

- ❑ Jubilant Ingrevia Limited has reported a growth of 44.1% in its consolidated revenues at ₹12,865 million in Q3-FY22 as against ₹8,930 million in Q3-FY21 pro-forma basis. The performance was driven by growth across product segments in both volume and realisation terms.
- ❑ On the profitability front, the company's consolidated operating margins (Ex. Other Income) stood 16.5% at ₹2,126 million in Q3-FY22 as against 17.1% at ₹1,530 million in Q3-FY21 pro-forma basis. The marginal decline in operating performance was mainly attributable to due to combination of higher input prices, however the company was also able to pass on large part of input costs during the quarter.
- ❑ The consolidated PAT margins for the company during the quarter stood 10.4% at ₹1,334 million as against 10.2% at ₹910 million in Q3-FY21 pro-forma basis. The PAT margins marginally improved aided by lower interest cost primarily.
- ❑ On segment basis, Specialty Chemicals segment revenue grew by 22% on YoY basis driven by higher volume across product segments. Pharma sales share to total revenue grew to 52% from 47% earlier. The revenue from Nutrition and Consumer end use also improved significantly during the quarter.
- ❑ In Nutrition and Health Solutions segment revenue grew by 37% on YoY basis. Growth of Vitamin business was driven by higher volumes and improved prices. Revenue share from EU increased to 36% as against 20% last year and share from North America increased to 21% from 11% earlier. Food and cosmetics volumes also grew significantly during the quarter.
- ❑ The Life Sciences Chemicals segment revenue grew by 60% on YoY basis. The revenue growth was driven by higher prices of Ethyl Acetate and Acetic Anhydride. Price improvement was mainly on account of favourable market conditions. Overall domestic sales for domestic consumption as well as for international consumption both have gone up significantly on YoY basis during the quarter.
- ❑ On Capex front, the company's investment worth ₹4.500 million for growth is progressing well in areas namely food grade Acetic Acid (operational by Jun-22), CDMO GMP Facility at Bharuch (operational by Sep-22), Three Multi-Purpose plants of Speciality Chemicals (operational by Sep-22), Acetic Anhydride Plant (operational by Mar-23) and Agro Actives Phase-1 (operational by Mar-23).
- ❑ Going ahead, the company continues to expect strong demand of its products in near term. The company's Diketene plant is under commissioning now, and it expects to start commercial production during the current quarter. On product launch side the company maintains a strong pipeline of 34 new products which it expects to launch in next three years.
- ❑ We have incorporated current financials and updated our numbers for the company. We continue to remain positive on the stock and maintain our **BUY** rating on the stock with a target price of **₹751 per share**.

Q3-FY22 Consolidated Results

(In ₹ mn)	Q3-FY22	Q3-FY21	Chg	9M-FY22	9M-FY21	Chg
Net Sales	12,865	8,930	44.1%	36,536	24,130	51.4%
Operating Expense	10,739	7,400	45.1%	29,642	20,010	48.1%
EBITDA	2,126	1,530	39.0%	6,895	4,120	67.3%
Other Income	94	40		223	120	
Depreciation	303	310		925	920	
EBIT	1,917	1,260	52.2%	6,193	3,320	86.5%
Interest	49	130		248	590	
PBT	1,869	1,130	65.4%	5,945	2,730	117.8%
Tax	578	220		1,863	520	
Exceptional Items	-	-		-	-	
PAT	1,291	910	41.8%	4,082	2,210	84.7%
Minority /Other Adj.	43	-		927	-	
Consolidated PAT	1,334	910	46.6%	5,009	2,210	126.6%

Margins	Q3-FY22	Q3-FY21	Chg BPS	9M-FY22	9M-FY21	Chg BPS
Operating Margin %	16.5%	17.1%	-61	18.9%	17.1%	180
Net Margin %	10.4%	10.2%	18	11.2%	9.2%	201

Consolidated Financials:

(In ₹ Mn.)	FY-20	FY-21	FY-22E	FY-23E
Net Sales	42,297	43,598	63,478	70,192
Operating Expense	32,012	31,152	46,212	51,521
EBITDA	10,285	12,446	17,266	18,671
Other Income	356	271	476	351
Depreciation	1,397	1,526	1,994	2,027
EBIT	9,244	11,191	15,748	16,995
Interest	1,180	773	432	432
Misc. items	-	-	-	-
PBT	8,064	10,417	15,316	16,563
Tax	1,954	2,659	3,982	4,306
Minority Interest	-	-	-	-
PAT	6,110	7,758	11,334	12,256

Margins	FY-20	FY-21	FY-22E	FY-23E
Sales Growth %	56.7%	3.1%	45.6%	10.6%
Operating Margin %	24.3%	28.5%	27.2%	26.6%
Net Margin %	14.4%	17.8%	17.9%	17.5%

Source: Company, Anand Rathi Research

(In ₹ Mn.)	FY-20	FY-21	FY-22E	FY-23E
<u>Liabilities</u>				
Equity Share Capital	273	273	273	273
Reserves & Surplus	15,446	23,194	34,528	46,784
Total Shareholder's Funds	15,719	23,467	34,801	47,057
Minority Interest	-	-	-	-
Long-Term Liabilities	7,794	5,240	5,240	5,240
Other Long-term Liabilities	287	283	283	283
Deferred Tax Liability	796	1,078	1,078	1,078
Short-term Liabilities	7,490	5,535	8,048	8,899
Total	32,086	35,603	49,450	62,557
<u>Assets</u>				
Net Fixed Assets	20,043	20,842	24,274	22,724
Long-Term L&A	455	213	213	213
Non Current Investments	24	25	25	25
Other Non-Current Assets	2	2	2	2
Current Asset	11,563	14,522	24,937	39,594
Total	32,086	35,603	49,450	62,557

(Key Ratios)	FY-20	FY-21	FY-22E	FY-23E
EPS (₹)	44.5	56.8	83.1	89.9
P/E (x)	53.1	41.6	28.4	26.3
P/B (x)	20.5	13.7	9.3	6.8
ROE	38.6%	33.0%	32.6%	26.0%
ROCE	37.6%	37.2%	38.0%	31.7%

Key Risks:

- ❑ The company's business is exposed to crude oil price.



Rating and Target Price history:

JUBLINGREA rating history & price chart



Source: Bloomberg, Anand Rathi Research
NOTE: Prices are as on 4 February 2022 close.

JUBLINGREA rating details

Date	Rating	Target Price (₹)	Share Price (₹)
29-Nov-21	BUY	751	553
04-Feb-22	BUY	751	597

Source: Bloomberg, Anand Rathi Research



Disclaimer:

Analyst Certification

- ❑ The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter “SEBI”) and the analysts’ compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Ratings Methodology

- ❑ Analysts’ ratings and the corresponding expected returns take into account our definitions of Large Caps (>₹300 Billion) and Mid/Small Caps (<₹300 Billion) or SEBI definition vide its circularSEBI/HO/IMD/DF3/CIR/P/2017/114 dated 6th October 2017, whichever is higher and as described in the Ratings Table below:

Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (>₹300Bn.)	15%	5%-10%	Below 5%
Mid/Small Caps (<₹300 Bn.)	20%	10%-15%	Below 10%

Disclaimer:

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX) and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues.

General Disclaimer: - This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Continued...

Disclaimer:

Contd.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i. e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Copyright: - This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

Contd.



Disclaimer:

Contd.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Sr. No.	Statement	Answers to the Best of the knowledge and belief of the ARSSBL/ its Associates/ Research Analyst who is preparing this report
1	ARSSBL/its Associates/ Research Analyst/ his Relative have any financial interest in the subject company? Nature of Interest (if applicable), is given against the company's name?.	NO
2	ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?.	NO
3	ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report or at the time of public appearance?.	NO
4	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months.	NO
5	ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months.	NO
6	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
7	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
8	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report.	NO
9	ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	NO
10	ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	NO