Jubilant Ingrevia Limited
Investor & Analyst Meet Transcript
March 10, 2021

Hemant Bakhru: Good evening everyone. Thank you for joining Jubilant Ingrevia's investor & analyst meet. 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 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 MD, Mr. Anil Khubchandani – President, Specialty Chemicals, Mr. R Kumar – President, Nutrition and Health Solutions, Mr. Chandan Singh – President, Life Science Chemicals, and Mr. Prakash Bisht – CFO.

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

Shyam Bhartia: Good Afternoon everyone. A very warm welcome to the first Analyst Meet of Jubilant Ingrevia Limited. On behalf of the Jubilant Ingrevia family, I want to thank you for taking the time out to join us today and giving us the opportunity to explain our business in detail as well as responding to your questions. As you may be aware, from 1st February 2021, the entire Chemicals business of erstwhile Jubilant Life Sciences has been demerged into Jubilant Ingrevia Limited. The Equity Shares of Jubilant Ingrevia are proposed to be listed on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE"). We have received in-principal approval for listing from NSE and BSE and is awaiting exemption from SEBI.

Our journey of Life Science Ingredients business started more than 40 years. Over the years, business has built global scale of operation with more than 100 commercial products, in most of which we have achieved global leading position. Business is serving customers in large and growing industry segments i.e., Pharmaceuticals, Nutrition, Agrochemicals, Consumer and Industrial.

India is in a sweet spot in Specialty Chemicals because on the demand side there is an emerging trend of global customers looking at diversifying their supply chain away from China to have a reliable alternate source, clubbed with their continuing to explore possibilities of shifting their sourcing from higher cost countries to cost competitive locations like India. On the supply side there is a deep talent pool in the Chemicals space as well as a supportive Government and regulatory environment.

Jubilant Ingrevia is ideally positioned to capitalize on the growth opportunities because of cost leadership in several products through integration & continuous improvement, timely delivery track record with full compliances long standing customer relationships, and highly experienced management team with an excellent execution capability.

Our business growth strategies and investment as always will continue to focus on meeting growing demand of our customers, moving up the value chain in each business segments to drive margins and customer retention, also to expand our global presence in each and every business segments. Our deep and long-standing relationship with our customers has also led to our investments in CDMO. Rajesh in his presentation will give you in detail about our key growth plans.
We have a strong balance sheet and a cash generating business model. With net debt to EBITDA of less than 1x, we are in a comfortable position to invest and grow.

I would now like to hand over to Mr. Rajesh Srivastava, CEO & Managing Director of Jubilant Ingrevia Ltd, to throw light on our businesses in a greater detail. Thank You, Over to you Rajesh.

Rajesh Srivastava: Thank you, Mr. Bhartia. Good evening everyone thank you so much for taking out your time & joining us in this first analyst meet of Jubilant Ingrevia. In the next one hour, we will try our level best to explain you about our business, our growth plans in detail & at the end you will have the opportunity to ask questions to get further clarity. Since this analyst meet is happening virtually & we are not in position to take you through our facilities physically, therefore we have prepared a short video of about 13 minutes through which you can get some idea about our various manufacturing & research facilities. Request the moderator to please play the video.

Moving on, I will now take you through our detailed presentation.

Slide 2: Disclaimer

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 presentation.

Slide 3: Jubilant Bhartia Group

We are a part of Jubilant Bhartia Group, a global conglomerate founded by Mr. Shyam S Bhartia and Mr. Hari S Bhartia. We have worldwide presence through investments in various businesses through multiple geographies. Companies in Jubilant Bhartia Group are as follows Jubilant Ingrevia – a Life Science Ingredient business, Jubilant Pharmova – that has pharma, contract research and development services and proprietary novel drugs businesses, Jubilant FoodWorks – deals in food service i.e., QSR, Jubilant Industries – deals with agri products, performance polymers, adhesives, wood finishes & latex, Jubilant Consumer – deals with Ready to use fresh produce through Fresh Finds and ready-to-eat products through Go Gourmet stores, Jubilant Enpro – deals with Consulting in Aerospace & Oilfield Services, Jubilant MotorWorks – is one of the largest luxury auto retail Company in India and lastly, we also have a CSR non-profit organization called as Jubilant Bhartia Foundation – that is a social arm of the Group, undertaking CSR works around facilities.

Slide 4: Rationale for Demerger

Effective 1st February 2021, Life Science Ingredients business demerged in to Jubilant Ingrevia Limited. The objective was to create separate & focused entities, unlock shareholder value, capture attractive growth opportunities. Ingrevia is born out of a union of “Ingre” denoting Ingredients & “vie” in French meaning Life i.e., Ingredients for Life.

Slide 5: Jubilant Ingrevia: Business Segments

Jubilant Ingrevia has 3 key business segments namely, Speciality Chemicals, Nutrition & Health Solutions and Life Science Chemicals. Each of these business segments have their own focused units taking care of certain products and customers.

Speciality Chemicals consists of 34% total sales. Within Speciality Chemicals, we have 4 growth units, Speciality ingredients, fine chemicals, crop protection chemicals & CDMO, the service arm.

Nutrition & Health Solutions consists of 18% total sales. Within Nutrition & Health Solutions, there is Nutrition & Health Ingredients, Animal Nutrition & Health Solutions and Human Nutrition & Health Solutions.

Life Science Chemicals consists of 48% total sales. Within Life Science Chemicals, there is Life Science Ingredients and Speciality Ethanol.

Slide 6: Jubilant Ingrevia: Company Overview

Jubilant Ingrevia is a global integrated Life Science Products & Innovative Solutions provider serving, Pharmaceutical, Agrochemical, Nutrition, Consumer, and Industrial customers. In FY20 revenues were at Rs. 3,179 Crores, an EBITDA of Rs. 431 Crores with an EBITDA margin of 13.6% and RoCE of 12%. In 9M’FY21, we recorded a revenue of Rs. 2,413 Crores which is 2% higher than 9M’FY20. EBITDA stood at Rs. 418 Crores which is 34% higher than 9M’FY20, with EBITDA margin at 17.3% which is 400 bps higher EBITDA margin in 9M vs 9M’FY20. RoCE stood at 17.9% which is 640 bps higher than 9M’FY20. In Jubilant Ingrevia, we have ~2100 global workforce, we deal with 35 specialized chemistries, produce more than 100 products, sell to more than 1400 customers which includes 5 of top 20 Pharma companies and 7 of top 10 Agro companies globally. We have a Global reach to 50+ countries and 40% revenue come from exports (27% from regulated markets).

Slide 7: Glorious Four Decades of Growth

Our journey in Chemicals started with incorporation of VAM Organic Chemicals Limited in 1978, with Acetic Anhydride, Acetic Acid and Vinyl Acetate Monomer offerings. Over the years, we have built diversified Global-Scale capacities across niche Chemistries. We have a legacy of 40+ years leadership in Life Science Products. We have 30+ years’ experience in Pyridine Chemistry & value-added Speciality products. We have 20+ years in Vitamin B4 and premixes and 10+ years’ experience in Vitamin B3. In all these businesses and products, we have actually optimized the cost and we are dealing with Global customers in major regions.

Slide 8: Strong Presence in Industry Value Chain

In Pharmaceuticals, we are present in almost the entire value chain in discovery. Under CDMO, we start our product development with process development moving to Clinical Phase Manufacturing that is Phase I / II / III and then move up to commercial supply of products. Under commercial supply, we have Feedstock, Speciality Building Blocks, Speciality Chemicals, n-1/n-2 GMP Intermediates. In Agro Chemicals, we are offering our innovator clients a joint R&D programme. During their development of molecule at a very early stage, we provide intermediates through Speciality Building Blocks & Speciality Chemicals to agro customers. In Nutrition, our presence is across the value chain starting from raw materials, health ingredients, formulations / premixes and performance ingredients. As you can see on the presentation, we have listed our products at various stages in the value chain.

Slide 9: Presence in Large & Growing Markets

This slide shows you the various market we are present in, all the three segments that we are in, it is large and is going rapidly. If you see in Speciality Chemicals, globally we are growing at a CAGR of 6.4% and India we are growing at a CAGR of 12.4%. Whereas in API, CAGR globally it is 5.8% and India it is 7.9% and CDMO as you know is a high growth market, CAGR globally is 9.1% and India it is 12%. In Nutrition & Health Solutions, Vitamin B3 CAGR globally it is growing at 2.5% and Nutrition market globally grew by 6.9% and India it grew by 11%. In Life Science Chemicals business, Acetic Anhydride CAGR 3.6% globally and Ethyl Acetate CAGR 4.5% globally, therefore in such commodity, large volume product this kind of value growth is good for us.

Slide 10: Jubilant Ingrevia: Key Highlights

Here onwards, the next ten slides explain some of the key highlights of Ingrevia, our leading market positions across business lines, with high barriers to entry, diverse & de-risked business model, state-of-the-art research development & technology (RDT) with strong product pipeline, global competitive edge through integrated operations with best in class manufacturing, strict adherence to compliance with environmentally responsible and sustainable operations, focus on digital transformation to enhance business performance and highly qualified, experienced and dedicated management team.

Slide 11: Leading market positions across business lines

In Speciality Chemicals, we have a portfolio of ~70 products, we are amongst top 2 in Pyridine - Beta globally, we are number 1 in 11 Pyridine Derivatives globally. We are ‘Partner of Choice’ in CDMO services with a strong pipeline. Catering to ~420 global customers. Some of the barriers for the segment are: lowest cost manufacturing of Pyridine-Beta and all value-added products, long approval process of customers - it takes about 3-5 years and in some cases, it takes even more. In the last 20 years, we have got approval from most of the large clients globally and we are supplying them regularly with their full satisfaction. In this business, we have also demonstrated expertise in handling multi-step chemistries up to commercial scale in the fastest time and the latest example is when we delivered Remdesivir in India, Jubilant Ingrevia actually produced the intermediate for Remdesivir using ~13 chemistry steps in the record time of 2 months, we developed & commercialized later on. This shows that we can develop multi-step chemistries with best quality with optimized cost in the fastest time.

The Nutrition & Health Solutions business has a portfolio of 34 products, amongst top 2 in Vitamin B3 globally. We serve diverse customers in Animal & Human Nutrition, Personal Care & we are number 1 in Vitamin B4 in India. We offer more than 18 branded solutions to farmers & channel partners. We cater to nearly 400 customers globally. Some of the barriers for the segment are: complete backward integration to key RM i.e., Beta Picoline & differentiated niche technology (air oxidation) for manufacturing of Niacinamide – leading to lowest cost, we have attained deep reach within farmer community for Animal Nutrition & Health products and we have a recognized brand "ANICHOL" for Vit-B4 which is a leading brand along with other 18 brands that we have.

In Life Science Chemicals, we have a portfolio of 6 products. It is amongst top 2 globally in Acetic Anhydride and a leader in Ethyl Acetate. We are globally the largest manufacturer of bio-based acetaldehyde. We are the most reliable player in acetyl products from multi-plants at multi-locations, catering to ~600 global customers. Some of the barriers for the segment are: capability to handle large Ketene volumes, which is overly complex due to high temperature cracking & storage hazards, strong internal systems to manage controlled substances like Acetic Anhydride. We have built-in a protocol of managing such controlled substances in a smooth way right from manufacturing till the end of customer use.

Slide 12: Diverse & De-risked Business Model

This slide explains the diverse & de-risked business model Our products go to multiple end use. In 9M'FY21 revenue split, 35% is pharma, 21% is nutrition, 23% is industrial, 18% is agro and 3% is consumer segment. In case of our customer base, top 10 customers contribute only 20% of revenues. We have 1400+ diversified customer base across business segments. In terms of geographic diversification, 40% are consumed in domestic market, 20% are sold in domestic market against deemed export, 19% sale in Europe, 8% in China, 5% in North America and 1% in consumed in Japan. We are present in over 50 countries with 25% of sale in regulated markets. In case of manufacturing facilities and RDT centers, we have world class manufacturing footprint, with 61 plants across 5 sites – 2 in Maharashtra, 2 in Gujarat and 1 in U.P., leading to multi-plant and multi-location advantage

Slide 13: Diverse Applications

We serve diverse applications in Pharmaceuticals like APIs, in Agrochemicals – Herbicides, Insecticides, Fungicides, in Nutrition – Animal & Human nutrition premixes, nutraceuticals, energy drinks, in Consumer like cosmetics, anti-microbial, Mouthwashes, in Industrial – paints packaging, fuel blending solvents, etc.

Slide 14: State-of-the-art Research Development & Technology (RDT) with Strong Product Pipeline

In our RDT, we have 90 highly qualified scientists with ~20 PhDs. We have 3 RDT centers in Noida, Gajraula and Bharuch, a pipeline of 63 products for the next 3-4 years. We have a dedicated project management team to address enquiries with a customer centric approach. We have 35 Key technology platforms developed & commercialized to global standards of cost & quality. Our key focus areas are continuing to optimize existing product's processes to remain globally competitive, expanding RDT at Greater Noida with focus on Agro, CDMO & Nutrition, introduce new technologies by academia collaboration, build strong scientific advisory board and dedicated Centre of Excellence or Biocatalysis, Flow chemistry, Chemo catalysis, Gas phase Catalytic Chemistry.

Slide 15: Global Competitive Edge through Integrated Operations with Best-in-Class Manufacturing

This slide talks about our integration capabilities. Our businesses are vertically integrated across value chain, with 25% of our volume of Life Science Chemicals consumed in-house by Speciality Chemicals. Nearly 45% of our Pyridine & Picolines volume is used in-house for value-added products in Speciality Chemicals & for Vitamin B3. And, for Vitamin B3 (Niacinamide & Niacin), 100% in-house sourcing of Beta Picoline. Leading to cost competitive advantage, this is supported by 5 manufacturing sites, with Strong Quality Management Systems to help meet Global Regulatory requirements. Apart from this integration, we are recognized by several agencies like ISO's, FSSAI, FAMI-QS, GMP Certification etc. We have also acquired the Responsible Care certification, so we started as a signatory logo long back but 3 years before we were also audited, and we got the certification from the American Chemical Society. We are one of the 5-6 companies in India who have this Responsible Care certification for two of our large facilities in Gajraula and Bharuch, for the other facilities work is in progress in another couple of years we will have the certification for those facilities as well.

Slide 16: Manufacturing Capabilities & Operational Excellence

In manufacturing capabilities, we deal with many chemistries. Among our ~60 plants and 5 sites, we have variety of equipment & plants, World Class GMP facility with Temperature, Humidity & Differential Pressure Controlled Areas, cGMP compliant Pilot Plant with ~22 Reactors ranging from 20 – 1000 L, Commercial Plants with Multi-Chemistry, Multi-Product and Process Condition handling capabilities, In-house Utilities ranging from Captive Power Generation facility at Gajraula, Own Steam Generating Boilers, etc. and we operate these plants in full optimum capacity & at the best cost.

Slide 17: Strict Adherence to Compliance with Environmentally Responsible and Sustainable Operations

This our core and we are strongly driven by compliances and we started monitoring all our compliances more than 10 years ago. For compliance, we have 'EY' conformity, web-based automated compliance management system tracking 3,800+ compliances. This is done at every level and every function at the corporate level to ensure we follow all the guidance & requirement. In terms Environment, Health & Safety, our key focus remains that every product we develop, it should be developed with minimum generation of affluent and if we generate affluent, we should have the best way to treat it. Our constant endeavor is to reduce freshwater sourcing and enhance utilization of hazardous wastes. We have Benchmarked Global OHS performance, harmonized corporate standards at all sites to promote safety culture. We have Zero Liquid Discharge Plants, Multi Effect Evaporators; Liquid & Gaseous Waste Incineration facility to ensure sustainable operations. In sustainability, more than 20 ingredients from our portfolio are with more than 30% renewable content. Proven track record to achieve our Sustainability goals which are published on our website. We have been publishing our sustainability report since 2003 following the GRI guidelines, we are also signatory to United Nations Global contract, and we are now following the Global Standards of Sustainability index. We had set our target sometime in 2017 for 3 years and we have completed that earlier than expected and we have again revised our sustainability goals for the next 3 years. So, it is a continuous journey to improve our performance in sustainability and this is also to ensure we are in the right path, we keep evaluating our self through third party agencies like EcoVadis – we have achieved the Gold category in 2017 & TFS – 82% score. This are sustainability global standards which our customers are looking forward and we have a strong standing with all these agencies who have rated us.

Slide 18: Business Excellence

We are one of the few companies who have started following the business excellence practices & tools, early sometime in 2003-04. Our approach is end to end starting from development of a product following Quality-by-Design (QbD) and then moves to operations of various stages of manufacturing & supply chain and it ends at following the customer excellence through stage gate deployment & customer dashboard. During last 16-17 years, we have used various tool & techniques starting from Six Sigma to Lean to Process Engineering and Optimization etc. And this we do with the involvement of our people, we have 8 black belts, 67 yellow belts and 91 green belts in our team. This is a continuous journey in Jubilant Ingrevia, and we keep full focus in each business segments & each operation and continue to improve our processes & products.

Slide 19: Focus on Digital Transformation to Enhance Business Performance

As part of our continuous improvement journey, we recognize digital initiative as one of the key important area which will be participating in our growth journey. Digital transformation journey started in 2018 with an objective to improve Operational efficiency improvements, Business & Supply chain processes improvement and enhancing customer experience and engagement. We look at every project based on the individual business case. Digital transformation is undertaken to increase throughput, enhance customer delight, increase asset reliability & stay environmentally responsible. Completed ~25 projects in Digital leading to higher productivity & efficiency.

Slide 20: Highly Qualified, Experienced and Dedicated Management Team

Here we can see our entire team, we have a very highly qualified & experienced team. Promoters continue to play an active role in driving the long-term strategy for the business. Ingrevia is under the leadership team with an average 30 years of industry experience. Management is supported by global workforce of ~2,100, with robust succession plan process to build talent interchangeability across the organization.

Slide 21: Global Trends

Global customers continue to explore possibilities of shifting their sourcing from higher cost countries to India, to remain competitive. Customers are looking for diversifying their supply chain from China to have a reliable alternate second source. They find India as most potential alternate. Looking at above global trends, we at Jubilant Ingrevia, having globally competitive cost in several products with timely delivery track record and taking care of environmental compliances, have great opportunity of growth in our business at Jubilant Ingrevia.

Slide 22: Jubilant Ingrevia - Growth Drivers for Investment Decisions

This slide explains how we take our decision in our future growth & investment. We take our decision on the basis of growing customer demand and particularly when we have a global competitive edge – being lowest cost producer. When we find there is value in forward integration, we have continuously moved-up the value chain in existing products to drive margins and customer retention. Another driver for investment decision is geographic expansion of market for existing and new products. Lastly, deep, and long-standing relationship with innovator pharma & agro customers, will drive our investment in CDMO.

Further, our key investment plan for the next 3 years and the growth drivers are: firstly; the Diketene investment, we took the decision of moving up the value chain of ketene owing to growing global demand & exit of the old leading producer; secondly, agro active plant, moving up the value chain of crop protection products & growing customer demand. CDMO expansion, strong customer relationship both with pharma and agro customers. Niacinamide capacity expansion, geographic expansion and moving forward for value added end uses. Nutrition premix plant, moving up the value chain from ingredients to premixes. Lastly, Acetic Anhydride capacity expansion – growing demand & geographic expansion.

With this, I now hand over to Anil to discuss the Speciality Chemicals business.

Anil Khubchandani: Thank you Rajesh. I will take you through our Speciality Chemicals segment, giving you an industry overview, our business overview, our applications and lastly our growth strategy going forward.

Slide 24: Speciality Chemicals - Industry Overview

The Global market size of Speciality Chemicals today is USD 857 bn growing at a CAGR of 6.4%. Whereas, the Speciality Chemicals segment in India has a market size of USD 36 bn in 2020 growing at a faster rate of 12.4% CAGR. That is where the opportunity lies for us. In key trends globally, the changing geopolitical scenario leading to better demand in select regions like India. China has ~18% share vs India has 4% share. India has potential to emerge as global specialty chemical manufacturing hub with large domestic demand growth, high export potential & immense opportunity for import substitution. The Indian Government continue to take proactive actions to become “AatmaNirbhar” & ‘Make in India’, also there is import substitution opportunities due to trade deficit of ~$22 bn within India. When we talk about agro-chemicals, Indian herbicide, insecticide & fungicide market is under penetrated with a consumption of 0.6kg/ hectare compared to China 13 kg/ hectare and USA 7 kg/ hectare, thus we see major potential in this market. Looking at the Indian landscape we see immense potential in agrochemicals to grow by 12%, Flavours & Fragrance to grow at 15%, Nutraceuticals to grow at 20% and Personal Care to grow at 15%.

Slide 25: Speciality Chemicals - Business Overview

This slide shows how the Company is positioned. We have 30 years of experience in Speciality Chemicals. Globally we have the largest range of products in Pyridines, Picolines & its derivatives offering ~70 products. We are globally amongst top 2 in Pyridine-Beta and globally number 1 in 11 Pyridine Derivatives. We are the largest in revenue from Pyridine, Picolines & It’s derivatives. We are “Partner of Choice” to ~420 global customers, serving 15 of top 20 Global Pharma & 7 of top 10 Global Agrochemical companies. We have an International reach through offices in America, Europe, Japan & China. Internally, we utilize about 45% of our Pyridine & Picolines volume for captive value-added products. Hence, we safeguard against changing regulatory scenario of Paraquat that is banned which is a major end-use of Pyridine. We have long term relationship with customers in Pharma, Agro & Consumer applications and takes about 3-5 years for product approvals/audits. We have also shown our global market share of select product offerings in Speciality Chemicals and the sales break-up of these products for 9M'FY21. Break-up of exports including deemed exports is 85% of revenue. On application basis, 49% goes in for Pharmaceutical, 28% for Agrochemical, 10% for Industrial, Consumer it is 8% and for Nutrition it is 5%.

Slide 26: CDMO - Customized Solutions for Pharma and Agro Industry

This slide gives us the details of service arm of our Speciality Chemicals i.e., CDMO – Custom Development and Manufacturing Organization which means giving customized solutions for pharma and agro industry. Our vision is to be the Partner of Choice for our customer by building innovative, knowledge-based solutions through Speed, efficiency, open communication & respect for intellectual property, society & environment. to achieve this vision, we are present in the value chain through process development, clinical phase manufacturing and commercial manufacturing. For this, we have good cGMP capabilities, R&D facilities & analytical lab having all sorts of instruments be it NMR, XRD, Reaction Calorimeter and so on, with all sophisticated instruments. We have our pilot plant called as the Kilo Lab where we produce high value low volume products for our customer's clinical trials. Similarly, we have 14 odd multi-purpose facilities in Speciality Chemicals, where we are doing non-GMP / GMP intermediaries for our customers with a range of reactors & capabilities, and unit operations which gives us leverage to take up all complex chemistries at commercial volumes. In our active CDMO Pipeline, we have 7 ingredients in the pharma pipeline of which 4 intermediates are in Phase III for Anti-Viral therapeutic, Cosmetic applications and 3 intermediates are in Phase II for Antineoplastic, Antiretroviral, Antithrombotic therapeutic. Further, we have 4 ingredients in agro pipeline out of which 1 Intermediate is in Stage III that is development & launch, while 3 Intermediates are in Stage II that is efficacy & Toxicology study.

Slide 27: CDMO - Our Value Offer

This slide tells us our value offer to the customer, so CDMO being our service arm, we offer people – quality of workforce, training, employee participation & retention, business processes – communication, documentation, project management and operational skills – efficient technology transfer, statutory, quality, EHS compliance, GMP. While doing all this, we have a robust stage gate process starting from our teams working from pre-sales to R&D – process development to process scales up from R&D to manufacturing & continual improvement to customer relationship for long term partnership. This is all keeping in mind the focus area of customer communication, complex chemistry & robust process, speed of execution & delivery, lastly delivering cost competitiveness in our projects with consistent quality to all our customers.

Slide 28: Speciality Chemicals – Applications

This slide tells us the application of products in Speciality Chemicals, we have a commercial range of product offerings around 70 plus. Some of them are Lutidines & Collidines applied in Pharma segment – anti-ulcer, anti-inflammatory. Amino Pyridines applied in Pharma – anti-coagulant / blood thinner, anti-psychotic, anti-arthritis. Halo Pyridines applied in Pharma – anti-cancer, anti-ulcer, anti-breast cancer, anti-migraine, anti-coagulant / blood thinner, also used in Agro –

insecticide, fungicide, herbicide, nitrification inhibitor. Picolines applied in Pharma – anti-TB, antihistamine, anti-anxiety, applied in Agro – herbicide, insecticide, applied in Nutrition – Vitamin B3, Chromium & Zinc Picolinate and also applied in Industrial: 2-Vinyl Pyridine Latex. Pyridine applied in Agro – Paraquat, Herbicide and lastly Pyrithiones applied in consumer: Anti-microbial for paints, personal care.

Slide 29: Speciality Chemicals – Growth Strategy Going Forward

This slide tells us about the growth strategy going forward. We are very well positioned to take our Speciality Chemicals segment to the next level. Broadly there are four growth drivers: firstly, forward integration of our Ketene capability and growing demand of Diketene derivatives. Here, we are investing in a new facility for launch of 6 Diketene derivatives. Subsequently, we will add 8 value-added Diketene derivatives. Next is looking at the growing demand of global customers (Pharma & Agro) and their de-risking strategy from China, here we are expanding our CDMO facility & invest in GMP & Non-GMP multiproduct facility for Pharma & Crop Protection customers. Third is global agro customers who are approaching us to de-risk supply chain in agro-active and lastly who are moving up the value-chain from our existing products to produce agro-actives. So, in agro -active we are building a new world class multi-product facility for pesticides. So, in Speciality chemicals we see an indicative investment of about Rs. 550 Crores over the next 3 years.

With this, I now hand over to R Kumar to discuss the Nutrition and Health Solutions business.

R Kumar: Thank you, Anil. I will now present the Nutrition & Health Solutions Business Segment.

Slide 31: Nutrition & Health Solutions - Industry Overview (Vitamin B3)

In this segment, Vitamin B3 is projected to grow at a CAGR of 2.5% over the next 5 years, from $ 350 Mn to $ 400 Mn at the global level. The market size is about 60,000 MT/Year for vitamin B3 (Niacin + Niacinamide). The demand of this product is about 34% in Americas, 24% in Europe, 17% in China and the balance spread out in other geographies. Major demand of Vitamin B3 is for Animal Feed at 60%, followed by Food at 25%, rest to Cosmetics & Others. Vitamin B4 (CC) is majorly used in Poultry, Dairy, Swine & Aqua. Nutrition segment is growing at CAGR of about 7% over the next five years globally and in India about 11-12% CAGR. In the post COVID-19 scenario, Human Nutrition & Health Solutions is poised for a big leap.

Slide 32: Nutrition & Health Solutions - Business Overview

Now we look at Jubilant Ingrevia's presence in the Nutrition space. We are Global No. 1 in Niacinamide and amongst the top 2 in Vitamin B3 (Niacin + Niacinamide), with a global market share of 19%. In Vitamin B4, we hold domestic market leadership with marker share in excess of 50%. Our Company provides nutrition solutions through 34 products, out of which 18 are branded ones & sought after by feed customers. We sell across all five continents to over 400 customers. Our unique business positioning is through our backward integration to our Key RM – Beta Picoline. This will provide the strength in the coming years, with the changing market conditions in feedstock at global level. Our Company has recently entered into herbal line of products for animal feed applications, which is a new trend, and we are sizing this opportunity early on. At Jubilant Ingrevia, we have strategic partnerships in Human Nutrition segment. In our sales portfolio, ~ 75% of revenue comes from exports, which is more or less equally split between Europe, China, North America Japan & rest of the world. While 80% of our portfolio is into Animal Nutrition, 16% from Human Nutrition & Health and balance is into Cosmetics, pharmaceuticals etc.

Slide 33: Nutrition & Health Solutions – Applications of Vitamin B3

At Jubilant Ingrevia as a global leader, we produce all grades of Vitamin B3 for different end uses such as feed grade – animal feed & pet food, pharma grade – nutraceuticals, cosmetic grade – hair care & cosmetics, food grade – food fortification, weight supplements, energy drinks, breakfast cereal, etc.

Slide 34: Animal Nutrition & Health Solution - Key Offerings

In domestic Animal Nutrition & Health Solutions, we have many lines of products which get into Gut Health promotion, Liver protection, Anti Stress solutions, Egg & Milk Quality improvement, Non-Antibiotic growth promoters, etc. We have 18+ branded products which have a strong customer recall and loyalty in the Indian market. We are moving up the value chain from straight ingredient supplier to pre-mix solutions provider. We are also moving up into the Herbal Category with our products which is growing at a CAGR of 8%. We are also launching to connect with customers through Mobility Application to provide technical information and market knowledge.

Slide 35: Nutrition & Health Solutions - Key Offerings

This is the domain in Human Nutrition & Health Solutions business space, we are into Human Nutrition segment through product offering with our international partners, in the form of encapsulated antioxidants, artificial sweeteners, preservatives, premix solutions for Oil & Milk fortification. We are also actively working in the space of plant-based proteins to move into meat and egg analogs.

Slide 36: Nutrition & Health Solutions - Growth Strategy Going Forward

When we talk about our growth driver, growth strategies & investments our focus areas lie in being the least cost producer and fully integrated player in Vitamin B3, we plan to increase the capacity from the present level of 13,000 MT/ Year and launch various value-added grades of Vitamin B3. We are in the process of upgrading our facility to be US DMF and European CEP (Certificate of Suitability under European Pharmacopeia) compliant and move into regulated markets for supply of Pharma grade of Niacinamide. We will continue to focus on value added pre-mixes for animal feed segment and strengthen our herbal line of products, with expansion of our pre-mix facility. We will also continue to look for opportunity for inorganic growth and partnerships in human nutrition segment. Our plan is to invest about Rs. 100 Crores over the next 3 years in the nutrition space.

With this, I now hand over to Chandan to discuss the Life Science Chemicals business.

Chandan Singh: Thank you, Kumar. Now, I will take you through our Life Science Chemicals business.

Slide 38: Life Science Chemicals - Industry Overview

In our Life Science Chemicals, we are a part of a USD 4 billion global portfolio in which the two major products are Acetic Anhydride and Ethyl Acetate. Acetic Anhydride has seen a strong growth demand, growing from the current USD 645 million to USD 772 million in the next five years. Acetic Anhydride merchant market is estimated to grow at CAGR of ~3.6% from 2020 to 2025, whereas no new capacity has been announced. While Global Ethyl Acetate market is estimated to grow at CAGR of ~4.5% from 2020 to 2025. Fastest growing applications for: Acetic Anhydride are wood acetylation, pharmaceuticals & food, and nutrition; Ethyl Acetate in flexible packaging, pharmaceutical and inks. European Union is the major deficit market, it is nearly 90% import dependent for Acetic Anhydride; nearly 70% import dependent for Ethyl Acetate. There is a shift of manufacturing from China to India, which will encourage growth in various industrial applications in India. India Pharma and Agro applications are estimated to witness strong growth, mainly driven by Paracetamol, Acephate and Ibuprofen.

Slide 39: Life Science Chemicals - Business Overview

To give a glimpse of our business, we are Globally among top 2 manufacturers of Acetic Anhydride and Propionic Anhydride in merchant market. Our nearest Indian competitor is 1/5th of our size, whereas our global competitors are just couples of tones away. In the Domestic market, since last 40 years, we are leader in Acetic Anhydride and Ethyl Acetate, this gives a strong demand, making us the largest Acetic Acid importers in India for those products and gives a strong negotiating position. Thus, our leadership is not only in the market but also in cost. We are also World's largest manufacturer of Bio-Acetaldehyde. We are among leading suppliers of Fuel Grade Ethanol to Oil Marketing Companies (OMCs), supporting India's Ethanol Blending Program (EBP) and "AatmaNirbhar". We are catering to fast growing essential applications in Pharma like Paracetamol and more than 6 other APIs, Agro like Acephate, Clethodim etc. and Food & Nutrition due to higher focus on healthcare post pandemic. Products like Paracetamol have been growing at a slower pace because they are dependent on another raw material from China and likewise Acephate was impacted due to China. Now our customers have developed these capacities in-house, and we are seeing strong traction in both these molecules growth in India. Our market share of Acetic Anhydride in India is 71%, some of the top producers of paracetamol and Acephate are nearly 100% dependent on us. Whereas our market share globally is 15%, there our capacity has just been introduced and our product stands approved globally. Fortunately, demand in India is much faster than rest of world therefore there is an urgent need for mixed capacity. For Ethyl Acetate, we are undisputed leader in the Indian market with 33% market share, for Bio Acetaldehyde we have 35% market share, for Speciality Ethanol we have 8% market share and Propionic Anhydride which is recently launched, we have a world class facility that is mainly driven by demand which is shifting from China to India. So, as you can see, in our sales break-up, 72% comes from domestic market where the opportunity is, 12% of the product is sold within India through deemed exports, 12% in Europe and 4% in the rest of the world. Our products are 40% used in Industrial applications, 37% is used in Pharmaceutical, 17% in Agrochemical, 6% in Nutrition and the rest 1% is used in Consumer application.

Slide 40: Life Science Chemicals - Applications

You will be surprised to know, how these products are close to India in our day-to-day life. Paracetamol and Aspirin are a part of every prescription these days post pandemic. Your tea sweetener has a bit of Acetic Anhydride in it. Flexible Packaging is produced using Ethyl Acetate. The Noodles that we eat has a modified starch which is made out of Acetic Anhydride. These products are also used in Vitamin tablets, some parts of the mobile that has Polyimide films, which is made out of Acetic Anhydride. The perfumes that you use, the cigarettes that you smoke, the paints & coatings, the wooden decks around your house, your car seat belt, chewing gum that we have and even the bit of stretch in your jeans has a bit of Acetic Anhydride.

Slide 41: Life Science Chemicals - Growth Strategy Going Forward

Therefore, going forward, our growth strategy is clear, we are witnessing a strong demand for Acetic Anhydride and there is no new facility globally, our customers are exploring to shift from high cost to low-cost countries. Hence, we are investing in another Acetic Anhydride facility to increase capacity by ~35% and further strengthen global leadership. This will indicate an investment of about Rs.250 Crores in the next 3 years.

With this, I now hand over to Prakash to discuss the financials.

Prakash Bisht: Thank you Chandan. Now, I will take you through the Financial performance of our business. Our financial numbers are driven from the LSI segment of the erstwhile Jubilant Life Sciences Limited, which demerged into our Company w.e.f.1st Feb 2021.

Slide 43: Financial Performance - Historical

Before we begin, I would like to highlight that the revenue of our Life Science Chemical business is dependent on the prices of Acetic Acid which is a pass-through material for us. So, the overall value of revenue is impacted due to the price fluctuation of Acetic Acid without necessarily any impact on the profitability,

Our Revenue for 9M'FY21 was Rs. 2,413 Crores. Nutrition and Health segment grew by 16% YoY during this period. Our Revenue in FY19 and FY20 is Rs. 3,545 Crores and Rs. 3,179 Crores, respectively. The revenue of our Life Science Chemical segment is impacted by the prices of a key Raw Material Acetic acid which is a pass-through cost, and it was down by 33% YoY in FY20 resulting in lower revenue for FY20. About 50% of our revenue comes from Specialty Chemical and Nutrition & Health solutions segment.

Our EBITDA for 9M FY21 is Rs.418 Crores which grew 34% YoY. The EBITDA grew for all business segments. Nutrition business registered strong demand led by high prices and LSC business witnessed significant improvement in contribution of its products leading to EBITDA improvement. The EBITDA has improved from 13% in FY19 to 17% in 9M'FY21.

Slide 44: Financial Performance - Balance Sheet

Going forward, we have a strong Balance Sheet with Net Debt to EBITDA ratio of 0.9 times, ROCE of 17.9%, an Asset Turnover Ratio of 1.9 times and Working Capital Turnover ratio of 6.2 times.

Our FY21 ROCE improved to 17.9 % on optimal operation of all facilities and working capital optimization despite COVID pandemic challenges. ROCE was 14.8 % in FY19. In FY20 we commissioned our new Acetic Anhydride facility in Bharuch in Q4 and the return on the same started coming in the next year resulting in lower ROCE in FY20.

Our Asset turnover ratio is around 2 times. In FY20, it came down a bit on account of commissioning of new Acetic Anhydride facility in Q4 but is improving back to normal levels in FY21. Return on Assets improved from 5.4% in FY19 to 9.4% in FY20 driven by sweating of existing assets and higher capacity utilization.

We have remained focused on reduction of debt. Our net debt reduced from Rs. 1,276 Crores in FY19 to Rs. 529 Crores on 31st Dec'20. Therefore, the Debt to EBITDA ratio reduced from 2.9 times to 0.9 times in 9M'FY21.

We have a strong cash generating business. Our cash generation from operations has been improving year after year. Cash generation for 9M'FY21 stood at Rs.355 Crores. The major Capex in FY19 and FY20 was towards new Acetic Anhydride plant.

Our Working Capital, we maintain a healthy Working Capital turnover ratio of more than 6 times. Working capital in FY20 increased due to COVID impact in Q4'FY20 during which debtor's collection slowed down and higher raw material inventory was maintained to manage any unforeseen supply shortage. In FY21 working capital levels has been brought back to normal levels of 6 times

Slide 45: Financial Performance - Nine Months FY21

In the first 9 Months, our Revenue grew by 2% YOY, led by Nutrition and Health Segment by 16 % as demand led high prices were witnessed. Life Science Chemicals grew by 1% as the acetic acid prices remained lower, which is a key pass-through raw material, while in Specialty Chemicals we had a lower revenue on account of lower demand of agrochemicals due to dry weather in west Europe and excessive rain and cold weather in North America which led inventory correction by Agro Chem companies. As explained earlier the EBITDA grew 34% driven by strong demand led by higher prices of Nutrition and higher contribution of Life Sciences Chemical Products. PAT improved by 185 bps YoY. 9M'FY21 PAT is Rs 220 Crores over Rs 172 Crores same period previous year, a growth of 28% YoY. This was driven by EBITDA improvements and lower Finance cost.

Slide 45: Our Vision, Values, Promise and Philosophy

In our long-term vision which is guided by our promise as we conduct our businesses on the basis of our Values and Philosophy.

With this, I would like to conclude our presentation. We will now be happy to address any questions that you may have.

Moderator: Thank you very much. We will now begin the question & answer session. The first question is from Aditya Khemka from InCred Financial Services.

Aditya Khemka: My question is to Mr. Bhartiya Sir, if I see, the business has Rs. 3,000 Crores topline,1400 odd customers & 3 divisions, multiple product lines within each division. Are we spread too thin across too many verticals? Is that how we should think about it?

Shyam Bhartiya: No there are 3 Verticals, Specialty Chemicals, Nutrition & Lifesciences Chemicals. So, within these 3 Verticals we are concentrating on all our businesses & catering mainly to pharmaceuticals, agrochemicals & Nutrition Sites.

Aditya Khemka: Right, you have about 1400 customers but the total Topline is Rs. 3,000 Crores, so the average revenue per customer seems to be around Rs. 2 Crores so for most of the companies that would be a small ticket size so just wondering how we should strategically think about how the management is designing the business. Is it depth or is it width that will help us grow as we go forward?

Shyam Bhartiya: It is both depth & width, because we have to expand our customer base and there are many customers in Europe, US & India who use our product, so those who use our product we have to really cater to their requirements. Some customers have small requirements some have large requirements. In fact, for smaller customers we get better pricing, larger the customer, our pricing is more competitive.

Aditya Khemka: Question to Mr. Srivastava. On the Capex side, I saw the slides where we have Rs. 100 Crores for 1 division to Rs. 550 Crores for another division, as an entity in total what is our Capex budget for FY22 – F'23 if you could take us through that?

Rajesh Srivastava: So, if you have seen in our projection, we are talking about somewhere Rs. 900 Crores in next 3 years and it is quite spread in next 3 years so maybe first couple of years will be more here and there but quite evenly spread. So, I can say that somewhere around Rs.350-300 Crores in first year and then going forward more similar number.

Aditya Khemka: So, Mr. Prakash Sir made the point where he said that the revenues of the Life Science Chemical business are extremely dependent on acidic acid as a raw material and it is a pass-through business, but it obviously influences our toplines & margins to some extents as we saw in FY20 versus FY19. As a business model how do you de-risk yourself from this, or do we not have other option then to depend on imports & Acetic Acids?

Rajesh Srivastava: So as you very rightly said specifically anhydride and Ethyl Acetate the pricing is defined based on Acetic Acid Price. So for those 2 products, our focus is contribution & margin so we focus heavily that if the price goes up we quickly pass on to the customer and obviously if the price goes little bit down, revenue will be less or more but yes to get leverage with our other specialty products once we move with more specialty value added products in next 2 to 3 years. This impact on revenue of Acetic Acid will probably reduce to the extent what you are seeing today so it will change in next coming years.

Prakash Bisht: And if I may chip in here Aditya, you would notice in first 9 months despite Acetic Acid prices remaining suppressed and our revenue not growing, our profitability has improved significantly.

Rajesh Srivastava: Right because our focus is totally on margins in that situation.

Aditya Khemka: Has there been one of cost saving in FY21, nine months which may not recur during FY22 because of the lockdown that happened in FY21?

Shyam Bhartia: No there is no major cost savings except travelling expenses and few other expenses. Some other expenses have come down as there was no travelling.

Rajesh Srivastava: But it has been balanced out with some of our extra expenses which we had incur to continue our operations unaffected during Covid so we had some extra cost to incur to bring our employee in a segregated way so there were some savings in some corners but of course we have not compromised on our deliveries to our customers so therefore our cost has been quite balanced.

Moderator: The next question is from Mr. Rahul Veera from Abakkus Asset Management.

Rahul Veera: Just a quick question. With the Rs. 900 Crores of a gross block addition in next 3 years. What is the peak EBITDA we can do? 2 times asset turn, we can consider 20 % margins, but do you think this 20% margins will be more consistent than previous 5 years?

Rajesh Srivastava: So, if you see our major investments are coming in Speciality Chemicals as well as Nutraceutical business & Anhydrite. All these products our margin situations are exceptionally good so going forward you will see our EBIDTA as well as our margins are going to improve.

Moderator: The next question is from Mr. Dheeresh Pathak from Goldman Sachs Asset Management.

Dheeresh Pathak: My First question is on Diketene and ketene, given your backward integration and low-cost addition, why is it taking so long to be in that part of the value chain?

Rajesh Srivastava: In the past if you must have seen Diketene products, China has been adding huge capacities and we have evaluated this about five years before also, but that time we did not approve this because we found the pricing was really rock-bottom. But now China is not being preferred as a supplier and one of the leading companies coming out of Diketene, it was a very right time for us to take this decision and we have already taken a decision and this plant will be up and running sometime in Q3 next year, in the phase 1 and in phase 2 in subsequent six months, so we are going to be the lowest cost producer of ketene. As I explained, we are going to be a leading supplier of Diketene now to the global customers as well.

Dheeresh Pathak: So, these fourteen products can target how much? I understand, the Indian market is like Rs. 1,000 Crores, so what percentage of the Indian market can these fourteen products targets?

Rajesh Srivastava: The Indian market continues to grow. Its current value, whatever you are talking, it is continuously growing and as Chandan explained, that most of the production shift is happening from other geographies to India, this market is growing itself. But our focus is not just Indian market because we also have our customers globally, who are really looking forward to getting supply of Diketene from us, so I would say we are looking at global market with major market share, that much I can tell you.

Dheeresh Pathak: Ok. Sir second question is on the Nutrition segment, so one of your slide mentioned that it is a very large market, USD 350 million if I remember correctly but our revenue is not even USD 100 million in that segment and then in one of the product market share you are showing that we have a very high market share in the B3, B4 so which part of the value chain do we need to be present in to capture that larger share of Rs.350 million dollar global market.

Rajesh Srivastava: This Rs.350-million-dollar global market is of Vitamin B3 and other products. In Vitamin B3 we already have 20% market share, and we aspire to increase this market share by further expanding our capacity, so we would like to increase our market share from 20% to a further higher level. Apart from this, as Kumar has explained, we are already getting into various animal nutrition premixes and we are also looking at adding three or four ingredients, so vitamin B3 is one of the ingredients. We already have three ingredients in the pipeline which we are going to get launched in coming year and those ingredients will also add up to the revenue of that market which you are talking about.

Dheeresh Pathak: Ok, one last question Sir. As per the slide, the market is growing, you have added capacity, you have done Capex but when I look at the average EBITDA over the last ten years with the data that I have, the absolute EBITDA has been in that Rs.400-450 Crores range. Only in FY18-19 did it go up to Rs.600 Crores. Despite adding capacity, adding Capex and growing market, our absolute EBITDA has been in that Rs.400-450 Crores range only.

Rajesh Srivastava: If you look at our last three years, we have not added major capacities except for that one anhydride plant which we told you was added last year. We have been heavily focusing on balancing our balance sheet and that is why you see our cash generation has been good. We have actually come down in our debt to EBITDA ratio at a comfortable level. Having said that, there have been a couple of market situations in our major products like Pyridine which you might know that Pyridine is used in one of the herbicides called Paraquat. Paraquat started getting banned in various countries two years ago and that actually lead to the demand reduction. During the time of pyridine demand reduction, we have gone into various value added products and now we are producing Pyridine as well as Beta together and they have a strong position in global market to take this business and Niacinamide to the next level. While other people, who do not produce Beta to that extent because of this demand reduction will find difficult times, so you will see the time for Jubilant coming up and going forward both in specialty chemicals and nutraceuticals.

Moderator: The next question is from Mr. Pratik Kothari from Unique Asset Management.

Pratik Kothari: My question is, we have been measuring and carefully focusing on each segment, we have almost sixty plants and hundred products so where do you feel that you have some weaknesses and where you feel you can improve upon, whether it's cost efficiency, productivity or profitability. On the areas of weaknesses, where will be your focus to improve?

Rajesh Srivastava: Basically, you are trying to understand which all are our risk areas. So, as you know in any chemical business the environment, health, safety, competitiveness and majorly the end use disruption. I mentioned recently about Paraquat, if any such end use disruption happens only then there will be an issue, but we are not in any of these products. In the beginning somebody asked the question, how spread we are? Actually, being spread also gives us an opportunity that in future going forward, we will not be at a high risk in terms of revenue, even though a product goes into disruption side. So, I think these are the few areas which we are always cautious and that is why we continue to work on value addition, bring in new products so that these situations, when they come in future, we will not be in a position to lose our revenue and profitability.

Pratik Kothari: My second question is, we are experts in thirty-five chemistries, we have so many products, so somebody also asked about your focus and being specialist of some chemistry and some products, so any thoughts on eliminating some low margin or removing fewer potential products and focus majorly given to grow profits and add value.

Rajesh Srivastava: Moving up the value chain is the process of churning out your product mix. So, it is a continuous journey, you develop a product, demand grows, you enjoy the demand. When the demand comes down, you need to quickly jump on to the next product, so it is a continuous journey and the beauty is as I explained, the expertise in these chemistries and manufacturing gives us an advantage of being agile, we can quickly shift. Rather than being like a big elephant which takes time, we quickly take that change which you must have seen. We had adverse situation in last couple of years, but we did not stand out in terms of our performance, in terms of EBITDA etc. That is showing our agility towards developing new products and specifically on moving up to the value chain. So, it is a continuous process, you find a product not good in use you can quickly churn out to the next product.

Pratik Kothari: Last question is, should we expect in a year or two to be debt free?

Rajesh Srivastava: Yes, our endeavor is to do that, and we are working towards that but not at the cost of our growth. Our focus is to grow the business and whatever we have informed today in the presentation, we are heavily dedicated to implement each one of them in a big focus, so that is our first focus and, in the process, if we become debt free, we will be very happy, that will be a bonus for us.

Moderator: The next question is from Mr. Rangan Venkatraman an Individual Investor.

Rangan Venkatraman: Congratulations, it was a wonderful presentation. I think that the demerger was late. And at least the next time you can give details of all the three verticals that are there or at least the three different companies as in separate profits etc. As I am a long time shareholder since VAM Organic I am still holding on so I am very happy to see the growth that you have created the market share along with good wealth for shareholders who are there for the long term. So I have full faith in the Company but the demerger was little too late I feel but at least in future I hope it done differently.

Moderator: The next question is from Mr. Ranvir Singh from Sunidhi Securities.

Ranvir Singh: As you said that we are trying to be debt free in next two year or may be three years and we have Capex plan for Rs.900 Crores, i.e., Rs. 350 Crores every year and then again, we see the cash flow also is at~Rs.300 Crores so how we are going to pay off this debt?

Prakash Bisht: Rajesh let me take that, I think one important point is that the cash flow for FY21 is for H1 because this has been derived from the publish results so that Rs. 350 Crores that you see is for H1 it is not for nine months that is point number one. Two is, that now the cash flow that we are generating is capable of meeting this Capex requirement but as Rajesh said we strive for being debt free but not at the cost of our growth. We explained you about our balance sheet, it is a very strong balance sheet, and this debt is not an issue for us so therefore you must see overall growth and the strength. We have a robust balance sheet so we are not worried 0.9X is our EBITDA to debt so we are in a comfortable position to grow and invest.

Ranvir Singh: Okay so here we assume that even EBITDA margin will improve going forward?

Rajesh Srivastava: Absolutely.

Ranvir Singh: Okay, and secondly in nutraceutical segment, we are going to premixes segment, how this will add up to our margin profile there?

Rajesh Srivastava So, we are already into premixes business as Kumar has already explained, other than vitamin B4, we have eighteen brand of premixes which are for various uses into therapeutics as well as feed premixes. Now these products are good margin products and the volumes of these products in future will grow so obviously these products will add up to our EBITDA margins in our business definitely.

Ranvir Singh: So, if you could quantify, currently, what we are generating verses once we have a major portion coming from premixes then how this is going to change the EBITDA margins?

Rajesh Srivastava: It is difficult to give you specific product base or business base EBITDA margins at this stage but what I can definitely tell you is that those are the product which are going to add up to the better EBITDA margin for overall business for us.

Ranvir Singh: Okay and earlier we had invested huge amount in that facility where we were supposed to supply for Paraquat and then we had to modify this facility or reconstruct the facility. So, these facilities are now ready? Are they delivering products there or we are still selling some amount which is used in Paraquat type of products? Because Paraquat is banned in few countries only but I think still many countries are using this.

Rajesh Srivastava: We have never added any facility for Paraquat I guess you are talking about tetrachloropyridine which is symtet.

Ranvir Singh: Yeah, symtet facility.

Rajesh Srivastava: Symtet facility this is a long story I think somewhere around 2013-14 we have already gone way head of that facility. It is fully utilized we have added capacity in the same facility for more new products.

Ranvir Singh: Okay so it has nothing to with now Paraquat type of product?

Rajesh Srivastava: No, it was for intermediate not for agrochemical.

Moderator: The next question is from Mr. Ritwik Sheth from One-Up Financial Consultants

Ritwik Sheth: What is the current utilization of our capacity in the 3 segments?

Rajesh Srivastava: Yeah, so in all the 3 segments I can say safely that we are at a level of 80% to 85% of utilization and in a chemical plant, as you know once you reach to 90%+ then you need to add capacity & that is where we are. You are finding that in most of our business, now we are planning to expand.

Ritwik Sheth: So, next year, probably we will reach our 90% & Capex has also come on stream from FY20?

Rajesh Srivastava: Yeah, we continue to de-bottlenecking in our facility, you know so we have expertise in that area that how to really do a value stream mapping & quickly add capacity in the existing facilities. So, it is not always a new plant, so we can also augment the capacity quickly. But yes, some of the investment which we have is stated in our presentation, there are going to be the new facilities, which we are going to add & apart from that yes, we continue to spend on de-bottlenecking, augment our existing capacities with little bit more volume as for the customer demand. That is in addition to whatever we have listed here in the presentation.

Ritwik Sheth: Okay so, this investment plan that we have mentioned in the presentation across the 3 segments have any work started or exist in planning stages & are we starting work?

Rajesh Srivastava: In most of these when we are talking to you, you can assume that we are at a very, very advanced stage. In Diketene, we have already decided, and we have started the Capex as we have mentioned, the plant will be coming up with the product in Q3 next year. In other investment, we have already done the engineering in most of it, and we are ready to start the investment anytime in next 3 to 6 months. So, most of this when we say 3 years' time period you can assume that most of it will be ready up and running for sale in 1 year or 1.5 year.

Ritwik Sheth: From current capacity is it fair to assume that your peak revenue to be around Rs. 3,500 Crores on an annual basis?

Rajesh Srivastava: I guess it will be more because if you can see that you know we are currently running at 80-85%. It will be a little more from the existing facilities. Plus, I mentioned that it is a continuous process. It is not that we have a stand still on the same capacity. We are looking at every day, every week, where can quickly do debottlenecking and add capacity. So, it does not call for a new plant to be added for getting an additional facility in so many plants, which we have. So, we cannot say that this is a ceiling number, which we can achieve from existing facility.

Ritwik Sheth: When do we expect the listing for the demerged entity, Jubilant Ingrevia to happen?

Rajesh Srivastava: We expect sometime in week three of March.

Moderator: The next question is a follow up from Mr. Aditya Khemka InCred Financial Services.

Aditya Khemka: So just wanted to pick your brains on your guidance. So, I think at the beginning of the call, you said that you are looking forward to growing in low double digits for the coming few years. Can you elaborate a bit more? Is it top-line growth, EBITDA growth or path to growth? And can you quantify which segments will actually help you more in the growth effort?

Rajesh Srivastava: So, in terms of revenue, as we said, we will be definitely going double digit growth, in each segment, as you can see, we are spending and investing in each segment. In terms of EBITDA, as we have already mentioned in several answers to questions that our EBITDA margins and absolute value will grow in future because most of our new investments are coming up with a better value, high margin products. So, EBITDA margins are going to be improved, and of course the growth number which we gave double digit was more for revenue.

Aditya Khemka: On the segmental margins, on the 3 segments, in 9M'FY21, we see that the nutrition segment has actually grown much faster, mid double digits, mid-teens, whereas other 2 segments are almost flat and you're EBITDA has grown, right in terms of margin & overall EBITDA. So, the natural conclusion, at least for analysts like us, is that your nutrition segment is your highest EBITDA margin business amongst the 3 businesses. So, 2 questions on this 1st Is that a fair assessment and 2nd would the nutrition business, because it is on a lower base, continued to grow faster than the other two segments?

Rajesh Srivastava: So, 1st the nutrition business has grown because as Prakash has mentioned, we have a good situation our demand as well as price. Both volume and price have grown in case of Life Science Chemical & as Prakash has mentioned our revenue has not grown because of acetic acid price, but you rightly said our margin have been good because in these products, we focus on our EBITDA value and EBITDA margin. So there, we stand still, and revenue will definitely change in the next quarter, when you see the acetic acid price going up. Nutrition and Health Solutions business is a good margin business, and even Specialty Chemical is a good margin business. These 9 months has been a tough period for us for some of the products, as well as some of the markets due to pandemic situation, which you will see the bounce back in a specialty chemical business in the coming quarters.

Aditya Khemka: On the China bit. So, you know, we are getting some mixed messages from the data and from companies and the mixed messages that, you know, this demand migration from China. So almost every Indian Company is doing Capex to cater, to import substitution and to get market share and export versus Chinese manufacturers. Whereas when we actually look at the export data, the Chinese API, intermediate exports still continue to grow. So, you know, these 2 are the mixed messages that we get, because ideally you would expect China to decline because India would like to likely grow from the substitution, but that has not been reflecting in data. So, my question therefore is how do you see this situation? And number 2 do you feel that we are in the regulatory stage right now and we haven't really started getting the demand from the customers?

Rajesh Srivastava: So the production shift from some of the end-use product from China to India is the reality that you cannot deny. Because we have seen that most of our end use products that manufacturing capacities have gone up in India and they are fully utilized what you are talking about, the export of China, they are doing good. But if you look at the growth vis-à-vis what they have been doing last year. But if you see absolute value, of course, they are almost at the same level of what they were at 2-3 years before. So yes because the global market is now growing, hence China is also growing, but India's growth is the reality which we are seeing now. And that is why the investment decisions are happening based on the on-ground reality. Not on any assumption based on the future.

Aditya Khemka: Have you seen any price behavior from your Chinese competitors, which is sort of designed to discourage competition? As in what I read in an article was that wherever China has monopoly, they are sort of increasing prices and wherever they face Indian competition, they are decreasing prices to marginalize Indian manufacturer.

Rajesh Srivastava: So, Aditya, it is good news for us that China has realized to price their product better now & it is not only restricted to where they have a monopoly, they are increasing price. You are finding the price is increasing in most of the products, which are moving out of China. And now this is not because they are taking decision to up the price increase per say, it is also because their costs are going up and because of their cost going up, both on the environmental front as well as on raw material front, they are in a position to now take decisions of pricing increase, which is helping the global market, which was earlier actually negatively impacting. So, it is not that in some products, they are aggressive. We are finding they are selling better price now than earlier.

Moderator: The next question is from Mr. Vinay Jain from Karma Capital Advisors.

Vinay Jain: Firstly, on the specialty chemicals business, we mentioned that the Capex would be around Rs. 550 odd Crores, of that if you could just quantify how much we would be investing towards the Diketene facility and by when can we expect that facility to be commissioned?

Rajesh Srivastava: So, it is difficult to give you a specific number project by project. but as far as timing is concerned, we have already mentioned that first phase of our investment will be ready for sale in Q3 next year, coming from FY22.

Vinay Jain: Ok, that is helpful. And the other thing was investments into acetic acid and nitrate business. We know that how volatile that business is. But you did mention that, again, pricing is a pass through, and we need to focus on the contribution margin. So, when we do any sort of Capex, what is the kind of, if you are able to look from an ROIC perspective? what kind of ROIC are we looking at? When we look at these investment decisions.

Rajesh Srivastava: Our benchmark of payback is three years. So, you can see that anything around that timeline we take the decision of investment.

Moderator: The next question is from Mr. Saion Mukherjee from Nomura.

Saion Mukherjee: My question is primarily related to pricing environment. So, if you look at some of the business segments, like, for instance, let us say Pyridine and its derivatives on Niacinamide, Niacin, how are the prices looking like? Because we keep hearing about disruptions, demand coming back, many commodities we are seeing pricing**.** So, when you look at your portfolio, how should we think about pricing as the margin, depending on how the demand is shaping up and how the supply is coming and where we are with respect to our key products over the last 10 years or whatever is the right average to look at. I am just wondering, can we see 15%, 20%, 30%, 40% rise in prices for any of the segments that you are operating in? Just wanted to hear your thoughts. How should we think about that?

Rajesh Srivastava: As I explained in Pyridine business, because some of the countries have banned Paraquat, the Pyridine volume demand is under pressure and therefore you will find pyridine prices under pressure. However, that it is produced along with beta Picoline as you know. Now, if the Pyridine goes down in the beta Picoline volume also goes down in terms of production. Now, what has happened is that globally, because Pyridine is going down, beta production also is going down and beta is one of the important raw material for vitamin B3, so beta prices is going to go up in future that is our estimate. Because it is simple, when Pyridine demand goes up, if people cannot produce beta and therefore, demand goes up and the price goes up and same way the Niacinamide Price also will continue to increase because overall balancing of beta is actually tight now. So, this is coming to be s positive advantage to jubilant because Pyridine for Jubilant is mostly captive. So, our demand for value added product continues to be strong. We have not been participated very heavily on Paraquat market to sell our Pyridine. Our focus was more on value added Pyridine and therefore our volumes have not dropped significantly. And we will continue to produce beta in a significant good volume what we need for our Niacinamide, and more. So obviously, as you rightly said, pricing scenario of beta Picoline and Niacinamide in coming years are going to be strong and positive for us.

Saion Mukherjee: Well, overall, for your portfolio, your realization or if I may put EBITDA right metric, so, let us say we are doing Rs. 400-500 Crores EBITDA with your current capacities, like 80%, 85% utilization with prices going up, this number should go up, right? We are not considering the additional capacities that we are going to put.

Rajesh Srivastava: Yes, you are very right in your analysis,

Saion Mukherjee: Can you give some number Sir? If possible?

Rajesh Srivastava: If you can see our nine-month performance, you will get some reflection and our future is going to be better. Definitely. I can see that.

Moderator: The next question is from Mr. Deepak Poddar from Sapphire Capital.

Deepak Poddar: Sir can you throw some light on who would be our key peers in the kind of products & the verticals that we are in?

Rajesh Srivastava: So, as you see we are in different segments of products & every product has different peers right, specialty business we have pyridine, pyridine derivatives, CDMO & each of these product segment we have different peers right, in Life Science chemical we have anhydride & Ethyl Acetate we have different peers. In nutraceuticals we have different peers so it is very difficult to give you couple of names, but yes, I can tell you that in vitamin B3 if you know we have our peer which is Lonza & we have few smaller companies in India & some companies in China like that in anhydride we have our peers in US, Europe & India, I mean it's very difficult to give you one or two names every segment every product has different peers.

Moderator: The next question is a follow up from Mr. Dheeresh Pathak from Goldman Sachs Asset Management.

Dheeresh Pathak: How much is the CDMO revenue on annualized basis?

Prakash Bisht: We do not give those sub specific revenues.

Dheeresh Pathak: What would be the pyridine utilization?

Rajesh Srivastava: So ~45% of pyridine we produce, we captively use, as I said in my presentation in integration slide please see that.

Dheerish Pathak: Yeah, I got the captive part I am saying what is the capacity & based on that how much, because you gave some comments around pyridine demand being low & all that, so I want to know on your capacity what is the utilization?

Rajesh Srivastava: So, pyridine (beta picoline) we are almost 70- 75 % capacity utilization.

Dheerish Pathak: And this ban on Paraquat this has been going on for how many years now or is it a recent phenomenon?

Rajesh Srivastava: Last two years mainly.

Dheerish Pathak: One last question on the Diketene & Ketene answer, you said Chinese prices were very aggressive that is why 5 years we did not expand into it but the only other company your competition that makes it in India they have been quite good in making it & has reasonable economics for many years now, so they were able to do it given their position in Ethyl Acetate & large buyer of acetic acid & you also have the same advantages right I am just trying to understand better.

Rajesh Srivastava: We are looking forward to it.

Moderator: Thank you, that brings us to the end of today's event, I now handover the floor back to the management for closing comments.

Rajesh Srivastava: Thank you everyone for joining the first ever investor & analyst meet of Jubilant Ingrevia limited, we hope that we have clarified most of your questions but incase if you have any further questions please feel free to contact Hemant for any questions that you have. Thank you once again for joining us on this call today.

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