

Q1FY25 Result Highlights

- Jubilant Ingrevia Ltd. (JUBLINGR) posted sequential recovery during Q1FY25, on the back of healthy margins in specialty chemicals business. Although, revenue fell -5% QoQ (-5% YoY) to ₹1,010crs, EBITDA for the quarter grew +20% QoQ (down -6% YoY) to ₹110crs witnessing +209bps QoQ (-22bps YoY) expansion in operating margins to 10.7%. As the company is undergoing significant expansion plans, depreciation for the quarter came elevated at ₹39crs up +21% YoY / +9% QoQ and finance cost rose +25% YoY / +5% QoQ to ₹14crs. Resultantly, profit after tax was ₹49crs down -16% YoY but up +67% QoQ.
- JUBLINGR Q1FY25 performance was marked by the improving demand trends seen in Agrochemical sector with gradual easing of inventory destocking situation. Additionally, strong traction was also witnessed in CDMO segment with delivery initiation of new product from this quarter. Pharmaceutical segment outlook has turned positive with improved traction from regulated markets of North America, Europe and Japan. The manufacturing facility at Bharuch completed US FDA inspection and received zero 483 observation. This GMP compliant manufacturing facility is built to produce nutraceutical and dietary ingredients for human consumption.
 - Specialty chemical's revenue was up +18% YoY/ down -9% QoQ to ₹431crs led by volume growth seen in fine chemicals and pyridine based products. EBITDA margin expanded +420bps YoY/ +582bps QoQ to 19.9% on the back of volume uptick as well as efficiency-led initiatives undertaken over last several quarters by the company.
 - Chemical intermediate business performance was subdued during the quarter with revenue coming down by -41% YoY/ -18% QoQ to ₹36crs primarily on account of marginally lower volumes and muted realizations. Higher ocean freight costs due to Red Sea issue and overall moderation in prices impacted EBITDA margins contracting by -309bps YoY/ -124bps QoQ to 8.7%.
 - Nutrition and health segment reported robust performance with revenue rising +35% YoY/ +161% QoQ to ₹23crs mainly due to higher volumes coming in from human end use and cosmetic grade products. Cost optimization initiatives and shift towards favorable product mix led the improvement EBITDA margins expanding +398bps YoY/ +707bps QoQ to 12.4%.
- **Concall highlights :**
 - Specialty Chemicals posted robust performance with healthy recovery in demand across Agrochemical and Pharma end-use segment. Volume growth as well as cost optimization lifts up operating margin notably.
 - Combined impact of various cost optimization efforts undertaken over last few quarters under Surge, Lean and Excellence initiatives on an annualized basis could be ~₹120-140crs.
 - Phase-1 Diketene products are operating at more than 80% utilization while newer Diketene products launched in the month of March, one product is operating at 70% utilization level.
 - On the back of healthy recovery in Agro chemical market and cost saving initiatives, expectations are to maintain margins in

Important Statistics

Nifty	24,509
Sensex	80,502
MCAP (₹ bn)	88.51
52-week H/L (₹)	594.00/421.05
NSE Code	JUBLINGREA
BSE Code	543271
Bloomberg Code	JUBLINGR:IN

Shareholding pattern (%)	Jun'24
Promoter Holding	51.47
FII	06.55
DII	14.08
Public & Others	27.90

Financials

Particulars	₹ Cr		
	FY22	FY23	FY24
Sales	4,949	4,740	4,100
Gross Profit	2,155	2,191	1,993
Gross Margin	44%	46%	49%
EBITDA	832	547	421
EBITDA Margin	17%	12%	10%
PAT	477	307	183
EPS (₹)	29.9	19.3	11.6
P/E (x)	18.6	28.8	48.1
ROE (%)	21.9%	12.1%	6.8%
Net Debt/Equity	0.1x	0.1x	0.2x

Source: Company, Way2Wealth

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
Jubilant Ingrevia	37%	-12%	107%
Nifty 50	24%	55%	116%
Sensex	21%	52%	112%

Source: Company, Way2Wealth

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23rd July 2024

CMP – ₹556/-

View – **HOLD**

Specialty chemical business at ~20% level. However, with increase in contribution from newer products and traction in CDMO business, management aims to take it to 23-25% levels over next couple of years.

- Nutrition & health segment's demand remained steady in-line with last two quarters while the revenue improved on account of sequential higher volume from human end-use and cosmetic-grade products.
 - Continuous focus on improving market share from customer in niche segments i.e. cosmetic and food grade resulted in increased volume and revenue on QoQ basis.
 - Launched new product range with introduction of food grade Choline Chloride and Choline Bitartrate
 - Favorable shift in volume mix towards food segment products supported improvement in EBITDA sequentially.
- Chemical intermediates segment witnessing recovery in demand from the export market. However, key end-use markets of Paracetamol and Agrochemicals remained under pressure.
 - Acetic Anhydride prices remain range-bound, owing to lower Acetic Acid prices. Market share in Europe remained firm, company increased its penetration by acquiring new customers.
 - Operating margins were impacted on account of higher ocean freight costs, mainly due to Red Sea issues.
- During Q1FY25, to open up new customer opportunities, company conducted roadshows across Japan, Europe and US wherein management met more than 100 customers and identified new leads which can be converted into commercial contracts in few quarters.
- Capex plans are on track with investments in new opportunities of food and cosmetic grade Niacinamide to be commissioned in 3QFY25.
- CDMO business is seeing strong traction compared to last year specifically on the Pharma side, company has more products in the pipeline and these margin accretive products.

View

- Jubilant Ingrevia Ltd. posted resilient performance during the quarter, driven by healthy recovery in specialty chemicals. Demand recovery across Agrochemical and Pharma end user industries remains key highlight of the result which is in continuation with trends seen in previous quarter. This situation indicates a positive outlook and better prospects of the company to be supported by traction in CDMO, management efforts to onboard new customers and undertaking of various cost optimization initiatives.
- As commentary from many global Agrochemical players indicating a positive outlook due to gradual easing of inventory destocking situation, JUBILNG is well placed to rip the benefits of this recovery. Further, initiatives undertaken on cost optimization as well as new customer acquisition front are a welcome move for top-line growth and contribution from newer products and CDMO would support margin improvement. Thus, **we recommend to HOLD. The stock is currently trading at ₹556, trading at 16x its FY26e P/E multiple.**

23rd July 2024

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View – **HOLD**

Consolidated Quarterly Performance

	(₹ Cr)								
(₹ Cr)	Q1FY25	Q1FY24	%YoY Change	Q4FY24	%QoQ Change	FY24	FY23	YoY % Change	
Net sales	1,010	1,069	-5%	1,060	-5%	4,100	4,740	-14%	
Other operating income	14	6	118%	14	-2%	35	32	10%	
Total Income	1,024	1,075	-5%	1,074	-5%	4,136	4,773	-13%	
Cost of raw material	529	543	-3%	596	-11%	2,143	2,582	-17%	
Gross Profit	496	532	-7%	479	4%	1,993	2,191	-9%	
Employee cost	102	93	9%	86	18%	384	343	12%	
Power & Fuel	118	159	-26%	118	0%	521	709	-27%	
Other expense	167	163	2%	184	-9%	667	591	13%	
Total operating expense	386	416	-7%	387	0%	1,572	1,644	-4%	
EBITDA	110	117	-6%	91	20%	421	547	-23%	
EBITDA margins	10.7%	10.9%	-22 bps	8.6%	209 bps	10.3%	11.5%	-127 bps	
Depreciation	39	32	21%	36	9%	136	122	11%	
EBIT/Operating profit	71	84	-16%	56	27%	285	425	-33%	
Interest	14	11	25%	14	5%	53	22	144%	
Other income	10	9	13%	10	1%	35	33	6%	
Profit/(Loss) of associate	0	-0		-0		0	-0		
PBT	66	81	-19%	51	29%	268	437	-39%	
Provision for tax	17	24	-27%	22	-22%	85	129	-34%	
Reported PAT	49	58	-16%	29	67%	183	307	-41%	
EPS	3	4	-15%	2	66%	12	19	-40%	
PAT Margins	4.8%	5.4%	-57 bps	2.8%	206 bps	4.5%	6.5%	-203 bps	

Source: Company, Way2Wealth

Segment Revenue Breakup

	(₹ Cr)							
Segment (₹ Cr)	Q1FY24	Q1FY23	YoY % Change	Q4FY23	QoQ % Change	FY24	FY23	YoY % Change
Specialty chemicals	431	364	18%	475	-9%	1,586	1,798	-12%
Nutrition & health solutions	186	202	-8%	165	12%	680	551	23%
Chemical intermediate	408	509	-20%	435	-6%	1,870	2,424	-23%
Total revenue	1,024	1,075	-5%	1,074	-5%	4,136	4,773	-13%
Specialty chemicals	86	57	50%	67	28%	248	284	-13%
EBITDA margins	19.9%	15.7%	420 bps	14.0%	582 bps	15.6%	15.8%	-18 bps
Nutrition & health solutions	23	17	35%	9	161%	62	46	34%
EBITDA margins	12.4%	8.4%	398 bps	5.3%	707 bps	9.1%	8.3%	74 bps
Chemical intermediate	36	60	-41%	43	-18%	202	283	-29%
EBITDA margins	8.7%	11.8%	-309 bps	9.9%	-124 bps	10.8%	11.7%	-90 bps
Unallocated corporate Income/(Expense)	-25	-9	178%	-18	39%	-55	-33	68%
EBITDA	119	125	-5%	101	18%	456	580	-21%
EBITDA margins	11.6%	11.6%	-1 bps	9.4%	225 bps	11.0%	12.2%	-113 bps

Source: Company, Way2Wealth

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Disclosure of Interest Statement Jubilant Ingrevia Ltd. as on 23 July 2023

Name of the Security	Jubilant Ingrevia Ltd.
Name of the analyst	Prasad Hase
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	
Conflict of Interest	No
Receipt of Compensation	No
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