

25th October 2021

CMP – ₹677.45/-

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Q2FY22 Performance

Revenue for the quarter grew by 56% YoY/7% QoQ led by Life Sciences Chemical revenue which grew 84% Y-o-Y/11% QoQ (led by higher volumes and pricing in acetic anhydride), followed by nutrition and health science and specialty Chemicals revenue grew 43% and 17% Y-o-Y respectively. In specialty chemicals segment, revenue grew by 17% YoY led by higher volumes across product segments while in nutrition and health solutions it was driven by higher volumes and price growth in niacinamide.

EBITDA at ₹1950mn, grew 43% YoY but fell 30% QoQ and EBITDA margins fell to 16% from 24% on account of higher input and freight costs.

PAT fell by 34% Y-o-Y owing to lower operating profit, aided by reduction in finance which dropped 44% YoY and PAT margins dropped to 9% in Q2FY22.

Important Statistics

Mcap (₹ Cr)	₹10730
52 Week H/L (₹)	877.9/243.6
NSE Code	JUBLINGREA
BSE Code	543271

Shareholding pattern (%)	Jun'21
Promoter Holding	50.9
FII	18.7
DII	1.4
Public	28.9

Key Earnings Highlights: Q2FY22/H1FY22

- Revenue grew by 56% on YoY basis, driven by robust growth in volume and prices in H1FY22.
 - Specialty Chemicals revenue grew by 18% YoY driven by volume growth across product segments.
 - Nutrition and Health Solutions revenue grew by 26% YoY driven by higher volumes and growth in Niacinamide price
 - Life Sciences Chemical revenue grew by 93% YoY, driven by higher prices on account of favorable market conditions and pass-on of higher input cost of acetic acid
- EBITDA at ₹4900mn, grew by 83% on account of strong performance of Life Sciences chemical segment led by favorable market conditions supported by Specialty Chemicals.
- JIL's net debt stands at ₹1930mn and gross debt by ₹2630mn in Q2FY22.
- Net Debt to EBITDA in Q2'FY22 stands at 0.2 times, from the earlier level of 0.5 times as on 30th June, 2021.
- JIL's ongoing diketene capex is as per schedule and expects it to be commissioned by Q4FY22. While CDMO and food grade acetic acid plant in Q1FY23, nutrition plant in Q2FY23 and agro active intermediates and acetic anhydride plant in Q3FY23.
- These investments to be completed over the next 2 years and generate additional revenue of ₹900cr at (prevailing price) while target is to achieve topline of ~₹50,000mn in FY23E
- Capex expenditure plan for FY22E is ₹3500mn.
- Existing plants working 85-90% capacity utilization, thus de-bottlenecking and new capex to aid growth
- With capex initiatives lined Up ccompany is expecting is to double its revnues by FY24-FY26.

Financials

Particulars	FY20	FY21
Net Sales	31790	34920
EBITDA	4000	6130
PAT	2210	3170
EPS (₹)	14.0	20.5
P/E (x)	NA	34.4
EV/EBITDA (x)	NA	18.6
ROE (%)	NA	16.5
ROCE (%)	NA	21.6
Net Debt/Equity	NA	0.2

Key Risks

Slower than expected demand recovery in its key markets and 2nd or 3rd wave of Covid-19.

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Company is slated to immensely benefit from shift in demand from China to India especially wrt to its specialty chemicals and LSC verticals. The company has all right ingredients to scale-up its value-added businesses of specialty chemicals and nutrition and it is on the path to achieve a richer product-mix. It also 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. Being backward integrated, it helps keep its cost in control and gain global leadership in many products.

With capex lined up for FY22E and for next three years, JIL may sustain double digit growth. 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 ₹677.45 Jubilant Ingrevia Ltd is trading at ~18x FY21 EV/EBITDA which is at discount to its peers and thus recommend investors to ACCUMULATE the stock on dips.**

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Consolidated Financial Highlights

(₹ mn)						
Particulars	Q2FY21	Q2FY22	YoY%	H1FY21	H1FY22	YOY (%)
Total Revenue from Operations	7,840	12,230	56	15,200	23,670	56
Speciality Chemicals	2,520	2,950	17	5,090	6,000	18
Nutrition & Health Solutions	1,250	1,790	43	2,740	3,460	26
Life Science Chemicals	4,060	7,490	84	7,370	14,220	93
Total Expenditure	6,470	10,270	59	12,610	18,900	50
Other Income	40	70		80	130	
Segment EBITDA						
Speciality Chemicals	710	710	0	1,400	1,550	11
Nutrition & Health Solutions	280	350	23	600	610	3
LifeScience Chemicals	400	1,030	160	630	2,870	353
Unallocated Corporate (Expenses)/Income	20	(70)	(541)	50	(140)	(390)
Reported EBITDA	1,400	1,950	44	2,670	4,900	83
Depreciation and Amortization	310	310	(1)	610	620	1
Finance Cost	170	72	(59)	460	200	(56)
Profit before Tax (After Exceptional Items)	920	1,650	79	1,600	4,080	154
Tax Expenses (Net)	150	540	264	310	1,290	319
PAT	770	1,110	43	1,300	2,790	115
EPS	4.8	7.0	43	8.2	17.6	115

Source: Company Filing, Way2wealth Research

(₹ mn)			
Particulars	Q2FY22	Q1FY22	QoQ(%)
Revenue	12,230	11,446	6.8
Cost of goods sold	7,222	5,794	24.6
Power and Fuel	1,066	835	27.6
Employee benefits expense	759	810	-6.3
Other expenses	1,226	1,191	2.9
EBITDA	1,953	2,815	(30.6)
EBITDA Margin (%)	16.0	24.6	(862bps)
Interest & Finance charges	72	128	-44.1
Depreciation	310	316	-3.3
Other Income	70	60	16.4
PBT	1,650	2,431	(32.3)
Tax	540	748	(28.2)
PAT	1,110	1,683	(34.2)
PAT Margin(%)	9.0	14.6	(561bps)
Adjusted EPS	7.0	10.6	(34.2)

Source: Company Filing, Way2wealth Research

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Disclosure of Interest Statement Jubilant Ingrevia Ltd. as on October 25th, 2021

Name of the Security	Jubilant Ingrevia Ltd.
Name of the analyst	Yogita Desai
Analysts' ownership of any stock related to the information contained	NIL
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

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