

Jubilant Pharmova (JUBLPHAR)

Pharmaceuticals | Analyst Meet Update

BUY
CMP: Rs919 | Target Price (TP): Rs1,183 | Upside: 28%
February 28, 2025

Specialty pharma and CDMO to drive growth

Key Points

- Jubilant Pharmova continues its strategic transformation with a strong focus on high-growth segments, including Radiopharma, CDMO, CRDMO, and Proprietary Novel Drugs, supported by capacity expansion and new product launches.
- The company is strengthening its market position in Radiopharma with PET expansion, advancing its sterile injectables business through capacity doubling, and scaling up CRDMO services with increased investments and strategic partnerships.
- Proprietary drug development remains a key priority, with promising clinical-stage programs in oncology and autoimmune disorders, aiming for long-term value creation through innovation and regulatory advancements. Hence, we maintain a Buy on the company, valuing it at its five-year average PE of 27, based on FY27 EPS of ~Rs. 44, arriving at a target price of Rs. 1,183.

- Radiopharma Expansion & Market Leadership:** Jubilant Pharmova is strengthening its position in Radiopharma with ongoing expansion in PET radiopharmacies and leadership in SPECT imaging. The company is leveraging high-margin products like Ruby-Fill® and developing new therapies, including MIBG, to capture growing opportunities in diagnostics and therapeutics. Increased adoption of PSMA therapies and PET imaging is expected to further drive growth.
- CDMO & CRDMO Growth Strategy:** The company is doubling its sterile injectables capacity in Spokane, US, to meet rising demand, particularly from biologics, where 65% of pipeline drugs require sterile vials. CRDMO expansion focuses on biologics and ADCs through strategic partnerships and capacity investments, positioning Jubilant to benefit from global outsourcing trends and the China+1 strategy.

Est Change	-
TP Change	-
Rating Change	Maintain

Company Data and Valuation Summary

Reuters:	JUBO.BO
Bloomberg:	JUBLPHAR IN
Mkt Cap (Rsbn/US\$bn):	144.9 / 1.7
52 Wk H / L (Rs):	1,310 / 538
ADTV-3M (mn) (Rs/US\$):	315.2 / 3.7
Stock performance (%) 1M/6M/1yr:	0.8 / (3.1) / 60.1
Nifty 50 performance (%) 1M/6M/1yr:	(1.2) / (7.8) / 2.7

Shareholding	1QFY25	2QFY25	3QFY25
Promoters	50.7	50.7	50.7
DII's	4.1	5.7	7.0
FII's	19.5	17.9	17.0
Others	25.8	25.7	25.4
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rsmn)	FY24	FY25E	FY26E	FY27E
Net Sales	67,029	72,259	80,234	90,267
Growth YoY%	0.1	0.1	0.1	0.1
Gross margin %	68.1	68.0	68.0	68.5
EBITDA	9,008	11,562	13,239	16,248
EBITDA margin %	13.4	16.0	16.5	18.0
Adj PAT	1,493	4,054	5,288	6,920
Growth YoY%	(0.1)	1.7	0.3	0.3
Adj EPS	9.5	25.7	33.5	43.8
RoCE	2.7	5.9	6.8	8.0
RoE	2.8	7.2	8.7	10.4
RoIC	3.0	6.4	7.3	8.6
P/E	97.2	35.8	27.5	21.0
EV/EBITDA	18.3	13.8	11.0	11.0
P/BV	2.7	2.5	2.3	2.1

Source: Bloomberg, Company, Nirmal Bang Institutional Equities Research

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Analyst meet highlights

Financial Highlights

- Revenue for TTM Dec24 stood at Rs. 70.64bn, growing from Rs. 62,82bn in FY23.
- EBITDA margin improved to 16.3% from 13.1% in FY23, reflecting operational efficiencies.
- Net debt-to-EBITDA ratio improved to 1.4x from 2.9x, driven by a stronger balance sheet and improved cash flows.
- FY30 vision targets include revenue of Rs. 135bn, EBITDA margin of 23-25%, and zero net debt.

Radiopharma

- The company remains a leading manufacturer in North America with a strong portfolio in SPECT, PET imaging, and radiopharmaceutical therapeutics.
- Ruby-Fill maintains market leadership with 25% market share and an expanding addressable market (~USD 160mn growing at 12%).
- Expansion of six new PET radiopharmacies is underway, aiming for high ROCE and margin accretion.
- Development pipeline includes MIBG, targeting neuroblastoma, with a potential peak sales of USD 70-100mn; data submission to FDA expected in H2FY26.
- Market expansion driven by increased adoption of PSMA therapies and PET diagnostics, with multiple billion-dollar M&A deals in the sector.

CDMO – Sterile Injectables

- Doubling capacity at Spokane, US, with new production lines and expanded infrastructure.
- The sterile vials market remains highly attractive due to a supply-demand gap of ~700mn doses.
- Increased demand for biologics, with 65% of new pipeline drugs requiring sterile vials.
- Strong client relationships with top 20 global pharma companies; 92% client retention rate.
- Supply chain concerns are increasing demand for domestic sterile manufacturing in North America.

CRDMO

- Strong presence in drug discovery and development services, with over 700 scientists supporting diverse projects.
- Focus on expanding capabilities in ADC and biologics through strategic partnerships (e.g., Pierre Fabre acquisition).
- Plans to triple revenue by FY30, targeting EBITDA margin >25%.
- Investment of Rs. 150mn to scale up research infrastructure, including a new flagship site in Bangalore.
- Emphasis on China+1 strategy, leveraging growing interest from global pharma in India-based manufacturing solutions.

Allergy Immunotherapy

- Second largest player in the US allergenic extract market and sole supplier of venom immunotherapy.
- Revenue growth expected through increased market penetration and awareness campaigns.

- Differentiated business model with vertically integrated manufacturing and distribution network.
- US allergy market remains concentrated with limited competition, providing strong pricing power.

Generics

- Ongoing business transformation with focus on new product launches and profitable non-US international expansion.
- Strengthening manufacturing infrastructure to enhance operational efficiency and regulatory compliance.
- Increasing focus on value-added generics and specialty formulations to improve margins.

Proprietary Novel Drugs

- Two clinical-stage programs targeting oncology and autoimmune disorders.
- JBI-802 (orally administered small molecule) targets validated oncology pathways, with promising phase 1 results.
- Expansion into Essential thrombocythemia (ET), myeloproliferative neoplasms (MPN), and lung cancer.
- Phase 2 trials progressing with data readouts expected in 2025-26.
- Market opportunity of over USD 3 Bn for ET alone; competitive positioning strengthened by superior safety profile versus peers.

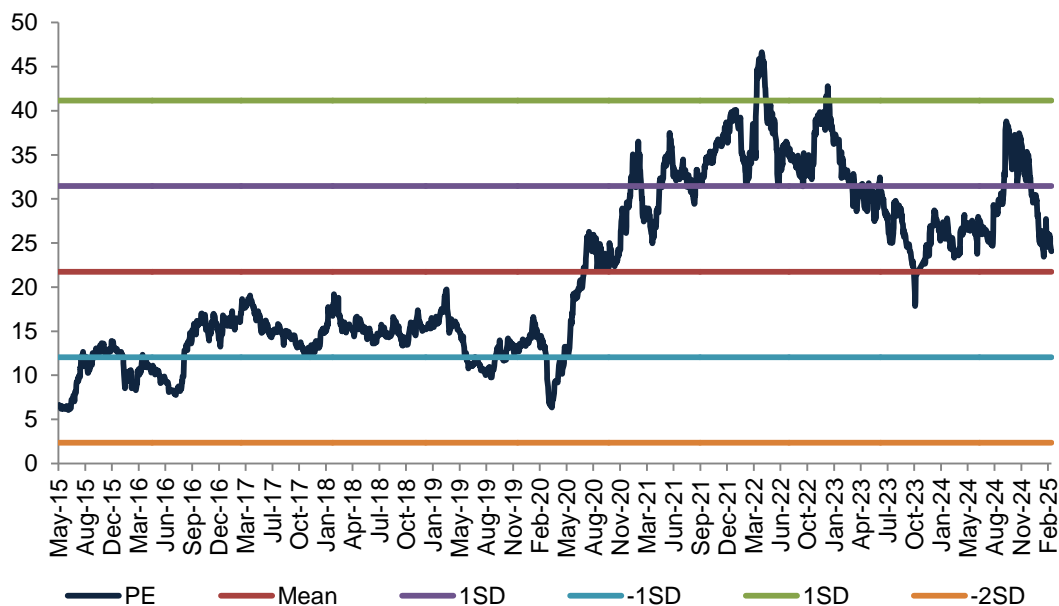
Valuation and Outlook

Jubilant Pharmova's revenue is expected to grow at 10.4% CAGR over FY24-FY27E. Growth will mainly be driven by recovery in Radio Pharma and Sterile CDMO segments and continuous strong growth in the Drug- discovery solutions segment. EBITDA margin is expected to improve by 456bps to 18% by FY27-end, supported by improvements in Radio Pharmacy, API and Generic businesses as well as a better segment mix. Adjusted net profit is expected to grow at a 67% CAGR over FY24-FY27E, aligning with improvements in operational performance.

The stock is currently trading at 27.4x/20.9x PE on FY26E/FY27E EPS and 12.7x/10.1x on FY26E/FY27E EV/EBITDA. We estimate free cash flow (FCF) generation of ~Rs 4.6bn/Rs 6.4bn over FY26E/FY27E. ROE and ROCE are expected to be at 10.4% and 8%, respectively, in FY27E. We like the company's Sterile CDMO, CRDMO and Radio Pharma businesses (82% of overall revenue in 3QFY25).

Hence, we maintain a Buy on Jubilant Pharmova, valuing the company at its five-year average PE of 27, based on FY27 EPS of ~Rs. 44, arriving at a target price of Rs. 1,183. This valuation reflects strong earnings visibility, driven by robust expansion in Radiopharma, CDMO, and CRDMO segments, improving profitability, and disciplined capital allocation. The company's focus on high-margin businesses, strategic capacity expansions, and proprietary drug pipeline supports long-term value creation, making it an attractive investment.

Exhibit 1: One-year Rolling Forward PE Chart



Source: BSE, Company, Nirmal Bang Institutional Equities Research

Financial statements

Exhibit 2: Income statement

Y/E March (Rsmn)	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	62,817	67,029	72,259	80,234	90,267
Growth YoY%	2.8	6.7	7.8	11.0	12.5
Gross profit	44,038	45,622	49,136	54,559	61,833
Gross margin %	70.1	68.1	68.0	68.0	68.5
Staff costs	21,660	22,160	22,039	24,070	26,629
% of sales	34.5	33.1	30.5	30.0	29.5
Other expenses	14,615	14,454	15,536	17,250	18,956
% of sales	23.3	21.6	21.5	21.5	21.0
EBITDA	7,763	9,008	11,562	13,239	16,248
Growth YoY%	-31.7	16.0	28.3	14.5	22.7
EBITDA margin %	12.4	13.4	16.0	16.5	18.0
Depreciation	3,840	3,819	3,707	3,768	4,632
EBIT	3,922	5,189	7,854	9,471	11,616
Interest	1,882	2,723	2,564	2,316	2,131
Other income	506	928	500	400	400
PBT (bei)	2,546	3,394	5,791	7,554	9,886
PBT	278	1,705	5,791	7,554	9,886
ETR	334	57	30	30	30
PAT	-649	727	4,054	5,288	6,920
Adj PAT	1,658	1,493	4,054	5,288	6,920
Growth YoY%	-59.9	-10.0	171.5	30.5	30.9

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 3: Cash flow

Y/E March (Rsmn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	278	1,705	5,791	7,554	9,886
Depreciation	3,840	3,819	3,707	3,768	4,632
Interest	1,882	2,723	2,564	2,316	2,131
Other adjustments	2,107	1,012	(198)	(303)	(381)
Change in Working capital	543	2,531	(623)	(1,469)	(1,828)
Tax paid	(2,043)	(2,077)	(1,737)	(2,266)	(2,966)
Operating cash flow	6,607	9,713	9,503	9,601	11,473
Capex	(5,513)	(6,581)	(5,500)	(5,000)	(5,000)
Free cash flow	1,094	3,132	4,003	4,601	6,473
Other investing activities	69	502	0	0	0
Investing cash flow	(5,444)	(6,079)	(5,500)	(5,000)	(5,000)
Issuance of share capital	0	0	0	0	0
Movement of Debt	1,616	(128)	(4,171)	(2,500)	(2,500)
Dividend paid (incl DDT)	(801)	(798)	(203)	(264)	(346)
Other financing activities	(1,677)	(3,284)	(2,564)	(2,316)	(2,131)
Financing cash flow	(862)	(4,209)	(6,937)	(5,080)	(4,977)
Net change in cash flow	301	(575)	(2,935)	(479)	1,497
Opening C&CE	9,838	10,139	9,564	6,629	6,150
Closing C&CE	10,139	9,564	6,629	6,150	7,647

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: Balance sheet

Y/E March (Rsmn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	159	158	158	158	158
Reserves	53,834	54,181	58,032	63,056	69,630
Net worth	53,918	54,211	58,062	63,086	69,660
Long term debt	31,104	31,671	27,500	25,000	22,500
Short term debt	2,997	2,470	2,470	2,470	2,470
Total debt	34,101	34,141	29,970	27,470	24,970
Net debt	23,962	24,577	23,341	21,320	17,323
Other non-current liabilities	8,821	10,713	11,230	12,019	13,010
Total Equity & Liabilities	93,843	96,595	96,792	1,00,104	1,05,170
Gross block	41,733	44,897	47,998	50,817	53,636
Accumulated depreciation	15,814	20,549	21,857	23,444	25,895
Net Block	25,919	24,348	26,141	27,373	27,741
CWIP	7,733	12,523	12,523	12,523	12,523
Intangible and others	7,882	8,508	8,508	8,508	8,508
Other non-current assets	32,409	31,345	31,504	31,745	32,049
Investments	0	0	0	0	0
Trade receivables	9,612	9,159	9,874	10,963	12,334
Inventories	13,805	12,896	13,491	14,891	16,452
Cash & Cash Equivalents	10,139	9,564	6,629	6,150	7,647
Other current assets	4,067	7,142	7,699	8,548	9,617
Total current assets	37,624	38,761	37,693	40,552	46,049
Trade payables	8,213	8,563	9,249	10,270	11,374
Other current liabilities	6,514	7,857	7,857	7,857	7,857
Total current liabilities	17,724	18,890	19,576	20,597	21,701
Total Assets	1,11,567	1,15,485	1,16,368	1,20,701	1,26,871

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Key ratios

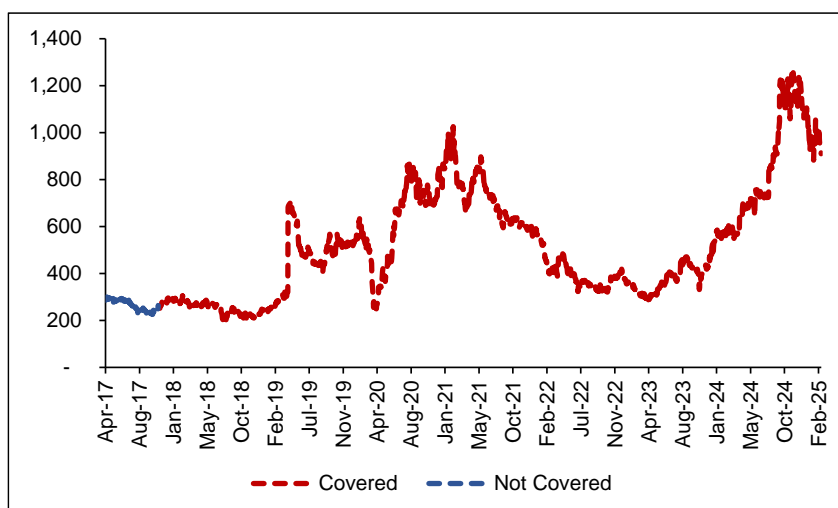
Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Per share (Rs)					
Adj EPS	10.4	9.5	25.7	33.5	43.8
Book value	339.4	343.9	368.3	400.1	441.7
DPS	(0.0)	0.2	1.3	1.7	2.2
Valuation (x)					
P/Sales	2.3	2.2	2.0	1.8	1.6
EV/EBITDA	21.9	18.3	13.8	10.9	11.0
P/E	88.0	97.0	35.7	27.4	20.9
P/BV	2.7	2.7	2.5	2.3	2.1
Return ratios (%)					
RoCE	(3.0)	2.7	5.9	6.8	8.0
RoCE (pre-tax)	4.2	5.3	7.9	9.4	11.1
RoE	3.1	2.8	7.2	8.7	10.4
RoIC	(3.3)	3.0	6.4	7.3	8.6
Profitability ratios (%)					
Gross margin	70.1	68.1	68.0	68.0	68.5
EBITDA margin	12.4	13.4	16.0	16.5	18.0
PAT margin	2.6	2.2	5.6	6.6	7.7
Liquidity ratios (%)					
Current ratio	2.1	2.1	1.9	2.0	2.1
Quick ratio	1.3	1.4	1.2	1.2	1.4
Solvency ratio (%)					
Net Debt to Equity ratio	0.5	0.5	0.4	0.4	0.3
Turnover ratios					
Fixed asset turnover ratio (x)	1.0	1.0	1.0	1.1	1.2
Debtor days	54.9	51.1	48.1	47.4	47.1
Inventory days	76.6	72.7	66.6	64.6	63.4
Creditor days	40.4	45.7	45.0	44.4	43.8
Net Working capital days	91.1	78.1	69.7	67.6	66.7

Source: Company, Nirmal Bang Institutional Equities Research

Rating Track

Date	Rating	Market price (Rs)	Target price (Rs)
3 November 2017	Buy	745	833
18 January 2018	Buy	924	1,150
10 May 2018	Buy	843	1,040
30 July 2018	Buy	771	1,040
23 October 2018	Buy	650	1,021
4 February 2019	Buy	714	1,012
5 April 2019	Buy	718	1,037
20 May 2019	Buy	596	1,037
29 July 2019	Buy	445	785
23 September 2019	Buy	535	834
29 October 2019	Buy	562	792
1 February 2020	Buy	583	792
27 March 2020	Buy	262	337
23 April 2020	Buy	369	539
1 June 2020	Buy	442	539
7 September 2020	HOLD	830	876
23 September 2020	Buy	781	918
5 November 2020	Buy	706	918
7 January 2021	HOLD	908	904
8 February 2021	Sell	916	782
07 June 2021	HOLD	836	835
25 July 2021	Sell	697	605
26 September 2021	HOLD	617	658
24 October 2021	HOLD	604	658
7 February 2022	HOLD	526	515
21 February 2022	Buy	444	528
29 May 2022	Buy	404	532
3 August 2022	Buy	363	439
9 October 2022	Buy	348	394
23 October 2022	Buy	337	399
5 February 2023	HOLD	340	355
16 March 2023	HOLD	278	307
31 May 2023	HOLD	333	331
23 July 2023	HOLD	374	371
29 October 2023	HOLD	396	397
4 February 2024	HOLD	591	570
30 May 2024	Buy	712	873
21 July 2024	Buy	750	878
28 February 2025	Buy	919	1,183

Rating Track Graph



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Stock Ratings Absolute Returns

BUY > 15%

HOLD -5% to 14%

SELL < -5%

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