

Q4FY23 Result Highlights

- During Q4FY23, the company revenue declined by 11% yoy & 2% qoq to ₹1129Cr v/s ₹1276Cr in Q4FY23, this subdued performance led by all division. EBITDA declined by 28% yoy & 33% qoq to ₹102Cr v/s ₹142Cr in Q4FY22, EBITDA margins dropped to 9% v/s 11%. PAT declined by 24% yoy and 43% qoq to ₹52Cr v/s ₹69Cr in Q4FY22, PAT margins dropped to 5%. Overall profitability performance was impacted due to challenging market situation of Niacinamide and some of specialty products.
- Overall FY23 performance remains subdued. Specialty chemical business grew 29% yoy, chemical intermediate business placed highest ever volume of acetic anhydride and gained higher market share globally, however nutrition business has faced headwinds for niacinamide leading to lower volume as well as price realization. EBITDA margins was lower on account of higher energy prices and challenging market situation of niacinamide business.

- Speciality chemical segment remain flat on yoy basis and grew by 29% qoq to ₹468Cr v/s ₹444Cr in Q4FY22, EBITDA margin impacted due to high energy cost and headwinds faced in some of the specialty products (agrochemical customers' side).
- Chemical intermediate business placed highest ever volume of acetic anhydride and gained higher market share globally. During Q4FY23, revenue declined by 19% yoy to ₹522Cr v/s ₹646Cr in Q4FY23. EBITDA has improved by 700 bps to 11% v/s 5% in Q4FY22.
- Nutrition and health segment revenue declined by 24% yoy to ₹155Cr v/s ₹206Cr in Q4FY22, it was impacted due to avian and swine flu in EU and US regions which resulted into lower volume and significant price erosion of Niacinamide (vitamin B3). EBITDA margins has tremendous dropped to 3% v/s 24% in Q4FY22.

Concall highlights :

- On specialty chemicals front, the company has witnessed demand impact of products on agrochemical customer side, the management said that it is short term and will start improving by end of Q2FY24.
 - Business continues witnessing positive traction in CDMO products.
 - New cGMP multipurpose plant in Bharuch and non GMP plant in Gajraula is commissioned and this will aid in volume and revenue growth of CDMO business in coming quarters. The management expects ~85% capacity utilization for cGMP and non-cGMP plants in H2FY24.
 - Higher capacity utilization of existing and new plants coupled with new product pipeline.
 - This segment impacted by demand and price headwinds majorly from paraquat and diquat where pyridine finds usage; impact primarily in US and Brazil.
- Nutrition & health solution segment has impacted due to Avian and Swine flu in EU and US region which resulted lower volume and significant price erosion of Niacinamide (vitamin B3).

Important Statistics

| | |
|------------------------|---------------|
| MCAP (₹ bn) | ~62 |
| 52-week H/L (₹) | 592.60/350.45 |
| NSE Code | JUBLINGREA |
| BSE Code | 543271 |

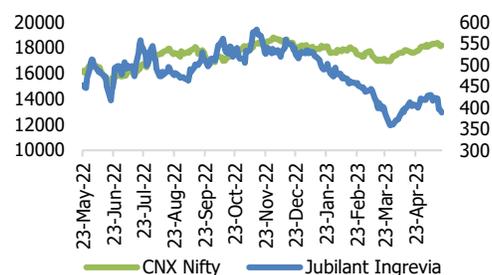
| Shareholding pattern (%) | Mar'23 |
|---------------------------------|---------------|
| Promoter Holding | 51.47 |
| FII | 7.73 |
| DII | 5.97 |
| Public & Others | 34.62 |

Financials

| Particulars | (₹ Cr) | | |
|--------------------|---------------|-------------|-------------|
| | FY21 | FY22 | FY23 |
| Net Sales | 3491 | 4914 | 4740 |
| EBITDA | 627 | 832 | 547 |
| PAT | 316 | 477 | 308 |
| EPS (₹) | 19.9 | 29.98 | 19.34 |
| P/E (x) | 20 | 13 | 20 |
| EV/EBITDA (x) | 10.65 | 7.73 | 11.79 |
| ROE (%) | 16% | 22% | 12% |
| ROCE (%) | 20% | 28% | 16% |
| Net Debt/Equity | 0.22 | 0.07 | 0.09 |

Source: Company, Way2Wealth

Relative Performance



Source: Company, Way2Wealth

- Niacinamide volumes has improved sequentially during Q4FY23 and going ahead, the management expects improvement in global demand.
- Domestic business of Choline Chloride (VitaminB4) continues to maintain its market leadership.
- The company received approval of new cGMP facility for producing cosmetic grade Niacinamide in Q4FY23 and 3000mtpa capacity to commission by June 2024.
- Development work of new cGMP compliant capacity for Food grade Vitamin B4 (i.e Choline chloride and Choline Bitartrate) is on track and expect approval of this capex soon.
- Food grade acetic acid demand picking up gradually; capacity utilization expected ~50% in FY24.
- Chemical intermediates segment’s revenue is lower on account of lower feed stock prices i.e. acetic acid, leading to lower price realization of both acetic anhydride and ethyl acetate.
 - The company has commissioned new acetic anhydride plant in Bharuch.
 - Outlook for acetic anhydride appears to be stable, global demand continues to grow in several end-use segments
 - The company on-boarded new customers for acetic anhydride in Europe.
 - The utilization of old acetic anhydride capacity is at 85-90% currently. Newly commissioned 50,000mtpa capacity to be fully utilized by FY25.
- Softer coal prices and efficiency improvement will aid to reduce in power costs. Supply of contracted coal has eased at Gajraula. Additionally, upcoming grid connectivity will aid power cost reduction further.

View

- The company has a strong portfolio of ingredients; it will help to scale-up its value-added products of specialty chemicals & nutrition and it is on the path to achieve a richer product-mix. It is along amongst top 2 and top 1 position globally in Pyridine Beta, pyridine derivatives, Vitamin B3 (Niacinamide) Vitamin B4 (Choline Chloride) domestic market and Acetic Anhydride.
- With underlined capex plan for next three years, JIL aims to sustain double digit growth and improvement in margins. The management is confident of driving up the share of value-added across segments and is exploring opportunities in other chemistries such as diketene, CDMO and agro chemicals to support higher growth.
- **At CMP of ₹388.50 Jubilant Ingrevia Ltd is trading at ~12x FY23 EV/EBITDA & 20x FY22 PE. Hence, we recommend Accumulate on dip rating on stock.**

22nd May 2023

CMP – ₹388.50/-

View – Accumulate on Dips

Consolidated Quarterly Performance

| (₹ Cr) | | | | | | | | |
|---|-------------|-------------|--------------|-------------|--------------|--------------|--------------|--------------|
| Particulars | Q4FY23 | Q4FY22 | yoy % change | Q3FY23 | QoQ % change | FY23 | FY22 | yoy % change |
| Net sales | 1129 | 1276 | -11% | 1153 | -2% | 4740 | 4914 | -4% |
| Other operating income | 16 | 20 | -22% | 6 | 173% | 32 | 35 | -8% |
| Total Income | 1145 | 1296 | -12% | 1158 | -1% | 4773 | 4949 | -4% |
| (Increase)/Decrease in stock in trade & WIP | 49 | 23 | 107% | -40 | -221% | -128 | -145 | -12% |
| Consumption of raw material | 545 | 700 | -22% | 617 | -12% | 2548 | 2798 | -9% |
| Purchase of Traded goods | 54 | 40 | 37% | 33 | 66% | 162 | 141 | 15% |
| Employees cost | 86 | 82 | 5% | 82 | 4% | 343 | 327 | 5% |
| power & fuel | 150 | 145 | 4% | 179 | -16% | 709 | 468 | 51% |
| other expense | 159 | 163 | -3% | 136 | 17% | 591 | 528 | 12% |
| Total Expenditure | 1043 | 1153 | -10% | 1007 | 4% | 4226 | 4118 | 3% |
| EBITDA | 102 | 142 | -28% | 151 | -33% | 547 | 832 | -34% |
| BITDA margins % | 9% | 11% | | 13% | | 12% | 17% | |
| Depreciation | 30 | 31 | -3% | 30 | -1% | 122 | 123 | -1% |
| EBIT/ Operating Profit | 72 | 111 | -35% | 121 | -40% | 425 | 708 | -40% |
| Interest | 6 | 6 | -7% | 7 | -15% | 22 | 31 | -30% |
| Other income | 9 | 9 | -2% | 7 | 29% | 33 | 31 | 6% |
| Exceptional Items | | | | | | 0 | | |
| PBT | 76 | 115 | -34% | 122 | -38% | 437 | 709 | -38% |
| Provision for current tax | 12 | 17 | -31% | 10 | 10% | 70 | 125 | -44% |
| Provision for Deferred Tax | 12 | 29 | -60% | 20 | -40% | 59 | 107 | -45% |
| reported PAT | 52 | 69 | -24% | 92 | -43% | 308 | 477 | -35% |
| EPS (Basic & diluted) | 3.29 | 4.31 | -24% | 5.76 | -43% | 19.34 | 29.98 | -35% |
| PAT margins % | 5% | 5% | | 8% | | 6% | 10% | |

Source: Company, Way2Wealth

Segment Revenue Breakup

| (₹ Cr) | | | | | | | | |
|---|-------------|-------------|--------------|-------------|--------------|------------|------------|--------------|
| Segment | Q4FY23 | Q4FY22 | yoy % change | Q3FY23 | QoQ % change | FY23 | FY22 | yoy % change |
| Specialty chemicals | 468 | 444 | 5% | 468 | 0% | 1798 | 1393 | 29% |
| Nutrition & health solutions | 155 | 206 | -25% | 132 | 17% | 551 | 767 | -28% |
| chemical intermediate | 522 | 646 | -19% | 559 | -7% | 2424 | 2789 | -13% |
| Total revenue | 1145 | 1296 | -12% | 1159 | -1% | 4773 | 4949 | -4% |
| Specialty chemicals | 55 | 81 | -32% | 87 | -37% | 283 | 312 | -9% |
| EBITDA margins | 12% | 18% | | 19% | | 16% | 22% | |
| Nutrition & health solutions | 5 | 50 | -90% | 9 | -44% | 47 | 164 | -71% |
| EBITDA margins | 3% | 24% | | 7% | | 9% | 21% | |
| chemical intermediate | 59 | 30 | 97% | 71 | -17% | 282 | 417 | -32% |
| EBITDA margins | 11% | 5% | | 13% | | 12% | 15% | |
| Unallocated Corporate (Expenses)/Income | -8 | -10 | -20% | -9 | -11% | -32 | -30 | 7% |
| EBITDA | 111 | 151 | -26% | 158 | -30% | 580 | 863 | -33% |
| EBITDA margins | 10% | 12% | | 14% | | 12% | 17% | |

Source: Company, Way2Wealth

Disclaimer

Analyst Certification: I, Ashwini Sonawane, the research analyst and author of this report, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s), principally responsible for the preparation of this research report, receives compensation based on overall revenues of the company (Way2Wealth Brokers Private Limited, hereinafter referred to as Way2Wealth) and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

It is confirmed that Ashwini Sonawane, the author of this report has not received any compensation from the companies mentioned in the report in the preceding 12 months. Our research professionals are paid in part based on the profitability of Way2Wealth, which include earnings from other business. Neither Way2Wealth nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information contained in this report.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. Way2Wealth is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. The contents of this material are general and are neither comprehensive nor appropriate for every individual and are solely for the informational purposes of the readers. This material does not take into account the specific objectives, financial situation or needs of an individual/s or a Corporate/s or any entity/s.

This research has been prepared for the general use of the clients of the Way2Wealth and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient, you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Way2Wealth will not treat recipients as customers by virtue of their receiving this report. The distribution of this document in other jurisdictions may be restricted by the law applicable in the relevant jurisdictions and persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

The report is based upon information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up to date and it should not be relied upon as such. Way2Wealth or any of its affiliates or employees makes no warranties, either express or implied of any kind regarding any matter pertaining to this report, including, but not limited to warranties of suitability, fitness for a particular purpose, accuracy, timeliness, completeness or non-infringement. We accept no obligation to correct or update the information or opinions in it. Way2Wealth or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. The recipients of this report should rely on their own investigations. In no event shall Way2Wealth be liable for any damages of any kind, including, but not limited to, indirect, special, incidental, consequential, punitive, lost profits, or lost opportunity, whether or not Way2Wealth has advised of the possibility of such damages.

This material contains statements that are forward-looking; such statements are based upon the current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These uncertainties include but are not limited to: the risk of adverse movements or volatility in the securities markets or in interest or foreign exchange rates or indices; adverse impact from an economic slowdown; downturn in domestic or foreign securities and trading conditions or markets; increased competition; unfavorable political and diplomatic developments; change in the governmental or regulatory policies; failure of a corporate event and such others. This is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. No part of this material may be copied or duplicated in any form by any means or redistributed without the written consent of Way2Wealth. In no event shall any reader publish, retransmit, redistribute or otherwise reproduce any information provided by Way2Wealth in any format to anyone. Way2Wealth and its affiliates, officers, directors and employees including persons involved in the preparation or issuance of this report may from time to time have interest in securities / positions, financial or otherwise in the securities related to the information contained in this report.

To enhance transparency, Way2Wealth has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Disclosure of Interest Statement Jubilant Ingrevia Ltd. as on 22 May 2023

| | |
|--|------------------------|
| Name of the Security | Jubilant Ingrevia Ltd. |
| Name of the analyst | Ashwini Sonawane |
| Analysts' ownership of any stock related to the information contained | |
| Financial Interest | |
| Analyst : | No |
| Analyst's Relative : Yes / No | No |
| Analyst's Associate/Firm : Yes/No | No |
| Conflict of Interest | No |
| Receipt of Compensation | No |
| Way2Wealth ownership of any stock related to the information contained | NIL |
| Broking relationship with company covered | NIL |
| Investment Banking relationship with company covered | NIL |

This information is subject to change without any prior notice. Way2Wealth reserves at its absolute discretion the right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, Way2Wealth is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.