000)	(1,000)
Issue of share cap. / premium	199	-	-	-
Debt changes	(1,916)	(2,500)	(500)	(335)
Dividend paid	(1,570)	(2,328)	(2,328)	(2,328)
Interest paid	(442)	(129)	(51)	(21)
Others	2,363	708	600	600
Net cash from Fin. activities	(1,366)	(4,249)	(2,279)	(2,084)
Net change in cash	167	1,835	5,865	7,434
Free Cash Flow	1,533	6,084	8,144	9,518

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Net Revenue	8,445	8,617	10,044	10,006
YoY gr. (%)	6.5	13.0	12.1	13.5
Raw Material Expenses	2,736	3,003	3,398	3,384
Gross Profit	5,709	5,615	6,647	6,622
Margin (%)	67.6	65.2	66.2	66.2
EBITDA	2,231	1,981	2,804	2,705
YoY gr. (%)	27.7	21.1	20.8	11.1
Margin (%)	26.4	23.0	27.9	27.0
Depreciation / Depletion	340	407	408	419
EBIT	1,891	1,574	2,396	2,286
Margin (%)	22.4	18.3	23.9	22.8
Net Interest	125	94	56	21
Other Income	74	166	59	100
Profit before Tax	1,840	1,646	2,398	2,365
Margin (%)	21.8	19.1	23.9	23.6
Total Tax	504	384	630	620
Effective tax rate (%)	27.4	23.4	26.3	26.2
Profit after Tax	1,336	1,262	1,768	1,746
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,336	1,262	1,768	1,746
YoY gr. (%)	25.9	44.0	24.2	15.9
Margin (%)	15.8	14.6	17.6	17.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,336	1,262	1,768	1,746
YoY gr. (%)	25.9	44.0	24.2	15.9
Margin (%)	15.8	14.6	17.6	17.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,337	1,263	1,769	1,747
Avg. Shares O/s (m)	155	155	155	155
EPS (Rs)	8.6	8.1	11.4	11.2

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	35.6	43.2	53.8	64.9
CEPS	44.5	53.9	65.2	76.8
BVPS	188.4	216.6	255.4	305.3
FCF	9.9	39.2	52.5	61.3
DPS	14.8	15.0	15.0	15.0
Return Ratio(%)				
RoCE	24.0	26.0	28.3	29.0
ROIC	21.5	24.7	29.7	35.1
RoE	20.5	21.3	22.8	23.1
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.2)	(0.3)	(0.4)
Net Working Capital (Days)	87	90	88	88
Valuation(x)				
PER	48.2	39.7	31.9	26.4
P/B	9.1	7.9	6.7	5.6
P/CEPS	38.5	31.8	26.3	22.3
EV/EBITDA	29.6	25.0	20.6	16.9
EV/Sales	7.6	6.6	5.7	4.9
Dividend Yield (%)	0.9	0.9	0.9	0.9

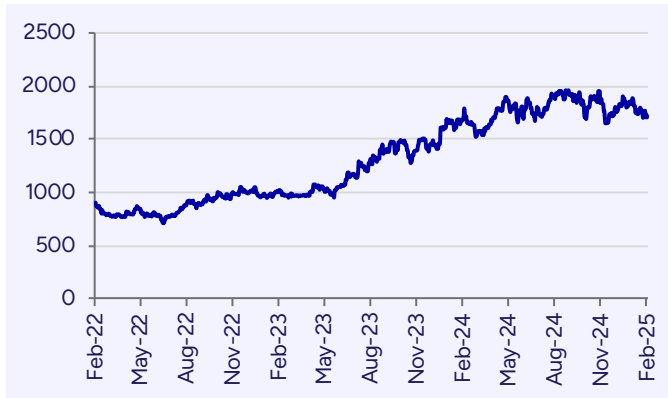
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Domestic Formulations	18,167	22,119	24,785	27,782
Contrast Media	803	900	1,008	1,129
Sanzyme	2,211	2,654	3,105	3,632
Export Formulations	10,690	11,318	12,735	14,434
Contract Manufacturing	4,320	4,320	5,184	6,221
API business	860	877	947	1,023

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	BUY	2,250	1,896
2	08-Nov-24	BUY	2,250	1,860
3	07-Oct-24	BUY	2,100	1,715
4	10-Aug-24	BUY	2,100	1,930
5	08-Jul-24	BUY	1,920	1,743
6	22-May-24	BUY	1,920	1,774
7	08-Apr-24	BUY	1,920	1,715
8	08-Feb-24	BUY	1,920	1,800

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,000	7,437
2	Aster DM Healthcare	BUY	620	469
3	Aurobindo Pharma	Accumulate	1,475	1,298
4	Cipla	BUY	1,730	1,421
5	Divi's Laboratories	Accumulate	6,250	5,884
6	Dr. Reddy's Laboratories	Reduce	1,335	1,289
7	Eris Lifesciences	BUY	1,450	1,230
8	Fortis Healthcare	BUY	710	735
9	HealthCare Global Enterprises	BUY	535	488
10	Indoco Remedies	Hold	325	343
11	Ipca Laboratories	Accumulate	1,700	1,736
12	J.B. Chemicals & Pharmaceuticals	BUY	2,250	1,896
13	Jupiter Life Line Hospitals	BUY	1,660	1,565
14	Krishna Institute of Medical Sciences	BUY	675	649
15	Lupin	BUY	2,420	2,359
16	Max Healthcare Institute	BUY	1,300	1,061
17	Narayana Hrudayalaya	BUY	1,420	1,351
18	Rainbow Children's Medicare	BUY	1,785	1,552
19	Sun Pharmaceutical Industries	BUY	2,275	1,744
20	Sunteck Realty	BUY	700	494
21	Torrent Pharmaceuticals	Accumulate	3,750	3,248
22	Zydus Lifesciences	Accumulate	1,050	1,001

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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