Jubilant Ingrevia Ltd. – Investment BUY Call

Dear Bajaj Capital Investors,
New Stock Recommendations for BUY on 22 July 2026

CMP -> 744
Buying Range -> 744 to 760
Upside Potential-> 15%
Investment Horizon -> 6 to 9 Months
Target price -> 855

1. Business Overview:- Jubilant Ingrevia Limited is an integrated global specialty chemicals company built on a unique bio-based chemistry platform, leveraging over four decades of expertise in renewable feedstock-based manufacturing to move progressively up the value chain from bulk chemical intermediates to high-margin specialty ingredients, custom manufacturing (CDMO) and nutrition solutions. Following its demerger from Jubilant Pharmova in 2021, the company has accelerated its transformation under the "Pinnacle Journey", focusing on Specialty Chemicals, Nutrition & Health Solutions and Chemical Intermediates while building differentiated capabilities in pharmaceuticals, agrochemicals, personal care, electronics and semiconductor chemicals. The company has established strong global cost leadership in Pyridine chemistry, is India's largest producer of Acetic Anhydride and is among the world's leading manufacturers of Vitamin B3. Its integrated manufacturing model, proprietary process technologies, backward integration and customer-centric business structure provide sustainable competitive advantages while supporting long-term margin expansion and cash generation.

2. Q1FY27 & FY26 Financial Performance:- Jubilant Ingrevia delivered an excellent start to FY27, reflecting strong execution and improving business quality. Consolidated revenue increased 25% YoY to INR 1,300 crore during Q1FY27, while EBITDA grew 36% YoY to INR 209 crore, resulting in EBITDA margins improving to 16% from 15% in the corresponding quarter last year. PAT increased 41% YoY to INR 106 crore, with EPS rising to INR 6.7 from INR 4.7 in Q1FY26. Sequentially, revenue, EBITDA and PAT also increased by 10%, 22% and 22%, respectively, indicating sustained operating momentum. Management attributed the performance to healthy volume growth across all three business segments, improved realizations, favourable product mix and continued expansion of Specialty Chemicals and Nutrition. This follows an equally strong FY26, where management highlighted Q4FY26 as the company's best quarterly performance in the previous 14 quarters, with revenue of INR 1,179 crore, EBITDA of INR 172 crore and PAT of INR 86 crore. Specialty Chemicals and Nutrition together contributed over 85% of consolidated EBITDA, highlighting the company's successful transition toward higher-margin businesses.

3. Business Segments, Products, Geographies & End-user Industries:- Jubilant Ingrevia operates through three integrated business segments comprising Specialty Chemicals, Nutrition & Health Solutions and Chemical Intermediates, serving diversified global end-user industries. Specialty Chemicals includes Pyridine & Picolines, Fine Chemicals, Diketene Derivatives, Cosmetics Ingredients and CDMO solutions catering to pharmaceutical, agrochemical and semiconductor customers. Nutrition & Health Solutions comprises Animal Nutrition products including Vitamin B3, Choline Chloride and Premixes, together with Human Nutrition products such as food-grade Niacinamide, Choline salts and nutraceutical ingredients. Chemical Intermediates manufacture Acetic Anhydride, Ethyl Acetate, Acetaldehyde and Bio Acetic Acid, supplying both external customers and downstream specialty businesses. The company has reorganized its operations into six customer-focused verticals—Pharma, Agro, Nutrition, Industrial, Personal Care and Electronics/Semiconductors—allowing deeper customer engagement and cross-selling opportunities. Jubilant exports across North America, Europe, Japan, Southeast Asia, China and other international markets, while its products find applications in pharmaceuticals, APIs, agrochemicals, dietary supplements, cosmetics, animal feed, industrial chemicals, coatings, food ingredients, semiconductor chemicals and specialty performance materials.

4. Growth Catalysts & Near-term Opportunities:- Jubilant Ingrevia possesses one of the strongest commercial pipelines in the Indian specialty chemical industry, providing high visibility for medium-term earnings growth. Under its Pinnacle 345 Vision, management targets 3x revenue and 4x EBITDA by FY30 over the FY25 base, while increasing the contribution of Specialty Chemicals and Nutrition to 75–80% of revenue and improving consolidated EBITDA margins to 17–20%. The most important catalyst remains the scale-up of its CDMO platform. The dedicated Bharuch Agro-CDMO facility has commenced commercial supplies under a five-year USD 300 million-plus contract with a leading global agrochemical innovator. Beyond this contract, the company has developed a commercial pipeline comprising 100+ opportunities with peak revenue potential exceeding INR 3,500 crore, including 25+ confirmed molecules and 10+ advanced-stage molecules with approximately INR 1,100 crore peak annual revenue potential. During Q1FY27, the company secured five additional molecules, further strengthening future commercial visibility. Management indicated that new CDMO projects typically generate 20–25% of peak revenue during Year 1, 50–60% during Year 2 and over 80% from Year 3 onwards, creating a visible multi-year earnings trajectory.

5. Growth Opportunities, Strategic Initiatives & Operating Leverage:- The company's second major growth driver is the increasing contribution from higher-margin Nutrition, Fine Chemicals, Cosmetics and Semiconductor businesses. During Q1FY27, the Nutrition business delivered its highest EBITDA in the last three years, driven by higher Niacinamide volumes, improved pricing, stronger Choline realizations and successful integration of Remidex Pharma, which expands Jubilant's presence into high-value premixes and human nutrition formulations. Fine Chemicals continue benefiting from robust demand for Pyridine and Diketene derivatives, while cosmetic ingredients are witnessing healthy customer additions and premiumization. Simultaneously, the Electronics & Semiconductor vertical is emerging as a significant long-term opportunity with 10+ customers across Europe, the US and Japan, over 15 products under development, dedicated semiconductor R&D infrastructure, purification technologies and clean-room capabilities under development. These businesses are expected to significantly improve the company's product mix, operating leverage and margin profile. Furthermore, annualized lean savings exceeding INR 120 crore, digital transformation initiatives, AI-enabled manufacturing and increasing utilization of recently commissioned facilities are expected to drive further operating efficiencies and sustainable EBITDA expansion over the coming quarters.

6. Capital Expenditure, Balance Sheet & Cash Flow Strength:- Jubilant Ingrevia has completed one of its largest investment cycles over the past 18 months, investing approximately INR 1,745 crore across Agro-CDMO facilities, Human Nutrition manufacturing, Diketene expansion, semiconductor capabilities and the ongoing Multi-Purpose Plant (MPP) at Gajraula. Importantly, management indicated that nearly 50% of these investments are yet to contribute meaningful revenue, creating substantial operating leverage as utilization improves. FY27 capital expenditure is expected at INR 400–500 crore, lower than approximately INR 600 crore during FY26, with the Gajraula Multi-Purpose Plant scheduled for commissioning by Q4FY27, supporting future CDMO and Fine Chemicals growth. The company's financial position remains exceptionally strong, with Net Debt-to-EBITDA improving to only 0.99x, working capital reducing to 59 days and healthy liquidity supporting future expansion through internal accruals. Most importantly, Jubilant demonstrates outstanding earnings quality through industry-leading cash conversion. **CFO-to-PAT stood at 189% in FY26 and remained between 189% and 235% over the last three financial years. CFO-to-EBITDA was 92.5% in FY26, remaining within 92.5% to 102% over the same period, while CFO-to-Operating Profit reached 111% in FY26 and consistently remained between 111% and 113% during the past three years.** These strong cash conversion metrics highlight efficient working capital management, disciplined capital allocation and the company's ability to fund future growth with minimal reliance on external debt, while supporting improving free cash flow and shareholder returns.

7. Management Guidance & Execution Track Record:- Management has demonstrated a strong execution track record under its Pinnacle Journey, successfully transforming Jubilant Ingrevia into a higher-value Specialty Chemicals and solutions company. Over the past two years, the company has invested nearly INR 2,000 crore across manufacturing, R&D and technology platforms while delivering annualized lean savings exceeding INR 120 crore, improving working capital to 59 days, reducing leverage to 0.99x Net Debt-to-EBITDA and strengthening profitability despite challenging industry conditions. Management expanded the R&D team to 150+ scientists, established a 50+ product pipeline, implemented more than 50 digital and AI initiatives, increased renewable power usage to 35% and reorganized the company into customer-centric verticals across Pharma, Agro, Nutrition, Personal Care and Electronics. During Q1FY27, the company continued integrating Remidex Pharma, added senior leadership across critical business functions and confirmed that the Gajraula Multi-Purpose Plant remains on schedule. Management reiterated that FY27 growth will primarily be driven by Specialty Chemicals and Nutrition, supported by recovery in Chemical Intermediates, increasing CDMO revenues and sequential improvement in revenue and EBITDA throughout the year.

8. Industry Outlook, Sector Tailwinds & Short-term Risks:- The long-term industry outlook remains favourable as structural trends continue supporting Jubilant Ingrevia's diversified business portfolio. Global pharmaceutical outsourcing, increasing CDMO demand, patent expiries and the China Plus One manufacturing strategy continue creating significant opportunities for Indian specialty chemical manufacturers. Agrochemical demand is gradually recovering following inventory normalization, while Nutrition continues benefiting from increasing demand for dietary supplements, functional ingredients and premium personal care products. Simultaneously, electronics and semiconductor chemicals represent a significant structural growth opportunity supported by artificial intelligence, high-performance computing and semiconductor localization initiatives globally. Government policies encouraging specialty chemicals, pharmaceutical manufacturing and electronics production further strengthen the company's long-term prospects. However, investors should monitor short-term risks including pricing pressure in Pyridine, Chinese oversupply impacting agrochemical pricing, raw material and crude-linked volatility, foreign exchange fluctuations and the inherently long qualification cycles associated with semiconductor chemicals. Nevertheless, diversified sourcing, cost pass-through mechanisms, disciplined inventory management and long-term customer contracts—including the USD 300 million-plus Agro-CDMO agreement—significantly mitigate these risks.

9. BUY Investment Conclusion (6 to 9 Months Horizon):- Jubilant Ingrevia offers an attractive BUY opportunity for a 6 to 9 months investment horizon, supported by accelerating earnings momentum, strengthening business quality and multiple visible growth catalysts. The company reported an impressive Q1FY27 performance, with revenue increasing 25% YoY to INR 1,300 crore, EBITDA rising 36% YoY to INR 209 crore and PAT growing 41% YoY to INR 106 crore, reflecting healthy volume growth, improving product mix and disciplined execution. Over the coming quarters, earnings are expected to be driven by the ramp-up of the USD 300 million-plus Agro-CDMO contract, commercialization of additional CDMO molecules, continued expansion in Human Nutrition, Cosmetics, Fine Chemicals and Semiconductor chemicals, recovery in Chemical Intermediates and commissioning of the Gajraula Multi-Purpose Plant. The company's exceptionally strong balance sheet—supported by Net Debt-to-EBITDA of only 0.99x, CFO-to-PAT of 189%, CFO-to-EBITDA of 92.5% and CFO-to-Operating Profit of 111%—provides significant financial flexibility while highlighting outstanding earnings quality and robust internal cash generation. With operating leverage expected to improve as recently commissioned assets ramp up and capital expenditure moderates, Jubilant Ingrevia is well positioned to deliver sustained earnings growth, improving return ratios and superior shareholder value, making it a compelling medium-term investment opportunity based on official management guidance and operational execution.

<u>Q1FY27 Financial Performance:</u>

		YoY	QoQ	Jun 2026	Mar 2026	Jun 2025
Revenue Cr		25.3%	10.3%	1,300	1,179	1,038
Operating Profit Cr	^	40.2%	22.4%	199	163	142
OPM %				15.3	13.8	13.7
PAT Cr	^	40.9%	22.4%	106	86	75
NPM %				8.1	7.3	7.2
EPS ₹		41.0%	22.5%	6.7	5.5	4.8

Happy Investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team