



WOOD ADHESIVES &
WOOD FINISHES

VP LATEX

FOOD POLYMERS

AGRI PRODUCTS

ANNUAL REPORT
2017-18

Corporate Information

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BANKERS

Axis Bank Limited
Corporation Bank
RBL Bank Limited
Yes Bank Limited

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Company Introduction

Jubilant Industries Limited (JIL) is a well-diversified Public Listed Company engaged in manufacturing of Indian Made Foreign Liquor and manufacture Agri Products and Performance Polymers through its wholly owned subsidiary Jubilant Agri and Consumer Products Limited (JACPL). The Agri Products comprises of Single Super Phosphate (SSP) and Crop Growth / Nutrition Products and Performance Polymers comprises of Consumer Products such as Wood Adhesives and Wood Finishes and Specialty Polymers such as Vinyl Pyridine (VP) Latex and Food Polymers. The Company has a broad product portfolio, covering large range of products for both B2C and B2B customers.

The equity shares of the Company are listed on the National Stock Exchange of India Limited and BSE Limited.

BUSINESS SEGMENTS

The Company operates in two business segments:

Agri Products: The Company is among the top domestic players in Single Super Phosphate (SSP). With a strong brand 'Ramban', we are the leading SSP supplier in Uttar Pradesh. The contribution of this segment to total revenue from operations is 29%.

Performance Polymers: The business under performance polymers segment includes Consumer Products like Wood Adhesives and Wood Finishes; and Specialty polymers like VP Latex and Food Polymers. The contribution of this segment to total revenue from operations is 71%.

MANUFACTURING FACILITIES

The Company along with its subsidiary has five manufacturing facilities across the country. Two in the state of Uttar Pradesh (Gajraula and Sahibabad), one in Rajasthan (Kapasan, Chitorgarh), one in Gujarat (Savli, Vadodara) and one in Nira, Maharashtra.

OUR BRANDS



CHARMWOOD



रामबाण®
सफल किसान की पहचान..

VAMIPOL

ENCORD
VP Latex for Tyres

Board of Directors



Mr. Priyavrat Bhartia
Chairman



Mr. Shamit Bhartia
Director



Mr. R. Bupathy
Director



Mr. S. K. Roongta
Director



Ms. Shivpriya Nanda
Director



Mr. Manu Ahuja
CEO & Managing Director

Chairman's Message

Dear Shareholders,

I am happy to share my thoughts with you for the year FY 2017-18!

The first half of FY 2017-18 witnessed the implementation of the landmark Goods & Service Tax (GST). In addition, the economy witnessed a recovery from the impact of demonetisation, which had been announced in FY 2016-17. These two major structural changes are expected to provide immense benefits to the long-term growth trajectory of the country.

As per the International Monetary Fund (IMF), global growth is expected to rise to 3.9% this year, as global economic activity starts picking up through recovery in investments. IMF forecasts India's growth is expected at 7.5% in FY 2018-19 which would make India the world's fastest growing economy in FY 2018-19.

Agri Products

The Government is keen on doubling farmer's income by FY 2021-22, for which it has approved the continuation of the Agri-umbrella programme, 'Green Revolution — Krishonnati Yojana' for two more years. The programme has merged 11 schemes for a holistic and scientific approach. This is a positive development for your company.

Performance Polymers:

Consumer Products Division continued to challenging market conditions through the year with the introduction of GST in FY 2017-18 in quick succession after the impact of demonitization in H2, FY 2016-17. Our focus is on improving demand generation through market initiatives, improvement in product mix and strengthening the distribution network.



In Food Polymers business, Chewing Gum industry struggled in FY 2017-18. However, we have successfully added new customers into our portfolio in FY 2017-18, which should help to deliver higher growth in FY 2018-19. In addition to new customer approvals for our products, the focus in food polymers business is to introduce

new products and to stabilize the newly launched Ester Gum.

In VP Latex, we are witnessing positive growth in the tyre industry which bodes well for the business. Our focus is on new customers acquisition especially in the international markets and newer application development.

FY 2017-18 Financial Highlights

The Consolidated Revenue from operations (net of Excise Duty) of the company dropped by 7%, to reach ₹ 474 Crore in FY 2017-18, as compared to ₹ 508 Crore in FY 2016-17. Earnings before interest, taxes, exceptional items, depreciation and amortization (EBITDA) stands at ₹ 30 Crore in FY 2017-18.

After accounting for depreciation and amortization of ₹ 9 Crore, the Company's PBIT stands at ₹ 21 Crore. After accounting for financial charges of ₹ 26 Crore, and PBT stands at ₹ (5) Crore and Profit/(Loss) after Tax at ₹ (5) Crore.

FY 2018-19 Outlook

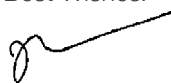
We have strong belief in our people and we are confident in setting new standards. We will drive operational

excellence to achieve even greater productivity and efficiency as we grow our business.

Agri Products is expected to deliver growth with higher capacity utilization and enhanced distribution reach. In our Performance Polymers segment, Consumer Products Division, our focus is on growing market share in premium category and adding new products through in house development and strategic partnerships to cover the product gap and increased efficiency. In Food Polymers business, our main focus remains on new customer acquisition and also increase foot print in the industrial space. In VP Latex business growth would be driven by improving our footprint geographically and across various segment .

I take this opportunity to thank all our employees, customers, vendors, bankers and shareholders for their continued support.

Best Wishes.



Priyavrat Bhartia
Chairman

Date: May 10, 2018

Awards & Accolades

Greentech Safety Award 2017 - GOLD AWARD



JACPL Gajraulaplant has received India's Prestigious 16th Annual Greentech Safety GOLD AWARD in Chemical Sector for outstanding achievement in Safety Management.



Grow Care India Environment Award 2017 - GOLD AWARD



JACPL Gajraula plant has received the Grow Care India Award for outstanding achievement in Environment Management.



Management Discussion and Analysis



The Indian economy exhibited fairly robust performance and was one of the fastest growing large economies in the world. IMF has estimated that India's growth is expected to be a healthy 7.5% in FY 2018-19, led by strong private consumption as well as fading transitory effects of the currency exchange initiative and implementation of the Goods and Services Tax (GST).

During the last year, the Indian economy exhibited fairly robust performance and was one of the fastest growing large economies in the world. IMF has estimated that India's growth is expected to be a healthy 7.5% in FY 2018-19, led by strong private consumption as well as fading transitory effects of the currency exchange initiative and implementation of the Goods and Services Tax (GST).

The Government is keen on doubling farmers' income by FY 2021-22, for which it has launched several new initiatives that encompass activities from seed to marketing. Skymet Weather has forecasted a 20% chance of above normal monsoon, and a 5% chance of excess rain in FY 2018-19, which also bodes well for the agricultural sector.

India is an important player in the global trade of chemicals, fertilizers, plastics and allied products. The chemical industry has seen an increasing shift towards Asia. As per the IBEF report of February 2018, the Indian Chemical industry is today the third largest producer in Asia and 7th in the world in terms of output. The Chemical industry is expected to more than double and touch USD 300 billion by FY 2024-25 from USD 147 billion now, according to Chemexcil.

We are focusing on expanding business in newer markets and product categories and this has resulted in addition of new customers and new geographies. We have also been able to concentrate on more profitable segments of the business.

Industry Scenario

We operate in diverse sectors ranging from fertilizer; food ingredients; tyre production inputs; and wood-working etc. Our performance is not only an indicator of the strategies

we have adopted but it also depends upon the behavior of different sectors to whom we cater.

In Agri Products, the Indian Phosphatic & Potash fertilizers have registered a growth over last year in the country and are showing signs towards balanced use of fertilization after the Government of India took initiatives of supplying Urea coated with Neem to check the pilferages to reduce the excess usage. Recently there has been a notification to supply Urea in 45 Kg bag instead of earlier 50 Kg to further check the dosage during application on crops which is aimed to balancing the fertilizer use.

Single Super Phosphate (SSP) in particular registered a negative sales of 7.8% in India as compared to last year. However, SSP Sales in Uttar Pradesh showed an increase of 2% over last year. SSP production has showed decline of 9.10% lower as compared to last year on an all India basis.

In Consumer Products Division, demand in the Wood Adhesives and Wood-Finish industry continued to be sluggish, with continued impact due to demonetisation of FY 2016-17, followed by a disruption during the introduction of GST in FY 2017-18. We however, outpaced industry growth in premium adhesives by recording a growth of 12% in the premium adhesive category. With the entry of several new players, the level of competition has increased several fold, and therefore despite pressures of increasing raw material prices, the industry continues to absorb the increased cost. The industry has seen aggressive promotions to retain and grow market shares and it has been challenging to pass on the increased input costs in this hypercompetitive market.

In VP Latex Business, after a gloomy start to the financial year, the Commercial Vehicle Industry witnessed growth as pent-up demand kicked in post GST. The same impact was also witnessed in the Bias Tyres industry, where growth picked up post GST.

In Food Polymers, The Chewing Gum Industry overall struggled in FY 2017-18 with US, Europe and China witnessing a decline in the market. India continued to be a bright spot with minor growth in FY 2017-18. New applications were one for the focus areas for Polyvinyl Acetate (PVAc) in FY 2017-18 with progress being made in the low profile additive space. Opportunity continues to be available in the Food Industry in Ester gum for a quality product at the right price, which we shall continue to pursue as we move into FY 2018-19.

Financials

Consolidated financial results of the Company are analyzed and presented below:

Consolidated Profit & Loss	FY 2017-18 (₹ in millions)	FY 2016-17 (₹ in millions)
Revenue from Operations	4,870.52	5,504.76
Other Income	7.81	25.72
Total Revenue	4,878.33	5,530.48
Expenses		
Cost of Materials Consumed	2,438.44	2,579.97
Purchase of Stock-in-trade	50.32	88.00
Change in Inventories of Finished Goods, Work-in-progress & Stock-in trade	(32.76)	(70.82)
Excise Duty on Sales	129.77	420.20
Employee Expense	699.33	720.53
Other Expenses	1,288.89	1,403.20
Total Expenses	4,573.99	5,141.08
EBITDA	304.34	389.40
Depreciation & Amortisation Expenses	90.73	90.98
Finance Cost	259.56	299.19
Tax Expenses	1.42	17.06
Net Profit After Tax	(47.37)	(17.83)

Revenue: The Consolidated Revenue from Operations (net of Excise Duty) during FY 2017-18 stands at ₹ 4,741 million against ₹ 5,085 million in FY 2016-17, reflecting a drop of around 7%. The drop in revenue is mainly on account of reduced prices of Butadiene (where selling prices are a function of raw material prices); and reduced volumes in Latex & Food Polymers business due to increasing competitive pressures and a lower volume allocation by key customers.

Total Expenditure: Total Expenditure stands at ₹ 4,574 million in FY 2017-18 as against ₹ 5,141 million in FY 2016-17. Major expense heads for the Company includes Raw Material cost, Manufacturing cost, Employee benefits expenses and Selling General & Administrative expenses.

EBITDA: In FY 2017-18, the Company's EBITDA stood at ₹ 304 million, compared to ₹ 389 million in FY 2016-17.

PAT: After accounting for depreciation and amortisation of ₹ 91 million, the Company's PBIT stands at ₹ 214 million. After accounting for financial charges of ₹ 260 million, PBT stands at ₹ (46) million. Profit after Tax of Company stands at ₹ (47) million.

Business Segments

Business segment wise consolidated revenue from operations:

Composition of Sales (₹ in millions)	FY 2017-18	FY 2016-17
Agri Products	1,411	1,379
Performance Polymers	3,460	4,126
Total	4,871	5,505

Agri Products

Business Profile – Agri Products has a range of Agri input products in Crop Nutrition & Crop Growth Regulator categories under the brand “Ramban”. The brand has strong reputation in Uttar Pradesh and Uttarakhand

markets. The Company is engaged in the manufacturing of SSP, Organic Manure Granules and Sulphuric Acid.

Industry Overview – Inorganic fertilizer is a key input to help growth of India's agriculture output.

The industry helps agriculture sector to meet food grain requirements of the growing population of the country. The industry not only helps India to become self-reliant in food grain production but also contributes significantly to enhance employment in the country.

The Indian fertilizer industry consists of two key segments – Urea fertilizer and Non-Urea fertilizers:

- The Urea fertilizer accounts for over 50 percent of the total fertilizer consumption. This is regulated by the government as the price and the subsidy are fixed by the government.