

May 17, 2023

## Q4FY23 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

|                     | Current    |        | Previous   |        |
|---------------------|------------|--------|------------|--------|
|                     | FY24E      | FY25E  | FY24E      | FY25E  |
| <b>Rating</b>       | <b>BUY</b> |        | <b>BUY</b> |        |
| <b>Target Price</b> | <b>715</b> |        | <b>810</b> |        |
| Sales (Rs. m)       | 53,112     | 63,923 | 57,086     | 68,186 |
| % Chng.             | (7.0)      | (6.3)  |            |        |
| EBITDA (Rs. m)      | 6,880      | 9,456  | 8,399      | 10,892 |
| % Chng.             | (18.1)     | (13.2) |            |        |
| EPS (Rs.)           | 25.2       | 36.5   | 29.3       | 39.0   |
| % Chng.             | (13.9)     | (6.4)  |            |        |

### Key Financials - Consolidated

| Y/e Mar        | FY22   | FY23   | FY24E  | FY25E  |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m)  | 49,494 | 47,727 | 53,112 | 63,923 |
| EBITDA (Rs. m) | 8,318  | 5,471  | 6,880  | 9,456  |
| Margin (%)     | 16.8   | 11.5   | 13.0   | 14.8   |
| PAT (Rs. m)    | 4,767  | 3,075  | 4,006  | 5,798  |
| EPS (Rs.)      | 30.0   | 19.3   | 25.2   | 36.5   |
| Gr. (%)        | 609.6  | (35.5) | 30.3   | 44.7   |
| DPS (Rs.)      | 5.0    | 3.3    | 4.4    | 6.3    |
| Yield (%)      | 1.3    | 0.8    | 1.1    | 1.6    |
| RoE (%)        | 21.9   | 12.1   | 14.1   | 17.9   |
| RoCE (%)       | 27.6   | 14.8   | 16.6   | 20.6   |
| EV/Sales (x)   | 1.3    | 1.4    | 1.3    | 1.1    |
| EV/EBITDA (x)  | 7.8    | 12.1   | 9.8    | 7.2    |
| PE (x)         | 13.2   | 20.5   | 15.7   | 10.9   |
| P/BV (x)       | 2.6    | 2.4    | 2.1    | 1.8    |

### Key Data

JUBN.BO | JUBLINGR IN

|                     |                  |
|---------------------|------------------|
| 52-W High / Low     | Rs.593 / Rs.350  |
| Sensex / Nifty      | 61,932 / 18,287  |
| Market Cap          | Rs.63bn/ \$ 768m |
| Shares Outstanding  | 159m             |
| 3M Avg. Daily Value | Rs.162.47m       |

### Shareholding Pattern (%)

|                         |       |
|-------------------------|-------|
| Promoter's              | 51.47 |
| Foreign                 | 7.73  |
| Domestic Institution    | 5.98  |
| Public & Others         | 34.81 |
| Promoter Pledge (Rs bn) | -     |

### Stock Performance (%)

|          | 1M    | 6M     | 12M    |
|----------|-------|--------|--------|
| Absolute | (0.5) | (30.5) | (14.9) |
| Relative | (3.0) | (30.5) | (27.2) |

### Nitesh Dhoot

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# Jubilant Ingrevia (JUBLINGR IN)

Rating: BUY | CMP: Rs396 | TP: Rs715

## Weathering challenging times

### Quick Pointers:

- Specialty Chemical (SPCM) margin at 11.8% (vs 18.2% YoY/ 18.6% QoQ) on headwinds in agro-chemicals; management sees this as a short term impact.
- Projects commissioned include (a) cGMP multipurpose plant (Bharuch) (b) Non-GMP plant (Gajraula) and (c) Acetic Anhydride plant (Bharuch).

**We reduce our FY24/25E EBITDA estimate by 18%/13% and EPS estimate by 14%/6% to factor (a) headwinds on global agro chemicals (generics) along with resultant margin pressure in Specialty Chemicals (SPCM) in H1FY24 and (b) spreads normalization in Chemical Intermediates (CI). FY23 has been a challenging year due to non-availability of contracted coal; Nutrition & Health Solutions (NHS) volumes impacted due to avian influenza and CI segment witnessing price correction led by key RM (acetic acid price corrected 40% YoY) and spread normalization. While H1FY24 might remain muted as some of these challenges persist, NHS segment is witnessing healthy volume recovery coupled with improved prices. Acetic anhydride volumes are also improving steadily and CDMO is also seeing strong traction (to aid absorption of new capacities). While we cut our SOTP based TP to Rs715 (earlier Rs810) to factor weak Q4 performance and near term headwinds, we believe with capex outlay and timeline's intact, aided by healthy OCF's and a strong Balance Sheet, JUBLINGR is well poised to tap into long term growth opportunities as challenges abate. Reiterate 'BUY'.**

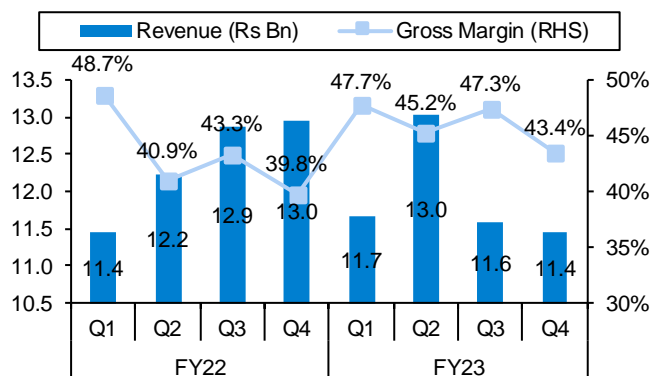
- Consolidated revenue declined 12% YoY/ 1% QoQ to Rs 11.5 bn (PLe Rs11.5bn)** largely led by CI revenue decline on lower raw material prices (key RM Acetic acid prices down 40% YoY), and decline in prices of NHS products while SPCM revenue was +5% YoY/ flat QoQ.
- EBITDA declined 28% YoY/ 32% QoQ to Rs 1.02 bn (PLe 1.26)** and EBITDA margin at 8.9% (vs 11.0% YoY/ 13.1% QoQ), was impacted by SPCM segment on headwinds in agro-chemicals (agro-chemicals contributes ~40% to SPCM segment revenue) and challenging market situation of Niacinamide.
- PAT declined 24% YoY/ 43% QoQ to Rs 523 mn (PLe Rs 732 mn)**, impacted by lower operating profit, despite being aided by higher other income (+29% QoQ) lower finance cost (-7%YoY/ -15% QoQ) and tax (-50% YoY/ -23% QoQ).
- Balance sheet remained healthy with Net Debt at Rs312 mn (Net Debt/ Equity at 0.1x)** despite Rs4.8bn cash outflow on capex in FY23, aided by robust operating cash flow generation of Rs4.6bn. **Core working capital remains healthy at 57 days** (vs 62 days in H2FY23 and 51 days in FY22).
- Key managerial change as Mr. Anil Khubchandani resigned** as co- CEO and whole-time director of the company (was heading the specialty chemicals vertical). Mr. Chandan Singh Sengar has been appointed as Co-CEO & Whole-time director (w.e.f May 16, 2023) for a period of 5 years.

- **Concall takeaways:** (1) SPCM segment impacted by demand and price headwinds majorly from paraquat and diquat where pyridine finds usage; impact primarily in US and Brazil (2) Softer coal prices and efficiency improvement, aided reduction in power costs. Supply of contracted coal has eased at Gajraula. Additionally, upcoming grid connectivity shall aid power cost reduction further (3) Positive traction witnessed in CDMO; newly commissioned plants to aid volume and revenue growth in CDMO (4) Management expects ~85% capacity utilization for cGMP and non-cGMP plants in H2FY24 (5) Niacinamide volumes improved sequentially in Q4 and management expects improvement in global demand, going forward (6) New cGMP compliant facility for cosmetic grade Niacinamide was approved in Q4; 3000mtpa capacity to commission by June'24 (7) Development work of new cGMP compliant capacity for Food grade Vitamin B4 is on track; expecting approval in Q2FY24 (8) Higher acetic anhydride volumes placed in global market, market share enhanced (9) Outlook for acetic anhydride appears to be stable, global demand continues to grow in several end-use segments (10) Company on-boarded new customers for acetic anhydride in Europe (11) Utilization of old acetic anhydride capacity is at 85-90% currently. Newly commissioned 50,000mtpa capacity to be fully utilized by FY25E (12) Food grade acetic acid demand picking up gradually; capacity utilization expected ~50% in FY24 (13) Incremental depreciation to be ~Rs200-250mn.

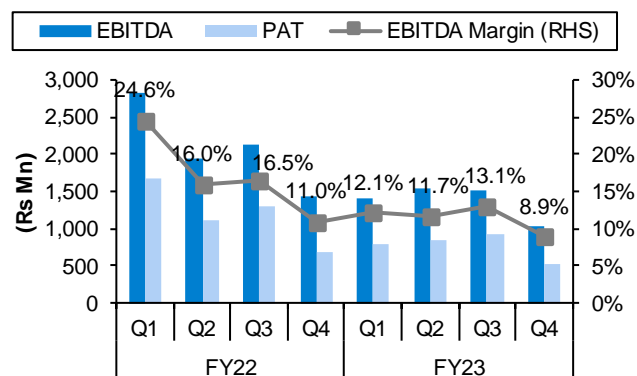
**Exhibit 1: Q4FY23 Result Overview (Rs mn)**

| Y/e March                  | Q4FY23        | Q4FY22        | YoY gr.       | Q3FY23        | QoQ gr.       | FY23          | FY22          | YoY gr.       |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Net Revenue</b>         | <b>11,450</b> | <b>12,958</b> | <b>-11.6%</b> | <b>11,583</b> | <b>-1.2%</b>  | <b>47,727</b> | <b>49,494</b> | <b>-3.6%</b>  |
| Material Cost              | 6,479         | 7,803         | -17.0%        | 6,100         | 6.2%          | 25,817        | 28,191        | -8.4%         |
| Gross Profit               | 4,971         | 5,155         | -3.6%         | 5,483         | -9.3%         | 21,910        | 21,303        | 2.9%          |
| <i>Gross Margin (%)</i>    | <i>43.4%</i>  | <i>39.8%</i>  |               | <i>47.3%</i>  |               | <i>45.9%</i>  | <i>43.0%</i>  |               |
| Employee expenses          | 860           | 821           | 4.8%          | 824           | 4.4%          | 3,435         | 3,273         | 4.9%          |
| Power & fuel expenses      | 1,503         | 1,446         | 3.9%          | 1,789         | -16.0%        | 7,091         | 4,682         | 51.4%         |
| Other operating expenses   | 1,587         | 1,464         | 8.4%          | 1,358         | 16.9%         | 5,914         | 5,030         | 17.6%         |
| <b>EBITDA</b>              | <b>1,021</b>  | <b>1,424</b>  | <b>-28.3%</b> | <b>1,512</b>  | <b>-32.5%</b> | <b>5,470</b>  | <b>8,318</b>  | <b>-34.2%</b> |
| <i>EBITDA margin (%)</i>   | <i>8.9%</i>   | <i>11.0%</i>  |               | <i>13.1%</i>  |               | <i>11.5%</i>  | <i>16.8%</i>  |               |
| Depreciation               | 298           | 309           | -3.5%         | 300           | -0.5%         | 1,222         | 1,234         | -1.0%         |
| <b>EBIT</b>                | <b>722</b>    | <b>1,115</b>  | <b>-35.2%</b> | <b>1,212</b>  | <b>-40.4%</b> | <b>4,249</b>  | <b>7,084</b>  | <b>-40.0%</b> |
| Other income               | 90            | 92            | -2.1%         | 70            | 28.6%         | 334           | 315           | 6.0%          |
| Interest cost              | 57            | 61            | -6.9%         | 67            | -14.8%        | 216           | 309           | -30.3%        |
| <b>PBT</b>                 | <b>755</b>    | <b>1,145</b>  | <b>-34.1%</b> | <b>1,215</b>  | <b>-37.9%</b> | <b>4,366</b>  | <b>7,090</b>  | <b>-38.4%</b> |
| Tax                        | 232           | 459           | -49.5%        | 301           | -22.8%        | 1,292         | 2,322         | -44.4%        |
| Minority interest          | 0             | 0             |               | 0             |               | 0             | 0             |               |
| <b>PAT</b>                 | <b>523</b>    | <b>686</b>    | <b>-23.8%</b> | <b>914</b>    | <b>-42.8%</b> | <b>3,074</b>  | <b>4,767</b>  | <b>-35.5%</b> |
| Tax on non-recurring items | 0             | 0             |               | 0             |               | 0             | 0             |               |
| <b>Adjusted PAT</b>        | <b>523</b>    | <b>686</b>    | <b>-23.8%</b> | <b>914</b>    | <b>-42.8%</b> | <b>3,074</b>  | <b>4,767</b>  | <b>-35.5%</b> |
| <i>Adj. PAT margin (%)</i> | <i>4.6%</i>   | <i>5.3%</i>   |               | <i>7.9%</i>   |               | <i>6.4%</i>   | <i>9.6%</i>   |               |
| No. of shares (mn)         | 159           | 159           | 0.0%          | 159           | 0.0%          | 159           | 159           | 0.0%          |
| <b>Adj. EPS (Rs.)</b>      | <b>3.3</b>    | <b>4.3</b>    | <b>-23.8%</b> | <b>5.8</b>    | <b>-42.8%</b> | <b>19.3</b>   | <b>30.0</b>   | <b>-35.5%</b> |

Source: Company, PL

**Exhibit 2: YoY revenue decline led by NHS and CI segments**


Source: Company, PL

**Exhibit 3: Earnings impacted on margin pressure in SPCM**


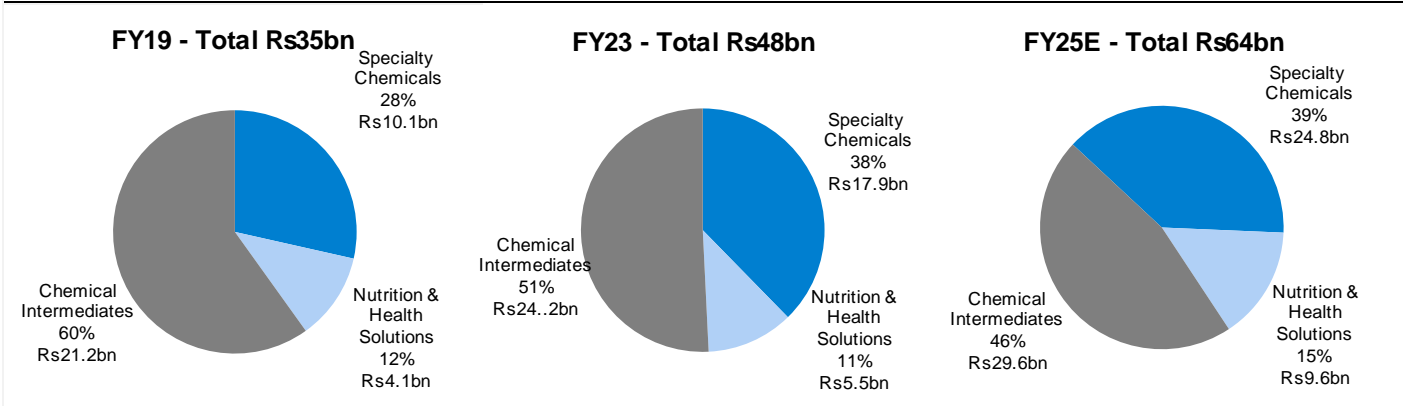
Source: Company, PL

**Exhibit 4: Segmental breakup**

| Y/e March                    | Q1FY22        | Q2FY22        | Q3FY22        | Q4FY22        | Q1FY23        | Q2FY23        | Q3FY23        | Q4FY23        |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Revenue (Rs mn)</b>       | <b>11,446</b> | <b>12,226</b> | <b>12,865</b> | <b>12,958</b> | <b>11,658</b> | <b>13,036</b> | <b>11,590</b> | <b>11,450</b> |
| Specialty Chemicals          | 3,047         | 2,951         | 3,488         | 4,441         | 3,825         | 4,804         | 4,680         | 4,680         |
| Nutrition & Health Solutions | 1,671         | 1,788         | 2,158         | 2,056         | 1,502         | 1,137         | 1,320         | 1,550         |
| Chemical Intermediates       | 6,728         | 7,487         | 7,219         | 6,461         | 6,331         | 7,096         | 5,590         | 5,220         |
| <b>Change (% YoY)</b>        | <b>56%</b>    | <b>56%</b>    | <b>44%</b>    | <b>20%</b>    | <b>2%</b>     | <b>7%</b>     | <b>-10%</b>   | <b>-12%</b>   |
| Specialty Chemicals          | 19%           | 17%           | 22%           | 35%           | 26%           | 63%           | 34%           | 5%            |
| Nutrition & Health Solutions | 13%           | 43%           | 37%           | 3%            | -10%          | -36%          | -39%          | -25%          |
| Chemical Intermediates       | 103%          | 84%           | 60%           | 18%           | -6%           | -5%           | -23%          | -19%          |
| <b>Revenue Mix (%)</b>       |               |               |               |               |               |               |               |               |
| Specialty Chemicals          | 27%           | 24%           | 27%           | 34%           | 33%           | 37%           | 40%           | 41%           |
| Nutrition & Health Solutions | 15%           | 15%           | 17%           | 16%           | 13%           | 9%            | 11%           | 14%           |
| Chemical Intermediates       | 59%           | 61%           | 56%           | 50%           | 54%           | 54%           | 48%           | 46%           |
| <b>EBITDA (Rs mn)</b>        | <b>2,820</b>  | <b>1,949</b>  | <b>2,126</b>  | <b>1,418</b>  | <b>1,409</b>  | <b>1,529</b>  | <b>1,510</b>  | <b>1,020</b>  |
| Specialty Chemicals          | 840           | 710           | 760           | 810           | 640           | 770           | 870           | 550           |
| Nutrition & Health Solutions | 270           | 349           | 530           | 500           | 190           | 136           | 90            | 50            |
| Chemical Intermediates       | 1,840         | 1,030         | 1,000         | 300           | 760           | 767           | 710           | 590           |
| Less: Unallocated            | (70)          | (70)          | (70)          | (100)         | (80)          | (70)          | (90)          | (80)          |
| Less: Other Income           | (60)          | (70)          | (94)          | (92)          | (101)         | (73)          | (70)          | (90)          |
| <b>EBITDA Margin (%)</b>     | <b>24.6%</b>  | <b>15.9%</b>  | <b>16.5%</b>  | <b>10.9%</b>  | <b>12.1%</b>  | <b>11.7%</b>  | <b>13.0%</b>  | <b>8.9%</b>   |
| Specialty Chemicals          | 27.6%         | 24.1%         | 21.8%         | 18.2%         | 16.7%         | 16.0%         | 18.6%         | 11.8%         |
| Nutrition & Health Solutions | 16.2%         | 19.5%         | 24.6%         | 24.3%         | 12.6%         | 11.9%         | 6.8%          | 3.2%          |
| Chemical Intermediates       | 27.3%         | 13.8%         | 13.9%         | 4.6%          | 12.0%         | 10.8%         | 12.7%         | 11.3%         |
| <b>EBITDA Change (% YoY)</b> | <b>122%</b>   | <b>38%</b>    | <b>36%</b>    | <b>-29%</b>   | <b>-50%</b>   | <b>-22%</b>   | <b>-29%</b>   | <b>-28%</b>   |
| Specialty Chemicals          | 22%           | 0%            | 29%           | 17%           | -24%          | 8%            | 14%           | -32%          |
| Nutrition & Health Solutions | -13%          | 25%           | 89%           | 16%           | -30%          | -61%          | -83%          | -90%          |
| Chemical Intermediates       | 667%          | 158%          | 47%           | -71%          | -59%          | -26%          | -29%          | 97%           |
| <b>EBITDA Mix (%)</b>        |               |               |               |               |               |               |               |               |
| Specialty Chemicals          | 28%           | 34%           | 33%           | 50%           | 40%           | 46%           | 52%           | 46%           |
| Nutrition & Health Solutions | 9%            | 17%           | 23%           | 31%           | 12%           | 8%            | 5%            | 4%            |
| Chemical Intermediates       | 62%           | 49%           | 44%           | 19%           | 48%           | 46%           | 43%           | 50%           |

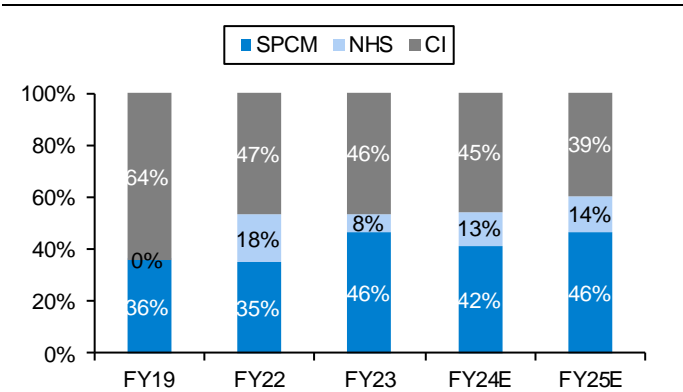
Source: Company, PL

**Exhibit 5: Revenue share of higher value segments (SPCM +NHS) to increase to 54% by FY25E (from 44%/49% in FY22/23)**



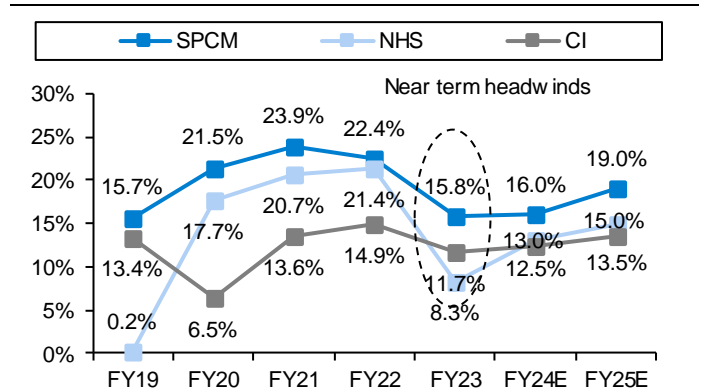
Source: Company, PL

**Exhibit 6: Improving EBITDA mix as high value share rises**



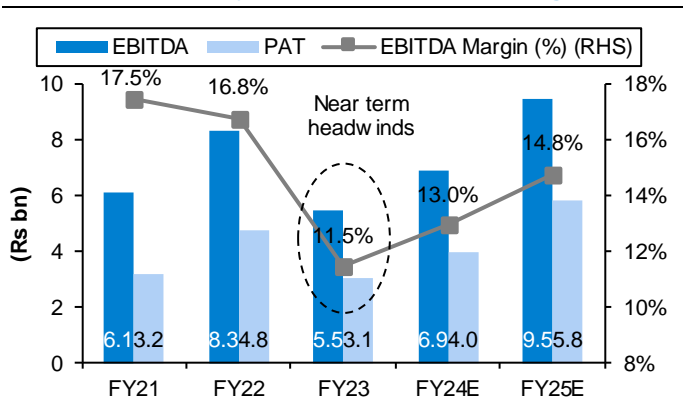
Source: Company, PL

**Exhibit 7: Higher value segments margin to recover**



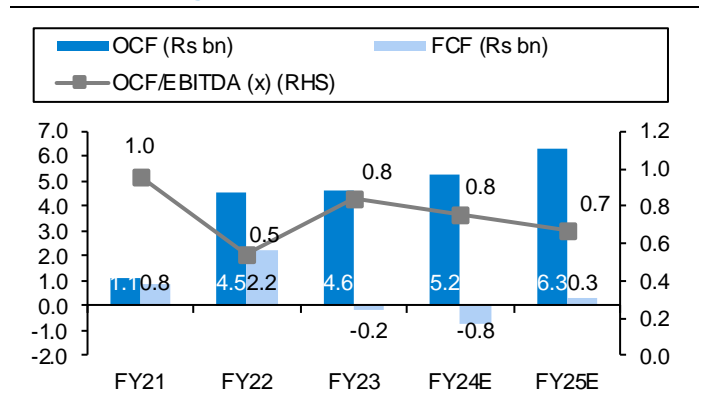
Source: Company, PL

**Exhibit 8: Profitability to recover from FY23 trough levels**



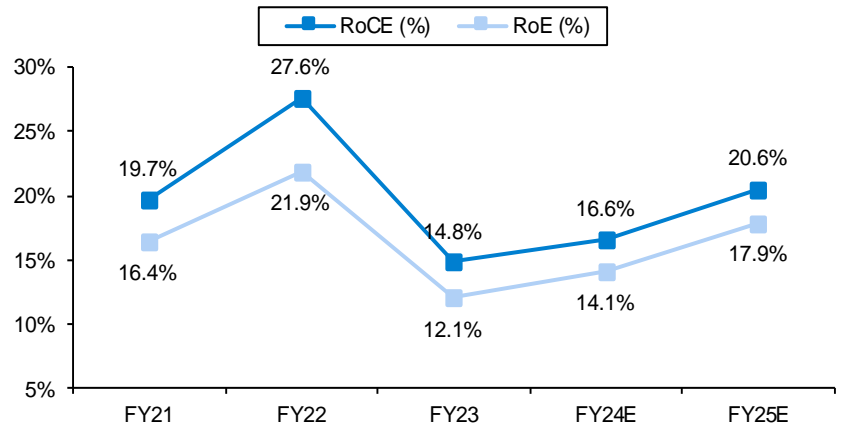
Source: Company, PL ^FY21 proforma financials

**Exhibit 9: Strong OCF (FY23-25E) to aid self sustained capex**



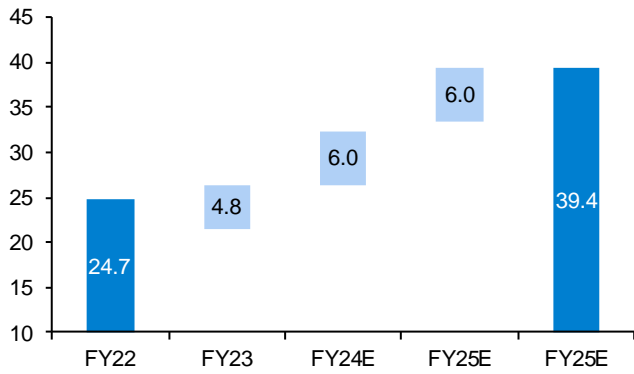
Source: Company, PL ^FY21 pertains to 2 months cash flows

**Exhibit 10: Healthy return ratios (cyclical high in FY22 led by CI segment)**



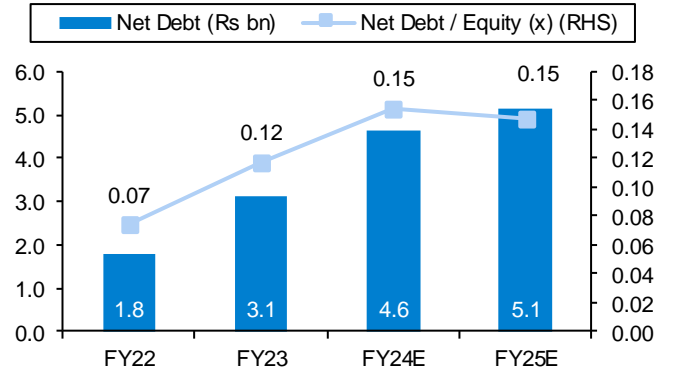
Source: Company, PL

**Exhibit 11: Gross block to increase significantly (FY23-25E)**



Source: Company, PL

**Exhibit 12: BS remains healthy despite large capex**

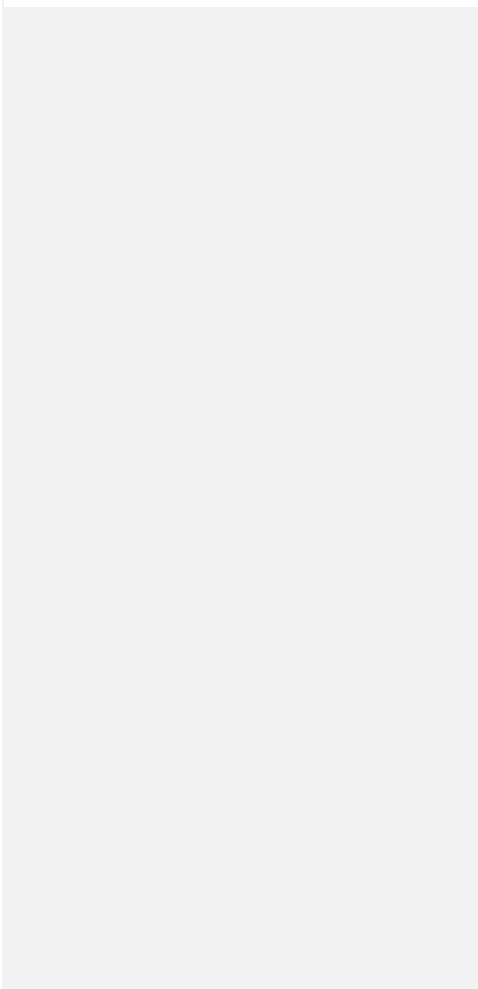


Source: Company, PL

**Exhibit 13: SOTP – Reiterate BUY with SOTP based TP of Rs 715 (Rs 810 earlier)**

|                                      | FY22         | FY23E        | FY24E        | FY25E           | CAGR<br>(FY23-25E) |
|--------------------------------------|--------------|--------------|--------------|-----------------|--------------------|
| <b>EBITDA (Rs mn)</b>                |              |              |              |                 |                    |
| Specialty Chemicals                  | 3,120        | 2,840        | 3,063        | 4,704           | 29%                |
| Nutrition & Health Solutions         | 1,640        | 460          | 957          | 1,442           | 77%                |
| Chemical Intermediates               | 4,170        | 2,830        | 3,326        | 3,990           | 19%                |
| <b>Segment EBITDA - Total</b>        | <b>8,930</b> | <b>6,130</b> | <b>7,346</b> | <b>10,136</b>   | <b>29%</b>         |
| Less: Unallocable items              | (615)        | (654)        | (466)        | (680)           |                    |
| <b>Consolidated EBITDA (Rs mn)</b>   | <b>8,315</b> | <b>5,476</b> | <b>6,880</b> | <b>9,456</b>    | <b>31%</b>         |
| <b>EV/EBITDA Target Multiple (x)</b> |              |              |              | <b>FY25E</b>    |                    |
| Specialty Chemicals                  |              |              |              | 16              |                    |
| Nutrition & Health Solutions         |              |              |              | 11              |                    |
| Chemical Intermediates               |              |              |              | 8               |                    |
| Unallocable items                    |              |              |              | 8               |                    |
| <b>Enterprise Value (Rs mn)</b>      |              |              |              | <b>FY25E</b>    | <b>Per Share</b>   |
| Specialty Chemicals                  |              |              |              | 75,264          | 473                |
| Nutrition & Health Solutions         |              |              |              | 15,861          | 100                |
| Chemical Intermediates               |              |              |              | 32,715          | 206                |
| Less: Unallocable items              |              |              |              | (5,440)         | (34)               |
| <b>Enterprise Value (Rs mn)</b>      |              |              |              | <b>1,18,400</b> | <b>745</b>         |
| Less: Net Debt and Investments       |              |              |              | (4,627)         | (30)               |
| <b>Equity Value / MCap (Rs mn)</b>   |              |              |              | <b>1,13,773</b> | <b>715</b>         |
| <b>Target Price (Rs/ sh)</b>         |              |              |              | <b>715</b>      |                    |

Source: PL



## Financials

### Income Statement (Rs m)

| Y/e Mar                       | FY22          | FY23          | FY24E         | FY25E         |
|-------------------------------|---------------|---------------|---------------|---------------|
| <b>Net Revenues</b>           | <b>49,494</b> | <b>47,727</b> | <b>53,112</b> | <b>63,923</b> |
| YoY gr. (%)                   | 623.4         | (3.6)         | 11.3          | 20.4          |
| Cost of Goods Sold            | 28,399        | 25,816        | 29,962        | 35,651        |
| Gross Profit                  | 21,095        | 21,911        | 23,151        | 28,273        |
| Margin (%)                    | 42.6          | 45.9          | 43.6          | 44.2          |
| Employee Cost                 | 3,273         | 3,435         | 3,789         | 4,434         |
| Other Expenses                | 9,504         | 13,005        | 12,481        | 14,383        |
| <b>EBITDA</b>                 | <b>8,318</b>  | <b>5,471</b>  | <b>6,880</b>  | <b>9,456</b>  |
| YoY gr. (%)                   | 610.2         | (34.2)        | 25.7          | 37.4          |
| Margin (%)                    | 16.8          | 11.5          | 13.0          | 14.8          |
| Depreciation and Amortization | 1,234         | 1,222         | 1,411         | 1,723         |
| <b>EBIT</b>                   | <b>7,084</b>  | <b>4,250</b>  | <b>5,469</b>  | <b>7,732</b>  |
| Margin (%)                    | 14.3          | 8.9           | 10.3          | 12.1          |
| Net Interest                  | 309           | 216           | 312           | 341           |
| Other Income                  | 315           | 334           | 200           | 360           |
| <b>Profit Before Tax</b>      | <b>7,090</b>  | <b>4,368</b>  | <b>5,357</b>  | <b>7,752</b>  |
| Margin (%)                    | 14.3          | 9.2           | 10.1          | 12.1          |
| Total Tax                     | 2,322         | 1,292         | 1,350         | 1,954         |
| Effective tax rate (%)        | 32.8          | 29.6          | 25.2          | 25.2          |
| <b>Profit after tax</b>       | <b>4,768</b>  | <b>3,075</b>  | <b>4,007</b>  | <b>5,799</b>  |
| Minority interest             | -             | -             | -             | -             |
| Share Profit from Associate   | (1)           | 0             | 0             | 0             |
| <b>Adjusted PAT</b>           | <b>4,767</b>  | <b>3,075</b>  | <b>4,006</b>  | <b>5,798</b>  |
| YoY gr. (%)                   | 608.3         | (35.5)        | 30.3          | 44.7          |
| Margin (%)                    | 9.6           | 6.4           | 7.5           | 9.1           |
| Extra Ord. Income / (Exp)     | -             | -             | -             | -             |
| <b>Reported PAT</b>           | <b>4,767</b>  | <b>3,075</b>  | <b>4,006</b>  | <b>5,798</b>  |
| YoY gr. (%)                   | 777.0         | (35.5)        | 30.3          | 44.7          |
| Margin (%)                    | 9.6           | 6.4           | 7.5           | 9.1           |
| Other Comprehensive Income    | 899           | -             | -             | -             |
| Total Comprehensive Income    | 5,666         | 3,075         | 4,006         | 5,798         |
| <b>Equity Shares O/s (m)</b>  | <b>159</b>    | <b>159</b>    | <b>159</b>    | <b>159</b>    |
| <b>EPS (Rs)</b>               | <b>30.0</b>   | <b>19.3</b>   | <b>25.2</b>   | <b>36.5</b>   |

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

| Y/e Mar                               | FY22          | FY23          | FY24E         | FY25E         |
|---------------------------------------|---------------|---------------|---------------|---------------|
| <b>Non-Current Assets</b>             |               |               |               |               |
| <b>Gross Block</b>                    | <b>24,697</b> | <b>26,398</b> | <b>32,398</b> | <b>39,398</b> |
| Tangibles                             | 24,473        | 26,124        | 32,124        | 39,124        |
| Intangibles                           | 224           | 273           | 273           | 273           |
| <b>Acc: Dep / Amortization</b>        | <b>6,714</b>  | <b>7,936</b>  | <b>9,347</b>  | <b>11,070</b> |
| Tangibles                             | 6,583         | 7,805         | 9,216         | 10,939        |
| Intangibles                           | 131           | 131           | 131           | 131           |
| <b>Net fixed assets</b>               | <b>17,983</b> | <b>18,462</b> | <b>23,051</b> | <b>28,328</b> |
| Tangibles                             | 17,890        | 18,320        | 22,909        | 28,186        |
| Intangibles                           | 93            | 142           | 142           | 142           |
| Capital Work In Progress              | 1,742         | 5,249         | 5,249         | 4,249         |
| Goodwill                              | -             | -             | -             | -             |
| Non-Current Investments               | 67            | 87            | 87            | 87            |
| Net Deferred tax assets               | (1,220)       | (1,801)       | (1,801)       | (1,801)       |
| Other Non-Current Assets              | 385           | 512           | 512           | 512           |
| <b>Current Assets</b>                 |               |               |               |               |
| Investments                           | -             | -             | -             | -             |
| Inventories                           | 9,112         | 10,351        | 10,913        | 12,610        |
| Trade receivables                     | 5,809         | 5,109         | 5,685         | 6,843         |
| Cash & Bank Balance                   | 485           | 846           | 462           | 240           |
| Other Current Assets                  | 2,235         | 1,869         | 2,080         | 2,503         |
| <b>Total Assets</b>                   | <b>37,972</b> | <b>42,589</b> | <b>48,145</b> | <b>55,477</b> |
| <b>Equity</b>                         |               |               |               |               |
| Equity Share Capital                  | 159           | 159           | 159           | 159           |
| Other Equity                          | 24,172        | 26,503        | 29,817        | 34,612        |
| <b>Total Networkth</b>                | <b>24,331</b> | <b>26,662</b> | <b>29,976</b> | <b>34,771</b> |
| <b>Non-Current Liabilities</b>        |               |               |               |               |
| Long Term borrowings                  | 997           | 1,500         | 2,400         | 1,900         |
| Provisions                            | 679           | 661           | 730           | 854           |
| Other non current liabilities         | 67            | 70            | 70            | 70            |
| <b>Current Liabilities</b>            |               |               |               |               |
| ST Debt / Current of LT Debt          | 1,291         | 2,467         | 2,689         | 3,489         |
| Trade payables                        | 7,978         | 8,011         | 8,915         | 10,730        |
| Other current liabilities             | 1,259         | 1,317         | 1,466         | 1,764         |
| <b>Total Equity &amp; Liabilities</b> | <b>37,972</b> | <b>42,589</b> | <b>48,145</b> | <b>55,477</b> |

Source: Company Data, PL Research

**Cash Flow (Rs m)**

| Y/e Mar                               | FY22           | FY23           | FY24E          | FY25E          |
|---------------------------------------|----------------|----------------|----------------|----------------|
| PBT                                   | 7,089          | 4,367          | 5,356          | 7,752          |
| Add. Depreciation                     | 1,234          | 1,222          | 1,411          | 1,723          |
| Add. Interest                         | 309            | 216            | 312            | 341            |
| Less Financial Other Income           | 315            | 334            | 200            | 360            |
| Add. Other                            | 200            | 45             | (200)          | (360)          |
| Op. profit before WC changes          | 8,832          | 5,850          | 6,880          | 9,455          |
| Net Changes-WC                        | (3,024)        | (452)          | (322)          | (1,214)        |
| Direct tax                            | (1,281)        | (774)          | (1,326)        | (1,905)        |
| <b>Net cash from Op. activities</b>   | <b>4,527</b>   | <b>4,625</b>   | <b>5,232</b>   | <b>6,337</b>   |
| Capital expenditures                  | (2,276)        | (4,782)        | (6,000)        | (6,000)        |
| Interest / Dividend Income            | 13             | 11             | 200            | 360            |
| Others                                | 1,544          | 52             | (1)            | -              |
| <b>Net Cash from Invt. activities</b> | <b>(719)</b>   | <b>(4,719)</b> | <b>(5,800)</b> | <b>(5,640)</b> |
| Issue of share cap. / premium         | (183)          | -              | -              | -              |
| Debt changes                          | (3,188)        | 1,676          | 1,122          | 300            |
| Dividend paid                         | (452)          | (793)          | (693)          | (1,003)        |
| Interest paid                         | (330)          | (440)          | (312)          | (341)          |
| Others                                | (14)           | 2              | 68             | 124            |
| <b>Net cash from Fin. activities</b>  | <b>(4,166)</b> | <b>445</b>     | <b>185</b>     | <b>(920)</b>   |
| <b>Net change in cash</b>             | <b>(357)</b>   | <b>351</b>     | <b>(384)</b>   | <b>(223)</b>   |
| Free Cash Flow                        | 2,226          | (189)          | (768)          | 337            |

Source: Company Data, PL Research

**Key Financial Metrics**

| Y/e Mar                    | FY22  | FY23  | FY24E | FY25E |
|----------------------------|-------|-------|-------|-------|
| <b>Per Share(Rs)</b>       |       |       |       |       |
| EPS                        | 30.0  | 19.3  | 25.2  | 36.5  |
| CEPS                       | 37.7  | 27.0  | 34.1  | 47.3  |
| BVPS                       | 153.0 | 167.7 | 188.5 | 218.7 |
| FCF                        | 14.0  | (1.2) | (4.8) | 2.1   |
| DPS                        | 5.0   | 3.3   | 4.4   | 6.3   |
| <b>Return Ratio(%)</b>     |       |       |       |       |
| RoCE                       | 27.6  | 14.8  | 16.6  | 20.6  |
| ROIC                       | 19.2  | 10.7  | 12.7  | 15.5  |
| RoE                        | 21.9  | 12.1  | 14.1  | 17.9  |
| <b>Balance Sheet</b>       |       |       |       |       |
| Net Debt : Equity (x)      | 0.1   | 0.1   | 0.2   | 0.1   |
| Net Working Capital (Days) | 51    | 57    | 53    | 50    |
| <b>Valuation(x)</b>        |       |       |       |       |
| PER                        | 13.2  | 20.5  | 15.7  | 10.9  |
| P/B                        | 2.6   | 2.4   | 2.1   | 1.8   |
| P/CEPS                     | 10.5  | 14.7  | 11.6  | 8.4   |
| EV/EBITDA                  | 7.8   | 12.1  | 9.8   | 7.2   |
| EV/Sales                   | 1.3   | 1.4   | 1.3   | 1.1   |
| Dividend Yield (%)         | 1.3   | 0.8   | 1.1   | 1.6   |

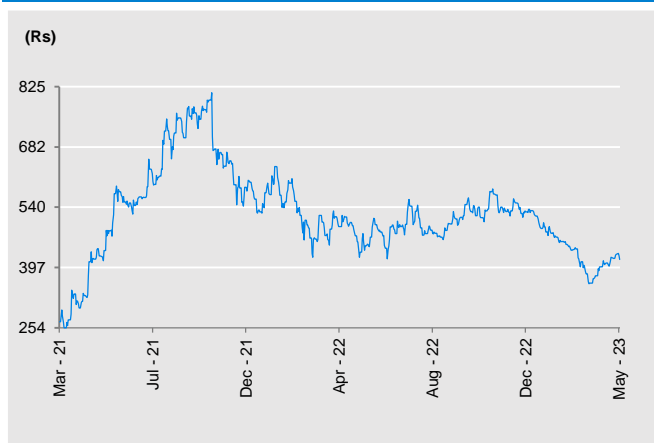
Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

| Y/e Mar                           | Q1FY23        | Q2FY23        | Q3FY23        | Q4FY23        |
|-----------------------------------|---------------|---------------|---------------|---------------|
| <b>Net Revenue</b>                | <b>11,658</b> | <b>13,036</b> | <b>11,583</b> | <b>11,450</b> |
| YoY gr. (%)                       | 1.9           | 6.6           | (10.0)        | (11.6)        |
| Raw Material Expenses             | 6,092         | 7,146         | 6,100         | 6,479         |
| Gross Profit                      | 5,566         | 5,890         | 5,483         | 4,971         |
| Margin (%)                        | 47.7          | 45.2          | 47.3          | 43.4          |
| <b>EBITDA</b>                     | <b>1,409</b>  | <b>1,529</b>  | <b>1,512</b>  | <b>1,021</b>  |
| YoY gr. (%)                       | (50.0)        | (21.7)        | (28.9)        | (28.3)        |
| Margin (%)                        | 12.1          | 11.7          | 13.1          | 8.9           |
| Depreciation / Depletion          | 314           | 310           | 300           | 298           |
| <b>EBIT</b>                       | <b>1,095</b>  | <b>1,219</b>  | <b>1,212</b>  | <b>722</b>    |
| Margin (%)                        | 9.4           | 9.4           | 10.5          | 6.3           |
| Net Interest                      | 41            | 51            | 67            | 57            |
| Other Income                      | 101           | 73            | 70            | 90            |
| <b>Profit before Tax</b>          | <b>1,155</b>  | <b>1,241</b>  | <b>1,215</b>  | <b>755</b>    |
| Margin (%)                        | 9.9           | 9.5           | 10.5          | 6.6           |
| Total Tax                         | 361           | 398           | 301           | 232           |
| Effective tax rate (%)            | 31.3          | 32.1          | 24.7          | 30.7          |
| <b>Profit after Tax</b>           | <b>794</b>    | <b>843</b>    | <b>914</b>    | <b>523</b>    |
| Minority interest                 | -             | -             | -             | -             |
| Share Profit from Associates      | -             | -             | -             | -             |
| <b>Adjusted PAT</b>               | <b>794</b>    | <b>843</b>    | <b>914</b>    | <b>523</b>    |
| YoY gr. (%)                       | (52.8)        | (23.9)        | (29.2)        | (23.8)        |
| Margin (%)                        | 6.8           | 6.5           | 7.9           | 4.6           |
| Extra Ord. Income / (Exp)         | -             | -             | -             | -             |
| <b>Reported PAT</b>               | <b>794</b>    | <b>843</b>    | <b>914</b>    | <b>523</b>    |
| YoY gr. (%)                       | (52.8)        | (23.9)        | (29.2)        | (23.8)        |
| Margin (%)                        | 6.8           | 6.5           | 7.9           | 4.6           |
| Other Comprehensive Income        | (8)           | 1             | 10            | 31            |
| <b>Total Comprehensive Income</b> | <b>786</b>    | <b>844</b>    | <b>924</b>    | <b>554</b>    |
| Avg. Shares O/s (m)               | 159           | 159           | 159           | 159           |
| <b>EPS (Rs)</b>                   | <b>5.0</b>    | <b>5.3</b>    | <b>5.8</b>    | <b>3.3</b>    |

Source: Company Data, PL Research



**Price Chart**
**Recommendation History**


| No. | Date      | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|--------|----------|-------------------|
| 1   | 13-Apr-23 | BUY    | 810      | 398               |
| 2   | 01-Feb-23 | BUY    | 900      | 485               |
| 3   | 05-Jan-23 | BUY    | 860      | 534               |
| 4   | 21-Oct-22 | BUY    | 860      | 534               |
| 5   | 06-Oct-22 | BUY    | 860      | 518               |
| 6   | 07-Sep-22 | BUY    | 860      | 463               |

**Analyst Coverage Universe**

| Sr. No. | Company Name             | Rating     | TP (Rs) | Share Price (Rs) |
|---------|--------------------------|------------|---------|------------------|
| 1       | Aarti Industries         | Hold       | 550     | 557              |
| 2       | Fine Organic Industries  | BUY        | 6,000   | 4,481            |
| 3       | Jubilant Ingrevia        | BUY        | 810     | 398              |
| 4       | Laxmi Organic Industries | Hold       | 290     | 267              |
| 5       | NOCIL                    | Accumulate | 240     | 220              |

**PL's Recommendation Nomenclature (Absolute Performance)**

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



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