

22<sup>nd</sup> May 2023

CMP – ₹388.50/-

View – Accumulate on Dips

## 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.
  - Specialty 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

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

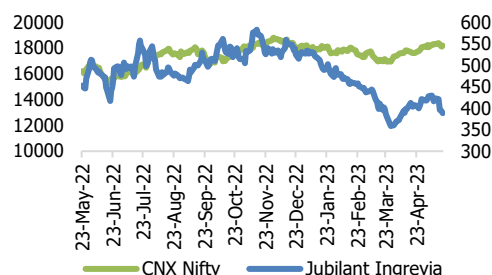
<b>Shareholding pattern (%)</b>	<b>Mar'23</b>
Promoter Holding	51.47
FII	7.73
DII	5.97
Public & Others	34.62

## Financials

	(₹ Cr)		
<b>Particulars</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
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

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- 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.**

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## Consolidated Quarterly Performance

(₹ Cr)								
Particulars	Q4FY23	Q4FY22	yoy % change	Q3FY23	QoQ % change	FY23	FY22	yoy % change
<b>Net sales</b>	<b>1129</b>	<b>1276</b>	-11%	<b>1153</b>	-2%	4740	4914	-4%
Other operating income	16	20	-22%	6	173%	32	35	-8%
<b>Total Income</b>	<b>1145</b>	<b>1296</b>	-12%	<b>1158</b>	-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%
<b>Total Expenditure</b>	<b>1043</b>	<b>1153</b>	-10%	<b>1007</b>	<b>4%</b>	<b>4226</b>	<b>4118</b>	<b>3%</b>
<b>EBITDA</b>	<b>102</b>	<b>142</b>	-28%	<b>151</b>	-33%	<b>547</b>	<b>832</b>	-34%
<b>BITDA margins %</b>	<b>9%</b>	<b>11%</b>		<b>13%</b>		<b>12%</b>	<b>17%</b>	
Depreciation	30	31	-3%	30	-1%	122	123	-1%
<b>EBIT/ Operating Profit</b>	<b>72</b>	<b>111</b>	-35%	<b>121</b>	-40%	<b>425</b>	<b>708</b>	-40%
Interest	6	6	-7%	7	-15%	22	31	-30%
Other income	9	9	-2%	7	29%	33	31	6%
Exceptional Items						0		
<b>PBT</b>	<b>76</b>	<b>115</b>	-34%	<b>122</b>	-38%	<b>437</b>	<b>709</b>	-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%
<b>reported PAT</b>	<b>52</b>	<b>69</b>	-24%	<b>92</b>	-43%	<b>308</b>	<b>477</b>	-35%
<b>EPS (Basic &amp; diluted)</b>	<b>3.29</b>	<b>4.31</b>	-24%	<b>5.76</b>	-43%	<b>19.34</b>	<b>29.98</b>	-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%
<b>Total revenue</b>	<b>1145</b>	<b>1296</b>	-12%	<b>1159</b>	-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%
<b>EBITDA</b>	<b>111</b>	<b>151</b>	-26%	<b>158</b>	-30%	<b>580</b>	<b>863</b>	-33%
EBITDA margins	10%	12%		14%		12%	17%	

Source: Company, Way2Wealth

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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
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