

July 31, 2025

Q1FY26 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	2,030		2,030	
Sales (Rs. m)	43,913	49,245	43,913	49,245
% Chng.	-	-	-	-
EBITDA (Rs. m)	12,132	14,360	12,132	14,360
% Chng.	-	-	-	-
EPS (Rs.)	52.4	63.0	52.4	63.0
% Chng.	-	-	-	-

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	0.9	0.8
RoE (%)	20.5	20.8	21.9	22.4
RoCE (%)	24.0	25.6	27.5	28.1
EV/Sales (x)	7.9	6.9	6.0	5.4
EV/EBITDA (x)	30.7	26.3	21.9	18.6
PE (x)	49.9	41.8	33.9	28.2
P/BV (x)	9.4	8.0	6.9	5.8

Key Data

J BCH.BO | JBCP IN

52-W High / Low	Rs.2,030 / Rs.1,303
Sensex / Nifty	81,186 / 24,768
Market Cap	Rs.278bn / \$ 3,173m
Shares Outstanding	156m
3M Avg. Daily Value	Rs.533.86m

Shareholding Pattern (%)

Promoter's	47.73
Foreign	17.77
Domestic Institution	19.62
Public & Others	14.88
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	5.9	0.8	(7.6)
Relative	9.0	(3.8)	(7.0)

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Margin surprise

Quick Pointers:

- Reiterate EBITDA margin guidance of 27-29% in FY26E.
- Guided for 12–14% growth in CDMO with 3–4 new launches in FY26

J.B. Chemicals & Pharmaceuticals (JBCP) Q1FY26 adjusted EBITDA growth of 13% YoY for one offs and ESOP was 3% above 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 remains unchanged. We expect EPS CAGR of 22% over FY25-27E. At CMP, the stock is trading at 28x FY27E EPS. We maintain 'BUY' rating with TP of Rs2,030/share, valuing at 32x FY27E EPS.

- **Domestic business (incl opthal) aided growth YoY:** JBCP revenues grew by 9% YoY to Rs11bn, in line with our estimates. Domestic formulation delivered double digit growth of 14% YoY to Rs 6.8bn. Opthal portfolio from Novartis delivered Rs 570mn in revenues. Export formulations remained muted down 2% YoY to Rs 2.83bn. Russia, US & South Africa remained flat for the quarter. CDMO business registered growth of 8% YoY. API sales at Rs 180mn; up 38% YoY
- **Adj OPM at 30.2% adj for ESOP & one-off:** Reported EBITDA came in at Rs 3bn up 7% YoY. Margins stood at 27.5%; up 50 bps YoY. Adjusted for ESOP (Rs140mn) & acquisition related one off cost (Rs150mn), EBITDA was Rs3.3bn with OPM of 30.2%; 3% above our estimate. GM's increased 210bps both YoY and QoQ to 68.2%. PAT came in at Rs2bn up 14% YoY, in line with our est.
- **Key concall takeaways: Domestic business** growth was evenly split between volume and price increases (7% each), and JBCP expects to continue to outperform IPM by 300–400 bps. Key brands like Cilacar, Cilacar-T and Nicardia delivered strong YoY growth. The chronic portfolio rose 15% YoY, the acute segment grew 12% YoY, and ophthalmology advanced 19% YoY as per IQVIA. The acute rebound was driven by Sporolac's high-teen growth and strong demand for ophthalmology eye drops (Moxifloxacin, anti-allergics, pain-relief), while Rantec and Metrogyl remained flat.
- The **ophthalmology** portfolio continues to gain momentum with a field force of 105.
- **CDMO** business dispatched its first commercial shipments of iodine throat spray and immunity lozenges to APAC and EU markets. The company expects 3–4 product launches in the next 12–18 months and has guided for 12–14% growth in FY26E, with a quarterly revenue run-rate of Rs 1.2–1.3bn in FY26E,

rising to Rs 1.4–1.5bn in FY27E. The segment is supported by a robust pipeline of globally relevant products developed with key partners.

- **Branded generics** business was flat for the quarter but is expected to return to high single-digit growth in H2FY26. The US market faced some pricing pressure on 2 molecules, but visibility remains strong for the next 4–6 months. In South Africa, weak institutional and private orders weighed on performance, though grants and sanctions should help recovery in H2. Russia experienced a slow season, with demand expected to pick up later in the year.
- **API** segment growth was led by Diclofenac exports during the quarter.
- **ROW** expansion plans include 8–10 new molecules across 14–16 markets from Q4FY26, with the full impact expected from FY27E.
- **Other highlights:** The company maintained gross margin guidance at 67% for FY26E. R&D spend was ~1% of revenue, largely toward international formulations. Other expenses grew 16% YoY to Rs 2.52bn, which included Rs 150Mn in merger-related costs. EBITDA margin guidance was maintained at 27–29%, with the aim to reach the top end of the range. Operating cash flows are expected to be 75–78% of EBITDA for FY26E. Staff costs increased 16% YoY, driven by increments and incentives, with no major field force expansion.

Exhibit 1: Q1FY26 Result Overview (Rs mn): Performance in line aided by domestic formulation

Y/e March (Rs in mn)	Q1FY26	Q1FY25	YoY gr. (%)	Q1FY26E	% Var	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)	Q1FY26
Net Sales	10,939	10,044	8.9	11,110	(1.5)	9,495	15.2	43,913	39,180	12.1	10,939
Raw Material	3,471	3,398	2.2	3,777	(8.1)	3,216	7.9	14,623	13,166	11.1	3,471
% of Net Sales	31.7	33.8		34.0		33.9		33.3	33.6		31.7
Personnel Cost	1,943	1,669	16.4	1,869	3.9	1,768	9.9	7,632	6,876	11.0	1,943
% of Net Sales	17.8	16.6		16.8		18.6		17.4	17.5		17.8
Others	2,517	2,174	15.8	2,391	5.3	2,246	12.1	9,525	8,820	8.0	2,517
% of Net Sales	23.0	21.6		21.5		23.7		21.7	22.5		23.0
Total Expenditure	7,931	7,240	9.5	8,038	(1.3)	7,230	9.7	31,781	28,861	10.1	7,931
EBITDA	3,009	2,804	7.3	3,072	(2.1)	2,265	32.9	12,132	10,318	17.6	3,009
Margin (%)	27.5	27.9		27.7		23.8		27.6	26.3		27.5
Depreciation	427	408	4.7	470	(9.1)	464	(8.1)	1,862	1,710	8.9	427
EBIT	2,582	2,396	7.8	2,602	(0.8)	1,800	43.4	10,270	8,608	19.3	2,582
Other Income	146	59	147.0	149	(2.0)	145	0.5	700	383	82.7	146
Interest	11	56	(80.3)	15	(26.0)	15	(23.4)	50	117	(57.4)	11
PBT	2,716	2,398	13.2	2,736	(0.7)	1,930	40.7	10,920	8,874	23.1	2,716
Total Taxes	692	630	9.9	698	(0.8)	473	46.2	2,785	2,278	22.2	692
ETR (%)	25.5	26.3		25.5		24.5		25.5	25.7		25.5
Minority Interest	-	-		-		-		-	-		-
Reported PAT	2,024	1,768	14.4	2,038	(0.7)	1,457	38.9	8,135	6,596	23.3	2,024

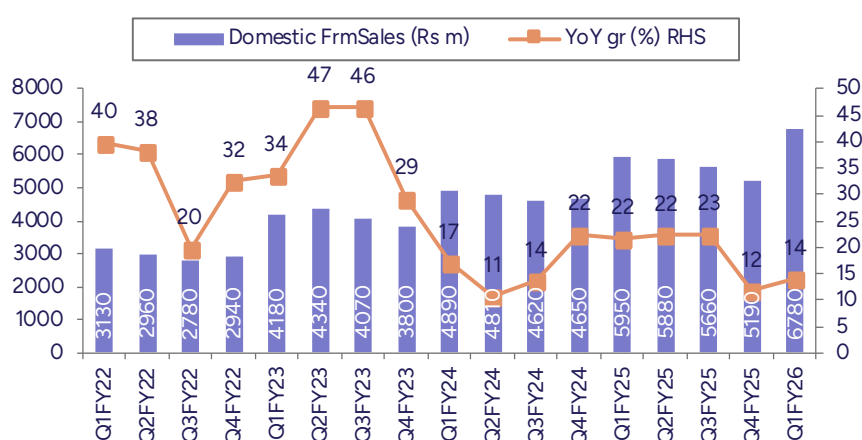
Source: Company, PL

Exhibit 2: Domestic portfolio aids growth YoY

Major sources of revenues	Q1FY26	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Domestic Formulations	6,780	5,950	13.9	5,190	30.6	25430	22,680	12.1
Exports	4,160	4,090	1.7	4,300	(3.3)	18,482	16,486	12.1
Formulations	2,830	2,900	(2.4)	2,820	0.4	12443	11,260	10.5
CMO	1,150	1,060	8.5	1,290	(10.9)	5218	4,466	16.8
APIs	180	130	38.5	190	(5.3)	821	760	8.0
Other	-	-	-	-	-	-	-	#DIV/0!
Net Revenues	10,940	10,040	9.0	9,490	15.3	43,913	39,166	12.1

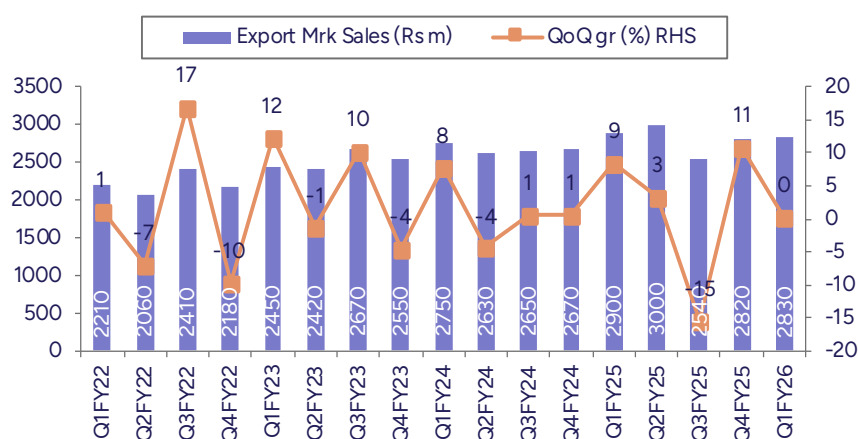
Source: Company, PL

Exhibit 3: Growth backed by base and opthal portfolio YoY



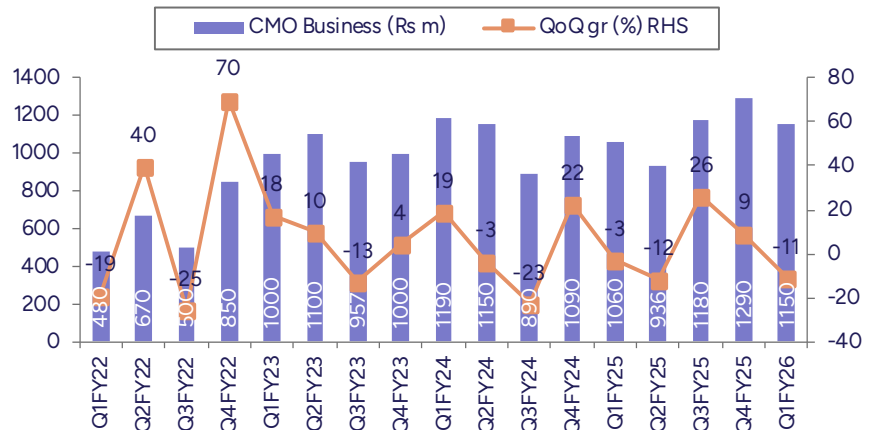
Source: Company, PL

Exhibit 4: Russia, US and SA delivered flat growth



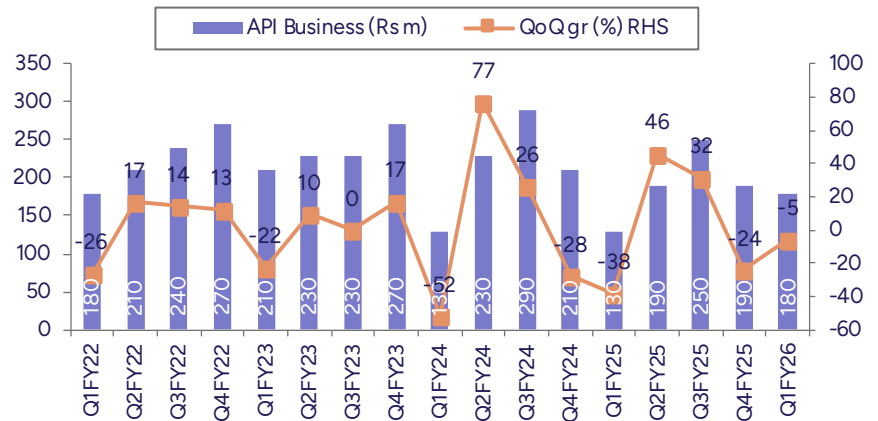
Source: Company, PL

Exhibit 5: Momentum to continue



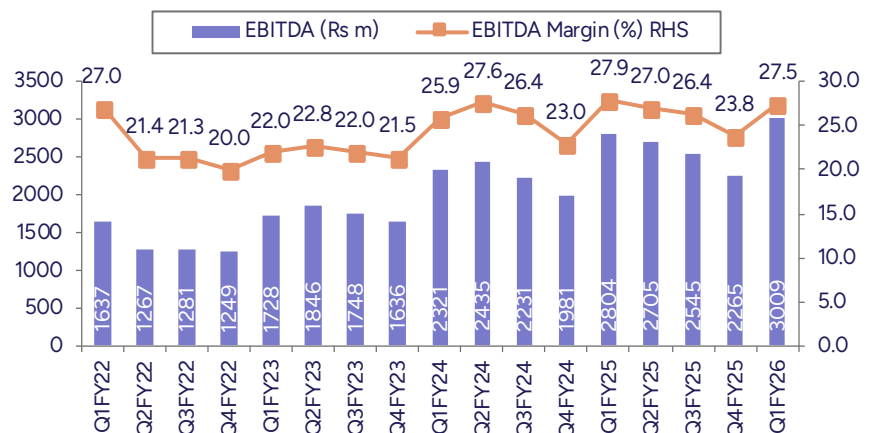
Source: Company, PL

Exhibit 6: Delivered 38% YoY growth



Source: Company, PL

Exhibit 7: Adj ESOP & One off EBITDA margin at 30.2%



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 Invst. 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	49.9	41.8	33.9	28.2
P/B	9.4	8.0	6.9	5.8
P/CEPS	39.9	33.2	27.6	23.3
EV/EBITDA	30.7	26.3	21.9	18.6
EV/Sales	7.9	6.9	6.0	5.4
Dividend Yield (%)	0.4	0.9	0.9	0.8

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	10,006	9,635	9,495	10,939
YoY gr. (%)	13.5	14.1	10.2	8.9
Raw Material Expenses	3,384	3,167	3,216	3,471
Gross Profit	6,622	6,468	6,278	7,468
Margin (%)	66.2	67.1	66.1	68.3
EBITDA	2,705	2,545	2,265	3,009
YoY gr. (%)	11.1	14.1	14.3	7.3
Margin (%)	27.0	26.4	23.8	27.5
Depreciation / Depletion	419	419	464	427
EBIT	2,286	2,126	1,800	2,582
Margin (%)	22.8	22.1	19.0	23.6
Net Interest	21	26	15	11
Other Income	100	80	145	146
Profit before Tax	2,365	2,180	1,930	2,716
Margin (%)	23.6	22.6	20.3	24.8
Total Tax	620	555	473	692
Effective tax rate (%)	26.2	25.5	24.5	25.5
Profit after Tax	1,746	1,625	1,457	2,024
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,746	1,625	1,457	2,024
YoY gr. (%)	15.9	21.7	15.5	14.4
Margin (%)	17.4	16.9	15.3	18.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,746	1,625	1,457	2,024
YoY gr. (%)	15.9	21.7	15.5	14.4
Margin (%)	17.4	16.9	15.3	18.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,747	1,626	1,458	2,025
Avg. Shares O/s (m)	155	155	155	155
EPS (Rs)	11.2	10.5	9.4	13.0

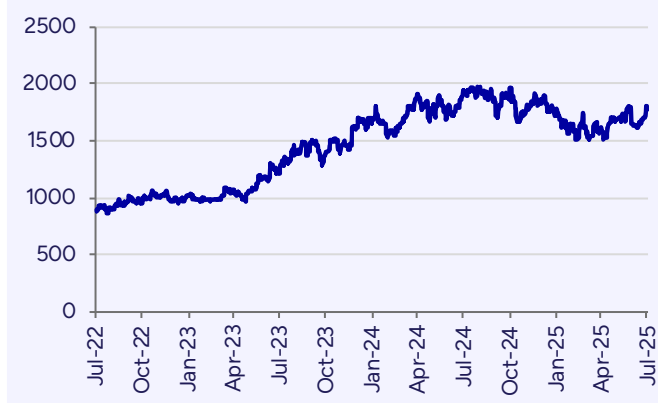
Source: Company Data, PL Research

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-Jul-25	BUY	2,030	1,633
2	16-May-25	BUY	2,030	1,641
3	08-Apr-25	BUY	2,075	1,518
4	06-Feb-25	BUY	2,075	1,716
5	08-Jan-25	BUY	2,250	1,896
6	08-Nov-24	BUY	2,250	1,860
7	07-Oct-24	BUY	2,100	1,715
8	10-Aug-24	BUY	2,100	1,930

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,350	7,616
2	Aster DM Healthcare	BUY	620	622
3	Aurobindo Pharma	BUY	1,440	1,185
4	Cipla	BUY	1,730	1,533
5	Divi's Laboratories	Accumulate	6,800	6,889
6	Dr. Reddy's Laboratories	Reduce	1,270	1,247
7	Eris Lifesciences	BUY	1,740	1,734
8	Fortis Healthcare	BUY	785	806
9	HealthCare Global Enterprises	BUY	620	560
10	Indoco Remedies	Hold	325	322
11	Ipca Laboratories	Accumulate	1,525	1,456
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,633
13	Jupiter Life Line Hospitals	BUY	1,720	1,531
14	Krishna Institute of Medical Sciences	BUY	725	695
15	Lupin	BUY	2,400	1,979
16	Max Healthcare Institute	BUY	1,300	1,300
17	Narayana Hrudayalaya	BUY	1,950	1,990
18	Rainbow Children's Medicare	BUY	1,725	1,541
19	Sun Pharmaceutical Industries	BUY	2,000	1,680
20	Sunteck Realty	BUY	650	427
21	Torrent Pharmaceuticals	Accumulate	4,000	3,623
22	Zydus Lifesciences	Accumulate	970	999

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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