

J.G. Chemicals Limited

COMPANY BACKGROUND.....

- JG Chemicals Limited (JGCL), incorporated in 1975, is the largest manufacturer of Zinc Oxide in India., having a 30% market share (as on March, 2022)
- The company started off with a small plant in Kolkata in 1975 with a capacity of about 600 MTPA and has today scaled up to become the top 5 manufacturers globally and the largest in Asia with a capacity of 70,000 MTPA of Zinc Chemicals.
- From an initial customer base of about 10, today they are catering to the requirements of over 200 domestic customers and over 50 global customers in more than 10 countries.
- Their product caters to a wide spectrum of industrial applications, including Rubber and Tyre, Ceramics, Paints & Coatings, Pharmaceuticals & Cosmetics, Electronics & Batteries, Agrochemicals & Fertilizers, Speciality chemicals, Lubricants, Oil & Gas and also Animal feed.
- It is one of the largest suppliers to the top tyre companies globally and other blue-chip companies in various industries.
- JGCL's subsidiary, BDJ Oxides' Naidupeta plant is the only IATF approved ZnO facility globally and also has WHO GMP certification (amongst the very few plants globally to have this); further it has also the licenses to manufacture ZnO in with IPBP/USP/ Ph.Eu Standards.
- JGC's business model is essentially a pass-through pricing model where-in the buying and selling is done basis the base index of LME; thereby reducing the impact of movement in metal prices

BUSINESS MIX.....

Zinc Oxide	Zinc Sulphate and other allied chemicals
Production of over 80 Grades of Zinc Oxide	Production of Zinc Sulphate Heptahydrate and Zinc Sulphate Monohydrate

KEY STRENGTHS.....

- JG Chemicals is the largest manufacturer of Zinc Oxide in India
- Over 95% of the sales are directly to customers, including 200+ domestic customers, 90%+ repeat customers and 50+ global customers from more than 10 countries. This helps in building strong relations.
- The company uses an Environmentally Friendly Manufacturing Process wherein recycled metal instead of finite virgin ores are used. This efficiently utilizes scrap materials through recycling
- The company focuses on using the maximum amount of zinc scrap across all the manufacturing processes.
- The use of secondary/ recycled zinc instead of primary zinc helps in reducing energy consumption by about 73% and reduction in carbon footprint by about 82%.

FINANCIAL PERFORMANCE.....

(INR Mn)	Total Income	EBITDA	EBITDA %	PAT	PAT %	EPS
FY22	6,231	656	10.70%	423	6.90%	12.61
FY23	7,942	851	10.85%	568	7.24%	17.32
FY24	6,754	530	7.94%	321	4.81%	9.60
9M- FY25	6,302	731	11.72%	508	8.14%	12.42

Key Data

BSE Code	544138
NSE Code	JGCHEM
Reuters	
Bloomberg	JGCHEM:IN

Market Data (INR) As on 31st December, 2024

Face Value	10.0
CMP	403.25
52 Week H/L	484.0/171.0
MCAP (Mn)	15802
Shares O/S (Mn)	39.2

Performance As on 31st December, 2024

	3M	6M	12M
J.G. Chemicals	0.0%	67.7%	NA
SENSEX	(7.3)%	(1.1)%	8.2%
BSE Small-cap	(3.6)%	5.3%	28.8%

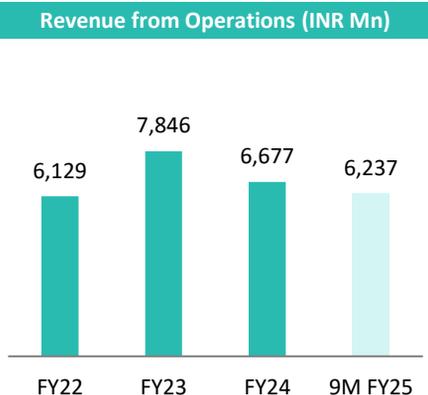
Shareholding Pattern As on 31st December, 2024

Promoters	70.99%
Public	19.02%
DII/AIF	3.94%
FPI	6.05%

PRODUCT MIX

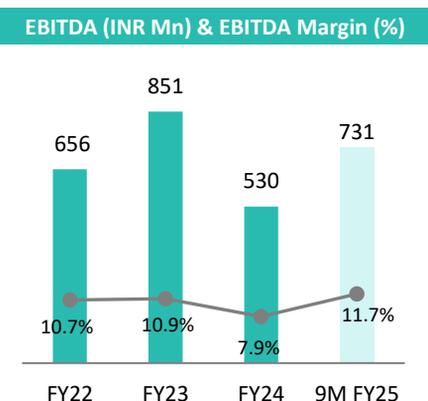
1. Zinc Oxide:

- Zinc Oxide is an inorganic compound; white in color and insoluble in water
- Zinc Oxide is a highly versatile chemical, it is used is for various industries
- Each industry has different specifications and requirements; Requires high degree of customization – both, in operating parameters as well as plant designing & engineering
- 80+ grades of Zinc Oxide sold for a wide spectrum of industrial applications
- Zinc Oxide caters to a wide spectrum of industrial applications, including Rubber and Tyre, Ceramics, Paints & Coatings, Pharmaceuticals & Cosmetics, Electronics & Batteries, Agrochemicals & Fertilizers, Speciality chemicals, Lubricants, Oil & Gas and also Animal feed
- The Company uses the Indirect (French) process to manufacture Zinc Oxide. This process is the most dominant technology globally. Zinc Oxide produced through French Process is of better quality and has higher acceptability
- Globally, over 50% of Zinc Oxide is used in non rubber applications; In India, only 30% is used in the non-rubber industry



2. Zinc Sulphate:

- Zinc sulphate is an inorganic compound which is used in the agriculture industry, as medication and as a nutritional supplement
- JGCL has a 10,080 MTPA capacity for manufacturing zinc sulphate & allied chemicals, making it the largest Zinc Sulphate plant in Southern India. South India has high deficiency of zinc in soil.
- Given the significant agricultural activity in Northern India, the majority of zinc sulphate manufacturers are situated there. However, the logistical challenges and cost implications of transporting zinc sulphate from the North to the South make it impractical. This creates a production void in Southern India. J.G. Chemicals steps in to fill this gap.
- Key application areas for Zinc Sulphate include Agriculture and Pharma. In agriculture, Zinc Sulphate is used in For meeting deficiency in micro nutrients in the soil, leading to better crop productivity and quality especially in southern states where the soil is zinc deficient
- Zinc being a strong immunity builder – rise in consumption due to COVID-19. It also finds use in cosmetic products due to anti bacterial and anti microbial properties.



STRATEGIC OVERVIEW

- There are high entry barriers in the key end-user industries. There are stringent norms by Global & Indian tyre manufacturers, challenging approval process, stringent product approvals, high working capital.
- The company intends to ramp up the offering in the Zinc Sulphate business and intends to develop their own brand for deeper penetration in the market. Leveraging existing customer base will help cross-sell the products.
- The Company intends to build up production of the Pharmaceutical grade Zinc Oxide.
- The company proposes to establish a greenfield manufacturing facility in Gujarat. This would help make in-roads in Western India catering to the needs of ceramics and tyre industry customers having presence in the Western India.
- With the greenfield manufacturing facility in Gujarat, the company proposes to cater to the demand of Zinc Oxide prevalent in Western States for pharmaceuticals, specialty chemicals, petroleum additives and other allied products due to local manufacturing presence.
- The company is exploring both organic & inorganic growth opportunities in South East Asia. The company is already the approved vendor of large global tyre companies having significant present in South East Asia.

PEER COMPARISON (TRAILING 12 MONTHS) INR Mn.....

Company	Revenue	EBITDA	EBITDA%	Net Profit	PAT%	M Cap
J.G. Chemicals	8,051	902	11.2%	644	8.0%	15,802
Tinna Rubber	4,862	811	16.7%	524	10.8%	22,982
Rajratan Global Wire	9,377	1,281	13.7%	638	6.8%	24,500
NOCIL	14,095	1,475	10.5%	1,236	8.8%	40,666
PCBL	82,456	13,486	16.4%	4,456	5.4%	1,69,840

INCOME STATEMENT

INCOME STATEMENT (INR Mn)	FY22	FY23	FY24	9M FY25
Total Operating Income	6,129	7,846	6,677	6,237
Operating Expenses	5,575	7,091	6,224	5,571
EBITDA	656	851	530	731
EBITDA Margins (%)	10.70%	10.85%	7.94%	11.72%
Finance Cost	63	50	36	8
Depreciation	27	34	45	40
Other Income	102	96	77	65
Profit before Tax and Exceptional Item	566	767	449	683
Share Of Loss Of Associates	-	-	18	-
Profit Before Tax	566	767	431	683
Tax	143	199	110	175
Profit After Tax	423	568	321	508
PAT Margins (%)	6.90%	7.24%	4.81%	8.14%
Other Comprehensive Income	1	1	47	62
Total Comprehensive Income	432	569	368	570
Basic EPS (INR)	12.61	17.32	9.60	12.42

BALANCE SHEET

Particulars (INR Mn)	FY23	FY24	H1-FY25	Particulars (INR Mn)	FY23	FY24	H1-FY25
EQUITIES & LIABILITIES				Non-Current Assets			
(A) Equity share capital	317	392	392	(A) Property, plant and equipment	353	417	402
(B) Other equity	1,759	3,592	3,971	(B) Capital work-in-progress	9	-	3
(C) Non Controlling Interest	59	71	84	(C) Intangible assets	-	-	-
Total Equity	2,135	4,055	4,447	(D) Financial Assets			
Non-Current Liabilities				(i) Investments	30	112	170
(A) Financial liabilities				(ii) Other Financial Assets	12	10	21
(i) Borrowings	67	36	1	(E) Deferred Tax Asset (Net)	-	7	-
(B) Provisions	3	4	5	(F) Other Non-Current Assets	11	5	5
(C) Deferred Tax Liabilities	6	-	5	Total Non-Current Assets	415	551	602
Total Non-Current Liabilities	76	40	12	Current Assets			
Current liabilities				(A) Inventories	1,038	557	645
(A) Financial liabilities				(B) Financial Assets			
(i) Borrowings	636	102	128	(i) Trade receivables	1,156	1,167	1,286
(ii) Trade payables	84	82	70	(ii) Cash & Bank Equivalentents	48	1,467	1,216
(iii) Other Financial Liabilities	23	170	52	(iii) Investments	-	321	420
(B) Other current liabilities	5	20	12	(iv) Loans	18	-	-
(C) Provisions	13	15	12	(v) Other Financial Assets	212	180	133
(D) Current Tax Liabilities	6	6	34	(C) Current Tax Assets (Net)	-	-	-
Total Current Liabilities	767	395	307	(D) Other current assets	91	247	462
Grand Total Equities & Liabilities	2,978	4,490	4,766	Total Current Assets	2,563	3,939	4,164
				Total Assets	2,978	4,490	4,766

Name	Designation	Email	Phone
Anuj Sonpal	CEO	anuj@valoremadvisors.com	+91-22-4903-9500
Sumeet Singhania	VP	sumeet@valoremadvisors.com	+91-22-4903-9505
Purvangi Jain	AVP	purvangi@valoremadvisors.com	+91-22-4903-9536
Nupur Jainkunia	AVP	nupurj@valoremadvisors.com	+91-22-4903-9536

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