

Jubilant Ingrevia (JUBLINGR) - BUY

Company Update

Current Market Price (CMP) Rs.714	Fair Value (FV) Rs.880
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Rationale:

- On track to commence deliveries under major agrochemical contract starting Q4FY26.
- The protection clause under the contract, as well as discussions on additional products, offer comfort on achievement of expected EBITDA margins from contract.
- Rs1400 cr order book and another Rs800 cr of contracts under advanced negotiations underpin company's healthy growth outlook.
- Spreads between acetic anhydride and acetic acid have widened in Q4FY26.
- Prices of vitamin B3 risen 40%+ qoq, helping spreads vs 3-cyanopyridine expand sharply qoq.

👍 Positives:

- We expect JIL to begin shipments under its US\$30 cr deal with an agrochemical innovator in March 2026.
- We draw comfort that protection clauses under the contract, combined with possibilities of a broader partnership between JIL and the innovator, should help JIL meet its earnings targets under the contract.
- Risk of bankruptcy for the innovator seems low, given a debt repayment schedule.
- We expect at least another Rs200-300 cr of incremental revenues at healthy margins (20%+) from other contracts in FY27.
- JIL's initiatives to drive growth in the human nutrition segment should also start to pay off in coming months.

👎 Negatives:

- Innovator's update on Feb 4, 2026—it is exploring strategic options including a sale of the company— has likely contributed to the recent sell-off in JIL's shares.

(CDMO – Contract Development and Manufacturing Organization; 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.