

## Jubilant Ingrevia (JUBLINGR) - BUY

### Initiating Coverage

Current Market Price (CMP) <b>Rs.703</b>	Fair Value (FV) <b>Rs.870</b>
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### Rationale:

- Making a concerted effort to move up the value chain by focusing on CDMO, fine chemicals and human nutrition.
- A transformational growth story operating in three segments: Specialty Chemicals, Nutrition & Health Solutions and Chemical Intermediates.
- The key growth enablers are its strengths in pyridine chemistry.
- Has established relationships with large customers and ability to invest for growth.
- We estimate 13% revenue and 23% EPS CAGRs over FY25–30E.
- We arrive at an SoTP-based December 2026 Fair Value of Rs870 and initiate with BUY.

### 👍 Positives:

- Post-demergers and management revamp, JIL seeks to aggressively make up for lost time and move up the value chain.
- Pinnacle 345 targets a 3X jump in revenues and 4X in EBITDA within 5 years by FY30.
- Key growth drivers are CDMO growing 10X to Rs2000 cr, fine chemicals at 11% CAGR and human nutrition at 25% CAGR.
- The shift in revenue mix toward higher-margin businesses should drive margin expansion, with chemical intermediates near a cyclical trough.
- Project a 10X jump in CDMO revenues to Rs2100 cr by FY30.

### 👎 Negatives:

- A prolonged downturn in the global chemical industry amid China oversupply and global trade war risks could impact demand.
- Execution slippages - technical challenges or marketing slipups could delay growth.

(CDMO – Contract Development and Manufacturing Organization; SoTP – Sum-of-the-Parts valuation; CAGR – Compound Annual Growth Rate; EPS – Earnings Per Share; EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months