

June 12, 2025

Company Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	713		735	
Sales (Rs. m)	46,140	49,115	46,121	49,092
% Chng.	-	-	-	-
EBITDA (Rs. m)	6,366	6,929	6,071	6,679
% Chng.	4.9	3.7	-	-
EPS (Rs.)	19.8	20.2	18.4	19.0
% Chng.	7.4	6.1	-	-

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	41,358	41,776	46,140	49,115
EBITDA (Rs. m)	4,211	5,191	6,366	6,929
Margin (%)	10.2	12.4	13.8	14.1
PAT (Rs. m)	1,829	2,512	3,127	3,188
EPS (Rs.)	11.6	15.9	19.8	20.2
Gr. (%)	(40.1)	37.3	24.5	1.9
DPS (Rs.)	2.0	2.7	3.4	3.5
Yield (%)	0.3	0.4	0.5	0.5
RoE (%)	6.8	8.9	10.1	9.3
RoCE (%)	8.7	10.1	11.4	10.5
EV/Sales (x)	2.8	2.7	2.5	2.4
EV/EBITDA (x)	27.1	22.0	17.9	16.8
PE (x)	58.9	42.9	34.5	33.8
P/BV (x)	3.9	3.7	3.3	3.0

Key Data JUBN.BO | JUBLINGR IN

52-W High / Low	Rs.885 / Rs.503
Sensex / Nifty	81,692 / 24,888
Market Cap	Rs.109bn / \$ 1,269m
Shares Outstanding	159m
3M Avg. Daily Value	Rs.294.35m

Shareholding Pattern (%)

Promoter's	51.47
Foreign	7.12
Domestic Institution	15.92
Public & Others	24.78
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.0)	(19.4)	30.7
Relative	(4.1)	(19.8)	22.5

Swarnendu Bhushan

swarnendubhushan@plindia.com | 91-22-66322260

Saurabh Ahire

saurabhahire@plindia.com | 91-22-66322537

Risk of off-patent molecules in portfolio

Quick Pointers:

- The management targets 5x expansion in CDMO business by FY27
- Molecules like CTPR witnessing sharp price correction post patent expiry

Jubilant Ingrevia is one of the leading players in India supplying chemical intermediates to agrochemical innovators for almost 3 decades. The company is now transitioning to become a CDMO player and has already signed 2 contracts for agro CDMO, one of which is worth USD300mn and will start contributing to revenue from Q4FY26. As highlighted in our [previous report](#), 7 more molecules with pyridine chemistry are expected to go off-patent by 2028, thus making Jubilant a good fit to manufacture them. However, unlike early stage patented molecules, these off-patent molecules face competition from generic manufacturers, leading to price erosion post patent expiry. Jubilant's entry into CDMO will boost revenue. However, we remain apprehensive about the profitability and RoCE from the CDMO contracts. The stock is trading at 34x FY27E EPS and 17x FY27 EV/EBITDA. Retain "HOLD" rating with revised target price of Rs713.

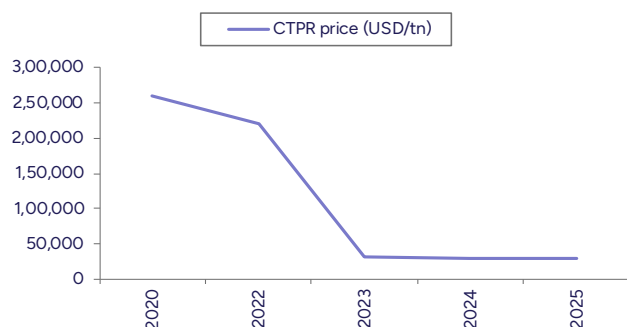
- **Patent expiry triggers steep price erosion:** Chlorantraniliprole (CTPR)'s patent is owned by FMC. After its core patent expired in Aug'22, Chinese firms scaled up their CTPR production, flooding the global market with lower prices. This led to almost 80% crash in CTPR prices. The slump in prices may also impact the profitability of manufacturers of intermediates for such molecules.

In May'25, a major explosion occurred at a chemical plant operated by Shandong Gaomi Youdao Chemical, a key manufacturer of intermediates used in CTPR production. This incident has led to severe supply disruption, which in turn resulted in a spike in CTPR prices. We view this as a short-term issue and expect prices to normalize once the supply situation stabilizes.

- **Early stage patented molecules offer strategic advantage:** Value chain of patented molecules enjoy much higher margins. If Jubilant secures CDMO contracts for such molecules, it stands to benefit from enhanced profitability and reduced pricing volatility. A strategic pivot towards early stage patented molecules could provide Jubilant with a sustainable competitive edge and strengthen its position in the CDMO value chain.
- **Management targets 5x expansion in CDMO business by FY27:** The company is also exploring CDMO opportunities in pharma and semiconductor segments. In the last 6 months, it has doubled the pipeline for pharma. A total of 9 molecules are under development currently. For the semiconductor industry, the company has a pipeline of 8 molecules, wherein it aims to manufacture E-pyridine and E-choline based products.

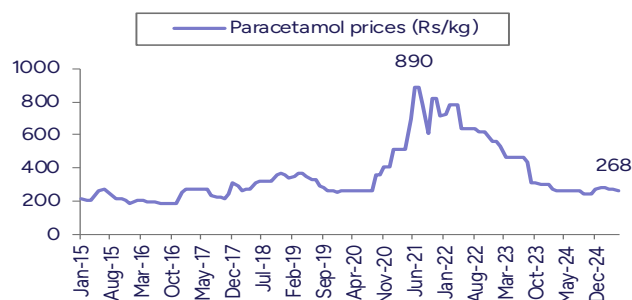
- **Advanced intermediates affected by low demand from end-use segments:** Acetyl segment, which accounts for nearly 36% of overall revenue, has been under pressure due to soft volumes and declining realizations, driven by muted demand in the paracetamol end-use market. EBITDAM for this segment declined to 2.7% in Q4FY25 from 9.9% in Q4FY24. Paracetamol prices have been on a consistent downward trajectory since 2021, correcting sharply to Rs260/kg in May'25 from a peak of Rs890/kg in Jun'21. This significant price correction has compressed spreads for acetic anhydride, adversely impacting segment profitability.
- **Retain "HOLD" rating:** The company has invested around Rs17.5bn in the last 3 years with maximum focus on value added products. We expect revenue to increase here on, but RoCE may remain under pressure if a large part of growth comes from contract manufacturing of off patent products. While we remain concerned about RoCE from off-patent products in the future, risk to our recommendation would be contracts & launches of intermediates for patented products. The stock is currently trading at 34x FY27 EPS and 17x FY27 EV/EBITDA. We value the specialty segment at 19x FY27 EBITDA, and NHS and chemical intermediates at 15x and 7x, respectively. Knocking off net debt, we arrive at a target price of Rs713 and retain "HOLD" rating on the stock.

Exhibit 1: CTPR witnesses sharp erosion post patent expiry



Source: Industry, PL

Exhibit 2: Price at Rs260/kg in May'25 from peak of Rs890/kg in Jun'21



Source: Industry, PL

Exhibit 3: SOTP – Maintain HOLD with SOTP-based TP of Rs713

SOTP	FY23	FY24	FY25	FY26E	FY27E	CAGR (FY25-27E)
EBITDA (Rs mn)						
Specialty Chemicals	2,840	2,480	4,220	4,692	5,090	10%
Nutrition & Health Solutions	460	620	1,020	1,128	1,177	7%
Chemical Intermediates	2,830	2,020	1,080	1,412	1,569	21%
Segment EBITDA - Total	6,130	5,120	6,320	7,232	7,837	11%
Less: Unallocable items	(654)	(893)	(1,118)	(866)	(908)	-10%
Consolidated EBITDA (Rs mn)	5,476	4,227	5,202	6,366	6,929	15%
EV/EBITDA Target Multiple (x)						
Specialty Chemicals					19	
Nutrition & Health Solutions					15	
Chemical Intermediates					7	
Unallocable items					7	
Enterprise Value (Rs mn)						
Specialty Chemicals					96,713	612
Nutrition & Health Solutions					17,656	112
Chemical Intermediates					10,985	69
Less: Unallocable items					(6,353)	(40)
Enterprise Value (Rs mn)					1,19,002	753
Less: Net Debt and Investments					(6,279)	(41)
Equity Value / MCap (Rs mn)					1,12,722	713
Target Price (Rs/ sh)					713	

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	41,358	41,776	46,140	49,115
YoY gr. (%)	(13.3)	1.0	10.4	6.4
Cost of Goods Sold	21,426	21,073	22,219	23,390
Gross Profit	19,932	20,703	23,921	25,724
Margin (%)	48.2	49.6	51.8	52.4
Employee Cost	3,840	4,181	4,682	5,092
Other Expenses	11,882	11,332	12,873	13,703
EBITDA	4,211	5,191	6,366	6,929
YoY gr. (%)	(23.0)	23.3	22.6	8.8
Margin (%)	10.2	12.4	13.8	14.1
Depreciation and Amortization	1,362	1,576	1,836	2,180
EBIT	2,850	3,615	4,530	4,749
Margin (%)	6.9	8.7	9.8	9.7
Net Interest	527	556	691	870
Other Income	353	378	416	458
Profit Before Tax	2,676	3,436	4,255	4,337
Margin (%)	6.5	8.2	9.2	8.8
Total Tax	847	924	1,127	1,149
Effective tax rate (%)	31.7	26.9	26.5	26.5
Profit after tax	1,829	2,512	3,127	3,188
Minority interest	-	-	-	-
Share Profit from Associate	0	0	0	0
Adjusted PAT	1,829	2,512	3,127	3,188
YoY gr. (%)	(40.5)	37.4	24.5	1.9
Margin (%)	4.4	6.0	6.8	6.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,829	2,512	3,127	3,188
YoY gr. (%)	(40.5)	37.4	24.5	1.9
Margin (%)	4.4	6.0	6.8	6.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,829	2,512	3,127	3,188
Equity Shares O/s (m)	158	158	158	158
EPS (Rs)	11.6	15.9	19.8	20.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	34,629	36,684	44,936	51,936
Tangibles	34,338	36,392	44,644	51,644
Intangibles	292	292	292	292
Acc: Dep / Amortization	9,298	10,874	12,711	14,890
Tangibles	9,148	10,724	12,561	14,740
Intangibles	150	150	150	150
Net fixed assets	25,384	25,810	32,225	37,045
Tangibles	25,190	25,668	32,083	36,903
Intangibles	194	142	142	142
Capital Work In Progress	3,314	5,252	3,000	3,000
Goodwill	-	-	-	-
Non-Current Investments	159	209	210	210
Net Deferred tax assets	(2,009)	(2,085)	(2,085)	(2,085)
Other Non-Current Assets	533	349	349	349
Current Assets				
Investments	-	162	162	162
Inventories	9,413	9,434	9,102	9,688
Trade receivables	5,720	6,071	6,381	6,792
Cash & Bank Balance	796	987	3,270	3,056
Other Current Assets	1,866	1,874	2,082	2,216
Total Assets	47,315	50,318	56,951	62,691
Equity				
Equity Share Capital	158	158	158	158
Other Equity	27,217	29,113	32,680	35,316
Total Network	27,375	29,271	32,838	35,474
Non-Current Liabilities				
Long Term borrowings	4,256	3,632	7,632	9,832
Provisions	648	665	745	811
Other non current liabilities	40	488	488	488
Current Liabilities				
ST Debt / Current of LT Debt	3,074	3,933	2,079	2,213
Trade payables	7,667	8,149	8,553	9,105
Other current liabilities	2,120	1,928	2,365	2,517
Total Equity & Liabilities	47,315	50,318	56,951	62,691

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	2,676	3,437	4,255	4,337
Add. Depreciation	1,362	1,576	1,836	2,180
Add. Interest	527	556	691	870
Less Financial Other Income	353	378	416	458
Add. Other	137	80	(416)	(458)
Op. profit before WC changes	4,701	5,649	6,366	6,929
Net Changes-WC	59	228	695	(458)
Direct tax	(460)	(796)	(1,168)	(1,120)
Net cash from Op. activities	4,300	5,081	5,894	5,351
Capital expenditures	(5,662)	(3,522)	(6,000)	(7,000)
Interest / Dividend Income	7	32	416	458
Others	(34)	(439)	(1)	-
Net Cash from Inv. activities	(5,688)	(3,928)	(5,585)	(6,542)
Issue of share cap. / premium	(429)	0	-	-
Debt changes	3,363	480	2,146	2,334
Dividend paid	(786)	(798)	(541)	(551)
Interest paid	(679)	(736)	(691)	(870)
Others	(27)	(234)	1,061	65
Net cash from Fin. activities	1,441	(1,288)	1,975	978
Net change in cash	60	(93)	2,283	(214)
Free Cash Flow	(1,384)	1,423	(106)	(1,649)

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	11.6	15.9	19.8	20.2
CEPS	20.2	25.9	31.4	33.9
BVPS	173.3	185.1	207.7	224.4
FCF	(8.8)	9.0	(0.7)	(10.4)
DPS	2.0	2.7	3.4	3.5
Return Ratio(%)				
RoCE	8.7	10.1	11.4	10.5
ROIC	6.1	7.6	8.9	8.4
RoE	6.8	8.9	10.1	9.3
Balance Sheet				
Net Debt : Equity (x)	0.2	0.2	0.2	0.2
Net Working Capital (Days)	66	64	55	55
Valuation(x)				
PER	58.9	42.9	34.5	33.8
P/B	3.9	3.7	3.3	3.0
P/CEPS	33.8	26.4	21.7	20.1
EV/EBITDA	27.1	22.0	17.9	16.8
EV/Sales	2.8	2.7	2.5	2.4
Dividend Yield (%)	0.3	0.4	0.5	0.5

Source: Company Data, PL Research

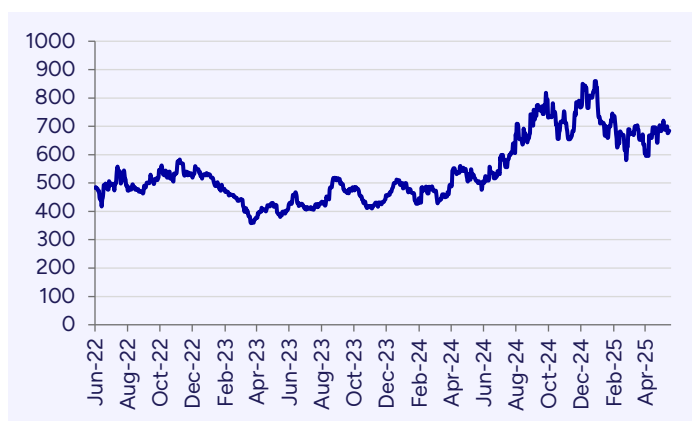
Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	10,243	10,452	10,568	10,513
YoY gr. (%)	(4.7)	2.5	9.4	(2.2)
Raw Material Expenses	5,286	5,071	5,386	5,329
Gross Profit	4,958	5,381	5,181	5,183
Margin (%)	48.4	51.5	49.0	49.3
EBITDA	1,095	1,246	1,383	1,467
YoY gr. (%)	(6.1)	5.9	44.7	60.8
Margin (%)	10.7	11.9	13.1	14.0
Depreciation / Depletion	389	396	398	394
EBIT	707	850	985	1,073
Margin (%)	6.9	8.1	9.3	10.2
Net Interest	143	151	124	139
Other Income	96	105	94	84
Profit before Tax	660	804	956	1,018
Margin (%)	6.4	7.7	9.0	9.7
Total Tax	173	212	262	277
Effective tax rate (%)	26.2	26.4	27.4	27.3
Profit after Tax	487	591	694	740
Minority interest	-	-	-	-
Share Profit from Associates	1	(1)	-	-
Adjusted PAT	487	590	694	740
YoY gr. (%)	(15.2)	2.6	80.0	153.1
Margin (%)	4.8	5.6	6.6	7.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	487	590	694	740
YoY gr. (%)	(15.2)	2.6	80.0	153.1
Margin (%)	4.8	5.6	6.6	7.0
Other Comprehensive Income	-	-	(74)	-
Total Comprehensive Income	487	590	620	740
Avg. Shares O/s (m)	158	158	158	158
EPS (Rs)	3.1	3.7	4.4	4.7

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	14-May-25	Hold	735	700
2	08-Apr-25	Hold	616	604
3	28-Jan-25	Hold	680	660
4	08-Jan-25	Reduce	731	837
5	28-Oct-24	Hold	695	682
6	23-Oct-24	Hold	696	705
7	05-Oct-24	Hold	770	794
8	17-Jul-24	Hold	592	586
9	04-Jul-24	Hold	445	542

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	394	449
2	Bharat Petroleum Corporation	Reduce	267	311
3	Bharti Airtel	Accumulate	1,988	1,834
4	Clean Science and Technology	Hold	1,354	1,329
5	Deepak Nitrite	Reduce	1,799	2,096
6	Fine Organic Industries	BUY	5,440	4,690
7	GAIL (India)	Hold	191	184
8	Gujarat Fluorochemicals	Reduce	3,541	3,988
9	Gujarat Gas	Sell	372	464
10	Gujarat State Petronet	Hold	348	339
11	Hindustan Petroleum Corporation	Sell	321	410
12	Indian Oil Corporation	Reduce	122	143
13	Indraprastha Gas	Sell	150	185
14	Jubilant Ingrevia	Hold	735	700
15	Laxmi Organic Industries	Reduce	172	190
16	Mahanagar Gas	Hold	1,410	1,410
17	Mangalore Refinery & Petrochemicals	Sell	109	129
18	Navin Fluorine International	Accumulate	5,161	4,595
19	NOCIL	Reduce	172	184
20	Oil & Natural Gas Corporation	Accumulate	276	242
21	Oil India	BUY	649	430
22	Petronet LNG	Reduce	292	321
23	Reliance Industries	Accumulate	1,482	1,300
24	SRF	Hold	3,069	2,928
25	Vinati Organics	Accumulate	1,882	1,765

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

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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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