

## JUBILANT PHARMOVA

## RESULT UPDATE



## KEY DATA

<b>Rating</b>	<b>BUY</b>
Sector relative	Outperformer
Price (INR)	946
12 month price target (INR)	1,385
52 Week High/Low	1,310/617
Market cap (INR bn/USD bn)	151/1.8
Free float (%)	49.3
Avg. daily value traded (INR mn)	274.0

## SHAREHOLDING PATTERN

	Mar-25	Dec-24	Sep-24
Promoter	50.68%	50.68%	50.68%
FII	17.22%	16.96%	17.94%
DII	7.05%	6.98%	5.66%
Pledge	0%	0%	0%

## FINANCIALS

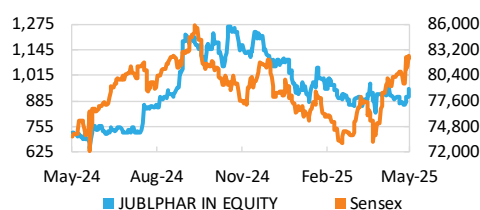
(INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Revenue	67,029	72,345	79,418	89,822
EBITDA	9,008	11,737	13,826	16,705
Adjusted profit	1,955	5,328	5,655	7,555
Diluted EPS (INR)	12.3	33.5	35.5	47.4
EPS growth (%)	63.1	172.5	6.1	33.6
RoAE (%)	1.4	14.4	8.7	10.8
P/E (x)	77.0	28.3	26.6	19.9
EV/EBITDA (x)	19.7	14.2	12.8	10.0
Dividend yield (%)	0.5	0.5	0.8	1.0

## CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	79,418	89,822	-0.7	-0.5
EBITDA	13,826	16,705	4.1	3.4
Adjusted profit	5,655	7,555	2.5	6.2
Diluted EPS (INR)	35.5	47.4	2.5	6.2

## PRICE PERFORMANCE



## Strong performance; improved outlook

Jubilant Pharmova (JPL) posted a strong showing in Q4FY25 with in-line revenue, but beating our EBITDA/PAT estimates. EBITDA margins expanded 247bp YoY/213bp QoQ aided by a better product mix.

JPL delivered a robust quarter for its CDMO, CRDMO and allergy businesses. We are optimistic on JPL due to: i) a growth inflection in its US CDMO business, fuelled by rising customer interest; ii) CRDMO growth, bolstered by three major new clients; and iii) generics business, poised for margin improvement. The CDMO Line-3 is set to be commissioned in FY26E, reaching full utilisation within three years. JPL's partnership with Pierre Fabre for mAbs/ADCs marks a strategic advancement. Maintain 'BUY' with an unchanged TP of INR1,385.

## Q4FY25: Beats our estimates; robust margins

Jubilant Pharmova's revenue grew 10% YoY/6% QoQ to INR19.3bn (in-line with our estimates). Gross margin was 67.5% for Q4FY25 in line with our estimates. EBITDA surged 27% YoY/20% QoQ to INR3.5bn (10% beat). EBITDA margin expanded +247bp YoY/+213bp QoQ and was 17.9%, (+159bps beat). Adjusted PAT soared 136% YoY/35% QoQ to INR1.6bn (15% beat). The company further deleveraged its balance sheet with long-term debt declining from INR25.4bn by Sep-24 to INR21.5bn in Mar-25. The company delivered OCF of INR10.7bn in FY25 versus INR3.3bn in H1FY25. The ROCE has improved from 9% in FY24 to 10% in FY25.

## CDMO, CRDMO in good shape; expecting strong demand for line-3

In high-margin segments, radio-pharma (+16% YoY), CDMO (+31% YoY), drug discovery (+33% YoY) and API (+10% YoY) posted double-digit growth while allergy (+2% YoY) lagged expectations. In low-margin segments, generics revenue plunged 22% YoY while radiopharmacy rose 7% YoY. Radio-pharma held its margin profile while CDMO/drug discovery/API achieved strong EBITDA margins of 28%/26%/21%. Generics business had negative margins in Q4FY25. CDMO line-3 is likely to be commissioned in FY26 and shall see full utilisation by the third year rather than the fourth. CRDMO shall benefit from prior FTE contracts with big pharma clients. Generics may improve with new launches while API and allergy businesses are likely to sustain margin momentum. We see strong growth visibility over next 4–5 years.

## Several triggers unfolding; maintain 'BUY' with TP of INR1,385

We are making minor changes in FY26E numbers while we upgrade FY27E EBITDA/PAT by 3%/6% due to CDMO line-3 visibility. Growth in CRDMO, CDMO and MIBG approval stay near-term triggers. Retain 'BUY' with an unchanged TP of INR1,385.

## Financials

Year to March	Q4FY25	Q4FY24	% Change	Q3FY25	% Change
Net Revenue	19,288	17,586	9.7	18,217	5.9
EBITDA	3,454	2,714	27.3	2,874	20.2
Adjusted Profit	1,560	660	136.4	1,155	35.1
Diluted EPS (INR)	9.8	4.1	136.4	7.3	35.1

## Financial Statements

### Income Statement (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Total operating income	67,029	72,345	79,418	89,822
Gross profit	45,622	49,175	53,687	61,079
Employee costs	22,160	22,679	26,208	29,641
R&D cost	0	0	0	0
Other expenses	14,454	14,759	13,652	14,733
EBITDA	9,008	11,737	13,826	16,705
Depreciation	3,819	3,686	3,928	4,730
Less: Interest expense	2,723	2,403	2,000	1,600
Add: Other income	687	568	400	400
Profit before tax	3,153	6,216	8,299	10,775
Prov for tax	978	1,443	2,656	3,233
Less: Exceptional item	(1,689)	3,595	0	0
Reported profit	771	8,394	5,655	7,555
Adjusted profit	1,955	5,328	5,655	7,555
Diluted shares o/s	159	159	159	159
Adjusted diluted EPS	12.3	33.5	35.5	47.4
DPS (INR)	5.0	5.0	7.1	9.5
Tax rate (%)	31.0	23.2	32.0	30.0

### Important Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
Gross margin	50.1	47.0	42.0	45.0
R&D as a % of sales	(3.3)	13.9	10.2	21.9
Net Debt/EBITDA	(14.0)	26.9	26.2	21.0
EBITDA margin (%)	13.4	16.2	17.4	18.6
Net profit margin (%)	2.9	7.4	7.1	8.4
Revenue growth (% YoY)	6.7	7.9	9.8	13.1
EBITDA growth (% YoY)	16.0	30.3	17.8	20.8
Adj. profit growth (%)	63.1	172.5	6.1	33.6

### Assumptions (%)

Year to March	FY24A	FY25A	FY26E	FY27E
GDP (YoY %)	6.7	6.0	6.2	6.2
Repo rate (%)	6.5	6.0	5.0	5.0
USD/INR (average)	83.0	84.0	82.0	82.0
Capex (USD mn)	(18.2)	3.5	8.0	13.0

### Valuation Metrics

Year to March	FY24A	FY25A	FY26E	FY27E
Diluted P/E (x)	77.0	28.3	26.6	19.9
Price/BV (x)	2.8	2.4	2.2	2.1
EV/EBITDA (x)	19.7	14.2	12.8	10.0
Dividend yield (%)	0.5	0.5	0.8	1.0

Source: Company and Nuvama estimates

### Balance Sheet (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Share capital	158	158	158	158
Reserves	54,181	62,391	66,915	72,959
Shareholders funds	54,339	62,549	67,073	73,117
Minority interest	(128)	(163)	(163)	(163)
Borrowings	36,640	27,310	30,625	34,052
Trade payables	8,563	10,048	10,444	11,566
Other liabs & prov	9,444	9,898	11,119	12,575
Total liabilities	1,15,485	1,27,564	1,28,107	1,38,030
Net block	21,578	21,323	24,951	27,175
Intangible assets	35,072	36,377	34,758	34,130
Capital WIP	12,523	27,147	27,796	17,964
Total fixed assets	69,173	84,847	87,505	79,269
Non current inv	422	435	472	524
Cash/cash equivalent	9,568	10,888	4,954	17,829
Sundry debtors	9,159	8,915	9,791	11,812
Loans & advances	8	11	11	11
Other assets	22,353	18,532	20,129	22,653
Total assets	1,15,485	1,27,564	1,28,107	1,38,030

### Free Cash Flow (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Reported profit	1,705	9,806	8,299	10,775
Add: Depreciation	3,819	3,686	3,928	4,730
Interest (net of tax)	0	0	0	0
Others	2,555	(4,351)	(799)	(1,069)
Less: Changes in WC	1,634	1,580	(1,155)	(2,466)
Operating cash flow	9,713	10,721	10,272	11,969
Less: Capex	(8,977)	(11,156)	(6,551)	3,090
Free cash flow	736	(435)	3,721	15,059

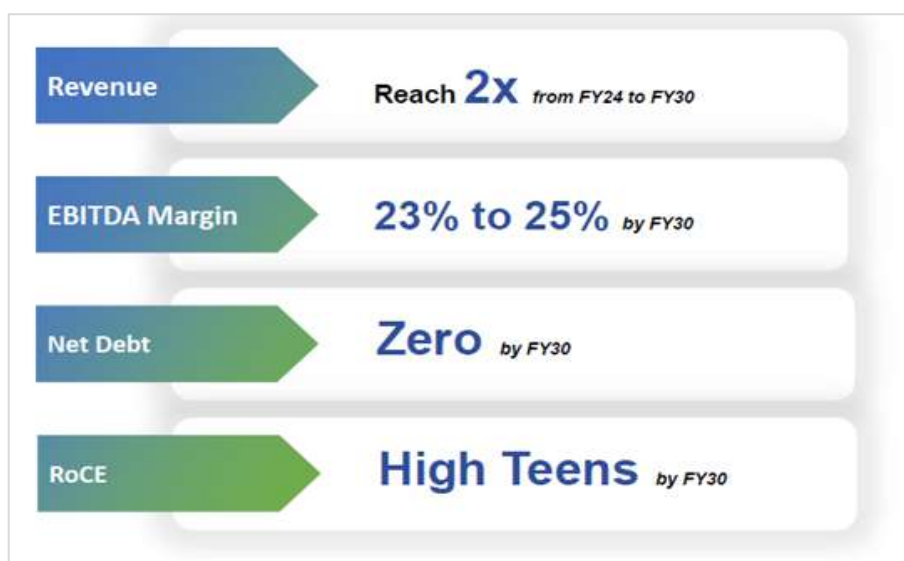
### Key Ratios

Year to March	FY24A	FY25A	FY26E	FY27E
RoE (%)	1.4	14.4	8.7	10.8
RoCE (%)	6.5	9.5	11.0	12.1
Inventory days	228	191	165	162
Receivable days	51	46	43	44
Payable days	143	147	145	140
Working cap (% sales)	19.8	9.2	10.0	11.0
Gross debt/equity (x)	0.7	0.4	0.5	0.5
Net debt/equity (x)	0.5	0.3	0.4	0.2
Interest coverage (x)	1.9	3.4	4.9	7.5

### Valuation Drivers

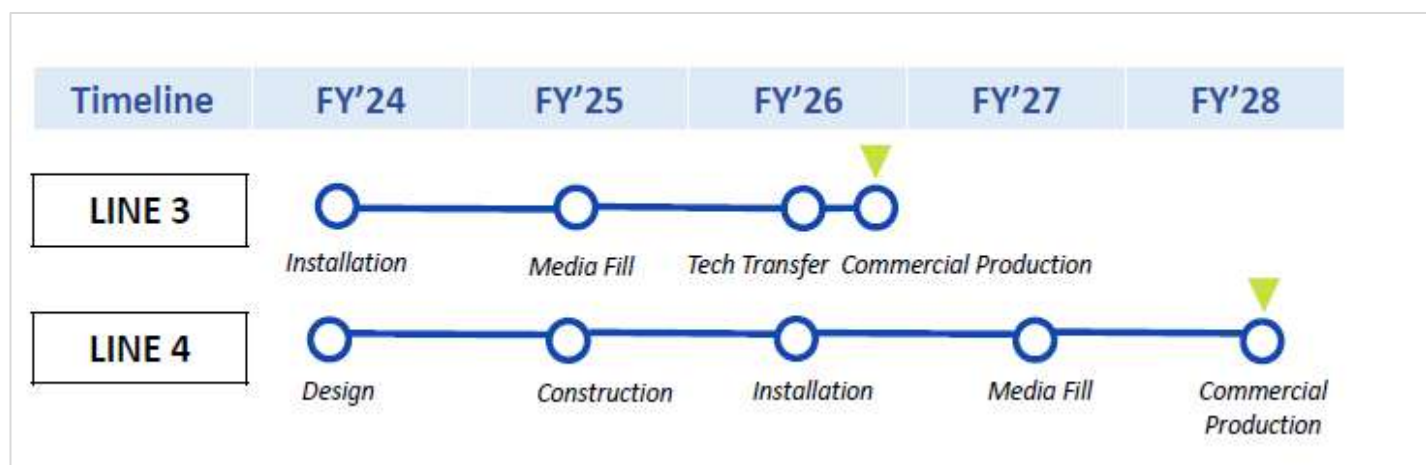
Year to March	FY24A	FY25A	FY26E	FY27E
EPS growth (%)	63.1	172.5	6.1	33.6
RoE (%)	1.4	14.4	8.7	10.8
EBITDA growth (%)	16.0	30.3	17.8	20.8
Payout ratio (%)	103.5	9.5	20.0	20.0

Exhibit 1: 'Vision 2030' guidance



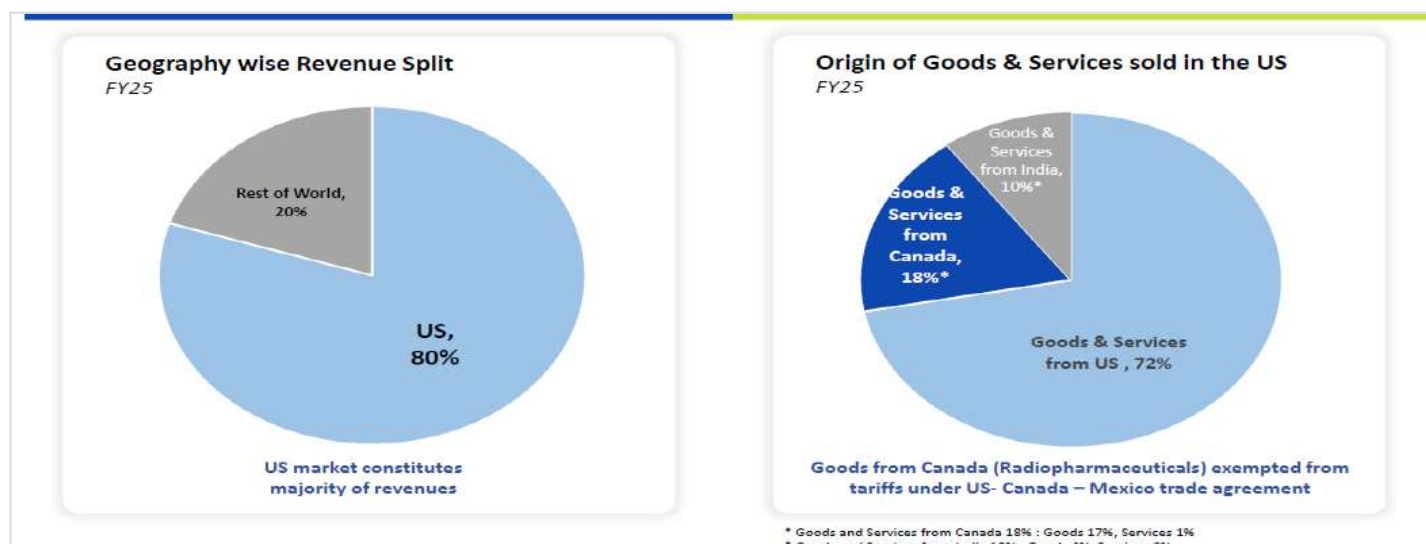
Source: Company

Exhibit 2: Line-3 to start commercial production in FY26; New lines have incremental revenue potential of USD160mn–180mn



Source: Company

Exhibit 3: US tariffs – Jubilant Pharmova had 18% of FY25 sales originating from Canada



Source: Company

**Exhibit 4: Segmental breakdown (INR mn)**

Segmental Revenue (INR mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	Nuvama estimates	Deviation (%)
Radiopharmaceuticals	2,960	2,560	15.6	2,650	11.7	2,774	6.7
Radiopharmacy	6,000	5,610	7.0	5,760	4.2	6,289	(4.6)
Allergy Immunotherapy	1,920	1,880	2.1	1,710	12.3	1,979	(3.0)
CDMO -Sterile Injectables	3,400	2,590	31.3	3,060	11.1	3,299	3.0
Drug discovery	1,560	1,170	33.3	1,500	4.0	1,407	10.9
API	1,820	1,650	10.3	1,420	28.2	1,733	5.1
Generics	1,570	2,010	(21.9)	2,000	(21.5)	1,844	(14.8)
Proprietary Novel Drugs	0	0	0.0	0	0.0	0	
Segmental EBITDA (INR mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	Nuvama estimates	Deviation (%)
Radiopharmaceuticals	1,360	1,260	8	1,250	9	1,248	9.0
Margins	45.9%	49.2%	(327.3)	47.2%	(122.4)		
Radiopharmacy	60	380	(84.2)	50	20.0	189	(68.2)
Margins	1.0%	6.8%	(577.4)	0.9%	13.2		
Allergy Immunotherapy	880	750	17.3	480	83.3	692	27.1
Margins	45.8%	39.9%	594.0	28.1%	1,776.3		
CDMO -Sterile Injectables	950	580	64	510	86	594	60.0
Margins	27.9%	22.4%	554.7	16.7%	1,127		
Drug discovery	410	290	41	390	5	338	21.4
Margins	26.3%	24.8%	149.6	26.0%	28.2		
API	390	240	63	200	95	173	125.1
Margins	21.4%	14.5%	688.3	14.1%	734.4		
Generics	-170	-390	-56	300	-157	129	(231.7)
Margins	-10.8%	-19.4%	857.5	15.0%	(2,582.8)		

Source: Company, Nuvama Research

**Exhibit 5: Actuals versus estimates (INR mn)**

Year to March	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	Nuvama estimates	Deviation (%)	Consensus	Deviation (%)
Net revenue	19,288	17,586	9.7	18,217	5.9	19,324	(0.2)	19,244	0.2
Raw material costs	6,261	5,274	18.7	5,744	9.0	6,261	0.0		
Gross profit	13,027	12,312	5.8	12,473	4.4	13,063	(0.3)		
Gross Margin (%)	67.5	70.0	(247)	68.5	(93)	67.6			
Employee costs	5,906	5,550	6.4	5,601	5.4	6,377	(7.4)		
Other expenses	3,667	4,048	(9.4)	3,998	(8.3)	3,533	3.8		
EBITDA	3,454	2,714	27.3	2,874	20.2	3,153	9.5	3,229	7.0
EBITDA margin (%)	17.9	15.4	247	15.8	213	16.3	159	16.8	
Net finance expense (income)	527	730	(27.8)	556	(5.2)	500	5.4		
Depreciation	952	1,010	(5.7)	913	4.3	928	2.5		
Other income	119	144	(17.4)	92	29.3	70	70.0		
PBT	2,060	-537	(45.7)	1,305	62.2	1,795	14.8		
Exceptionals	-33	-1,689		-189					
Income tax expense	547	81	575.3	298	83.6	431	27.0		
Tax rate (%)	27	-15		23		24			
Reported Net profit	1,536	-586	(362.1)	1,009	52.2	1,367	12.4		
Adjusted Profit after tax	1,560	660	136.4	1,155	35.1	1,367	14.1	1,358	14.9

Source: Company, Nuvama Research

**Exhibit 6: Quarterly snapshot (INR mn)**

Year to March	Q4FY25	Q4FY24	% change	Q3FY25	% change	FY25	FY26E	FY27E
Net Revenue	19,288	17,586	9.7	18,217	5.9	72,345	79,418	89,822
Cost of revenue	6,261	5,274	18.7	5,744	9.0	23,170	25,732	28,743
Gross profit	13,027	12,312	5.8	12,473	4.4	49,175	53,687	61,079
Employee cost	5,906	5,550	6.4	5,601	5.4	22,679	26,208	29,641
Other expenses	3,667	4,048	(9.4)	3,998	(8.3)	14,759	13,652	14,733
EBITDA	3,454	2,714	27.3	2,874	20.2	11,737	13,826	16,705
EBITDA margin (%)	18	15		16		16	17	19
Depreciation	952	1,010	(5.7)	913	4.3	3,686	3,928	4,730
EBIT	2,502	1,704	46.8	1,961	27.6	8,051	9,899	11,975
Less: Interest Expense	527	730	(27.8)	556	(5.2)	2,403	2,000	1,600
Add: Other income	119	144	(17.4)	92	29.3	568	400	400
Add: Exceptional items	-33	-1,689		-189		3,595	0	0
Add: JV & Associates - Profit	-1	34	(102.9)	-3		-5	0	0
Profit before tax	2,060	-537	-46	1,305	62	9,806	8,299	10,775
Less: Provision for Tax	547	81	575.3	298	83.6	1,443	2,656	3,233
Less: Minority Interest	-23	-32	(28.1)	-2	1,050.0	-31	-12	-12
Reported Profit	1,536	-586	(362.1)	1,009	52.2	8,394	5,655	7,555
Adjusted Profit	1,560	660	136.4	1,155	35.1	5,328	5,655	7,555
No. of Diluted shares outstanding	159	159		159		159	159	159
Adjusted Diluted EPS	9.8	4.1	136.4	7.3	35.1	33.5	35.5	47.4
as % of revenues	Q4FY25	Q4FY24		Q3FY25		FY25	FY26E	FY27E
Cost of revenue	32.5	30.0		31.5		32.0	32.4	32.0
Employee cost	30.6	31.6		30.7		31.3	33.0	33.0
Total operating expenses	82.1	84.6		84.2		83.8	82.6	81.4
Gross profit	67.5	70.0		68.5		68.0	67.6	68.0
Operating profit	13.0	9.7		10.8		11.1	12.5	13.3
Net profit	8.0	-3.3		5.5		11.6	7.1	8.4
Tax rate	26.6	(15.1)		22.8		14.7	32.0	30.0

Source: Company, Nuvama Research

## Company Description

Incorporated in 1978 and part of the Jubilant Group, Jubilant Pharmova has a global presence across diverse business sectors, including Radiopharma, allergy immunotherapy, CDMO sterile injectables, CRDMO services, generics, and proprietary novel drugs. The company operates multiple manufacturing facilities serving regulated markets worldwide, including the US and Europe.

In the Radiopharma business, the company is involved in manufacturing and supply of radiopharmaceuticals in the US. The allergy immunotherapy business manufactures and supplies allergic extracts and venom products in the US and in some other markets such as Canada, Europe and Australia. Through its CDMO sterile injectables business, it offers manufacturing services including sterile fill and finish injectables (both liquid and lyophilisation), full-service ophthalmic offer and ampoules. The CRDMO business includes the drug discovery services business that provides contract R&D services and the CDMO-API business, which manufactures APIs. Jubilant Therapeutics is involved in the proprietary novel drugs business developing breakthrough therapies in oncology and for autoimmune disorders.

## Investment Theme

Jubilant is among the top three radiopharmaceutical manufacturers in the US and this business has a 45-50% margin profile due to its backward and forward integration. Ruby-Fill (PET scan product) is set to drive growth and I-MIBG can be a game changer. Radiopharmacy, an attractive business due to lower competition driven by regulatory challenge and unwillingness of the hospitals to invest in the clean room infrastructure to prepare the formulations is expected to undergo a turnaround. JPL is also investing in 6 new PET pharmacies which should aid margins. In the allergy therapy business, it has a strategic advantage as it is the sole supplier of venom extracts in the US and the company also has plans to expand in other territories. In the CMO business, capacity expansion by adding new lines at both Spokane and Montreal in the sterile injectable/ophthalmic operations, can be a solid growth factor. The generic business should also see a turnaround with lifting of the import alert on Roorkee unit and closure of the Salisbury unit in the US. Strong cash flow generation and debt reduction should assist in overall profitability of the company.

## Key Risks

- Delayed turnaround of radiopharmacy business
- Delayed commercialisation of Line 3 at Spokane
- Customers' failure in allergy business to secure required product approvals

## Additional Data

### Management

Chairman	Shyam S. Bhartia
Co-Chairman	Hari S. Bhartia
Managing Director	Priyavrat Bhartia
Joint Managing Director	Arjun S Bhartia
Auditor	Walker Chandio & Co. LLP

### Holdings – Top 10\*

	% Holding		% Holding
East Bridge Cap	3.92	MAV MGMT	3.15
Norges Bank	3.45	Nikita Resource	2.20
Miller Holdings	3.28	Vanguard	1.94
Estate of Rakes	3.28	Quant Money Man	1.92
Rekha Rakesh Jh	3.15	SBI Life	1.39

\*Latest public data

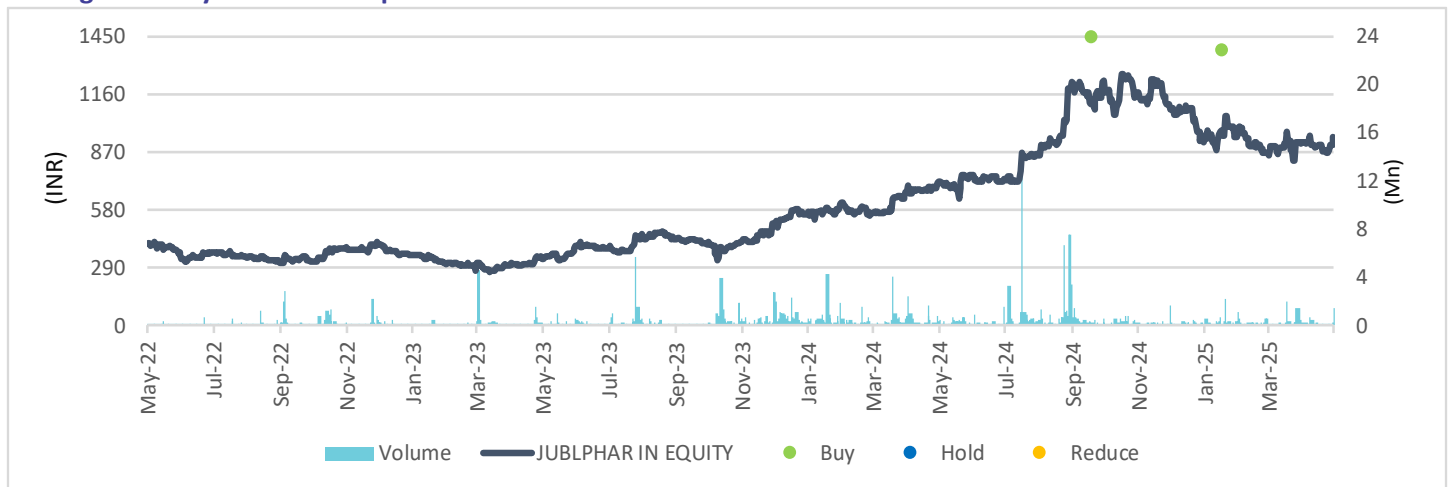
### Recent Company Research

Date	Title	Price	Reco
03-Mar-25	Aims to double revenue, treble EBITDA by; <i>Company Update</i>	901	Buy
01-Feb-25	Generics business sustains momentum; <i>Result Update</i>	984	Buy
25-Oct-24	'BRAVEHEART SERIES' Jubilant Pharmova (J); <i>Result Update</i>	1,058	Buy

### Recent Sector Research

Date	Name of Co./Sector	Title
16-May-25	Lupin	Beats estimates; new launches eyed; <i>Result Update</i>
13-May-25	Cipla	Margin guidance below expectations; <i>Result Update</i>
10-May-25	Dr Reddy's Labs	Mixed results; margins fall short; <i>Result Update</i>

### Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

### Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	63
Reduce	<-5%	34



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Abneesh Roy

Head of Research Committee

Abneesh.Roy@nuvama.com

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