

**Price:** 972

**Recommendation:** Buy

**Industry:** Pharmaceuticals

**Sector:** Healthcare

**Report Date:** 03-Apr-2025

Jubilant Pharmova is advancing its market position through strategic global expansion, focusing on key markets like the US, Europe, and Japan. The company is relaunching dormant ANDAs and aims to launch 6-8 new products annually. With a focus on therapeutic areas such as Diabetes and Hypertension, Jubilant is also enhancing its CDMO capabilities and implementing a "China plus one" strategy for supply chain resilience. The company projects significant growth, targeting zero net debt and high RoCE by FY30.

Sales		Profit & Loss		Profitability Matrix	
Current Year	734 Cr	Operating Profit(Year)	18.3 Cr	Operating Profit Margin	2.49 %
Previous Year	810 Cr	Operating Profit(Quarter)	11.0 Cr	EBITDA Margin	16.49 %
Current Quarter	196 Cr	PAT (Year)	32.4 Cr	Net Profit Margin	4.12 %
Previous Quarter	166 Cr	PAT (Quarter)	5.30 Cr	EPS	2.39
Revenue (QYoY)	175 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	314	Sales Growth	-5.71 %	Sales Growth	18.07 %
PEG Ratio	-11.8	PAT Growth	-34.68 %	Sales Growth QYoY	12.0 %
EV/EBITDA	105	EPS Growth	20.71 %	PAT Growth	-49.52 %
P/B	6.74	Dividend Yield	0.52	PAT Growth QYoY	-320.83 %
Capital Allocation		Holdings		Leverage	
RoE	1.35 %	Promoter	50.7 %	Debt/Equity	0.15
RoA	1.08 %	FII	17.0 %	Debt	349 Cr
RoCE	2.63 %	DII	6.99 %	Market Cap	15479 Cr
RoIC	5.28 %	Public	24.8 %	Enterprise value	15808 Cr
		No of Shares	15.9 Cr	Cash Equivalents	20.3 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

In the recent meeting, Jubilant Pharmova outlined several new initiatives and business strategies aimed at enhancing its market position and driving growth. The company is focusing on expanding its global presence, particularly in the US, Europe, Canada, Japan, and Australia, with a strategic emphasis on building 3 to 4 key markets. They are also relaunching dormant ANDAs and securing approvals for 33 new products, aiming to launch 6 to 8 new products annually. The company is committed to building a branded business in therapeutic areas such as Diabetes, Dyslipidemia, and Hypertension, with a goal to grow 1.5 times the industry growth rate. Additionally, Jubilant is developing precision oral medicines with enhanced safety and therapeutic efficacy, guided by leading oncologists from Memorial Sloan Kettering and Dana Farber.

Jubilant's diversification schemes include strengthening its CDMO capabilities by leveraging GMP manufacturing for innovative new chemical entities and partnering with large pharma for custom manufacturing. The company is also implementing a "China plus one" strategy to ensure a resilient supply chain through increased backward integration and a diversified supplier base. In the allergy immunotherapy market, Jubilant is focusing on retaining and growing its US customer base while increasing revenue through targeted marketing and strategic partnerships in European markets. The company is also investing in R&D; to develop new products and technologies, aiming to build treatment innovation through partnerships and alliances.

Looking ahead, Jubilant Pharmova is poised for significant growth and scaling. The company projects a doubling of revenue from FY24 to FY30, with an EBITDA margin reaching 23% to 25% by FY30. They are also targeting zero net debt and a high teens return on capital employed (RoCE) by FY30. The company is expanding its capacity at current sites and a new site in Bengaluru, with a total capital expenditure of USD 150 million, expecting a RoCE of over 20%. Jubilant is also exploring monetization opportunities through licensing or external fundraising, with clinical data readouts expected from CY 2025 to CY 2026.

While Jubilant's strategies and initiatives present a positive outlook, there are areas for improvement. The company could enhance its competitive position by further diversifying its product portfolio and increasing its investment in emerging markets. Additionally, while the focus on R&D; and innovation is commendable, ensuring timely execution and commercialization of new products will be crucial. The company's commitment to sustainability, with significant reductions in greenhouse gas emissions and water consumption, is a positive step, but continuous efforts in this area will be essential to meet future regulatory and market demands. Overall, Jubilant Pharmova's strategic initiatives and growth plans position it well for future success, but careful execution and adaptation to market changes will be key to achieving its ambitious goals.

JUBLPHARMA Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
<b>Hikal</b>	5251.98	70.50	5.97%	-1.15%	0.04%	-6.01%	6.83%
<b>Aarti Drugs</b>	3205.76	24.29	12.39%	-5.26%	-4.40%	26.79%	21.85%
<b>Guj. Themis Bio.</b>	3073.61	58.35	33.76%	13.82%	1.91%	22.71%	-0.31%
<b>Jubilant Pharmo</b>	15479.23	313.98	1.35%	18.29%	11.87%	-49.52%	320.83%
<b>Neuland Labs.</b>	15344.82	63.94	26.39%	28.05%	1.32%	74.30%	-29.67%

Aspect	Commentary
<b>Revenue</b>	The company experienced a decline in annual revenue from 810 Cr to 734 Cr, indicating a challenging year. However, quarterly revenue increased from 166 Cr to 196 Cr, suggesting a potential recovery or seasonal boost. The QYoY revenue growth of 175 Cr highlights a positive trend in recent quarters.
<b>Profit &amp; Loss</b>	Annual operating profit stands at 18.3 Cr, with a quarterly figure of 11.0 Cr, reflecting operational efficiency. However, the PAT shows a significant drop from 32.4 Cr annually to 5.30 Cr quarterly, indicating potential cost pressures or one-time expenses affecting net profitability.
<b>Profitability Matrix</b>	Operating profit margin is low at 2.49%, suggesting tight cost control or pricing pressures. EBITDA margin is healthier at 16.49%, indicating better operational efficiency. Net profit margin at 4.12% reflects challenges in translating revenue into profit. EPS of 2.39 shows moderate earnings per share.
<b>Valuation Matrix</b>	The trailing P/E ratio is high at 314, indicating market optimism or overvaluation. A negative PEG ratio of -11.8 suggests growth concerns. EV/EBITDA at 105 reflects high enterprise value relative to earnings. P/B ratio of 6.74 indicates a premium valuation compared to book value.
<b>Growth (YoY)</b>	Sales growth declined by 5.71%, reflecting market challenges. PAT growth dropped significantly by 34.68%, indicating profitability issues. However, EPS growth of 20.71% suggests improved earnings per share, possibly due to share buybacks or cost efficiencies. Dividend yield is modest at 0.52%.
<b>Growth (QoQ)</b>	Quarterly sales growth of 18.07% indicates a positive trend, while QYoY sales growth of 12.0% shows recovery. However, PAT growth plummeted by 49.52%, and QYoY PAT growth is negative at -320.83%, highlighting severe profitability challenges despite revenue improvements.
<b>Capital Allocation</b>	Return on Equity (RoE) is low at 1.35%, indicating limited shareholder returns. Return on Assets (RoA) at 1.08% suggests low asset efficiency. Return on Capital Employed (RoCE) is 2.63%, reflecting modest capital efficiency. Return on Invested Capital (RoIC) at 5.28% shows moderate investment returns.
<b>Holdings</b>	Promoter holding is strong at 50.7%, indicating confidence in the company. Foreign Institutional Investors (FII) hold 17.0%, showing international interest. Domestic Institutional Investors (DII) hold 6.99%, while public holding is 24.8%, reflecting a balanced ownership structure.
<b>Leverage</b>	Debt/Equity ratio is low at 0.15, indicating conservative leverage. Total debt is 349 Cr, manageable relative to market cap of 15479 Cr. Enterprise value is 15808 Cr, slightly above market cap, reflecting debt levels. Cash equivalents are 20.3 Cr, providing limited liquidity cushion.

**Analyst viewpoint:** Jubilant Pharmova has demonstrated a strong proactive approach to increasing its market foothold, with quarterly sales growth of 18.07% and QYoY growth of 12%, signaling a robust recovery. The company's strategic focus on global expansion, particularly in lucrative markets like the US, Europe, and Japan, supports its bullish outlook. The commitment to launching 6-8 new products annually and relaunching dormant ANDAs, coupled with innovations in precision medicine, positions Jubilant as a dynamic player in the pharmaceuticals sector. Despite a high trailing P/E ratio of 314, highlighting market optimism, the company's operational strategies and expansion efforts, including capacity building and new site development, are expected to bolster future earnings.

The company's capital allocation strategies reflect moderate returns, with a RoIC of 5.28% and a conservative debt-to-equity ratio of 0.15, emphasizing financial stability and focused investment in growth opportunities. While cash equivalents are somewhat limited at 20.3 Cr, the low leverage provides a strong foundation for potential external fundraising, aiding Jubilant's ambitions to support new product development. It is essential to acknowledge a mild concern over the negative PAT growth observed quarter over quarter, which may suggest areas for increased operational efficiency. Despite this, the strategic initiatives and market positioning firmly establish Jubilant as a recommended buy for investors looking for compelling growth potential in the near to mid-term.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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