

List of Management Attendees

1. Mr. Shyam Bhartia, Chairman
2. Mr. Deepak Jain, CEO and Managing Director
3. Mr. Varun Gupta, CFO – Jubilant Ingrevia Limited
4. Mr. Arvind Chokhany, Group CFO, Jubilant Bhartia Group
5. Mr. Pavleen Taneja, Head – Investor Relations, Jubilant Ingrevia Limited

External Participants during Q&A session

1. Siddharth Gadekar – Equirus
2. Gokul Maheshwari – Awriga Capital Advisors LLP
3. Rohan Gupta – Nuvama Institutional Equities
4. Nitesh Dhoot – Dolat Capital
5. Gaurav – Invesco Enterprises
6. Malay Sameer – Breakthroughs in Stock Market
7. Dhruv Muchhal – HDFC Asset Management



Jubilant Ingrevia Limited

Q2 FY25 Earnings Conference Call Transcript

October 22, 2024

Moderator: Ladies and gentlemen, good day and welcome to Jubilant Ingrevia's Q2 FY'25 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing “*” and then “0” on your touchtone phone. Please note that this conference is being recorded.

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

Pavleen Taneja: Thank you, Dorwin. Good evening, everyone. Thank you for joining our Q2 of Financial Year 2025 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 result presentation that has been shared on our website.

On the call today, we have Mr. Shyam Bhartia – Chairman, Mr. Deepak Jain – CEO and Managing Director, Mr. Varun Gupta – CFO, Jubilant Ingrevia Limited and Mr. Arvind Chokhany – Group CFO, Jubilant Bhartia Group.

I now invite Mr. Shyam Bhartia to share his comments. Over to you, sir.

Shyam Bhartia: Thank you, Pavleen. A very good evening to everyone. Thank you for joining us on the Q2 of the Financial Year 2025 Earnings Conference Call of Jubilant Ingrevia Limited.



We are pleased to announce a healthy quarter-on-quarter, year-on-year growth for the quarter, fueled by enhanced performance of our Speciality Chemical and Nutrition, Health and Solutions business, as well as the advantages gained from cost savings measures implemented over the last few quarters.

Let me share the Overall Market Update with you all:

Globally, the chemical markets are gradually improving in 2024, with volume showing marginal growth over last year and we are witnessing the same in our businesses.

The Pharmaceutical End-Use segment continues to experience steady demand supported by stable pricing and volume placements. Our Pharma folio in Fine Chemicals reflects the sentiments. We continue to face pressure in Acetyls' business though due to low demand in the Paracetamol segment.

The Agrochemical sector is beginning to show some signs of improvement. The excess inventory situation gradually is resolving and the volumes recovering in pyridine-based products. We are optimistic that a steady recovery will continue over the coming quarters.

In the Nutrition Segment, Demand remains steady with Niacinamide volumes showing an upward trend and prices rising during the quarter. Meanwhile, the demand for choline remains stable, although the pricing pressure continued due to high imports.

Let me talk about our Business Update:

In Speciality Chemical business, we saw notable increase in volumes of high margin in Fine Chemicals business in both quarter-on-quarter, year-on-year. The Pyridines and Picolines segment showed material year-on-year growth driven by higher volumes. The CDMO business continues to show good traction with customers across pharma, Agrochemicals and semiconductor segments although at an early stage.

In the Nutrition and Health Solutions business, significant year-on-year, quarter-on-quarter growth was driven by increased volumes and prices of Niacinamide. Margin growth was boosted by a better product mix and a higher share of volumes versus last quarter from human grade products.



In Chemical Intermediates Business, quarter-on-quarter growth was attributed to an increase in volumes of Ethyl Acetate and Acetic Anhydride. However, year-on-year performance declined mainly due to lower prices.

We are excited to share that we have signed a five-year agreement with the multinational agro innovators to produce key intermediate for one of the strategic Agrochemicals. Jubilant Ingrevia will manufacture the intermediate using the MNC's proprietary technology. As a result of this contract, the company anticipates a significant increase in overall revenue share from its Agrochemical CDMO business post commencement of production.

We are glad to announce that our inclusion in the prestigious Global Lighthouse Network (GLN) of the World Economic Forum (WEF). The WEF has recognized Jubilant Ingrevia Limited's Bharuch manufacturing facility as a Global Manufacturing Lighthouse, making us only Indian company to achieve this distinction in this cohort. Over the last few years, we have made significant investments to digitally transform our plants and results are evident in enhanced efficiency, environmental performance and safety measures. We are grateful to the WEF for their ongoing partnership in this journey.

Now, let me share few details of our Future Outlook:

We expect to see improvement in our overall business performance in FY'25, particularly within Speciality Chemical and Nutrition and Health Solutions business segments. Consistent with the last few quarters, our primary focus remains on customer centricity, utilizing the newly commissioned plants, enhancing operational efficiency, leading to further improvement in margins. We expect sequential improvement in the performance in Q3 and Q4 with H2 FY'25 to be even better versus H1 FY'25.

We are committed to our growth plans through our ambitious Pinnacle 345 Vision of achieving three times revenue and four times EBITDA within five years.

With this, I now hand over to Deepak to discuss the Business in Detail, and Wishing All of You a Very Happy and A Prosperous Diwali. Thank you.

Deepak Jain:

Thank you, Mr. Bhartia. A very good evening to all of you. At the outset, I would like to thank you all for joining us today for the Q2 of FY'25 Investor Call of Jubilant Ingrevia Limited.

Let me first take you through the Overall Market Overview for the 2nd Quarter of this Fiscal Year:



In Pharmaceuticals, during the quarter, we observed steady demand and good visibility on volumes across segments, particularly in Pyridine Derivatives. Additionally, prices largely remained stable with a slight increase in certain segments. However, demand driven by Paracetamol segment continues to face challenges as most customers operated their plants at suboptimal capacities.

In the Agrochemicals sector, demand is slowly returning and issues related to global inventory destocking seem to be easing. However, we anticipate that the full recovery will be gradual. Volumes for Pyridine-based products are also showing signs of recovery. We expect that additional capacity in select Agrochemical products in the coming years will further boost pyridine demand.

In Nutrition, we are seeing an increase in Niacinamide volume offtake, with prices also experiencing a rise. Demand for choline remains stable, although pricing pressure from international competition persisted for most part of Q2. We are also making ongoing efforts to gradually enhance traction in products aimed at human consumption.

We have rolled out several new initiatives in the last three quarters in line with our “Pinnacle 345” growth road map that we announced a few months back. Let me share a few key highlights to demonstrate the progress across those initiatives.

#1. Our core product platforms continue to drive growth and maintain our leadership position. We upheld our market share despite facing significant challenges in the acetyl sector. We achieved significant volume growth in Pyridine and Picolines on a year-on-year basis. We are now globally #1 player in Pyridine and Picolines and the only scaled non-Chinese player.

In Niacinamide, we retained our leadership position being the top two players in feed grade. We also achieved steady quarter-on-quarter growth in volumes along with a marginal increase in prices.

In Acetic Anhydride, we observed marginal quarter-on-quarter growth in volumes, although prices continue to remain under pressure. Despite the challenging circumstances, we manage to maintain our market share in H1 FY'25 in both Indian and European markets.

#2. We continue to maintain our revenue share of the Speciality and Nutrition business to 59% and EBITDA share at 73% in the overall portfolio.

Our Fine Chemicals, Microbials and Nutrition products are showing strong year-on-year growth.



Our new product lines in Diketene and Food Grade, Choline Bitartrate trade are demonstrating strong momentum as well.

During the quarter, we secured orders in Agrochemicals space with two large MNC agro innovators. On the first one, by securing one of the largest CDMO deals in the Agrochemicals sector in India, we will serve as a critical agro intermediate supplier for a product from a Multi-National Corporation. Our aim is to partner with the client to scale up production in a reliable, sustainable, cost-efficient and quality assured manner. Furthermore, this partnership underscores our commitment to rapidly growing and investing in our CDMO business in the coming years.

On the second one, we have also received a similar but relatively smaller CDMO orders from another Agrochemicals innovator for a key intermediate of their new AI. The supplies are expected to start in early FY'26, and we hope this intermediate will scale up significantly in coming years as our innovator customer grows the AI volumes going forward.

Our extensive customer engagement through roadshow continued in Q2 of FY'25 also with successful events held in Japan, Europe, US, China and India. These efforts have generated significant interest in collaborating across the Agro, Pharma, Nutrition and Semiconductor spaces. We are already experiencing an increase in our export share, rising to 48% in Q2 FY'25 compared to 38% in Q2 of FY'24, thereby reducing our reliance on the domestic market. Our export grew by 30% year-over-year with the European Union and Japan driving this growth. With the China Plus One strategy gaining momentum we are seeing a steady stream of enquiries from global clients. Many of these discussions are progressing into advanced stages and we are confident in our ability to meet their long-term needs in the future.

#3, with our heightened emphasis on ESG, sustainability is central to our operations. As global leaders, particularly in Europe and the United States ramping up their efforts to cut Scope 3 emissions, Jubilant Ingrevia is dedicated to aligning with these goals and furthering our sustainability initiatives. In recognition of our ESG efforts, WEF has honored our Bharuch manufacturing facility as a Global Manufacturing Lighthouse, making us the only Indian company to achieve this distinction within the cohort at amongst the select few firms in chemicals industry globally. Through this program, we implemented 4IR technologies at our Bharuch site and reskilled many employees to prepare them for the digital future. Utilizing over 30-plus integrated use cases that leverage Artificial Intelligence, machine learning, IoT-based digital trends and predictive platforms, we achieved a 60% reduction in overall process variability and significantly increased production volumes. This initiative also boosted workforce productivity by more than 20% and cut Scope-I emission by over 20%.



#4. Our long-term CAPEX plans are on track with continued investments in new opportunities such as food and cosmetic grade, Niacinamide slated for commissioning in Q3 of FY'25 and other multi-purpose plants in the pipeline. In coming quarters, we will announce the launch of more CAPEX projects in line with our long-term growth strategy.

#5. We have further strengthened our leadership team by welcoming Mr. Varun Gupta as our new CFO and Mr. Birajeev Singh as our new Supply Chain Head. Both Varun and Birajeev come with deep experience and expertise in their respective fields. With all the changes we have made in the organization, including in the top teams in the last year, I am glad to share that we now have one of the best and most energized teams at JVL to drive us towards our long-term Pinnacle 345 ambitions.

And #6. Finally, on cost front, as I have announced in the previous quarters, we continue to make the organization leaner and agile with over Rs. 120 crore per year of savings already mobilized. We have also been able to successfully manage our net working capital at optimal levels for the last three quarters driven by our inventory optimization and aggressive DSO management.

Now, let me take you through the Updates on all of our Three Business Segments Individually:

Speciality Chemicals: During the quarter, the Speciality Chemical segment's revenue grew by 13% on a year-on-year basis on account of higher volumes coming from pyridines building block and derivatives. EBITDA for Speciality Chemical grew by 26% on a year-on-year basis on the back of an increase in volumes of high margin fine chemicals pyridine derivatives both quarter-on-quarter and year on year touching almost 20% EBITDA margin.

Our CDMO business is on a robust growth plan, underscored by the signing of a five-year USD\$300 million plus contract with the multinational agro innovator.

The Diketene plant operated at healthy utilization levels with good volume traction in the newly commissioned facility. The Pyridine's platform demonstrated strong market acceptance and experience both quarter-on-quarter and year-on-year growth.

In the Nutrition and Health Solutions business segment, during the quarter, revenue for the Nutrition business increased by 12% year-on-year, driven by higher sales volumes of both animal and human grade Niacinamide along with elevated pricing. EBITDA for the quarter increased by 29% year-over-year, primarily due to



favorable shift in volume mix towards human grade products as well as lean initiatives and optimized input costs. Overall, Niacinamide remained stable during the quarter, though pricing improved significantly during the quarter.

Newly launched products, Food Grade, Choline Chloride and Choline Bitartrate continued getting traction in the market.

Our GMP compliant facility for food and cosmetic grade, vitamin B3, is set to launch in Q3 FY'25, and we are already seeing strong customer interest in booking advanced volumes.

In the Chemical Intermediates business segment, quarterly revenue increased by 5% on a quarter-on-quarter basis due to improvement in volumes of acetic anhydride and acetyl. EBITDA for the quarter improved by 13% on a quarter-on-quarter basis primarily due to marginally higher volume and cost-saving initiative initiatives, although this was partially offset by rising ocean freight costs in broader Acetyls business. We witnessed improved volumes of Ethyl Acetate and Acetic Anhydride even though Acetic Anhydride volumes remained under pressure on account of lower demand from paracetamol.

Our market share for Acetic Anhydride in Europe remained firm, supported by the acquisition of new customers. We also maintained a dominant position in the domestic market for Acetic Anhydride.

With this, let me now hand over to Varun to discuss the Financials of the Company. I Wish You All A Very Happy Diwali.

Varun Gupta:

Thank you, Deepak. Festive greetings and a very good evening to all of you. I would like to thank you all for joining us today for the Q2 of Financial Year '25 Investor Call of Jubilant Ingrevia Limited. I am excited to interact with all of you in my first investor call.

The overall revenue during the quarter stood at Rs.1,045 crore as against Rs.1,020 crore in Q2 Financial Year '24. The revenue was higher mainly due to higher year-on-year revenue from Speciality Chemical and Nutrition and Health Solutions business segments. The EBITDA for the quarter is Rs. 135 crore, reflecting a 13% sequential increase quarter-on-quarter and 7% increase on a year-on-year basis. This growth was primarily driven by margin improvements in the Speciality Chemical and Nutrition segment along with cost optimization initiative.

During the quarter, we also reduced our net debt when the net debt of the company on 30th September 2024 was Rs.650 crore and net debt-to-EBITDA ratio was 1.4



times on the basis of trailing 12 months EBITDA. The CAPEX expenditure incurred during the quarter was Rs.91 crore and year-to-date for the first six months was Rs.207 crore, which was primarily funded through internal accruals.

Net working capital percentage-to-turnover for Q2 2025 was lower at 17.1% as against 24.3% in Q2 Financial Year '24. The number of days of working capital has reduced to 63 as against 89 in the same quarter last year. The PAT for the quarter is Rs. 59 crore as against Rs.57 crore in Q2 Financial Year '24.

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

Moderator: We will now begin the question-and-answer session. The first question is from the line of Siddharth Gadekar from Equirus. Please go ahead.

Siddharth Gadekar: Congrats on a strong set of numbers and the contract win. Sir, could you provide some clarity on the \$300 million contract like in terms of timeline when do we expect this contract to start?

Deepak Jain: So, that's obviously one of the biggest events for us in this quarter. So, as I already said, this is a \$300 million plus contract which is over next five years. The commencement of production will probably start sometime late next calendar year because we need time to prepare our Agrochemical plant to be able to produce this intermediate.

Siddharth Gadekar: So, how much incremental CAPEX we will be doing in that plant and how much time will it take to ramp up the entire volume?

Deepak Jain: So, I think as most of you already know we commissioned a new agro intermediate and active plant in the early part of this calendar year. So, the plan is to do the modifications and expansion in that plant, and we will require at least another Rs.300 crore plus to do that over the next 12 to 14 months for that plant to be ready to deliver on this contract.

Siddharth Gadekar: And largely in terms of margins or ROCE, how should we look at this in terms of this contract?

Deepak Jain: See, I think I have said that in the past also, every decision we take at Ingrevia from an investment perspective, the minimum threshold for us is 20% EBITDA and 20% ROCE. So, we have applied the same filters and same screens as finalize the commercial construct of this contract as well.



Siddharth Gadekar: And in terms of the value chain, can you just give us some understanding like how many steps would we be doing for the customer, or it would be your basic pyridine derivative that you would be supplying?

Deepak Jain: Siddharth, I unfortunately cannot disclose too much, but what I can say is, it's in one of our core chemistries and #2 it will be a fairly advanced intermediate, so complex one.

Siddharth Gadekar: Just one more last question is on the second contract that we have just spoken about where we said supplies will start from next year. Can you give some color in terms of how much revenue can we expect from that contract?

Deepak Jain: So, again, I will not be able to give precise numbers. I think more than the revenue more important thing is it's for a molecule or AI which is a proprietary one and which has not been launched by the innovator. So, they have engaged us at a fairly early stage and even the initial volumes will be quite significant running into hundreds of tons and it's going to be high margin one for us as well and the supplies of this one will start in the early part of next financial year. So, this will come earlier than the bigger one that we talk about.

Siddharth Gadekar: So, this we will not have to do any CAPEX, is that understanding correct?

Deepak Jain: Some marginal improvements in one of our existing plants, but no major CAPEX.

Moderator: We have the next question from the line of Gokul Maheshwari from Awriga Capital. Please go ahead.

Gokul Maheshwari: Deepak, you mentioned in your opening comments that you are also working on certain newer projects in your horizon. While you will announce in due course, but if you could just give an overview of what areas are you really looking in terms of these CAPEX projects?

Deepak Jain: So, I think as we announced in Q4 of last fiscal year investor call, our Pinnacle 345 strategy has the aspiration of taking our revenue 3X of our size in next five years. As part of that, we have worked out bottom-up plans across different business units and then the CAPEX that I talked about for the future are aligned with that strategy. In fact, I had said that in these calls in the past, almost 100% of all incremental CAPEX is going to go into Specialty Chemical and Specialty part of Nutrition segment in future. And if I just talk about the specific areas, obviously I cannot share too much details, but most of it will go to serve our CDMO business both on the agro and pharma side, our fine chemicals portfolio through multipurpose plant, our

Specialty Nutrition products, particularly on the human and cosmetic grade side. So, those are the areas where we will be investing further going forward.

Gokul Maheshwari: My second question is, while you mentioned that there is stability and very decent growth in the pharma side, could you elaborate a bit more on where are we on the Agrochem side in terms of your interaction with the customers-- is it destocking done or is prices bottomed or moving, what are you picking up while interacting with your clients?

Deepak Jain: Yes. So, I think I would maintain what I said on the previous call also, Gokul. Agrochemical sector in our view from a demand perspective, we think that the destocking problem is largely over, and we can see volumes coming back and you can also see our results where pyridine which goes almost 50% of our pyridine portfolio is built around Agrochemicals, we are seeing volumes coming back there. So, for us that's the first indicator and we can already see that growth is coming back. On the pricing side also, while the broader markets still have softer pricing, at least in our segments, there are pockets where we have already started to see prices also moving up. Even though I think it may take some more time for the broader market to improve. But by and by that we are seeing good traction both from volume and pricing perspective in our core segment.

Gokul Maheshwari: And just on this part, is China still a headache for us in a sense that they producing as aggressively as what has been in that case for the last 12, 18 months?

Deepak Jain: See, I think if you look at even the import prices from China they seem to have bottomed out and have seen largely a flat trend on pricing over the last few months and even uptick in certain product segments, #1. #2, despite China being aggressive over the last 1-1.5 years, I think as I mentioned in my opening remarks, the China plus one trend is playing out very strongly with the lot of innovators and our customers speaking to us as us being there potentially Indian supplier from a reliability perspective. And third, I think the biggest proof of this trend is the new contracts that we have signed on the CDMO side. Both of them are in agro and that's despite the fact that the market has been down over the last 6-8 weeks.

Moderator: The next question is from the line of Rohan Gupta from Nuvama Institutional Equities. Please go ahead.

Rohan Gupta: Thanks for the opportunity and first of all, congratulations winning dual contracts in CDMO. On the second contract, though I do not want to get into too much of the specifics of the contract, but if you can just share that it's at least \$300 million kind of contract which you have mentioned in the PPT, what this \$300 million means and what over a period of time? Second, you mentioned that in your earlier remarks



that this contract is actually I mean for the new AI, getting associated with the innovator at the early stage of product development. If you can elaborate a little bit that the product has not yet been commercialized, still in the phase of commercialization phase one, phase two, what stage it is with the innovator and where and what product or at what stage of N minus 1 or final AI what we are making for the customer?

Deepak Jain:

So, Rohan, I think you have mixed up the two different orders. So, let me just talk about each one of them one by one so that there's absolute level of clarity. The first one, I talked about is the big one, which is \$300 million plus spread over next five years. That is not the new AI. This is an existing AI. And we are doing an advanced intermediate for that AI. It's a big contract. And as I said, we will need to make our agro intermediate and AI plant ready over the next 12 months for us to be able to deliver on this contract and commercial production will commence sometime in second-half or later part of next calendar year. So, that's one. The second one is the new AI, which is a relatively smaller order that we have gotten. It's for an AI which is not launched yet. So, the innovator has gotten us involved in the early stage, but they expect the volumes to run into hundreds of tons even at the time of launch. We are expecting the supplies to commence in the early part of FY'26, which is say April, May timeframe, which is when the product will be launched. We will be making intermediate for this as well. And this also is a multi-step process. We will be doing one of the intermediates in that value chain.

Rohan Gupta:

I was talking about the second contract only, not the first one. So, when you say, sir, the early stage of the product innovation, so the product has yet to be launched by the customers, right, and whether we are replacing in intermediate manufacturing to whom we are replacing, whether the customer earlier was making it by himself or for buying this intermediate from China, what we are...?

Deepak Jain:

No. So, Rohan, the final AI is not commercialized yet. The customer obviously, was in the process of doing the development of the product so far and hence all the steps they were developing internally. They have now gotten us involved where one of the intermediates which has linkage back to one of the platforms that we have in our portfolio. That's why they have gotten us involved on this product.

Moderator:

The next question is from the line of Nitesh Dhoot from Dolat Capital. Please go ahead.

Nitesh Dhoot:

Good evening team, and thank you so much for the opportunity. My first question is on the Specialty Chemical revenue. What I see is the revenues are up Rs. 50 crore year-on-year for Q2 and as the PPT mentioned that there is a significant volume growth on a year-on-year basis. So, how much of this growth is coming from



pyridine and how much from diketene and where would we be in terms of capacity utilizations for both pyridine and diketene?

Deepak Jain:

Thank you, Nitesh. So, obviously, as you can see in our results, the Specialty Chemical revenue have grown year-on-year by almost 13%. What I can tell you is in terms of volume; the growth has been much higher than this 13%. Obviously, as all of you know versus last year the prices have come down. So, that shaved off part of our overall growth. The growth in terms of volume is close to 25% in this portfolio for us and it is a broad-based growth within our Specialty portfolio. So, the pyridine building block has grown, pyridine derivatives have grown, diketene derivatives have also grown, microbial has also grown. So, it's across segments. In terms of second part of your question, the utilization level, on diketene, I think I had answered that in the previous quarter also and broadly the answer is same. We have done two phases of extension in diketene. The phase one happened almost 1.5, 2 years back. There, our plants are running at (+75%) utilization levels. The second phase expansion happened in the early part of this calendar year around March where we launched two more products. Of the two products, for one the utilization levels are already close to 70%. For the second one, we have supplied samples from the new plant to a few big customers and they are just in the final stages of approving the samples. As soon as that happens, we expect even the second plant to take to 50% plus utilization hopefully within this or later by next quarter.

Nitesh Dhoot:

In terms of pyridine capacity utilization?

Deepak Jain:

We have mentioned in the past we have 48,000 tons of capacity for pyridine and picolines and we are running it at close to 75% to 80%.

Nitesh Dhoot:

Secondly, on the capacity utilization on acetic anhydride on the 2,10,000 tons capacity and also in the food grade acetic acid if you can help elaborate?

Deepak Jain:

So, acetic anhydride, you're right, we have almost 2,00,000 tons of capacity. We are running acetic anhydride at around +70% utilization across our plants. Obviously, as I mentioned in my opening remarks, there is some pressure on anhydride business particularly driven by lower paracetamol volumes and production. We are hoping as the markets improve will be able to take that utilization level up. But despite that if you see quarter-on-quarter in our broader acetyl portfolio, there has been an increase in volumes.

Nitesh Dhoot:

On the choline chloride business, what I understand it's a largely domestic market oriented product there. So, what's the strategy in terms of the pharma and the food grade, etc., that you mentioned?



- Deepak Jain:** So, choline does not go in pharma grade. We have two parts of choline business; one is the animal feed grade choline which is the dry CC and liquid CC choline chloride, which we do largely in domestic market, but we also supply to some of the neighboring international markets. That business volume wise is holding up, but there is some pressure on pricing because of the imports. So, we are working through our cost structure and other areas to be able to maintain our market share there. We are the biggest player in the domestic market there. On the second part of choline, where as I announced in the previous two calls, we have launched a food grade and human Nutrition grade choline products, choline chloride and choline bitartrate. Those products we have started to see in the market. We are getting very good traction with most of our customers. Many of the customers have now visited our plants as well and they have done the audit. So, we are hoping that the volumes will start picking up in that segment in the coming months.
- Moderator:** The next question is from the line of Gaurav from Invesco Enterprises. Please go ahead.
- Gaurav:** Thanks for this opportunity and congratulations for the good set of numbers. So, my question is on our vision to grow our revenue to three times and EBITDA to four times in five-year time horizon. So, I just want to understand what would be the base year when we are evaluating that from this number that we want to take to the three times of the revenue, is it the FY'24 or is it the current initial year FY'25 as the base year?
- Deepak Jain:** Somebody else also had asked this question in the last call. So, the base year for revenue is FY'24, which is let's say 4,200 crore of revenue and the landing year is FY'29. So, all the bottom-up estimates and planning was done keeping those numbers in mind. Having said that, as I explained in the previous investor call, obviously there were certain assumptions we have made at that time when we did this exercise in January, February timeframe on pricing as well as market recovery, particularly on the Agrochemical side. Given that there is some uncertainty and lag on that recovery, obviously, there could be a couple of quarters of a timeline tweaking to this, but by and large we stick to the overall vision we have crafted under Pinnacle 345.
- Gaurav:** Just for an understanding purpose, since mainly our revenue comes in three segments, Specialty Chemical, Nutrition and Health Solutions and the third one that is the chemical intermediates, which is a significant portion of our revenue, but in terms of the EBITDA this is not so great as compared to the Specialty Chemical and Nutrition and Health Solutions, right. So, whatever proportion of revenue was there in FY'24 vis-à-vis what we envisage as per our Pinnacle 345 strategy, what would be the ratio of these three segments then we are envisaging to achieve a turnover of



maybe approximately Rs. 12,000 crore after five years, is it going to the same proportion or proportion is going to be changing or I mean to say the mix is going to change?

Deepak Jain:

No, so Gaurav, I think you have seen the number part. You should also revisit the slide which we put in our presentation behind Pinnacle 345. What it clearly states is the overall direction is to increase the share of Specialty and Nutrition in our business and that is something which we explicitly if you see even today's investor presentation we have laid out what percentage of EBITDA is coming from Nutrition and Specialty and that is close to 73% now. The plan as well as expectation is that will continue to grow. Today, acetyl constitutes roughly 35% to 40% of my revenue and almost 25% of EBITDA. The relative share of acetyl in the overall portfolio will continue to come down as Specialty and Nutrition portfolio grow on the back of all the investments we have done in last three years and what we will continue to do even in future, as per the plans I described in response to one of the questions which came earlier.

Gaurav:

I got that, and I was going to the presentation also, but when we are modeling or when we are expecting that, in terms of the percentage of the mix, right, you have clearly mentioned that 60% of the revenue between these two segments and EBITDA somewhere around 73% kind of EBITDA that is coming as of now. But, over a period of time three, four, five years, this revenue mix I am not focusing on because EBITDA you have already given that four times you want to increase vis-à-vis FY'24, right. So, what is going to be the mix change from 60% as of now which is going to be 65%, 70%, do your energy is more concentrated towards increasing the share?

Deepak Jain:

Gaurav, I will not be able to give precise numbers as I should not, but yes, it will be north of 75% for sure for Specialty plus Nutrition together.

Gaurav:

To achieve this strategy, any impact going to be in terms of our debt numbers like for incremental CAPEX, is it going to be funded from the internal accruals or external debt would be required to be taken up?

Deepak Jain:

Yes, so I think again, I explained that in the last two calls and then we maintain that and you can see even in our last three quarters, we have been able to manage our debt in fact lower than what it was four quarters back, despite the fact that we have been continuously investing. So, what it means is by and large, our intent is to fund as much of incremental CAPEX as possible from our internal accrual which we have already seen and as well as the efficiency initiatives that we have taken. So, we are going to continue. We are expecting at least Rs. 600 to 800 crore of incremental CAPEX every year for the next three years at least and we feel a major proportion



of that we can fund through internal accruals as well as the EBITDA which we hope to get on the back of all these investments. If at all we need to, we will need to increase our debt level marginally only, right now we are at Rs. 650, 700 crore as Varun explained, but in no scenario we want it to go beyond Rs. 900, 1,000 crore and keeping our coverage ratio well under 1.4x, which is what we have internally set as a benchmark.

Moderator: The next question is from the line of Malay Sameer from Breakthroughs in Stock Market. Please go ahead.

Malay Sameer: Hi Deepak, congratulations for the 2 orders that you've got in CDMO. Very impressive. I just want to pick your mind on the Bio Secure regulation that is expected to be coming in by 2034. We hear that there could be a very big swing away from China to the country that can supply and fill in that gap. Now that we are becoming one of the world's largest suppliers and we have a full backward integration chain, do you think these orders that are coming in right now are just the tip of an iceberg?

Deepak Jain: That's a very good question. First, let me answer your question at a slightly macro level based on all the interactions I have had with the customers as I mentioned in the past and then you can see in our IR presentation also. We have been doing several road shows, we have done seven of them and we have met some 120, 130 customers and not just at a buyer level, but at a CXO level in many of these meetings. So, obviously we gather a lot of insights and understanding of how the customers are thinking about their future supply chain. And the consistent thing which I have heard in all these meetings is that everyone wants to diversify and add more reliable scale suppliers in India to de-risk from China and then that is what I said in my opening remarks as China plus one strategy which I think most of us have now heard several times, but I can tell you not even a single customer did not talk about it. So, everyone is just talking about it, thinking about it proactively, some are of course at advanced stages, some are still thinking about it, but sooner or later it was anyway supposed to happen. Now, with the Bio Security Act and obviously with the expected results of US elections, there is a feeling that it will become increasingly difficult for customers to rely only on Chinese suppliers and hence at least I expect this trend to only accelerate from here and leading to more and more outsourcing of manufacturing not just in pharma but also in Agrochemicals, cosmetics, semiconductor spaces to India. Coming to now the second part of your question, I see, these two contracts, these are only the tip of the iceberg in terms of the number of such opportunities we expect to catch and realize in the coming years. Obviously, the size of those opportunities could be different depending on which customer and which molecule you're talking about. The first one that I



described is a big opportunity in agro and it's one of the biggest contracts even in the Indian Agrochemical industry. So, those ones are rare in my view. So, in terms of numbers, to give you a sense, out of these 120 plus customer meetings, we have already created a pipeline of almost 100 plus opportunities. Now, the size of those opportunities vary and obviously not all of them is going to convert, but we have created an internal funnel which we are working on and hoping that as some of these duty structures and China plus one strategy play out, we will be able to convert many more contracts in the coming quarters and years.

Malay Sameer:

So, I was thinking aloud that if a large player is shifting away from China to India, they will look at a full backward integrated chain. And as you just said in the presentation that we are such a large player not just in India, but of course India too, but we are a very large player globally, so would not that make us the first choice in India for those people to transition away from China?

Deepak Jain:

We cannot generalize that. Of course, the chemistries and product platforms which we have and there are seven or eight of them and you can see it in our IR presentation also, anything which is falling in those value chains, obviously we will be the natural and first contender to grab those opportunities. We still need to be competitive, responsive, agile, all of that will still be required, but we will obviously have a natural advantage there. Likewise, some of our peer companies in India who are present and deep in other value chains, they will have an advantage over us in those chemistry. So, we cannot generalize it. It is dependent on the chemistry. I think the second part of it is of course all these companies while diversifying their value chains outside of China they are having a very strong focus on ESG as well and that is something where we score over many of our Indian peers, absolutely hands down, because if you see our ESG journey, we started way back in 2001 we are #2 in EcoVadis and Dow Jones ranking for several years now. Every year we are taking several new initiatives and many of them we have announced in our presentations as well. So, that advantage is going to be a huge and that advantage is going to give us an edge versus our peers. On top of that, now if I take the recent WEF Green Lighthouse recognition that our plant had that's just establishes us as one of the not only just cost affected backward integrated and environmentally focused player but also digitally advanced player or peer in Indian chemical industry. So, if you put all of those elements together, our backward integration, the different product platforms, cost competitiveness, environmental focus or ESG focus, digitally-enabled plants, and on top of that, willingness to invest CAPEX ahead of revenue, it makes us a very solid contender for all these opportunities which are coming India's way in the next few years.



- Malay Sameer:** So, Deepak, like for the first order that you announced, you're saying that it will come somewhere late in calendar '26 because we are investing into the peripheral -
- Deepak Jain:** Sorry, calendar '25, not calendar '26.
- Malay Sameer:** Okay. Because we are investing in peripheral equipment, etc., so is it okay to assume that the future orders that will come to us will be executed with a much shorter time lag than receiving the orders compared to what we have done in the first two orders?
- Deepak Jain:** We have two examples right here. One, we are going to execute within four to six months from now, another one which will take at least 12 months. So, what I am trying to say is every order by definition, CDMO, 'C' stands for customize and customize means you have to have a customized set of facility depending on the nature of chemistry, the complexity of the molecule. So, obviously if there is a molecule which falls in our chemistry and can be fitted into one of our existing plants the timeline for that will be much shorter. That's a three to six months. And that's why we are creating a multipurpose plant ahead of time so that we are ready with excess capacity and we can fix some of these molecules into those plants. Obviously, if there is a bigger molecule which requires a specific kind of technology or process setup, the timelines and then we have to create a new plant or make significant changes to an existing plant, the timeline for that will be at least 12 months. So, at this stage it's very difficult to give you a timeline in a generic way. It will be customized to every order, but what I can assure and tell you is internally, our projects team, our design team, our operations team, we are gearing ourselves to ensure, even our R&D team, we are agile and in responding to our customers and deliver as quickly as possible because it's important not just for my P&L and balance sheet, it's important for my customers P&L even more because they wanted the products yesterday and they are coming to us now because of this pressure coming to them and with the Bio Security Act which you talked about, there is a huge amount of urgency in their minds to move quickly.
- Moderator:** We have the next question from the line of Dhruv Muchhal from HDFC Asset Management. Please go ahead.
- Dhruv Muchhal:** Apologies if this is a repeat. If you can please help us some more granularity on the CAPEX plans that you have Rs. 600 to 800 crore per annum over the next three, four years, I understand largely this will be in Specialty and Nutrition, but some more granularity, where do they go, is it agro, is it pharma, is it I am not sure, pyridine, what areas are you looking at?

Deepak Jain:

Dhruv, for the CAPEX, there were questions in the previous three calls also. So, the wave-I of our CAPEX plan we had announced almost 2.5 years back of Rs. 2,000 crore. And at that time, we had announced a bunch of projects. 65% to 70% of that CAPEX was supposed to go into Specialty and the Specialty part of our Nutrition portfolio, which we have by and large stuck to, and as I speak this fiscal year with almost Rs. 1,300, 1,400 crore of investment which had already happened in the last two years, we are going through the last leg of initial or wave-I, say, Rs. 2,000 crore that we had announced 2.5 years back. So, this year with a couple of projects already in play between our boiler in Bharuch and the cosmetic and food grade Niacinamide plant and the few other debottlenecking and expansion plans, we will exhaust the wave-I Rs. 2,000 crore CAPEX. So, that's wave-I. But in order to deliver on our Pinnacle 345 aspiration in FY'29 or near about that time, we will need to take a wave-II CAPEX of Rs. 2,000 to 2,500 crore over the next three years which will be roughly, let's say, Rs. 700-800 crore that I was saying earlier. What I can tell you is 100% of that will be geared towards opportunities which are falling in Specialty and Nutrition side of the portfolio. Obviously, a lot of those opportunities which all will also be driven by what kind of CDMO and other contracts that we get from the customer because many of these will be multi-purpose plants where we can absorb any customized requirement which comes from our customers. But the focus would be on CDMO opportunities in agro, in pharma, in semiconductors, the fine chemical derivatives in our pyridine and diketene value chain, the human and high value animal food and Nutrition grade products in our Nutrition portfolio. So, those are the opportunities which we are looking at as we draw the investment plans for this second wave of Rs. 2,000, 2,500 crore of CAPEX over the next few years.

Dhruv Muchhal:

So, primarily in the Specialty segment, the investments will be targeted towards the CDMO segment, be it pharma, agro or fine chem or semis, that is the fair understanding is it?

Deepak Jain:

CDMO and fine chemical derivatives. As you know, we are world #1 in pyridine and diketene also we have aspiration to become a global leader, and we do those derivatives, and this is our core portfolio. So, we will be creating a multi-purpose plant to serve our pyridine and diketene derivatives portfolio to expand it in the coming years. So, CDMO and fine chemicals are the two major parts within Specialty.

Dhruv Muchhal:

Quickly on the first CDMO, \$300 million contract, just trying to understand nature because there are various terms with industry uses for contracts. Is this take or pay, is it equal revenue over every five years and once this comes how does your Specialty segment margins look like say, FY'27 when the full benefits probably starts to flow in?



Deepak Jain: So, Dhruv, I cannot disclose all the details for obvious reasons, but it is a classic CDMO contract where there is an obligation on both sides, the buyer and the seller. It's a five-year contract with an even split of revenues over the five years. And on the margin and ROCE, as I already answered in response to I think somebody asked one of the questions in the earlier part of this call, our internal threshold is 20% EBITDA and 20% plus ROCE. So, this contract crosses the threshold on those benchmarks.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

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

Moderator: On behalf of Jubilant Ingrevia Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

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