

24th May 2022

CMP – ₹452.35/-

View – Accumulate on Dips

Q4FY22 performance

- During Q4FY22, the company reported revenue growth of 88% yoy/ flat qoq to ₹1276Cr, the growth was driven by across all division (speciality chemical grew by 35% yoy/ 27% qoq, chemical intermediate by 20% yoy/1% qoq and nutrition segment grew by 4% yoy).

- EBITDA at ₹142Cr grew by 22% yoy / declined 33% qoq, EBITDA margin drop to 11% v/s 17% due to volatility in key input RM, freight cost and impact of acetic acid price on inventory. PAT grew by 26% yoy & decline by 47% qoq to ₹69Cr.

Segment quarterly performance:

- Speciality chemical division grew by 35% yoy to ₹444Cr v/s ₹329Cr driven by volume growth across products & healthy demand across industry segment, EBITDA margins decrease to 18.2% v/s 21% in Q4FY21, due to higher input cost, the management is in process of passing input cost on to customer.
- In Nutrition & health solution division, revenue grew by 4% yoy to ₹206Cr v/s 199 cr in Q4FY21. The growth was driven by higher prices, profitability also improved due to higher price realization and improved volume in the North America. Price of Niacinamide (Vit B3) improved, despite challenging market conditions, improved market share in niche segments like Food & Cosmetics and enhanced market share in North America markets. Animal Nutrition business continues to make efforts to increase share of speciality premixes through various initiatives. EBITDA grew by 16% to ₹50Cr v/s 43 cr in Q4FY21. EBITDA margins improve to 24% v/s 21% on account of improved realization.
- Chemical intermediate division revenue reported growth of 18% yoy on account of higher prices of feed stock, ethyl acetate and acetic anhydride. EBITDA margins significantly drop to 5% due to impact of acetic acid price on inventory.
- During FY22, the company's revenue/EBITDA/PAT grew by 41%/33%/51% to ₹4914Cr/ ₹832Cr/ ₹316Cr on account of strong performance across all division.
 - Speciality business reported revenue/EBITDA growth of 24% & 16% driven by higher volume (16% yoy) across products and new launches. EBITDA margins slightly drop to 22% v/s 24% due to higher RM & others input cost prices.
 - Domestic revenue grew significantly 32% v/s 27% in FY21, North America region increased by 36% yoy.
 - Nutrition & health solutions division's revenue/ EBITDA grew by 22%/26% yoy, this growth led by improvement in volume and realization in vitamin, animal, food and cosmetic revenue.
 - Chemical intermediate division revenue/ EBITDA grew by 61%/77% yoy on account of better realization which was supported by favorable market condition and volume growth in acetic anhydride.

Important Statistics

MCAP (₹ bn)	~70.68
52-week H/L (₹)	877.95/401.35
NSE Code	JUBLINGREA
BSE Code	543271

Shareholding pattern (%)	Jun'21
Promoter Holding	51.10
FII	11.21
DII	0.67
Public	37.02

Financials

Particulars	FY21	FY22
Net Sales	3491	4914
EBITDA	627	832
PAT	316	477
EPS (₹)	19.9	29.98
P/E (x)	22	15
EV/EBITDA (x)	12.05	8.79
ROE (%)	16%	22%
ROCE (%)	20%	28%
Net Debt/Equity	0.22	0.07

Source: Company, Way2Wealth

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Key highlights:

- In specialty chemical segment, the company is witnessing positive traction of demand both from domestic as well as international customer. The management is confident of passing on input cost to the customers.
- The company has revised investment plan for growth projects to ₹2050Cr, (earlier guided ₹800Cr+₹1250Cr additional investment) of which ₹1230Cr will be invested in specialty chemical, ₹200Cr in nutrition & health solutions and remaining ₹620Cr in chemical intermediates by FY25. The company incurred capex of ₹240Cr in FY22, remaining capex cash outflow is expected ~₹550Cr in FY23, ₹650Cr in FY24 & ₹600Cr in FY25. This investment will be funded through internal accruals and all these new facilities expected to commence by FY25.

Segment	Projects details & commissioning timeline	Capex (₹ cr)	Expected peak revenue (₹ cr)
Specialty chemicals	➤ Diketene investment (Phase 1) – Moving up the value chain of Ketene, on growing demand (Q4 FY'22).	800	1750
	➤ CDMO (GMP) Multipurpose plant– For Pharma intermediates (Q3 FY'23)		
	➤ CDMO (Non-GMP) Two Multipurpose plant for Pharma & Agro intermediates (Q3 FY'23)		
	➤ Acetaldehyde Expansion: Backward Integration for Pyridine Beta & Green Acetic Acid (Q3 FY'23)		
	➤ MPP Agro Active plant – Moving up the value chain of Crop Protection actives & Growing customer demand (Q3 FY'24)		
Chemical intermediates	➤ Food Grade Acetic Acid– Green Acetic Acid for food applications (Q1 FY'23) ➤ Acetic Anhydride capacity expansion – Growing demand & Geographic expansion (Q4 FY'23)		
Specialty chemicals	➤ Proposed Investment: ₹750Cr ➤ The above proposed Investment is for expansion of – Diketene Derivatives, Agrochemical Intermediates, and new green field GMP Plant for CDMO ➤ Also proposed to be invested in new plants for foraying into Fluorination Derivatives and Agro Actives (Fungicides)		
Nutrition & Health Solutions	➤ Proposed Investment: ₹200Cr ➤ The above proposed investment will be done to set up – GMP complaint Plant for Pharma Grade Vitamin B3, and Plants for enhancing portfolio of Animal & Human Nutrition products.	1250	2750
Chemical intermediates	➤ Proposed Investment: ₹300Cr ➤ The above proposed investment will be done to set up a Grain based Green Specialty Ethanol Plant & Other De-Bottlenecking.		

- The company is confident about its vision to double the revenue by FY26. Its strong product pipeline consist of 36 products in specialty chemical, 18 products in nutrition & health solutions and 7 products in chemical intermediates.
- This additional investment includes expansion of newly added chemistry platforms like Diketene and agro actives, plan to enter into fluorinated derivatives, fungicides (agro active) and grain based specialty ethanol as new business platform.

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- Despite of capex plan, the company has significantly reduced its gross debt/ Net debt by ₹319Cr/ 251 cr to ₹229Cr/₹181Cr in FY22. Net debt/EBITDA stands at 0.21x v/s 0.69x in FY21 & net debt/equity reduced to 0.07x from 0.22x in FY21.
- ROE/ROCE has improved to 22%/27.8% in FY22 and asset TO increase to 2.8x in FY22.

View

- The company has a strong portfolio of ingredients that 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 among the top 2 and top 1 positions globally in Pyridine Beta, pyridine derivatives, Vitamin B3 (Niacinamide) Vitamin B4 (Choline Chloride) domestic market and Acetic Anhydride. It is a backward integrated company, it helps keep its cost in control and gain global leadership in many products.
- With underlined capex plan for the 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 ₹452.35 Jubilant Ingrevia Ltd is trading at ~9x FY22 EV/EBITDA& 15x FY22 PE. Hence, **we recommend Accumulate on dip rating on the stock.**

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Consolidated Quarterly Performance

(₹ Cr)

Particulars	Q4FY22	Q4FY21	yoy %	Q3FY22	QoQ %	FY22	FY21	yoy %
Revenue	1276	1078	18%	1283	-1%	4914	3491	41%
Total income	1296	1078	20%	1286	1%	4949	3491	42%
EBITDA	142	203	-30%	213	-33%	832	627	33%
EBITDA margins %	11%	19%		17%		17%	18%	
PAT	69	95	-28%	129	-47%	477	316	51%
PAT margins %	5%	9%		10%		10%	9%	
EPS	4.31	6.00	-28%	8.12	-47%	29.98	19.9	51%

Source: Company, Way2Wealth

Segment Revenue Breakup

(₹ Cr)

Particulars	Q4FY22	Q4FY21	yoy %	Q3FY22	QoQ %	FY22	FY21	yoy %
Specialty chemicals	444	329	35%	349	27%	1393	1124	24%
Nutrition & health solutions	206	199	4%	216	-5%	767	630	22%
chemical intermediate	646	549	18%	722	-11%	2789	1738	60%
Total revenue	1296	1077	20%	1287	1%	4949	3492	42%
Specialty chemicals	81	69	17%	76	7%	312	268	16%
EBITDA margins	18%	21%		22%		22%	24%	
Nutrition & health solutions	50	43	16%	53	-6%	164	130	26%
EBITDA margins	24%	22%		25%		21%	21%	
chemical intermediate	30	105	-71%	100	-70%	417	236	77%
EBITDA margins	5%	19%		14%		15%	14%	
Unallocated Corporate (Expenses)/Income	-10	-14	-29%	-7	43%	-30	-8	
EBITDA	151	203	-26%	222	-32%	863	626	38%
EBITDA margins	12%	19%		17%		17%	18%	

Source: Company, Way2Wealth

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Consolidated Quarterly Performance

(₹ Cr)

Particulars	Q4FY22	Q4FY21	yoy %	Q3FY22	QoQ %
Net sales	1276	679	87.9%	1283	-1%
Other operating income	20	5	285.3%	3	473%
Total Income	1296	684	89.4%	1286	1%
(Increase)/Decrease in stock in trade & WIP	23	-10	-346.8%	-49	-148%
Consump of raw material	700	363	92.6%	753	-7%
Purchase of Traded goods	40	16	149.0%	25	59%
Employees cost	82	49	67.5%	88	-7%
power & fuel	145	52	179.7%	133	8%
other expense	163	96	69.5%	123	33%
Total Expenditure	1153	567	103.4%	1074	7%
EBITDA	142	117	21.6%	213	-33%
EBITDA margins %	11%	17%		17%	
Depreciation	31	22	40.2%	30	2%
EBIT/ Operating Profit	111	95	17.2%	182	-39%
Interest	6	7	-16.5%	5	26%
Other income	9	3	253.5%	9	-2%
Exceptional Items		-13			
PBT	115	77	48.0%	187	-39%
Provision for current tax	17	13	25.3%	36	-53%
Provision for Deffered Tax	29	10	201.8%	22	32%
reported PAT	69	54	26.2%	129	-47%
EPS (Basic & diluted)	4	3	26.2%	8	-47%
PAT margins %	5%	8%		10%	

Source: Company, Way2Wealth

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Disclosure of Interest Statement Anupam Jubilant Ingrevia Ltd. as on 24th May 2022

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	No
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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