Jubilant Ingrevia Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs692	110.1	Accumulate	Rs840	21%

as on 15th May, 2025

About the Company:

Jubilant Ingrevia Limited (JIL), is a global integrated life science products and innovative solutions provider with five state-of-the-art manufacturing facilities and R&D centres in India. The company offers a broad portfolio of high quality ingredients that find application in a wide range of industries. The company essentially has involvement in three businesses verticals namely Specialty Chemicals (SC), Nutrition & Health Solutions (NHS) and Chemical Intermediates (CI), while serving diverse industries of pharmaceuticals, agrochemicals, nutrition, consumer and industrial applications. The company has a portfolio of 130+ products and customised solutions. These products manufactured by the company are innovative, cost-effective and conforming to excellent quality standards. The portfolio also extends to custom research and manufacturing for pharmaceutical and agrochemical customers on an exclusive basis. The company is chaired by Mr. Shyam S. Bhartia and his brother Mr. Hari S. Bhartia is the Co-Chairman & Whole Time Director of the company. Mr. Deepak Jain is the CEO and Managing Director.

Results: Quick Glance:

- The net sales for the quarter reported a de-growth of 2.2% to Rs10,513mn as compared to Rs10,744mn in Q4FY24
- The Ebitda margin for the quarter under review stood at 14.0% as compared to 8.5% in Q4FY24
- The company reported profit of Rs740mn as compared to Rs292mn in the same quarter last year
- The EPS for the quarter stood at Rs4.69 as compared to Rs1.85 in the corresponding period of last year
- For the full year, the revenues and PAT grew by 1.0% and 37.3% respectively while the Ebitda margins stood at 12.4%
- The Board has recommended a final dividend of Rs2.50 per equity share of FV of Rs1 each for FY25

Conference Call Highlights:

- For FY25, good momentum was seen mainly in the specialty chemicals and the nutrition business which contributes ~60% of the revenue. The end user industry revenue split for FY25 stood as: Pharma (32%), Agrochemical (19%), Nutrition (21%), Industrial (24%) and Consumer (4%). In terms of the geographic mix, India contributed ~53%, Europe & Japan contributed ~29%, North America contributed ~9% while RoW contribution stood at ~9% of the total revenue in FY25; the company remains focused on strengthening relationships with key accounts while expanding its business in the US, Europe and Japan
- The **global chemicals** have largely emerged from the inventory destocking phase, with volume recovery evident in specialty materials. Though the commodity segments continue to face volume pressure, prices across the board have stabilized
- The **Specialty Chemicals** segment reported 15% revenue growth in FY25, led by a higher mix of value-added, high margin products and improved operational efficiencies. This strong performance was driven by healthy demand from pharma, agro, and semiconductor sectors. The overall volumes remained steady, driven by continued growth in pyridine, picoline, fine chemicals, and CDMO businesses. The company also witnessed an expanding pipeline of new opportunities, with selective price improvements beginning to emerge in specific segments. Notably, the CDMO business added over 25 new molecules across the pharma, agrochemical, and semiconductor sectors in FY25. The business related to **semiconductor** segment is progressing well with ~8-10 molecules under evaluation, and sample shipments already completed for half of them
- The **Nutrition and Health Solutions** reported healthy growth, with quarterly revenue growth by ~15% on a y-o-y basis, while the Ebitda grew by 17% on a q-o-q basis. The segment continued to build strong momentum, with substantial y-o-y and sequential volume growth, primarily driven by a significant increase in Choline (B4) volumes. Despite this surge, Choline pricing remained under pressure due to import dynamics, particularly from China
- **Niacinamide** volumes remained stable with improved pricing on a y-o-y basis and steady price levels during the quarter. The commissioning of the cGMP compliant Niacinamide plant at Bharuch, Gujarat, has accelerated growth in human and cosmetic grade nutrition products, supported by strong customer interest and increasing enquiries
- In the **Chemical Intermediates** segment, ethyl acetate recorded sustained growth in sales volumes on both q-o-q and y-o-y basis, while acetic anhydride volumes remained weak due to muted demand from the paracetamol segment. Overall, pricing across this segment remained soft, impacting margin performance

Conference Call Highlights (contd.):

- The **Pharma** segment continues to exhibit steady demand, with consistent volume placements and largely stable pricing across categories, particularly within the fine chemicals portfolio where positive momentum is sustained
- The **Agrochemical** segment maintained its upward momentum during the quarter, driven by a gradual recovery in global demand and easing of inventory destocking pressures. This led to a rebound in volumes and stabilization in pricing, with signs of price recovery expected to continue in the coming quarters. **Pyridine**-based agrochemical products, along with their value-added derivatives, witnessed strong growth in both demand and pricing, contributing to y-o-y and sequential revenue increase. In addition to this, two commercial scale contracts have already been announced and are expected to significantly boost revenue and margins by end of FY26E, with several additional opportunities under active discussion
- Under the **Pinnacle 3-4-5** growth roadmap, several strategic initiatives have driven strong Q4 performance across the segments. Pyridine and Picoline achieved the top global position, while the new cosmetic grade Niacinamide plant is expected to boost global market share. In the choline segment, market share improved both on a q-o-q and y-o-y basis. Within acetyls, the company maintained its position in acetic anhydride and gained share in ethyl acetate and acetaldehyde. Aligned with this roadmap, the company aims to sustain ~20% annual revenue growth. The recent collaboration with O2 Power will enable the company to source 50% of the energy requirements for its Bharuch facility from renewable sources, increasing the share of renewables to over 35% of total energy consumption across all manufacturing sites
- In FY26E, the company plans to invest in high-growth areas such as multi-purpose plants for fine chemicals, diketene derivatives, new CDMO projects, and human nutrition & health solutions portfolio
- As per Management commentary, the recent **US tariff** dilemma is expected to have a limited impact on the business of JIL, with ~2.5% of global sales that can be affected. This is because just 25% of the US sales accounting for roughly 10% of total revenue fall under the category for duties. Moreover, the higher tariffs imposed on Chinese goods compared to Indian exports could enhance the company's competitiveness in the US market, supporting potential growth in both volumes and pricing in the coming quarters
- To support its long-term growth objectives, the company has invested ~Rs17.45bn over the past three years as part of the Rs20bn **capex** plan announced in FY22, the company anticipates a revenue-to-capex ratio of ~1.5x on an average, translating to a full revenue potential of ~Rs20-25bn from these investments, excluding infrastructure-related spends. In Q4FY25, capex stood at ~Rs650mn, bringing the YTD investment of Rs3,650mn, primarily funded through internal accruals. In Q4FY25, operational efficiency continued to improve, with net working capital as a percentage of turnover declining to 17.0% from 18.3%, and working capital days reducing to 61 from 65 in Q3FY25. In line with the ongoing optimization efforts previously outlined, the company's net debt stood at ~Rs6580mn as of 31st March, 2025. As a result, the net debt-to-Ebitda ratio improved to 1.18x, compared to 1.36x in the preceding quarter. The company aims to reach ~70-80% utilization within next 2-3 years and expects to benefit from favourable tariff dynamics in the US, supporting future growth in this segment

Financials:

Performance (Q4&FY25)									
Q4&FY25 Result (Rs mn)	**Mar-25**	**Mar-24**	**y-o-y**	**Dec-24**	**q-o-q**	**FY25**	**FY24**	**y-o-y**	**FY26E**
Total Revenue	10513	10744	(2.2%)	10568	(0.5%)	41776	41358	1.0%	46155
EBITDA	1467	912	60.8%	1383	6.1%	5191	4211	23.3%	6000
Other Income	84	95	(12.0%)	94	(11.3%)	378	353	7.1%	382
Interest	139	136	2.1%	124	12.3%	556	527	5.7%	594
Depreciation	394	357	10.3%	398	(0.9%)	1576	1362	15.8%	1667
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	277	221	25.5%	262	5.8%	924	847	9.1%	1117
Share of Profit of Associate	0	(1)	-	0	-	0	0	-	0
Net Profit	**741**	**293**	**-**	**694**	**6.7%**	**2512**	**1829**	**37.3%**	**3005**

Outlook and Recommendations:

Though the company has reported more or less flattish performance on the topline for the quarter under review as well as on a full year basis; on the operational front, JIL has continued to improve cost efficiency and capital productivity, with better working capital management, improved capacity utilization, and lower net debt. These improvements have not only strengthened margins but have also allowed the company to fund its capex plans internally. Recovery in the global agrochemical sector, easing of inventory destocking, and stable demand in pharma are expected to support volume growth across key end user industries. JIL is well-positioned for strong and sustained growth in FY26E, as it continues to focus on expanding its high margin specialty chemicals and nutrition businesses, which now contribute ~60% of its total revenue. The company is clearly moving away from low-margin, commodity linked segments and instead building a more stable, value driven portfolio backed by innovation and global expansion. In the specialty chemicals segment, JIL has strengthened its leadership in core products like Pyridine and Picoline, while also investing in downstream derivatives and custom development (CDMO) projects. With over 25 new molecules added across pharma, agro, and semiconductor sectors, the CDMO business is expected to become a strong long-term growth engine, as many of these products move from development to commercial stages in the coming years. In the semiconductor space, early progress through molecule evaluations and sample shipments show promise despite modest initial volumes. The nutrition segment is also gaining momentum, supported by rising demand for human and cosmetic-grade Niacinamide and increasing volumes in Choline, even though pricing pressure from Chinese imports remains a near-term challenge. The company's new cGMP-compliant plant has opened doors to premium markets and is attracting growing customer interest, setting the stage for stronger pricing and long-term contracts. Upcoming investments in multi-purpose plants, Diketene derivatives, and further expansion in the CDMO and nutrition businesses are aligned with global trends and are expected to unlock significant revenue potential over the next few years. The company expects its ongoing ~Rs20bn capex program to generate ~Rs20-25bn in additional revenue at peak utilization, with a strong focus on achieving ~70-80% capacity utilization in the next 2-3 years. JIL is also strategically expanding its presence in high-value global markets like the US, Europe, and Japan, where demand for differentiated, high-quality chemicals continues to rise. Despite continued softness in the commodity linked acetyls segment, market share gains in products like ethyl acetate and operational efficiencies are helping cushion the impact. Two new commercial contracts in the agrochemical space and several more in advanced discussions are also likely to boost revenue and margin performance by end of FY26E. Overall, JIL's sharp focus on innovation, customer-led growth, geographic expansion, and disciplined execution of its capex roadmap positions the company to deliver consistent ~15-20% revenue growth in the medium term, with improving profitability, stronger cash flows, and long-term value creation, and thus we maintain our target price of Rs840 with a long term view.

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