Prabhudas Lilladher
POWERING YOUR FINANCIAL GROWTH

May 15, 2024

Q4FY24 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	HOLD		HOLD	
Target Price	526		480	
Sales (Rs. m)	47,917	54,675	47,036	53,583
% Chng.	*1.9*	*2.0*		
EBITDA (Rs. m)	5,327	6,154	5,047	5,400
% Chng.	*5.6*	*13.9*		
EPS (Rs.)	15.4	18.7	15.5	17.8
% Chng.	*(0.7)*	*5.1*		

Key Financials - Consolidated

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	47,727	41,358	47,917	54,675
EBITDA (Rs. m)	5,471	4,211	5,327	6,154
Margin (%)	*11.5*	*10.2*	*11.1*	*11.3*
PAT (Rs. m)	3,075	1,829	2,446	2,969
EPS (Rs.)	19.3	11.6	15.4	18.7
Gr. (%)	*(35.5)*	*(40.1)*	*32.9*	*21.4*
DPS (Rs.)	3.3	2.0	2.7	3.2
Yield (%)	*0.7*	*0.4*	*0.5*	*0.6*
RoE (%)	*12.1*	*6.8*	*8.5*	*9.4*
RoCE (%)	*14.8*	*8.7*	*9.6*	*9.9*
EV/Sales (x)	1.8	2.1	1.9	1.7
EV/EBITDA (x)	15.4	20.7	16.7	14.8
PE (x)	26.5	44.2	33.3	27.4
P/BV (x)	3.1	3.0	2.7	2.5

Key Data	JUBN.BO | JUBLINGR IN
52-W High / Low	Rs.582 / Rs.379
Sensex / Nifty	73,105 / 22,218
Market Cap	Rs.81bn/ $ 976m
Shares Outstanding	159m
3M Avg. Daily Value	Rs.369.61m

Shareholding Pattern (%)

Promoter's	51.47
Foreign	6.58
Domestic Institution	13.61
Public & Others	27.53
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(7.3)	21.8	21.0
Relative	(5.8)	8.1	2.7

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Jubilant Ingrevia (JUBLINGR IN)

Rating: HOLD | CMP: Rs512 | TP: Rs526

Pricing Pressure Continues

Quick Pointers:

- Pharma volumes improved, pricing yet to recover, agrochem remains challenging expected to improve in Q3/Q4 FY25
- Multi-purpose agro actives & Intermediate plant and Diketene derivatives plant commenced in Q4FY24

Challenging market conditions continue to persist especially for the Agrochemical sector which may take another 1-2 quarters to get back to normal. Pharmaceutical segment had healthy volumes and the Nutrition segment saw steady demand for the quarter but due to excess supply from China, realization remained under pressure. Specialty chemical saw a 30% QoQ growth primarily driven by growth in Fine chemical & Microbial and Nutrition products. The company commissioned Multi-purpose agro actives & Intermediate plant and Diketene derivatives plant in Q4FY24 and aims to invest in opportunities such as Food and Cosmetic grade Niacinamide and Multipurpose Plants. We believe that although the company is adding multiple capacities performance and margins will continue to be impacted until international players keep on dumping at lower prices. The stock trades at 27x FY26 EPS. Reiterate 'Hold' rating with SOTP based valuation of Rs526.

- **Spec chemical segment saw 30% QoQ growth**: Revenue at Rs 10.7 bn (-6.2% YoY/ 11.2% QoQ) (PLe ~Rs10.3bn). For FY24 topline was at Rs 41.3bn vs Rs 47.7bn in FY23 a decline by 13.3%. Specialty chemicals segment witnessed YoY increase of 2% and 30% QoQ, this segment contributes to 44% of the total revenue. Nutrition & Health Science, revenue grew by 6% on YoY basis, but EBITDA margin declined to 5.5% from 11.2% in Q3FY24. Chemical Intermediates, revenues were down -17% YoY and -3% QoQ, EBITDA margin also declined by 170 bps to 7.4% vs Q3FY24.

- **PAT impacted due to higher tax rate**: EBITDA at Rs912mn (-10.6% YoY/ -4.5% QoQ and EBITDA margin at 8.5% (vs 9.9% in Q3FY24 and 8.9% in Q4FY23; PLe ~10%), declined due higher raw material cost. PAT declined to Rs 293mn (-44% YoY/ -24% QoQ), FY24 PAT was at 1.8bn, a decline of 40% YoY.

- **Concall takeaways: (1)** Agrochem is 20-25% and Pharma is 30-35% of the company's business **(2)** 14bn capex already done of the 20bn committed, 6bn Capex is expected in FY25 (This number may go up) **(3)** Volumes were high across pyridine based products, Di-ketene derivatives and CDMO portfolio **(4)** Di-ketene plant currently operating at 60%-70% utilization **(5)** For CDMO: The company is in later stage talks with few global companies for longer term contract **(6)** Sale of high cost carry forward inventory from Q3FY24 impacted EBITDA margins negatively for Nutrition segment **(7)** Vitamin B3 pricing has been flat for past 6 months **(8)** Launched new products range with introduction of food grade Choline Chloride and Choline Bitartrate (9)For chemical Intermediates segment, EBIDTA was lower on account of lower realization in Acetic Anhydride

Exhibit 1: Q4FY24 Result Overview (Rs mn)

Y/e March	Q4FY24	Q4FY23	YoY gr. (%)	Q4FY24E	% Var.	Q3FY24	QoQ gr. (%)	FY24	FY23	YoY gr. (%)
Net Sales	**10,744**	**11,450**	***(6.2)***	**10,308**	***4.2***	**9,664**	***11.2***	**41,358**	**47,727**	***(13.3)***
Gross Profit	4,785	4,971	*(3.7)*	4,920	*(2.7)*	4,578	*4.5*	19,758	21,910	*(9.8)*
Margin (%)	*44.5*	*43.4*		*47.7*		*47.4*		*47.8*	*45.9*	
EBITDA	**912**	**1,021**	***(10.6)***	**1,032**	***(11.6)***	**956**	***(4.5)***	**4,211**	**5,470**	***(23.0)***
Margin (%)	*8.5*	*8.9*		*10.0*		*9.9*		*10.2*	*11.5*	*(11.2)*
Other Income	95	90	*5.6*	42	*124.4*	87.8	*8.2*	353	334	*5.8*
Depreciation	357	298	*19.7*	383	*(6.6)*	342	*4.3*	1,362	1,222	*11.5*
EBIT	**650**	**812**	***(19.9)***	**692**	***(6.0)***	**701**	***(7.3)***	**3,203**	**4,582**	***(30.1)***
Interest	136	57	*138.9*	91	*49.6*	151	*(9.6)*	527	216	*144.0*
PBT before excep	**514**	**755**	***(31.9)***	**601**	***(14.5)***	**551**	***(6.6)***	**2,676**	**4,366**	***(38.7)***
Total Tax	221	232	*(4.8)*	162	*36.6*	165	*33.8*	847	1,292	*(34.4)*
ETR (%)	*43.0*	*30.7*		0.3		*30.0*		*31.7*	*29.6*	
Adj. PAT	**293**	**523**	***(44.0)***	**601**	***(51.2)***	**385**	***(24.0)***	**1,829**	**3,074**	***(40.5)***
Exceptional Items	0	0		-		0		0	0	
PAT	**293**	**523**	***(44.0)***	**601**	***(51.2)***	**385**	***(24.0)***	**1,829**	**3,074**	***(40.5)***

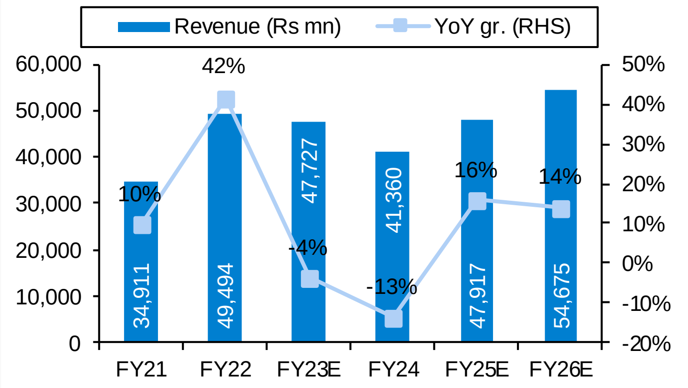
Source: Company, PL

Exhibit 2: Segmental breakup – Consolidated (Rs mn)

Segmental Details	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Revenue	**13035**	**11583**	**11450**	**10750**	**10199**	**9664**	**10744**
Specialty Chemicals	4804	4675	4680	3638	3817	3648	4753
Nutrition & Health Solutions	1137	1321	1552	2023	1620	1512	1645
Chemical Intermediates	7096	5587	5217	5090	4762	4504	4347
Segment EBIT	**1364**	**1373**	**895**	**1017**	**1044**	**867**	**830**
Specialty Chemicals	601	700	380	387.1	494.6	348.6	453.5
Nutrition & Health Solutions	102	53	16	135.6	153.1	140.9	56.6
Chemical Intermediates	660	620	499	494.4	396.1	377.4	319.7
Less: Unallocable & exceptional items	72	90	83	89.4	119.9	165.5	180.1
EBIT	**1292**	**1283**	**812**	**928**	**924**	**701**	**650**
Less: Interest Cost	51	67	57	114.6	125.2	150.6	136.2
PBT	**1241**	**1216**	**755**	**813**	**799**	**551**	**514**
Segment EBIT Margin (%)	**10.5%**	**11.9%**	**7.8%**	**9.5%**	**10.2%**	**9.0%**	**7.7%**
Specialty Chemicals	12.5%	15.0%	8.1%	10.6%	13.0%	9.6%	9.5%
Nutrition & Health Solutions	9.0%	4.0%	1.0%	6.7%	9.5%	9.3%	3.4%
Chemical intermediates	9.3%	11.1%	9.6%	9.7%	8.3%	8.4%	7.4%

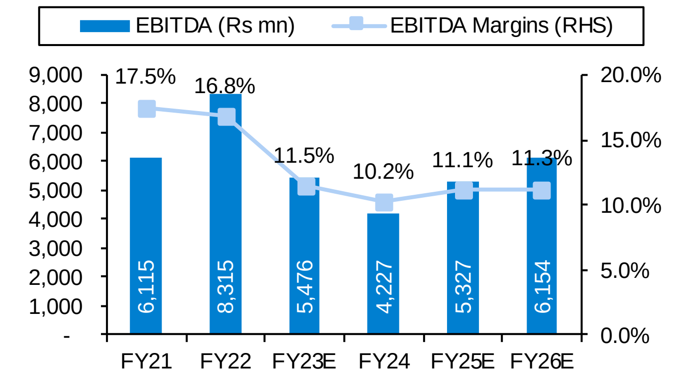
Source: Company, PL

Exhibit 3: Revenue trend expected



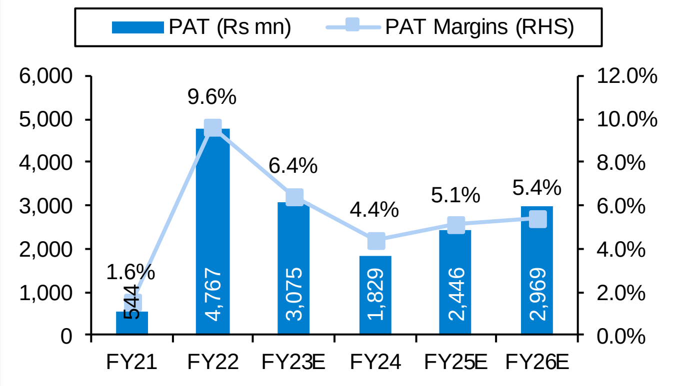
Source: Company, PL

Exhibit 4: EBITDAM expected at 10-11%



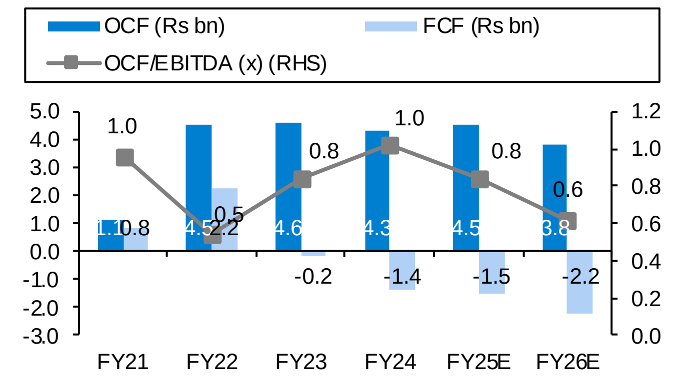
Source: Company, PL

Exhibit 5: PAT margin at 5-6%



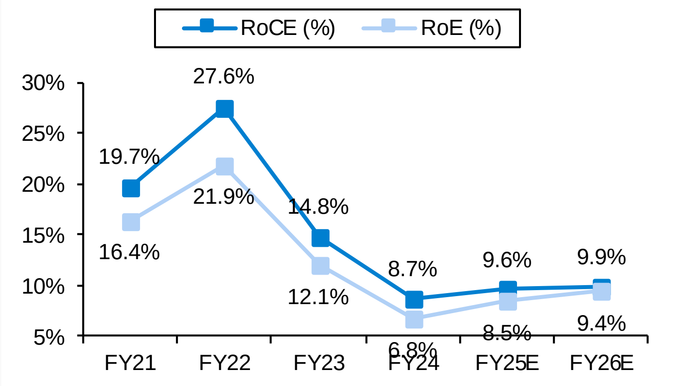
Source: Company, PL

Exhibit 6: Strong OCF (FY23-25E) to aid self sustained capex



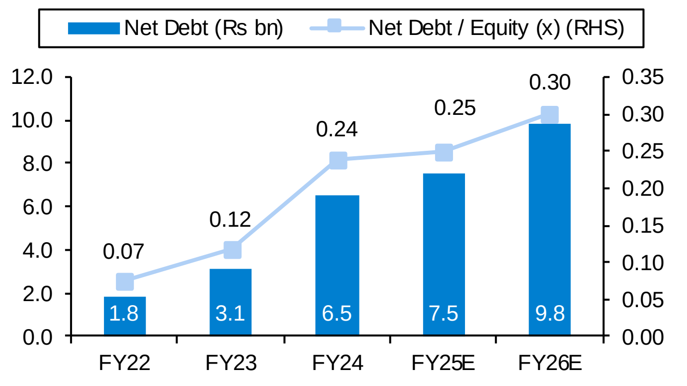
Source: Company, PL

Exhibit 7: Return ratios at 9-10%



Source: Company, PL

Exhibit 8: BS remains healthy despite large capex



Source: Company, PL

Exhibit 9: SOTP – Reiterate BUY with SOTP based TP of Rs 433 (Rs 462 earlier)

SOTP	FY22	FY23	FY24E	FY25E	FY26E	*CAGR (FY23-26E)*
EBITDA (Rs mn)						
Specialty Chemicals	3,120	2,840	2,480	2,852	3,492	7%
Nutrition & Health Solutions	1,640	460	620	718	1,070	32%
Chemical Intermediates	4,170	2,830	2,020	2,562	2,769	-1%
Segment EBITDA - Total	**8,930**	**6,130**	**5,120**	**6,131**	**7,331**	**6%**
Less: Unallocable items	(615)	(654)	(893)	(804)	(1,177)	22%
Consolidated EBITDA (Rs mn)	**8,315**	**5,476**	**4,227**	**5,327**	**6,154**	**4%**
EV/EBITDA Target Multiple (x)					**FY26E**	
Specialty Chemicals					17	
Nutrition & Health Solutions					13	
Chemical Intermediates					12	
Unallocable items					11	
Enterprise Value (Rs mn)				**FY26E**		**Per Share**
Specialty Chemicals				59,359		373
Nutrition & Health Solutions				13,907		87
Chemical Intermediates				33,231		209
Less: Unallocable items				(12,948)		(81)
Enterprise Value (Rs mn)				**93,549**		**588**
Less: Net Debt and Investments				(9,807)		(63)
Equity Value / MCap (Rs mn)				**83,742**		**526**
Target Price (Rs/ sh)				**526**		

Source: PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	**47,727**	**41,358**	**47,917**	**54,675**
YoY gr. (%)	*(3.6)*	*(13.3)*	*15.9*	*14.1*
Cost of Goods Sold	25,816	21,426	25,638	29,832
Gross Profit	21,911	19,932	22,279	24,842
Margin (%)	*45.9*	*48.2*	*46.5*	*45.4*
Employee Cost	3,435	3,840	4,493	5,020
Other Expenses	13,005	11,882	12,458	13,669
EBITDA	**5,471**	**4,211**	**5,327**	**6,154**
YoY gr. (%)	*(34.2)*	*(23.0)*	*26.5*	*15.5*
Margin (%)	*11.5*	*10.2*	*11.1*	*11.3*
Depreciation and Amortization	1,222	1,362	1,795	2,084
EBIT	**4,250**	**2,850**	**3,532**	**4,070**
Margin (%)	*8.9*	*6.9*	*7.4*	*7.4*
Net Interest	216	527	519	629
Other Income	334	353	565	904
Profit Before Tax	**4,368**	**2,676**	**3,578**	**4,344**
Margin (%)	*9.2*	*6.5*	*7.5*	*7.9*
Total Tax	1,292	847	1,133	1,375
Effective tax rate (%)	*29.6*	*31.7*	*31.7*	*31.7*
Profit after tax	**3,075**	**1,829**	**2,445**	**2,969**
Minority interest	-	-	-	-
Share Profit from Associate	0	0	0	0
Adjusted PAT	**3,075**	**1,829**	**2,446**	**2,969**
YoY gr. (%)	*(35.5)*	*(40.5)*	*33.7*	*21.4*
Margin (%)	*6.4*	*4.4*	*5.1*	*5.4*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**3,075**	**1,829**	**2,446**	**2,969**
YoY gr. (%)	*(35.5)*	*(40.5)*	*33.7*	*21.4*
Margin (%)	*6.4*	*4.4*	*5.1*	*5.4*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,075	1,829	2,446	2,969
Equity Shares O/s (m)	**159**	**158**	**159**	**159**
EPS (Rs)	**19.3**	**11.6**	**15.4**	**18.7**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	**26,398**	**34,685**	**41,685**	**46,992**
Tangibles	26,106	34,393	41,393	46,700
Intangibles	292	292	292	292
Acc: Dep / Amortization	**7,936**	**9,298**	**11,093**	**13,176**
Tangibles	7,786	9,148	10,943	13,027
Intangibles	150	150	150	150
Net fixed assets	**18,462**	**25,387**	**30,592**	**33,815**
Tangibles	18,320	25,245	30,450	33,673
Intangibles	142	142	142	142
Capital Work In Progress	5,249	3,314	2,314	3,007
Goodwill	-	-	-	-
Non-Current Investments	87	159	160	160
Net Deferred tax assets	(1,801)	(2,009)	(2,009)	(2,009)
Other Non-Current Assets	512	533	533	533
Current Assets				
Investments	-	-	-	-
Inventories	10,351	9,413	9,452	10,785
Trade receivables	5,109	5,720	6,627	7,561
Cash & Bank Balance	846	796	1,136	875
Other Current Assets	1,869	1,866	2,162	2,467
Total Assets	**42,589**	**47,319**	**53,108**	**59,336**
Equity				
Equity Share Capital	159	158	159	159
Other Equity	26,503	27,217	30,038	32,494
Total Networth	**26,662**	**27,375**	**30,197**	**32,653**
Non-Current Liabilities				
Long Term borrowings	1,500	4,256	5,756	8,256
Provisions	661	648	758	847
Other non current liabilities	70	44	44	44
Current Liabilities				
ST Debt / Current of LT Debt	2,467	3,074	2,879	2,463
Trade payables	8,011	7,667	8,883	10,135
Other current liabilities	1,317	2,120	2,456	2,802
Total Equity & Liabilities	**42,589**	**47,319**	**53,108**	**59,336**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	4,367	2,676	3,579	4,345
Add. Depreciation	1,222	1,362	1,795	2,084
Add. Interest	216	527	519	629
Less Financial Other Income	334	353	565	904
Add. Other	45	137	(565)	(904)
Op. profit before WC changes	5,850	4,701	5,327	6,154
Net Changes-WC	(452)	59	244	(1,041)
Direct tax	(774)	(460)	(1,068)	(1,308)
Net cash from Op. activities	**4,625**	**4,300**	**4,504**	**3,804**
Capital expenditures	(4,782)	(5,662)	(6,000)	(6,000)
Interest / Dividend Income	11	7	565	904
Others	52	(34)	(1)	-
Net Cash from Invt. activities	**(4,719)**	**(5,688)**	**(5,436)**	**(5,096)**
Issue of share cap. / premium	-	(429)	1	-
Debt changes	1,676	3,363	1,304	2,085
Dividend paid	(793)	(786)	(423)	(514)
Interest paid	(440)	(679)	(519)	(629)
Others	2	(27)	110	89
Net cash from Fin. activities	**445**	**1,441**	**474**	**1,031**
Net change in cash	**351**	**53**	**(459)**	**(261)**
Free Cash Flow	(189)	(1,384)	(1,496)	(2,196)

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Revenue	**10,750**	**10,199**	**9,664**	**10,744**
YoY gr. (%)	*(7.8)*	*(21.8)*	*(16.6)*	*(6.2)*
Raw Material Expenses	5,502	5,053	5,086	5,959
Gross Profit	5,248	5,147	4,578	4,785
Margin (%)	*48.8*	*50.5*	*47.4*	*44.5*
EBITDA	**1,167**	**1,177**	**956**	**912**
YoY gr. (%)	*(17.2)*	*(23.1)*	*(36.8)*	*(10.6)*
Margin (%)	*10.9*	*11.5*	*9.9*	*8.5*
Depreciation / Depletion	323	339	342	357
EBIT	**844**	**838**	**613**	**555**
Margin (%)	*7.8*	*8.2*	*6.3*	*5.2*
Net Interest	115	125	151	136
Other Income	85	85	88	95
Profit before Tax	**813**	**799**	**550**	**514**
Margin (%)	*7.6*	*7.8*	*5.7*	*4.8*
Total Tax	237	224	165	221
Effective tax rate (%)	*29.2*	*28.0*	*30.0*	*43.0*
Profit after Tax	**576**	**575**	**385**	**293**
Minority interest	-	-	-	-
Share Profit from Associates	(1)	-	-	(1)
Adjusted PAT	**575**	**575**	**385**	**293**
YoY gr. (%)	*(27.5)*	*(31.8)*	*(57.9)*	*(44.1)*
Margin (%)	*5.3*	*5.6*	*4.0*	*2.7*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**575**	**575**	**385**	**293**
YoY gr. (%)	*(27.5)*	*(31.8)*	*(57.9)*	*(44.1)*
Margin (%)	*5.3*	*5.6*	*4.0*	*2.7*
Other Comprehensive Income	31	31	31	31
Total Comprehensive Income	**606**	**606**	**416**	**324**
Avg. Shares O/s (m)	159	159	159	159
EPS (Rs)	**3.6**	**3.6**	**2.4**	**1.8**

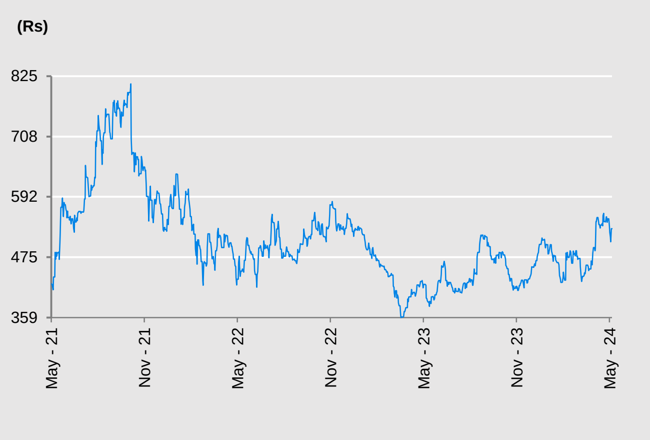
Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	19.3	11.6	15.4	18.7
CEPS	27.0	20.2	26.7	31.8
BVPS	167.7	173.3	189.9	205.4
FCF	(1.2)	(8.8)	(9.4)	(13.8)
DPS	3.3	2.0	2.7	3.2
Return Ratio(%)				
RoCE	14.8	8.7	9.6	9.9
ROIC	10.7	6.1	6.7	6.9
RoE	12.1	6.8	8.5	9.4
Balance Sheet				
Net Debt : Equity (x)	0.1	0.2	0.2	0.3
Net Working Capital (Days)	57	66	55	55
Valuation(x)				
PER	26.5	44.2	33.3	27.4
P/B	3.1	3.0	2.7	2.5
P/CEPS	18.9	25.3	19.2	16.1
EV/EBITDA	15.4	20.7	16.7	14.8
EV/Sales	1.8	2.1	1.9	1.7
Dividend Yield (%)	0.7	0.4	0.5	0.6

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-24	Hold	480	486
2	15-Feb-24	Hold	497	484
3	30-Jan-24	Hold	433	439
4	08-Jan-24	Hold	433	498
5	02-Nov-23	Hold	433	412
6	09-Oct-23	Hold	462	484
7	17-May-23	BUY	715	396

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	595	669
2	Ashok Leyland	BUY	210	176
3	Bajaj Auto	Sell	7,267	9,021
4	Bharat Forge	BUY	1,615	1,405
5	Bharat Petroleum Corporation	Reduce	547	619
6	Bharti Airtel	Accumulate	1,269	1,204
7	CEAT	BUY	3,017	2,545
8	Clean Science and Technology	Hold	1,386	1,335
9	Deepak Nitrite	Reduce	1,985	2,208
10	Divgi Torqtransfer Systems	BUY	1,135	843
11	Eicher Motors	BUY	5,335	4,658
12	Endurance Technologies	Hold	1,980	1,900
13	Exide Industries	Accumulate	495	472
14	Fine Organic Industries	Accumulate	4,779	4,287
15	GAIL (India)	Sell	162	201
16	Gujarat Fluorochemicals	Reduce	3,120	3,638
17	Gujarat Gas	Hold	558	546
18	Gujarat State Petronet	BUY	400	294
19	Hero Motocorp	BUY	5,629	4,614
20	Hindustan Petroleum Corporation	Sell	420	501
21	Indian Oil Corporation	Reduce	151	169
22	Indraprastha Gas	Sell	368	452
23	Jubilant Ingrevia	Hold	480	486
24	Laxmi Organic Industries	Sell	206	251
25	Mahanagar Gas	Sell	1,116	1,300
26	Mahindra & Mahindra	BUY	2,306	2,013
27	Mangalore Refinery & Petrochemicals	Sell	142	233
28	Maruti Suzuki	BUY	14,432	12,703
29	Navin Fluorine International	Accumulate	3,621	3,377

PL's Recommendation Nomenclature (Absolute Performance)

Buy	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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