

May 16, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current FY26E	Previous FY27E	Current FY26E	Previous FY27E
Rating	BUY	BUY		
Target Price	2,030	2,075		
Sales (Rs. m)	43,913	49,245	44,399	50,301
% Chng.	(1.1)	(2.1)		
EBITDA (Rs. m)	12,132	14,360	12,167	14,440
% Chng.	(0.3)	(0.6)		
EPS (Rs.)	52.4	63.0	52.8	64.1
% Chng.	(0.8)	(1.8)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	34,842	39,180	43,913	49,245
EBITDA (Rs. m)	8,969	10,319	12,132	14,360
Margin (%)	25.7	26.3	27.6	29.2
PAT (Rs. m)	5,527	6,596	8,135	9,780
EPS (Rs.)	35.6	42.5	52.4	63.0
Gr. (%)	34.8	19.4	23.3	20.2
DPS (Rs.)	6.8	15.5	16.0	15.0
Yield (%)	0.4	0.9	1.0	0.9
RoE (%)	20.5	20.8	21.9	22.4
RoCE (%)	24.0	25.6	27.5	28.1
EV/Sales (x)	7.3	6.4	5.6	5.0
EV/EBITDA (x)	28.3	24.3	20.1	17.1
PE (x)	46.1	38.6	31.3	26.0
P/BV (x)	8.7	7.4	6.4	5.4

Key Data

	JBCH.BO JBCP IN
52-W High / Low	Rs.2,030 / Rs.1,303
Sensex / Nifty	82,531 / 25,062
Market Cap	Rs.255bn / \$ 2,986m
Shares Outstanding	156m
3M Avg. Daily Value	Rs.592.53m

Shareholding Pattern (%)

Promoter's	47.84
Foreign	18.30
Domestic Institution	18.71
Public & Others	15.15
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	3.1	(2.4)	(9.1)
Relative	(4.1)	(8.3)	(19.6)

Param Desai

paramdesai@plindia.com | 91-22-66322259

Kushal Shah

kushalshah@plindia.com | 91-22-66322490

In-line quarter; strong FCF generation

Quick Pointers:

- EBITDA margin guidance of 27-29% ex ESOP charges in FY26.
- Guided for Rs2.3bn of opthal revenues in FY27E with sharp uptick in margins from FY28.

J.B. Chemicals & Pharmaceuticals (JBCP) Q4FY25 EBITDA growth of 14% YoY was in line with our estimates. Revenue growth across key segments (domestic and CDMO) was healthy during the quarter. We believe JBCP growth momentum to continue driven by 1) geographical expansion of legacy brands 2) improvement in MR productivity 3) scale up in acquired brands 4) launch of new products & therapies 5) scaling up contract manufacturing business and 6) strong FCF generation. Further margins will continue to improve beyond FY27 with grant of perpetual license of acquired opthal portfolio. Our FY26E/27E EPS broadly remains unchanged. We expect EPS CAGR of 22% over FY25-27E. At CMP, the stock is trading at 26x FY27E EPS. We maintain 'BUY' rating with TP of Rs2,030/share, valuing at 32x FY27E EPS.

- **Higher export volumes aided growth YoY:** JBCP revenues grew by 10% YoY to Rs9.5bn, in line with our estimates. Domestic formulation delivered steady growth 12% YoY. Opthal portfolio from Novartis delivered 22% YoY growth in Q4. Ex of acquired opthal portfolio; domestic formulation growth was at 12% YoY. Export formulations showed recovery up 6% YoY to Rs 2.8bn. Russia & branded business recorded double digit growth. CDMO business momentum continued up 18% YoY. API sales remained muted; down 10% YoY.
- **In line EBITDA; OPM at 25.3% adj for ESOP:** EBITDA came in at Rs 2.3bn up 14% YoY, in line with our estimates. Margins stood at 23.8%; up 80 bps YoY. Adjusted for ESOP (Rs140mn), EBITDA was Rs2.4bn with OPM of 25.3%, up 90bps YoY. GM's increased 100bps YoY but declined 100bps QoQ at 66%. Ex opthal portfolio margins improved 130bps in FY25. PAT came in at Rs1.46bn up 16% YoY, in line with our estimates.
- **Key concall takeaways: Domestic + CDMO business** contributed 69% to the overall revenue post integration of opthal portfolio in FY25.
- **Domestic business:** Top 7-8 brands now contributes ~65% down vs 84% 2-3 years back. Ex opthal portfolio it grew 12% YoY with 6% volume growth, new launches -1% and rest driven by price. Overall strong performance led by key brands such as Cilacar, Cilacar T, Nicardia, Razel and Azmarda delivered healthy growth YoY. Chronic portfolio was up 16% YoY in Q4FY25. Field force productivity at Rs 0.8mn/month increased from Rs 0.46mn/month in FY21
- **Opthal portfolio** increased by 22% YoY in Q4FY25. Mgmt aims to achieve Rs 2bn/2.3bn revenues in FY26E/27E. As sourcing improves beyond FY27, margins should see sharp uptick from this portfolio

- **CDMO:** Focus remains on adding 1-2 anchor clients annually. JCBP is developing throat sprays targeting EU and LATAM regions. Commercialization expected by FY27. Intends to launch ORS through partnership with commercialization targeted in FY27. Focus remains on launching iodine formulations for geographies such as Asia, Africa, and Eastern Europe. Overall quarterly run rate to scale up to Rs1.5bn from current level of of Rs 1.1-1.2bn.
- **Rantac** remains accessible to patients in India Company continues to adhere to quality standards and product has been relaunched in certain markets over last 6-8 months which is positive. As per our estimate in case of complete ban of Rantac, EBITDA impact could be to tune of Rs~400-500mn.
- **Branded generics** derives 50% revenues from tenders, and progressive product filings to commercialize in FY27 which should aid growth. Russia and Branded generics exports business recorded double-digit growth for FY25. South Africa business recorded modest growth while US business was subdued for the year
- Continued reduction in gross debt led to decreased finance cost during the quarter. Net cash stands at Rs7bn. FCF generation was to tune of Rs8bn in FY25. Guided for Rs1bn of capex in FY26. The outstanding payment of Rs10bn to Novartis for its ophthalmic products will be reflected towards FY27 end.
- **Guidance** – EBITDA margin to 27-29%, ex ESOP charges for FY26. ESOP expenses are expected at Rs 450/250 mn in FY26E/FY27E respectively. Domestic business to deliver mid teen growth and +12% growth in branded generics. Capex guidance of Rs 1bn by FY27E with ~65% allocated to maintenance and ~35% to growth initiatives. Depreciation to increase 4-5% on the back of higher capex. Other income should increase to Rs650-700mn in FY26.

Exhibit 1: Q4FY25 Result Overview (Rs mn): In line; Momentum continues across key markets

Y/e March (Rs in mn)	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Net Sales	9,495	8,617	10.2	9,635	(1.5)	39,180	34,842	12.5
Raw Material	3,216	3,003	7.1	3,167	1.5	13,166	11,820	11.4
% of Net Sales	33.9	34.8		32.9		33.6	33.9	
Personnel Cost	1,768	1,527	15.8	1,733	2.0	6,876	6,014	14.3
% of Net Sales	18.6	17.7		18.0		17.5	17.3	
Others	2,246	2,106	6.6	2,189	2.6	8,820	8,038	9.7
% of Net Sales	23.7	24.4		22.7		22.5	23.1	
Total Expenditure	7,230	6,636	9.0	7,090	2.0	28,861	25,873	11.6
EBITDA	2,265	1,981	14.3	2,545	(11.0)	10,318	8,969	15.0
Margin (%)	23.8	23.0		26.4		26.3	25.7	
Depreciation	464	407	14.0	419	10.7	1,710	1,383	23.7
EBIT	1,800	1,574	14.4	2,126	(15.3)	8,608	7,586	13.5
Other Income	145	166	(12.9)	80	81.0	383	373	2.8
Interest	15	94	(84.6)	26	(43.8)	117	443	(73.5)
PBT	1,930	1,646	17.3	2,180	(11.4)	8,874	7,515	18.1
Total Taxes	473	384	23.2	555	(14.7)	2,278	1,989	14.6
ETR (%)	24.5	23.4		25.5		25.7	26.5	
Minority Interest	-	-		-		-	-	
Reported PAT	1,457	1,262	15.5	1,625	(10.3)	6,596	5,527	19.3

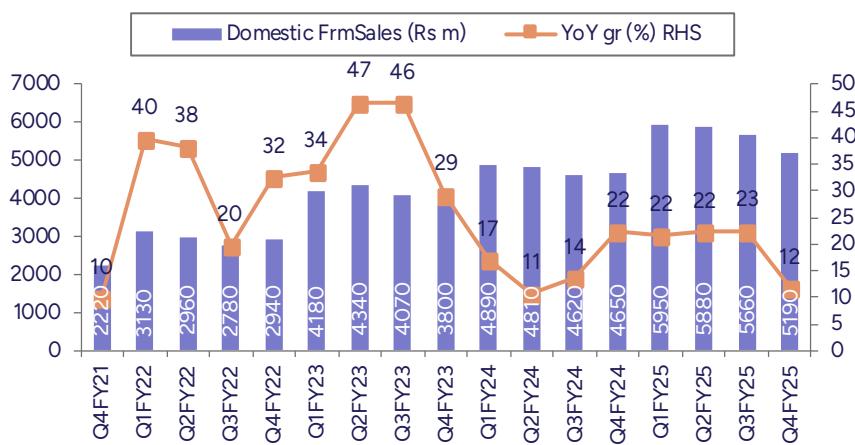
Source: Company, PL

Exhibit 2: Growth aided by export formulations YoY

Major sources of revenues	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Domestic Formulations	5,190	4,650	11.6	5,660	(8.3)	22,680	18,970	19.6
Exports	4,300	3,970	8.3	3,970	8.3	16,486	15,884	3.8
Formulations	2,820	2,670	5.6	2,540	11.0	11,260	10,700	5.2
CMO	1,290	1,090	18.3	1,180	9.3	4,466	4,320	3.4
APIs	190	210	(9.5)	250	(24.0)	760	860	(11.6)
Other	-	-	-	-	-	-	4	-
Net Revenues	9,490	8,620	10.1	9,630	(1.5)	39,166	34,854	12.4

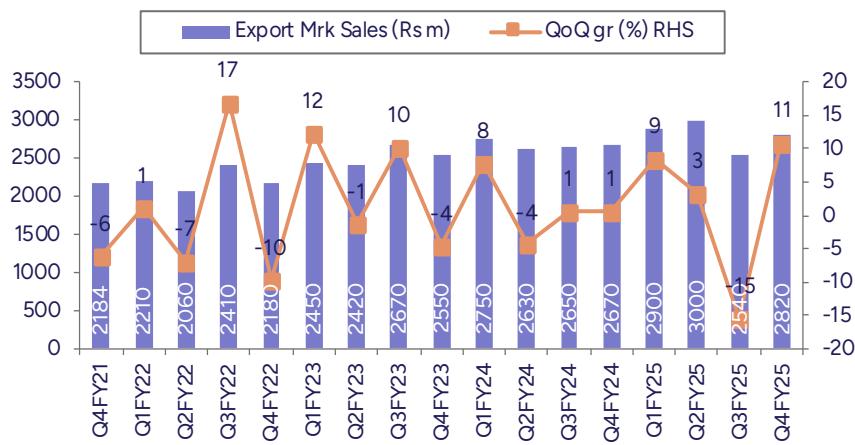
Source: Company, PL

Exhibit 3: Ex opthal portfolio domestic business was up 12% YoY



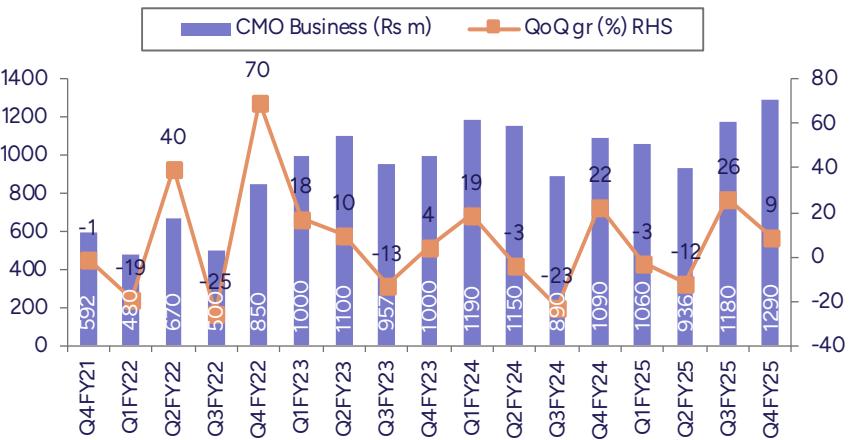
Source: Company, PL

Exhibit 4: Russia and RoW markets recorded double digit growth YoY



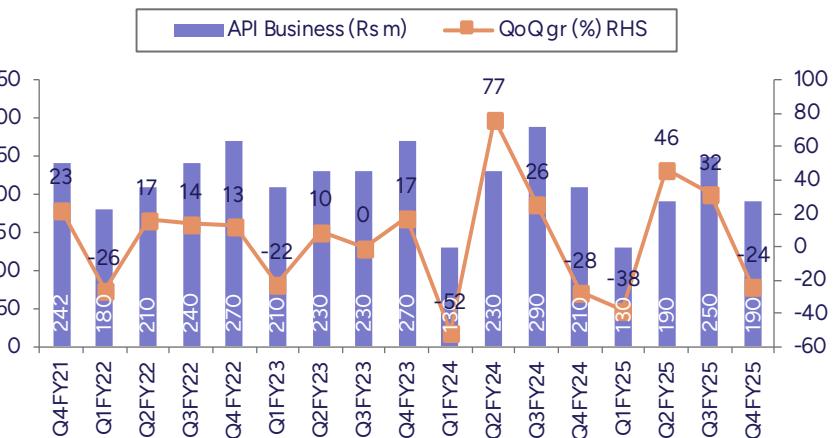
Source: Company, PL

Exhibit 5: Recovery in CMO business in H2



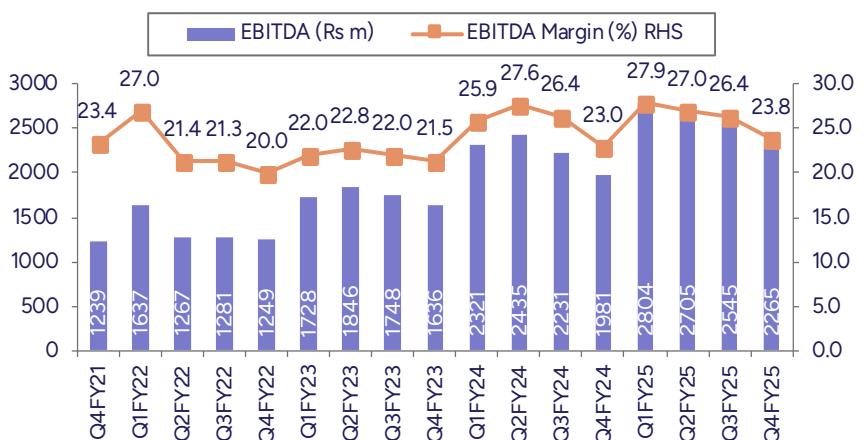
Source: Company, PL

Exhibit 6: Performance remained muted



Source: Company, PL

Exhibit 7: Adj ESOP EBITDA margin at 25.3%



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	34,842	39,180	43,913	49,245
YoY gr. (%)	10.6	12.5	12.1	12.1
Cost of Goods Sold	11,821	13,166	14,623	16,202
Gross Profit	23,022	26,015	29,290	33,043
Margin (%)	66.1	66.4	66.7	67.1
Employee Cost	6,014	6,876	7,632	8,396
Other Expenses	8,038	8,820	9,525	10,288
EBITDA	8,969	10,319	12,132	14,360
YoY gr. (%)	28.9	15.0	17.6	18.4
Margin (%)	25.7	26.3	27.6	29.2
Depreciation and Amortization	1,383	1,710	1,862	2,053
EBIT	7,586	8,608	10,270	12,308
Margin (%)	21.8	22.0	23.4	25.0
Net Interest	443	117	50	30
Other Income	373	383	700	850
Profit Before Tax	7,515	8,874	10,920	13,128
Margin (%)	21.6	22.6	24.9	26.7
Total Tax	1,989	2,278	2,785	3,348
Effective tax rate (%)	26.5	25.7	25.5	25.5
Profit after tax	5,527	6,596	8,135	9,780
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	5,527	6,596	8,135	9,780
YoY gr. (%)	34.8	19.4	23.3	20.2
Margin (%)	15.9	16.8	18.5	19.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5,527	6,596	8,135	9,780
YoY gr. (%)	34.8	19.4	23.3	20.2
Margin (%)	15.9	16.8	18.5	19.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,527	6,596	8,135	9,780
Equity Shares O/s (m)	155	155	155	155
EPS (Rs)	35.6	42.5	52.4	63.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	28,235	29,616	29,981	40,346
Tangibles	14,351	16,445	17,410	28,374
Intangibles	13,885	13,171	12,571	11,971
Acc: Dep / Amortization	8,635	10,345	12,208	14,260
Tangibles	8,635	10,345	12,208	14,260
Intangibles	-	-	-	-
Net fixed assets	19,600	19,271	17,773	26,085
Tangibles	5,716	6,099	5,202	14,114
Intangibles	13,885	13,171	12,571	11,971
Capital Work In Progress	633	467	467	467
Goodwill	575	575	575	575
Non-Current Investments	237	280	129	129
Net Deferred tax assets	(1,433)	(1,689)	(1,689)	(1,689)
Other Non-Current Assets	154	2,717	2,717	2,717
Current Assets				
Investments	3,647	3,171	3,171	3,171
Inventories	5,025	5,290	6,015	6,746
Trade receivables	6,869	8,154	8,783	9,579
Cash & Bank Balance	955	1,295	7,777	6,022
Other Current Assets	2,180	1,430	1,430	1,430
Total Assets	39,941	42,738	48,927	57,011
Equity				
Equity Share Capital	155	155	155	155
Other Equity	29,078	34,178	39,829	47,281
Total Networth	29,233	34,333	39,985	47,437
Non-Current Liabilities				
Long Term borrowings	236	-	-	-
Provisions	-	-	-	-
Other non current liabilities	297	308	308	308
Current Liabilities				
ST Debt / Current of LT Debt	3,335	138	138	138
Trade payables	3,563	4,107	4,572	5,127
Other current liabilities	1,784	2,079	2,151	2,228
Total Equity & Liabilities	39,941	42,738	48,927	57,011

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	7,515	8,874	10,920	13,128
Add. Depreciation	1,383	1,710	1,862	2,053
Add. Interest	443	117	50	30
Less Financial Other Income	373	383	700	850
Add. Other	45	257	-	-
Op. profit before WC changes	9,387	10,959	12,832	15,210
Net Changes-WC	(56)	72	(817)	(896)
Direct tax	(1,325)	(2,007)	(2,785)	(3,348)
Net cash from Op. activities	8,006	9,024	9,230	10,967
Capital expenditures	(2,604)	(1,192)	(965)	(10,965)
Interest / Dividend Income	-	-	-	-
Others	(1,434)	(1,767)	-	-
Net Cash from Invt. activities	(4,038)	(2,959)	(965)	(10,965)
Issue of share cap. / premium	199	240	-	-
Debt changes	(1,916)	(3,439)	-	-
Dividend paid	(1,570)	(2,370)	(2,483)	(2,328)
Interest paid	(442)	(96)	(50)	(30)
Others	(72)	(60)	751	600
Net cash from Fin. activities	(3,800)	(5,726)	(1,782)	(1,758)
Net change in cash	167	339	6,483	(1,756)
Free Cash Flow	5,402	7,832	8,265	2

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	35.6	42.5	52.4	63.0
CEPS	44.5	53.5	64.4	76.2
BVPS	188.4	221.2	257.6	305.6
FCF	34.8	50.5	53.3	0.0
DPS	6.8	15.5	16.0	15.0
Return Ratio(%)				
RoCE	24.0	25.6	27.5	28.1
ROIC	21.5	22.5	27.0	25.7
RoE	20.5	20.8	21.9	22.4
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.1)	(0.3)	(0.2)
Net Working Capital (Days)	87	87	85	83
Valuation(x)				
PER	46.1	38.6	31.3	26.0
P/B	8.7	7.4	6.4	5.4
P/CEPS	36.9	30.7	25.5	21.5
EV/EBITDA	28.3	24.3	20.1	17.1
EV/Sales	7.3	6.4	5.6	5.0
Dividend Yield (%)	0.4	0.9	1.0	0.9

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	10,044	10,006	9,635	9,495
YoY gr. (%)	12.1	13.5	14.1	10.2
Raw Material Expenses	3,398	3,384	3,167	3,216
Gross Profit	6,647	6,622	6,468	6,278
Margin (%)	66.2	66.2	67.1	66.1
EBITDA	2,804	2,705	2,545	2,265
YoY gr. (%)	20.8	11.1	14.1	14.3
Margin (%)	27.9	27.0	26.4	23.8
Depreciation / Depletion	408	419	419	464
EBIT	2,396	2,286	2,126	1,800
Margin (%)	23.9	22.8	22.1	19.0
Net Interest	56	21	26	15
Other Income	59	100	80	145
Profit before Tax	2,398	2,365	2,180	1,930
Margin (%)	23.9	23.6	22.6	20.3
Total Tax	630	620	555	473
Effective tax rate (%)	26.3	26.2	25.5	24.5
Profit after Tax	1,768	1,746	1,625	1,457
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,768	1,746	1,625	1,457
YoY gr. (%)	24.2	15.9	21.7	15.5
Margin (%)	17.6	17.4	16.9	15.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,768	1,746	1,625	1,457
YoY gr. (%)	24.2	15.9	21.7	15.5
Margin (%)	17.6	17.4	16.9	15.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,769	1,747	1,626	1,458
Avg. Shares O/s (m)	155	155	155	155
EPS (Rs)	11.4	11.2	10.5	9.4

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Domestic Formulations	18,167	21,780	24,423	27,395
Contrast Media	803	900	1,008	1,129
Sanzyme	2,211	2,587	3,027	3,542
Export Formulations	10,690	11,280	12,443	13,730
Contract Manufacturing	4,320	4,460	5,218	6,105
API business	860	760	821	886

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	BUY	2,075	1,518
2	06-Feb-25	BUY	2,075	1,716
3	08-Jan-25	BUY	2,250	1,896
4	08-Nov-24	BUY	2,250	1,860
5	07-Oct-24	BUY	2,100	1,715
6	10-Aug-24	BUY	2,100	1,930
7	08-Jul-24	BUY	1,920	1,743
8	22-May-24	BUY	1,920	1,774

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,100	6,683
2	Aster DM Healthcare	BUY	620	476
3	Aurobindo Pharma	BUY	1,510	1,097
4	Cipla	BUY	1,730	1,520
5	Divi's Laboratories	Accumulate	6,250	5,309
6	Dr. Reddy's Laboratories	Reduce	1,225	1,156
7	Eris Lifesciences	BUY	1,450	1,275
8	Fortis Healthcare	BUY	760	636
9	HealthCare Global Enterprises	BUY	555	523
10	Indoco Remedies	Hold	325	233
11	Ipcap Laboratories	Accumulate	1,700	1,316
12	J.B. Chemicals & Pharmaceuticals	BUY	2,075	1,518
13	Jupiter Life Line Hospitals	BUY	1,720	1,422
14	Krishna Institute of Medical Sciences	BUY	725	656
15	Lupin	BUY	2,420	1,923
16	Max Healthcare Institute	BUY	1,300	1,084
17	Narayana Hrudayalaya	BUY	1,560	1,644
18	Rainbow Children's Medicare	BUY	1,785	1,406
19	Sun Pharmaceutical Industries	BUY	2,275	1,677
20	Sunteck Realty	BUY	650	401
21	Torrent Pharmaceuticals	Accumulate	3,750	3,234
22	Zydus Lifesciences	Accumulate	1,050	841

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

