



May 22, 2023

BSE Limited
Floor 25, P. J. Towers
Dalal Street, Fort
Mumbai - 400 001

Scrip Code: **543271**

National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (E)
Mumbai - 400 051
Trading Symbol: **JUBLINGREA**

Dear Sirs,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of the Investors' Conference Call for the quarter and year ended March 31, 2023

Pursuant to Regulations 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the transcript of Investors' Conference Call for audited financial results for the quarter and year ended March 31, 2023 conducted after the meeting of Board of Directors held on Tuesday, May 16, 2023.

The link to access the transcript of the earnings conference call is given below:

<https://www.jubilantingrevia.com/Uploads/files/9q2consfilejvl-q4fy23-earnings-call-transcript.pdf>

We request you to take the same on record.

Thanking you,

Yours faithfully,
For Jubilant Ingrevia Limited

Deepanjali Gulati
Company Secretary

Encl.: as above

A Jubilant Bhartia Company

OUR VALUES



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List of Management Attendees

1. Mr. Shyam S. Bhartia, Chairman
2. Mr. Hari S. Bhartia, Co-Chairman
3. Mr. Arvind Chokhany, Group Chief Financial Officer & Whole-time Director
4. Mr. Rajesh Kr Srivastava, CEO & Managing Director
5. Mr. Prakash Chandra Bisht President & Chief Financial Officer
6. Mr. Pavleen Taneja, Director Investor Relations

External Participants during Q&A session

1. Harsh Shah – Dimensional Securities
2. Naushad Chaudhary – Aditya Birla
3. Siddharth Gadekar – Equirus Capital
4. Jainis Chheda – Spark Investment Advisors
5. Rohit Sinha – Sunidhi Securities
6. Nitesh Dhoot – Prabhudas Lilladher
7. Dhruv Muchhal – HDFC Mutual Fund
8. Rahul Veera – Abakkus Asset Managers
9. Tarang Agarwal – Old Bridge Capital



Jubilant Ingrevia Limited

Q4 FY23 Earnings Conference Call

May 16, 2023

Moderator: Ladies and gentlemen, good day, and welcome to Jubilant Ingrevia Limited earnings conference call for the fourth quarter and financial year ended March 31, 2023. As a reminder all participant lines will be in the listen only mode and anyone who wishes to ask a question may enter star and one on their touch tone phone. To remove yourself from the question queue you may enter star and two. Should you need assistance during the conference call please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pavleen Taneja, Director, Investor Relations, Jubilant Ingrevia Limited. Thank you, and over to you, sir.

Pavleen Taneja: Thank you, Tanvi. Good evening, everyone. Thank you for being with us on our Q4 and FY2023 earnings conference call of Jubilant Ingrevia Limited. I would like to remind you that some of the statements made on the call today could be forward-looking in nature, and a detailed disclaimer in this regard has been included in the press release and results presentation that has been shared on our website.

On the call today, we have Mr. Shyam Bhartia, Chairman; Mr. Hari Bhartia, Co-Chairman; Mr. Rajesh Srivastava, CEO and Managing Director; Mr. Prakash Bisht, CFO, Jubilant Ingrevia Limited and Mr. Arvind Chokhany, Group CFO, Jubilant Bhartia Group.

I now invite Mr. Shyam Bhartia to share his comments.



Shyam Bhartia:

Thank you, Pavleen. A very good evening to everyone. Thank you for joining us on Q4 and Financial Year 2023 Earnings Conference Call of Jubilant Ingrevia Limited. We are happy to announce that during the year, FY23, our Specialty Chemicals business grew 29%, Chemical Intermediate business placed highest ever volume of Acetic Anhydride and gained higher market share globally. However, Nutrition business has faced headwinds for Niacinamide, leading to lower volume as well as lower price realization. EBITDA in FY23 was lower mainly on account of higher energy prices and challenging market situation of Niacinamide business.

During the quarter, though our Specialty Chemicals business recorded a higher revenue and Chemical Intermediate business have placed higher volumes of acetic anhydride year-on-year. However, overall revenue was lower due to price of Acetic Acid leading to lower price of Acetic Anhydride and headwinds we continue to face in Niacinamide business. Though EBITDA during the quarter for Chemical Intermediates business improved year-on-year. However, overall EBITDA performance impacted due to challenging market situation of Niacinamide and some of our Specialty products meant for agrochemical customers.

We firmly believe that challenges faced in Niacinamide business in some of the products in our Specialty Chemical made for agrochemicals are of short-term nature, and business is confident to regain volumes, revenue and profitability as market situation improves. Our endeavours towards growth plan remains undeterred through our structured growth capex, and we are confident that driving robust growth in future. This growth was led primarily through our Specialty Chemicals and Nutrition Business segment.

We are also glad to share that the Board has recommended a final dividend of 250%, that is INR2.5 per equity share of the face value of INR1 each for FY23. This shall result in a cash outflow of INR39.8 crore. During the year, company has already declared an interim dividend of 250%, that is INR2.5 per equity share of INR1 each and the total dividend for FY23 works out to the 500%. That is INR5 per equity share of INR1 each amounting to INR79.6 crore of cash outflow.

With this now, I hand over to Rajesh to discuss about the business in detail.



Rajesh Srivastava: Thank you, Mr. Bhartia. Very good evening to all of you. At the outset, let me welcome you all for joining us today for Q4 and FY23 investor call of Jubilant Ingrevia Limited. I sincerely hope that you and your loved ones are keeping very well. Let me now take you through the financial and operational performance of Jubilant Ingrevia Limited for the fourth quarter and financial year 2023.

For FY23, our revenue was lower over last year mainly due to lower price of Acetic Acid, leading to lower price realization of both Acetic Anhydride and Ethyl Acetate and due to headwinds we faced in Niacinamide business. While our Specialty Chemical business revenue maintained healthy growth of 29%, we have also been successful to improve our market share of Acetic Anhydride by placing significantly higher volume over last year.

Overall, in FY23, our EBITDA was lower, mainly due to high energy costs, including coal prices, lower performance of Niacinamide and normalization of Acetic Anhydride market situation as compared to last year. Revenue during the quarter was lower on year-on-year basis due to lower price of Acetic Acid, leading to lower sales price realization of Acetic Anhydride and Ethyl Acetate and lower demand of niacinamide leading to lower volume as well as lower price realization.

EBITDA during the quarter was down on a year-on-year basis, mainly due to lower performance of Niacinamide and the headwind faced in Specialty Chemical business, mainly from agrochemical customers. However, Chemical Intermediates segment EBITDA improved on a year-on-year basis due to better price realization of Acetic Anhydride.

We have started witnessing improvement in demand of Niacinamide, while we expect improvement in demand of agrochemical customer to normalize by end of Q2 FY24. On the energy cost front, we have arrested the increase in cost to a great extent, supported by lower coal prices as well as improving operational efficiencies both in generation as well as in consumption. Further, our plans to reduce overall energy cost by sourcing power at Gajraula from grid, which will start by end of Q2 and from renewable sources which will materialize during next financial year are on track.

Now let me take you through the updates on all our 3 business segments:

Specialty Chemicals: Our Specialty Chemicals business during FY23 has recorded revenue growth of 29% over last year, mainly due to higher volume sales of both existing as well as new products. However, EBITDA for the year was lower over last year, mainly due to higher energy costs during the year and lower demand of agrochemical customer during H2.

During the quarter, revenue of Specialty Chemical was lower year-on-year basis, and EBITDA for the quarter was lower year-on-year basis, mainly due to lower demand from agrochemical customers, leading to significant drop in price realization of some of our products meant for agrochemical end use. We continue to see positive traction in demand of our CDMO products. In view of this during construction of our new GMP facility we have taken a conscious decision to upgrade the capacity, which though have delayed our GMP plant, however, will benefit us in longer term. We have commissioned both our cGMP plant in Bharuch and non-GMP plant in Gajraula now.

Our new cGMP multipurpose plant in Bharuch will help us to facilitate our global pharmaceutical clients, new drug development program and will position Jubilant Ingrevia Limited as a leading partner of choice to innovators within regulated markets. Our multipurpose non-GMP plant at Gajraula will further aid us to structurally shift more towards value-added Specialty Chemical business. This multipurpose product facility has been engineered to handle multistep complex chemistries and will expand company's forehead to value-added derivatives of both pyridine and non-pyridine based products.

Nutrition & Health Solutions: Our Nutrition business has recorded 28% lower revenue during FY '23 over last year and EBITDA was impacted significantly mainly due to severe headwinds we have faced during the year due to avian and swine flu in U.S. and EU regions, leading to lower volume and significant price erosion of Niacinamide. During the quarter, revenue of Nutrition business were also lower year-on-year. However, sequentially, volume has started improving, while price remained under stress during the quarter. Business has started witnessing the

improvement in demand as well as improvement in price of Niacinamide in the present quarter.

As mentioned by Mr. Bhartia, we firmly believe that the challenges faced in this segment are of short-term in nature and business is confident to regain volumes and revenue and profitability, along with improvement in market situation. Our efforts towards increasing our presence of Niacinamide in food and cosmetic end use segment is yielding positive results. And in view of this, we have approved the capex to build new cGMP-compliant facility which will produce about 3,000 tons per annum cosmetic grade of Niacinamide.

This capacity will be ready during the quarter April to June 2024. In addition, our development work on bringing up new cGMP-compliant facility for food grade Vitamin B4 is going on track. We expect to approve this capex sometime during July to September quarter this year. Both the above initiatives will reduce our high dependency on global feed market and will provide consistency to our Nutrition business.

Chemical Intermediates: Our Chemical Intermediates business has recorded lower revenue during FY23 over last year, mainly due to lower prices of Acetic Acid, leading to lower price realization of Acetic Anhydride and Ethyl Acetate. We continue enhancing our market share of acetic anhydride both in domestic as well as international markets. Chemical Intermediates business EBITDA for FY23 was lower than last year, mainly due to normalization of prices which was better during last year due to better market situation of Acetic Anhydride. During the quarter, revenue of Chemical Intermediate was lower year-on-year basis, mainly driven by lower price of Acetic Acid leading to lower price realization of finished products.

EBITDA during the quarter was higher on year-on-year basis due to higher volumes. Overall outlook of Acetic Anhydride market appears to be stable, with global demand continues to grow in several end-use segments. During the quarter, we have been successful in bringing new customers for Acetic Anhydride, mainly in Europe region, which will ensure good utilization of newly added

capacity of Acetic Anhydride. We would continue rationalizing our sales Ethyl Acetate and Specialty Ethanol to niche customers only to optimize our margins.

Other financial details: The company was under the old tax regime during FY23, and the ETR is 29.6%. Net debt was at 31st March was INR312 crore and net debt-to-EBITDA ratio was at 0.54x on the basis of trailing 12 months EBITDA. The net working capital percentage and number of days of working capital for Q4 FY23 on the basis of our trailing 12 months turnover were at 17% and 62 days, respectively. The capital expenditure during quarter was INR146 crore and for FY23 was approximately INR481 crore.

Outlook and growth capex plan: The Specialty Chemical business, though we expect short-term impact in demand from agrochemical customers for some of our Specialty Chemical products, and we expect demand to normalize during H2 this year. Our Niacinamide business is already witnessing improvement in global demand. And accordingly, we see price is also moving up. Our new capex plan is going on track, and we continue to focus on improving our revenue mix from Specialty and Nutrition business segment.

And with this, I would like to conclude our opening remark. We will now be happy to address any questions that you may have. Thank you.

Moderator: The first question is from the line of Harsh Shah from Dimensional Securities.

Harsh Shah: Sir, first question is on Specialty Chemical division. To the price reduction, which we have seen, is it more related to demand slowdown? Or have you also seen additional supply come into the market? And what would be the inventory situation right now?

Rajesh Srivastava: So, in Specialty Chemical, the agrochemical customers demand was under pressure, so therefore, we saw the price realization was lower. And also, some of the products like pyridine, the prices have been under pressure. Therefore, the performance of Speciality Chemicals was lower than last year and last quarter.

Harsh Shah: By how much percentage have the realization been impacted?



Rajesh Srivastava: Very difficult to do the exact percentage, but yes, there has been significant reduction in price realization. It is difficult to give you product-wise.

Harsh Shah: No, maybe on a blanket basis in both Chemical Intermediate as well as Specialty Chemicals.

Rajesh Srivastava: No, Chemical Intermediates, the price realization has been as per the Acetic Acid prices. So there has not been any deterioration of price. Our margins also have been good. So Chemical Intermediates, there was no challenge.

Harsh Shah: Okay. And do we continue to hold any inventory in our book, which was bought at a higher price that still needs to get sold and whose impact is yet to be recognized in the books?

Rajesh Srivastava: No, So this performance is not because we are carrying high inventory. This performance was because globally, agrochemical demand was lower. So other suppliers have been supplying at much lower price to liquidate their material, but this is not the case for us. We are not carrying any extra inventory.

Harsh Shah: Okay. And sir, what would be the volume growth for Q4 and also for full financial year FY23 across all 3 segments?

Rajesh Srivastava: Volume growth in terms of Chemical Intermediates, we have grown to the extent of 7% to 8%. In Specialty Chemicals, in quarter 4, our volume has been almost flat. We have not grown. In Nutrition business, as you know, our volumes have degrown from last year. But sequentially, from Q3, we have grown our volume in Niacinamide.

Harsh Shah: Okay. And sir, there's been a slight increase in the other expenses. Could you explain what could that be?

Prakash Bisht: So, the increase in the other expenses, primarily over last year is on account of this year's higher freight expenses, the higher warehousing charges and higher processing charges. Over the last quarter, the increase is mainly the above three factors, which is freight, warehousing charges and processing charges, in addition

to that, higher consumption of stores and displays. So, these were the reasons for which other expenses were high.

Rajesh Srivastava: They are general in nature. They are mostly general in nature.

Harsh Shah: And just last question. So, since the realization of many of our products, key products has come down, be it Nutrition or Specialty Chemical even Chemical Intermediaries, are you changing our guidance of revenues because the guidance which we have given, the prices of all these products are much higher than what they are now. So, do we stick to the same revenue guidance? Or do we want to bring that down in terms of absolute number revenue of the incremental capex.

Rajesh Srivastava: No. So, if you see, there is no fundamental change which is happening. As Mr. Bhartia also said, I also said, what is happening in the market is short term in nature. This is not going to last long. We are already seeing improvement in Niacinamide market situation, and we are very hopeful that H2 even agrochemical market should start improving. So, I don't think we are doing any change in our guidance for capex.

Harsh Shah: No, not the capex, but the revenue that you'll be generating from this capex. There is guiding of doubling of the revenue. So, with the prices coming off?

Rajesh Srivastava: There is no change much. There is not much change because we have given you guidance based on what realistically we will do. We have not given guidance, which is very hypothetical. It's more realistic guidance we have given.

Moderator: The next question is from the line of Naushad Chaudhary from Aditya Birla.

Naushad Chaudhary: Two clarifications. Firstly, in Specialty business, what percentage of revenue comes from Agchem and is entirely from the Generics segment? Or do we work on any innovative molecules here in specialty?

Rajesh Srivastava: So Agchem is contributing to almost 37% to 38% up of our Specialty Chemical revenue. And these are mostly the value-added derivatives, which we supply to large agrochemical companies, we are not supplying any innovative molecules.

Naushad Chaudhary: Okay. And in terms of margin and EBIT run rate, this used to generate INR60 crore, INR70 crore that has come down to around INR40 crore, do you believe next 2 quarters is difficult to guide on this? Or do you think this could be a bottom and sequentially you should see an improvement at least on the EBIT side in this division?

Rajesh Srivastava: I can fairly assume this is the bottom we are touching. We have to have improvement from here. May not be immediately, but as I said from H2 will be definitely coming back to the normal situation.

Naushad Chaudhary: And what all things should have to happen for the improvement from here on? Would that be from the price or would it from the raw material side, what should help from here on to improve this profitability?

Rajesh Srivastava: I mean, if the demand improves in agrochemical, our products are very well suited. Customers will buy. And of course, we will sell the product as we have been doing it earlier. The fundamentals are same.

Naushad Chaudhary: Okay. And these are our Specialty largely are spot business? Or do you work on a contractual term?

Rajesh Srivastava: No. So, we do, as we explained earlier also, we always have the annual volume confirmation of the customers. And we discuss the volume dispatches every quarter. So, we know we have the visibility of volume. But if the market situation changes, the customer can change his volume in between also. So, we know clearly what volume is asking during the year.

Naushad Chaudhary: Okay. Sir, in specialty, see there is an operating deleverage challenge, but are you also experiencing the pricing pressure as well?

Rajesh Srivastava: Yes. Because the demand is lower, of course, the pricing pressure is there.

Naushad Chaudhary: Understood. And you expect this to improve from second half of this financial year?

Rajesh Srivastava: Yes. Yes.

- Moderator:** The next question is from the line of Siddharth Gadekar from Equirus Capital.
- Siddharth Gadekar:** So first on Specialty Chemicals. We have just highlighted that our volumes were flat Y-o-Y in Specialty Chemicals. And if I look at the revenue numbers, they have increased 5% Y-o-Y. So, what am I missing here in terms of like is that a realization decline, volume decline? Or what explains the margin profile in this quarter?
- Rajesh Srivastava:** So sometimes this revenue also depends on the product mix, which you sell during the quarter, right? So, it's difficult to say that. So, what we said that, yes, the revenue has increased, but volume has been flat. So, because of product mix. We have almost 40 products to sell. So, depending on which product mix, sometimes it happens.
- Siddharth Gadekar:** Sir, secondly, in terms of agrochemicals, can you just point out which products actually have seen a slowdown that has impacted our performance?
- Rajesh Srivastava:** So, agrochemical pyridine and some pyridine derivatives because we have mainly pyridine, pyridine derivatives, which we are selling to agrochemical customers.
- Siddharth Gadekar:** So, the end agrochemicals, if you could highlight which are the agrochemicals which have seen the decline?
- Rajesh Srivastava:** Yes. The biggest one is Paraquat, Diquat which is produced out of pyridine and there are many host of products where we supply.
- Siddharth Gadekar:** And lastly, in terms of our capex, we have removed the capex slide from the presentation. Is there a change in our capex guidance or anything?
- Rajesh Srivastava:** No. Actually, for so many quarters, we have been just repeating the same picture. and that we did because we formed a new company, we wanted much better communication, but I now don't want to confuse you guys. But there is no change in our guidance, as I said earlier. It's just that we made our presentation much more cleaner, but of course, if there is any clarification question like you are asking, there is no change in capex.
- Siddharth Gadekar:** Also, what should be the capex for FY24 and 25 then?

- Rajesh Srivastava:** So 24-25 or 23-24?
- Siddharth Gadekar:** FY24 and FY25? For the next 2 years.
- Rajesh Srivastava:** Okay, FY24, FY25. So, FY24, I think we have a guidance of almost INR700 crore cash outflow and FY25 should be close to INR600 crore as we said earlier, if you see our earlier presentation.
- Moderator:** The next question is from the line of Jainis Chheda from Spark Investment Advisors.
- Jainis Chheda:** My question is more to do with the power cost, which has gone up substantially, it's a contract from FY21 and FY22? And also, there is jump in the other expenses. So, can you help us understand how the power costs are likely to move in coming 2 to 3 years? And how will it impact the profitability?
- Rajesh Srivastava:** So, if you see the quarter 4, our energy costs are close to normal situation, of course, a little higher, but it used to be very high in Q1, Q2, Q3. But we have arrested it, as I said. One is that coal prices have come down. Secondly, we have done a lot of efficiency improvement. And also, if you see our consumption profile in efficiency improvement, we have improved. So, I think there is not much now in terms of very high cost of power and fuel. But of course, we are working further to optimize our energy cost. But yes, FY22 has been very high as you have seen that.
- Jainis Chheda:** Yes. So, the steady state basis, what will be the power cost as a percentage of sales or some other ratio that you can help us with.
- Rajesh Srivastava:** Again, percentage becomes very difficult because in our case, sometimes revenue becomes difficult to explain because of raw material prices. But on an average, if you see last year, we have been close to 18% of our revenue on our energy cost. So that percentage keeps changing. Right now, I think in Q4, it is close to about 23%, that's what I said that maybe little bit more improvement will be close to our normal situation.
- Jainis Chheda:** Okay. And in terms of the Nutrition business, what is the outlook for FY '24 and for next 5 years and for next 3 years as well?

Rajesh Srivastava: So, for 3 years, it is very difficult to confirm, but I can only tell you that in Nutrition business, the situation, we can see today is improving both in terms of price as well as demand. So, we are happy to say that, of course, this quarter, we will have lag. But by end of this quarter, our situation is coming much, much better than what we have been earlier.

Jainis Chheda: Okay. You have previous margin around 20% at time in Nutrition business in terms of lag. So, what will be our sustainable number is what we are trying to understand?

Rajesh Srivastava: I think we hope that H2 should be in a position to catch up.

Moderator: The next question is from the line of Rohit Sinha from Sunidhi Securities.

Rohit Sinha: One is that how we are seeing this Chinese market before and after the reopening of economy which all we are talking about and how it is now increasing our business segment?

Rajesh Srivastava: I missed your point. You were asking about Chinese market.

Rohit Sinha: Yes, yes. How are these Chinese markets actually influencing our business and how mainly it has influenced before and after the opening of this economy?

Rajesh Srivastava: So, we have been seeing that few products like Niacinamide or maybe some base products of pyridine where we have some competition from China and of course, if China gets aggressive, we get impacted. But most of our other products like CDMO and other specialty derivatives, there is hardly any competition we face. And in Chemical Intermediates, there is no competition from China. So, I don't think there is much impact in these businesses. But some products like Niacinamide, we have competition in China. Pyridine, we have competition in China. So, we see if China becomes aggressive, then of course, we see the impact in price reduction.

Rohit Sinha: Okay. So, any change we have seen in the last few months especially, I mean, already, we are seeing kind of pressure in pyridine and Niacinamide. So, any improvement as of now? Or still it is the same situation?

Rajesh Srivastava: Yes. So Niacinamide, I already said that improvements are happening now. Niacinamide, we can clearly see the improvement both in demand as well as pricing. And China has really come out of material. So obviously, situations are improving.

Rohit Sinha: And sir, one thing that what are the factors or measures, which should help us in sustaining the margin Speciality Chemical despite the volatility in the Acetic Acid prices or raw material, let the price be up or down, but we should at least manage to hold somewhere average margin in the segment. Or it may be, again, the question that we are looking at actual EBITDA growth or EBITDA margin improvement in that segment?

Rajesh Srivastava: No, Specialty Chemical is not that situation. You can say Chemical Intermediate, I can agree with you that depending on Acetic Acid, our margin percentage may vary. But yes, in Chemical Intermediates, we continue to see our EBITDA improvements because of volume growth. Coming back to Speciality Chemicals, we have more or less stable margins in most of the products, but sometimes when the market situation like we have now, which is not only for us, it is for the global. There, then it becomes difficult to hold the prices and we have to compete with the market. And that time, we have to really see our margins going down. But in specialty, it doesn't happen that raw material prices goes up, so our margin will go down.

Rohit Sinha: No. Just because this quarter, obviously, we are facing a different kind of pressure, but that is where I was indicating that it should not be coming again going forward as I think we were also saying that this should be a bottom out kind of situation.

Rajesh Srivastava: Yes.

Rohit Sinha: Okay. And one last question, if I can squeeze in. In power cost, earlier there was also a question at how you are placed going forward. So, as we are seeing that therefore on quarter-on-quarter, we are improving on power cost. So how we are now placed with the coal dependency? And are we still looking the opportunity

for renewable process? I mean putting our plant and or looking for sourcing the renewal.

Rajesh Srivastava: Overall coal prices have come down, as you know. So overall cost has come down. But in Gajraula, we see some positive results in terms of our contract volume supplies. Some volumes have started coming in. So that is why you see improvement. Coming back to further improvement, as we have said in our speech also, in Gajraula, now we are also going to get connectivity of grid. So of course, our power cost will further reduce and also, we are working on sourcing the renewable energy, which is solar and wind combined.

That something will happen after a year or so, maybe 1.5 years so that we are not committing for this year. But yes, we are working, which will long term give us the benefit starting next year onwards. But currently, I think situation is very much in control both because the overall market price of coal has come down and Government has eased a little bit of supplies of contracted coal in Gajraula.

Moderator: The next question is from the line of Nitesh Dhoot to from Prabhudas Lilladher.

Nitesh Dhoot: So, my first question is on the Specialty Chemicals and on the CDMO side. So, we had a couple of contracts totalling INR270 crore. So that was to be executed over a 3-year period. How much are we targeting to execute in FY24 from this contract? And if you can provide a revenue guidance for CDMO facilities overall for FY24.

Rajesh Srivastava: So that contract, which we had informed you is happening as contract volume. There is no change. Of course, what happens in these customers, sometimes the volumes you dispatch in one quarter and then second quarter, the volumes does not go. So, quarter-on-quarter may vary. But on an annual basis, whatever the customer has asked for is happening. There is no change.

Nitesh Dhoot: Okay. So, any number that you can ascribe for the CDMO revenue potential at an optimal utilization, any number that we can work with?

Rajesh Srivastava: So earlier also, we have said that the new GMP facility, which we have just commissioned is going to add up the revenue in our CDMO business. And that revenue, it will normalize coming up in the H2 of this year because plant is picking up in capacity. And of course, as to onwards, our CDMO revenue also will go up.

Nitesh Dhoot: Okay. Okay. And sir, where have we reached on our Diketene derivatives plant utilization? And if you are maintaining our 70% utilization guidance for FY24 there.

Rajesh Srivastava: Yes, we are very close to 65% of our utilization. We are hoping that it will continue to improve in going quarter.

Nitesh Dhoot: Okay. Sir, on the Chemical Intermediates side, where would we be on the capacity utilization of the CI segment for Q4 and for FY23 as a whole? And I mean, separately for Acetic Anhydride and Ethyl Acetate if possible.

Rajesh Srivastava: On Acetic Anhydride, other than this new plant, which we have just commissioned, I think we are operating at 85% to 90% capacity, and that is the reason we brought this new capacity. And in the current quarter will be our first quarter where the new capacity will be sold. And of course, we have a plan to slowly gear up on volume gradually. So, we have a plan in the next 1.5 to 2 years to use this entire capacity, which is about 50,000 tons. So, quarter-on-quarter, we will have improved volumes from this capacity.

Nitesh Dhoot: So, in a couple of years' time, you're looking at a full utilization there?

Rajesh Srivastava: Yes. We always say that, but it also depends on demand like in last plant we said that this will take 2 to 3 years. But fortunately, because of market conditions within a year, we could utilize the capacity. So, you never know, we always give a guidance, which we can definitely do it. So yes, in a couple of years, we will be in a position to utilize this capacity.

Nitesh Dhoot: Okay. So, have we already seen a base EBITDA number for the segment at INR960 crore with the pricing and the spread normalization that has happened for the older capacity? I mean or do we expect further spread compression coming up?

Prakash Bisht: Unless there is very severe market headwinds we face, I don't think there will be change in this base profile. You never know in commodities; something very drastically happens. You don't know. But in normal situation, I think we should be seeing similar level or better because our volumes are going to be better.

Nitesh Dhoot: Sure. Sure. Sir, one question on the management change. So Mr. Anil Khubchandani's exit at a time when the company is in the middle of executing a large capex, especially on the Specialty Chemicals side. So, anything to read into this? Or if you can give some colour on this.

Rajesh Srivastava: I don't think there is much to read about it. I mean, it's a market where he found his next inning better somewhere else. He decided to move on. Of course, it's not a good situation for us, but we have our successive pipeline so strong. Our structure is such that the below, we have all the business heads who are taking business, Anil was responsible for Specialty Chemicals business, which is consisting of 3 or 4 smaller business units.

Those business unit heads are already at place. They are taking care of their business. I am already there, and there is now a new head for a leadership point of view. So, I don't think there is anything to be read more in this. But yes, anybody leaves the company. There is a situation where we don't feel good about it. But I think as some business continuity point of view, I don't see any challenge as of now.

Nitesh Dhoot: So, one last question, if I can just squeeze in before I come back in the queue. So, sir, how are we confident of the impact on the Specialty Chemical side and when we say that this is a one-off, 1 quarter impact. Because if I draw a parallel from what we experienced over the last year or so and what we initially perceived to be a short-term impact in case of Nutrition segment, or in case of the coal issues on the Specialty Chemical side. So, I mean, how are we so confident that this challenge will go away in a quarter's time.

Rajesh Srivastava: No. So, we are also looking at the market. You are also looking at market. I'm also reading that agrochemical market situation should improve in H2. If you read anywhere, any company in terms of agrochemical performance, everybody is

saying that H1 is going to be tough, H2 has to improve, and that's how we can envisage. I don't think I'm saying anything new.

Moderator: The next question is from the line of Dhruv Muchhal from HDFC Mutual Fund.

Dhruv Muchhal: Question similar to the earlier ones. On the Spec Chem, for the last 2 years, a decent part of the growth in Spec Chem was driven by agro. I get data from your presentation. Your Agro and specialty revenues have moved from about INR300 crore to about INR700 crore in the last 2 years, FY21 to 23. And now that we are hearing all about China recovering back, normalizing and all those things. Our revenue growth was also coinciding a lot with the disruption, which has happened globally. So, I'm just trying to understand, is there something which was some kind of one-off benefits that one should be aware of when you're thinking about the growth in the future?

Rajesh Srivastava: So if you see the regularly for last 7, 8 quarters, our performance of Specialty Chemicals has been improving both in pharma and agro and this time in this quarter, we have seen a very, very poor demand from agrochemical customers, and therefore, there is a performance gap but I don't see that this is something which is changing our regular performance of Specialty Chemicals business.

Shyam Bhartia: See, just to add that we hear from our customers that from H2, the demand will be normal. And that is why we feel that the customers who we are supplying the material, their excess stock of agrochemicals line with them because of lower demand of agrochemicals in Brazil and U.S. Therefore, they feel that this excess production which they have with them will be used by North America and Brazil and Europe. So therefore, we strongly believe that listening to our customers that from H2, the demand should be normal.

Dhruv Muchhal: Sir, I was just trying to dissect it because there is a lot of news flow that China is now back to normal versus what it was in the last 2, 3 years. So, this is not because of China recovering.

Shyam Bhartia: No, no. This is not because of China because our agrochemical companies in U.S. and Europe, they have surplus production lying with them on the finished

agrochemical because of lower demand of agrochemicals in Brazil and in U.S., mainly and in Europe. Therefore, they as soon as stock levels will come down, they will start buying them. This is what we hear from our customers, there's nothing related to the Chinese Market.

Dhruv Muchhal: Yes. Sir, the second thing is on pyridines. Now based on a basic understanding, Pyridines also find a lot of application in some of the newer molecules, I mean, you might not directly be linked to it, but indirectly, your products might go, or some other competitor pyridine products be going. So, I'm just trying to understand your earlier comment that your products or pyridine products are largely into Generics. Just wanted to get some better understanding there.

Shyam Bhartia: See pyridine products are used in various uses and the new uses of these products are in electronic products like in the electronic circuit board also it is being used. So, I'm just saying that new uses of product is coming in. But the overall demand increase is about 3% to 4% only. New uses are coming, which is a higher value pricing. But of course, the total demand is growing only at 3% to 4%.

Rajesh Srivastava: In case of pyridine if you see that all the new product development, which we are doing, we are taking care of many industries, so there are a lot of derivatives, which we are planning. And every year, we are launching 4 or 5 new derivatives. So, pyridine for us, we say pyridine but there are almost 35, 40 products which we regularly sell which are used for pharma, agro, electronics, personal care, all those uses.

Shyam Bhartia: And just as a comment I'm telling you, that in pyridine, 40% pyridine is used internally by us. So, it is important for you to understand that we are also making new intermediates. New intermediate means new captive consumption goes up. So, we are adding value. Our objective is to add value to pyridine in next 3 or 4 steps and then meet the requirement rather than selling pyridine.

Dhruv Muchhal: I got it. Sir, that is question, if you have a lot of inter-segment consumption, ideally, that should have knocked off in the intersegment revenue reporting, but that does not happen, probably take that offline.

Shyam Bhartia: Pyridine-based intermediates, which are used in agrochemicals, the demand for this was less so our sales was less. So now that demand will become normal, then our sales will go up.

Dhruv Muchhal: Sir, the second question is on the capex for FY24, you mentioned INR700 crore. I believe the capex that you had earlier in the presentation mentioned this committed capex, large part is done in the end of FY23 or probably commissioned in early FY24. So, what is this capex now for INR700 crore, if you can probably mention the key projects?

Rajesh Srivastava: Okay. So, if you see our last presentation, the key capexes are this non-GMP multipurpose, which is going on. We have expansion of our Vitamin B3 into cosmetic grade, which is now going on. We have plans to approve vitamin B4 food grade capex then we have plans to add one more GMP facility. All that what we have said earlier in our last presentation is still prevailing. And we have said INR700 crore this year is still prevailing. So, there's nothing changed. If you see last presentation, you will find everything.

Dhruv Muchhal: Okay. Because a lot of these projects were not to be committed. So probably they have converted to committed now, is it?

Rajesh Srivastava: Yes, yes., yes. Of course. So, quarter-on-quarter, we keep taking decisions on those capexes which are ready with design, development, everything. So, it takes time. First, you develop a product, then you pilot it, then you design it, then you take a call of capex approval. So of course, we take it gradually, not all together.

Dhruv Muchhal: Sir, last question on the food grade acetic asset. It's about a year now. So how is the ramp up? I think in the last call, you mentioned it takes a year or so about to get the approvals done.

Rajesh Srivastava: So, food grade acetic acid very much on place. We have a good product, quality product GMP plant being audited by customer now and volumes are picking up slowly. So of course, this is a product which is low volume, low pack size, going to food customer, we can't expect a large tanker load, but it is picking up very well. So, it will pick up. Of course, it will take a little time to gear up in the customer

segment to catch up the volume, but very well done in terms of facility being audited by customers. So, we are well placed. It's doing well.

- Moderator:** The next question is from the line of Rahul Veera from Abakus Asset Managers.
- Rahul Veera:** Sir, the plants that are coming online and the opex is where the demand for the segment is only going to improve in H2. What is the probability for the overall consol EBITDA to degrow next year?
- Rajesh Srivastava:** Next year means FY25?
- Rahul Veera:** Yes, FY23 over FY24.
- Rajesh Srivastava:** FY24 over FY23.
- Rahul Veera:** Yes.
- Shyam Bhartia:** So far, we are confident that the EBITDA of FY2024 will be better than FY2023.
- Rahul Veera:** Okay. And what is the operating cost coming from on the new plant, sir, at opex level? And if they are working at 10%, 15% utilization given the demand scenario, I believe there will a large cost that will come in the opex, sir?
- Rajesh Srivastava:** Not all plants are 10% to 15% operating. Most of the plants, we start with full operation. Of course, during the year, the volumes will start picking up. But once you start the plant, you have to start full plant.
- Shyam Bhartia:** I can only tell you that our cGMP facility and also non-cGMP facility. From H2, it will be 100% utilized. 100% means probably 85% will utilized.
- Rahul Veera:** Okay. And given the current prices of the Specialty Chemicals, even at 85%, will it break even?
- Shyam Bhartia:** No, this will be a CDMO.
- Rajesh Srivastava:** cGMP is mostly pharma. So, it's not agro basically.
- Rahul Veera:** Okay. Okay. And for pharma, the demand is still maintained?

- Rajesh Srivastava:** Yes, still there.
- Shyam Bhartia:** So, see cGMP is pharma. And non-cGMP is also agro and some extent of pharma also. But demand for agrochemicals from H2 is going to be normalized. So, from H2, all our plants are going to be used by at least 85% because that is why we put our plants because there is a demand for our products. And we are confident that we will use 85% of the cGMP.
- Rahul Veera:** So, I'm just trying to understand, like if we take the sequential EBITDA degrowth from Q3 to Q4, it's almost been like a INR50 crore degrowth.
- Rajesh Srivastava:** But that sequential EBITDA degrowth is not only Specialty Chemical. If you see Nutraceutical, we have significantly dropped in EBITDA. That is the major issue. That is improving now. So, you will see overall performance going to be better.
- Rahul Veera:** Right. But sir, overall, if you see continue the same argument again, given the current prices of Pyridines or even the opex that will come from the new plants, EBITDA, in my view, even if there's an offsetting factor of power savings or offsetting factor of Niacinamide improvement on the Nutrition segment, there should be EBITDA degrowth.
- Shyam Bhartia:** No, see our performance on Specialty Chemicals, from H2, it is going to be totally normal. Plus, new plants will add to the additional sales that will give us leverage rather than deleverage, firstly. Secondly, on Chemical Intermediates, because of our new acetic anhydride plant starting, our over sales will be better. Now on Niacinamide, we have already told you that we expect the situation in Q1 has improved substantially. Q2 we expect to be better. And going forward, we expect the situation to be normal as we use to operate normally. Last year was a very unusual situation. Basically, in H2, if you see, it was very, very low. H1 last year was also reasonably okay in Niacinamide.
- Rahul Veera:** Sure. Sir, just one last question from my end. I wanted to understand what have been the incremental depreciation or interest costs that will come for FY24?

Prakash Bisht: So, it will be in the range of INR20 crore to INR25 crore on depreciation. And about interest will be in the range of INR15 crore to INR20 crore.

Rahul Veera: Incremental?

Prakash Bisht: Yes.

Moderator: The next question is from the line of Tarang Agarwal from Old Bridge Capital.

Tarang Agrawal: A couple of questions from me. If I were to look at your Nutrition business, what will be the indicator that you think help this business move up? I mean, last one year, we've seen a significant compression in this business, because of market dynamics. So, what are you seeing now which is leading to the believe that Q1 situation is improved, and it should consecutively move up?

Shyam Bhartia: See, last year, there was 2 factors. One is the Avian flu in Europe and then Avian flu in U.S. So, if you see this Avian flu reduced the total requirement of the listing and supply was more. So, the prices also went down. But now the Avian flu effect is gone. And now the situation is normal, and we strongly believe, and we are seeing in the market today both the volumes and the price going up, what we are telling you what we are seeing in this quarter. So, we expect the H2 performance is likely to be good in Niacinamide, both on volumes and price. What we are telling you that we are seeing that is not that we expect. That's why We have stated that.

Tarang Agrawal: Got it. And sir, given how this market has been under pressure last year, are there significant inventories that are there?

Rajesh Srivastava: No. So as Mr. Bhartia said that in the beginning, it was the impact of flu for 2-3 quarters. But then last 1.5 quarters, we have been facing the liquidation of inventory. So therefore, the prices are under pressure. But now the inventory is almost gone, it's normalized. And then only we are seeing the market situation coming up. So, there is no inventory in the pipeline.

Tarang Agrawal: Sir, second question is basically, if I look at your Specialty Chemicals and Chemical Intermediates business, the indexation of both these businesses to pharma is

reducing. I mean, percentage of revenues coming from pharma for both Spec Chem and Chemical Intermediate, that successively gone down. So, I under agrochemicals grown but is there any specific development in the Pharma segment that you all are seeing?

Rajesh Srivastava: So, let me tell you both. First, we start with Chemical Intermediates. Chemical Intermediates, pharma, mainly is paracetamol and ibuprofen. In that market, we have a very strong market share. And whatever market growth is happening, we are also growing. Now in Chemical Intermediates business, in Acetic Anhydride there are multiple uses where the growths are happening, like for example, in agrochemical is one part of it. There are other products which are also growing. So obviously, where the market will grow, we will also grow.

So, there is nothing wrong happening in pharma. It is just because the other end uses are growing better. Obviously, our volumes will also grow better. And the same is happening in Specialty Chemical. There is not a bad or something going down in fact in GMP, we are going to add capacity in GMP. So as much, we will add capacity in pharma, we will have the growth in revenue from Pharma also and at the same time, there is a growth happening in agro also. So, there is no fundamental change which is happening. If the demand is going a little higher in agro, we will do there equally better.

Moderator: We'll take the last question for today, which is from the line of Siddharth Gadekar from Equirus Capital.

Siddharth Gadekar: Yes. Also, just on the food grade acetic acid. So how do we look at the utilization for FY24 and FY25?

Rajesh Srivastava: FY24, we see that we will be in a position to utilize approximately 50% of the plant.

Siddharth Gadekar: Sir, secondly, in our Specialty Chemical again, now what we are looking in the market is that this quarter will be a peak destocking quarter where even domestic agrochemical companies have lowered their production. So, is it fair to assume that the revenue contribution from Specialty Chemicals in first quarter will be

lower versus last year? How should we look at it? So even our profitability will be lower in the first quarter?

Shyam Bhartia: We expect the demand to pick up slowly and will get normal by the H2. So, it's not that total demand is not there. Total demand is less than the normal demand that we were getting from our customers, mainly international customers. So, I think what we hear from them, what we hear from our customers, that demand will, of course, gradually go up, but ultimately it will become normal in H2.

Siddharth Gadekar: Just specifically from the next quarter, given that we are almost 45 days into the first quarter, so we would be having a fair sense of how things are because what I understand is at the entire margin deterioration or the volume decline that has happened would have happened after 15th or 20th February, that is where we have seen that impact in the global market. So now given that you have 45 days into the quarter, is it a fair to assume that even first quarter would be on similar lines or would be better than this or worse than this.

Rajesh Srivastava: Yes. First quarter also is in the similar lines so far. But we still have half of the quarter. So far, we are seeing the same situation. Yes.

Moderator: This was the last question for today. I would now like to hand the conference over to Mr. Pavleen Taneja for closing comments.

Pavleen Taneja: We thank you all for joining this call today. We hope we have been able to answer your queries. For further clarification, I would request you to contact me. And thank you once again for your interest in Jubilant Ingrevia Limited.

Moderator: Thank you. Ladies and gentlemen, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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