



DALAL & BROACHA
STOCK BROKING PVT. LTD.

Analyst: Charulata Gaidhani (022) 67141446

Management visit note @ Dalal & Broacha

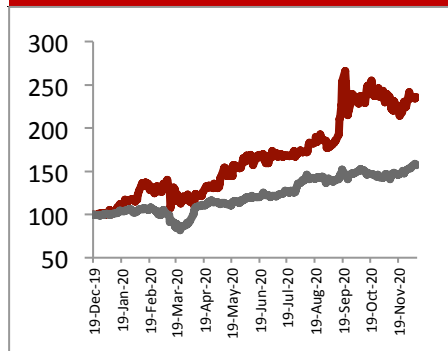
BUY

Current Price	1056
Target Price	1256
Upside	19%
52 Week Range	422/1150

Key Share Data

Market Cap (Rs.bn)	83
Market Cap (US\$ mn)	1137
No of o/s shares (mn)	77.3
Face Value	2
Monthly Avg.vol (BSE+NSE) Nos'000	145
BSE Code	506943
NSE Code	JBCHEPHARM
Bloomberg	JBCP:IN

Price performance



We met the new management of JBCPL namely Chief Executive Officer & Whole time Director Mr. Nikhil Chopra, President Transformation Mr. Kunal Khanna and CFO Mr. Vijay Bhatt. The new management is in the process of transition, with support from the earlier management till end FY21.

KTAs from our meeting are as follows:

- The management is working on JBCPL strengths namely its legacy brands **CILACAR, NICARDIA, RANTAC, METROGYL** and new launches to sustain better than market growth in India.
- Company plans new launches in current therapies of strength (cardiovascular, gastroenterology, gynecology) and other related chronic therapies.
- Going forward % contribution from chronic to India sales to increase from existing 49%.
- The management plans to reduce its dependence on legacy brands in the Indian market over 3-5 years.
- Investments in **technology upgradation with digitization and patient centric initiatives** and productivity improvement of its sales force in India.
- Plans to **expand in South Africa strengthening into the private market.**
- Expansion in **Russia through new launches.**
- JBCPL has capacity of 100 mn lozenges/month, with 50-60% utilization. The company will strengthen its contract manufacturing (CMO) business for lozenges (10% of sales) through lifecycle management & R & D for the same**
- JBCPL is setting up a strong governance framework.

Outlook & Valuation

We believe JBCPL will benefit from its India chronic focus, key export markets and the expansion of its customer base in lozenges. We expect the company to benefit from the favourable business mix leading to profitability improvement in the long run.

At Rs 1056, JBCPL trades at 21x FY22E EPS of Rs 50. We have valued JBCHEM at 25x FY22E and arrived at a target price of Rs 1256, indicating an upside of 19%. **We recommend investors to BUY JBCPL.**

% Shareholding

	Sep-20	Jun-20
Promoters	55.91	55.91
FII	7.25	7.78
DII	12.68	14.35
Others	24.16	21.96
Total	100	100

Key Financials

Year	Sales	% growth	EBITDA	OPM	PAT	EPS	ROE	ROCE	P/E	EV/EBITDA
FY18	14130	3%	2173	15.4%	1387	16.6	10%	11%	64	38
FY19	16432	16%	3058	18.6%	1940	24.2	13%	16%	44	27
FY20	17747	8%	3776	21.3%	2724	35.2	19%	20%	30	22
FY21E	19375	9%	4934	25.5%	3482	45.0	20%	23%	23	16
FY22E	21640	12%	5499	25.4%	3885	50.3	18%	21%	21	14



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