

### Leveraging the leadership position in ZnO

We recently interacted with the management and also attended 1QFY26 earnings call of JG Chemicals (JGCHEM). JGCHEM is the largest manufacturer of Zinc Oxide (ZnO) in India and enjoys domestic market share of 30%. It has grown from a 600 MTPA small plant in Kolkata, to become the largest manufacturer of Zinc Oxide in India and one of the top 5 players globally, with a manufacturing capacity of ~70,000 MTPA. In order to strengthen the presence in West India in segments such as ceramics, specialty chemicals, pharmaceuticals and tyres, the BoD has approved a fresh capex of Rs1bn to add 40,000 MTPA capacity (in 2 phases) at Dahej. While the current revenue share of Rubber & Tyre Industry is 85%, the management aims at improving the non-rubber share from ~15% to ~30% over the medium term. Rising share of non-rubber revenue is linked to potential margin expansion of 200-300bps over the next 3-4 years. The current capacity utilization stood at ~70% and new Dahej facility at full utilization is expected to clock Rs9bn peak revenue (9x Asset turn) i.e. equivalent to the current revenue base. Since RM as well as final product pricing is linked to LME Zinc index, there is no China dumping of ZnO in India as well as in other Asian countries. Cash rich B/S enables JGCHEM to fund the future capex through internal accruals. While, the management refrained from sharing the exact volume growth for FY25, it was indicated that it came in double digits and the management expects similar growth in FY26. Over last 4 years (FY21-25), Revenue/EBITDA/APAT grew at CAGR of 18%/19%/23%.

#### 1QFY26 performance update

JGCHEM's 1QFY26 revenue grew by 8% YoY, led by both volume as well as value. Current capacity utilization stood at ~70%. Focus on adding new customers across applications, which has helped grow the overall customer base and sales. Zinc sulphate sales have continued to do well and with a good monsoon season outlook the demand is expected to be healthy in the coming quarters. Gross profit/EBITDA declined by ~10%/~12% YoY. EBITDA margin came at 9.1%. The management indicated that underlying margin of core portfolio is in the range of 10%-12%. Higher other income (net cash B/S) led to earnings growth of 4% YoY.

#### Future growth drivers

JGCHEM Board of Directors has approved a capex for a new state of the art project in Dahej, Gujarat for zinc chemicals using the advanced recycling technology. The company has acquired a land spread across 11.43 acres and planning to set up 40KTPA capacity. However this expansion will be done in 2 phases. Exact capacity addition in first phase was not mentioned; however management hinted at adding equal capacity in both the phases. With Rs9bn peak revenue from this upcoming facility coupled with potential brownfield expansion at Naidupeta, JGCHEM's revenue is set to grow 2x. The management in the earnings call also mentioned that, at peak utilization of Dahej unit, JGCHEM's blended EBITDA margin can improve by 200-300bps from the current level. Higher salience of non-Rubber revenue and more premium launches should ideally drive the margin expansion, per management.

#### Financial and valuation summary

YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24A	FY25A
Revenues	4,353	6,128	7,846	6,677	8,479
EBITDA	435	562	755	453	861
EBITDA margin (%)	10.0	9.2	9.6	6.8	10.2
Adj. Net profit	288	431	568	339	668
Adj. EPS (Rs)	7.3	11.0	14.5	8.7	17.0
EPS growth (%)	0.0	49.7	31.7	(40.3)	96.9
PE (x)	174.2	116.3	88.3	147.9	75.1
EV/EBITDA (x)	116.9	90.8	67.3	107.8	57.0
PBV (x)	46.2	32.9	24.2	12.6	10.8
RoE (%)	53.1	33.0	31.5	11.2	15.5
RoCE (%)	33.4	21.5	22.6	10.4	15.1

Source: Bloomberg, Centrum Broking

Please see Disclaimer for analyst certifications and all other important disclosures.

#### Company Update

India I Chemicals

12 August, 2025

Not Rated

Price: Rs497

Institutional Research

#### Market Data

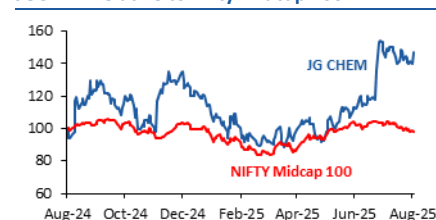
Bloomberg:	JGCHEM IN
52 week H/L:	558/280
Market cap:	Rs19.5bn
Shares Outstanding:	39.2mn
Free float:	37.1%
Avg. daily vol. 3mth:	655,874
Source: Bloomberg	

#### Changes in the report

Rating:	-
Target price:	-
EPS:	-

Source: Centrum Broking

#### JGCHEM relative to Nifty Midcap 100



Source: Bloomberg

#### Shareholding pattern

	Jun-25	Mar-25	Dec-24	Sep-24
Promoter	71.0	71.0	71.0	71.0
FII	6.1	6.1	6.0	6.6
DII	3.5	3.7	3.9	3.8
Public/other	19.5	19.2	19.0	18.6

Source: BSE



Abhishek Navalgund

+91 22 4215 9375

abhishek.nalgund@centrum.co.in

Chemicals

**Exhibit 1: Consolidated quarterly performance**

<b>Growth YoY (%)</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
Net Sales					18%	39%	30%	24%	8%
Gross profit					92%	76%	36%	11%	-10%
EBITDA					309%	167%	56%	14%	-12%
PAT					300%	340%	66%	17%	4%
EPS					223%	256%	34%	17%	4%
<b>Cost items</b>									
Staff costs					17%	18%	11%	2%	-1%
Other expenses					24%	38%	23%	11%	-9%
<b>Margins (%)</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
Gross margin	13.2%	16.5%	20.6%	20.4%	21.5%	20.8%	21.7%	18.3%	18.0%
EBITDA margin	3.2%	5.2%	9.2%	9.5%	11.1%	10.0%	11.0%	8.7%	9.1%
EBIT margin	2.6%	4.5%	8.4%	8.7%	10.4%	9.3%	10.4%	8.1%	8.5%
PBT margin	2.9%	3.2%	8.7%	9.6%	10.1%	10.4%	10.9%	9.2%	9.6%
PAT margin	2.2%	2.4%	6.3%	7.1%	7.5%	7.7%	8.0%	6.7%	7.1%
<b>Common size</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
COGS	86.8%	83.5%	79.4%	79.6%	78.5%	79.2%	78.3%	81.7%	82.0%
Staff costs	2.2%	2.6%	2.8%	2.4%	2.2%	2.2%	2.4%	2.0%	2.0%
Other expenses	7.8%	8.7%	8.7%	8.6%	8.2%	8.7%	8.3%	7.7%	7.0%
Depreciation	0.6%	0.7%	0.7%	0.7%	0.6%	0.6%	0.7%	0.6%	0.6%
Interest	0.9%	0.6%	0.4%	0.3%	0.2%	0.1%	0.1%	0.0%	0.1%
Other income	1.3%	0.6%	1.1%	1.6%	0.2%	1.6%	1.2%	1.6%	1.6%
Tax AT % of PBT	24.9%	23.4%	28.3%	25.8%	26.0%	26.7%	26.6%	26.9%	25.8%
<b>Particulars (Rsm)</b>	<b>1QFY24</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>4QFY24</b>	<b>1QFY25</b>	<b>2QFY25</b>	<b>3QFY25</b>	<b>4QFY25</b>	<b>1QFY26</b>
<b>Net Sales</b>	<b>1,723</b>	<b>1,527</b>	<b>1,613</b>	<b>1,814</b>	<b>2,025</b>	<b>2,121</b>	<b>2,091</b>	<b>2,243</b>	<b>2,180</b>
COGS	1,497	1,275	1,281	1,444	1,590	1,679	1,638	1,831	1,787
<b>Gross Profit</b>	<b>227</b>	<b>252</b>	<b>332</b>	<b>370</b>	<b>435</b>	<b>442</b>	<b>453</b>	<b>411</b>	<b>393</b>
Staff costs	37	40	45	43	44	47	50	44	43
Other expenses	135	133	140	155	167	184	173	173	152
<b>Total expenses</b>	<b>1,669</b>	<b>1,448</b>	<b>1,465</b>	<b>1,642</b>	<b>1,801</b>	<b>1,910</b>	<b>1,860</b>	<b>2,048</b>	<b>1,982</b>
<b>EBITDA</b>	<b>55</b>	<b>79</b>	<b>148</b>	<b>171</b>	<b>224</b>	<b>211</b>	<b>231</b>	<b>195</b>	<b>198</b>
Depreciation	10	10	12	13	13	13	14	14	13
<b>EBIT</b>	<b>45</b>	<b>69</b>	<b>136</b>	<b>158</b>	<b>211</b>	<b>198</b>	<b>217</b>	<b>181</b>	<b>185</b>
Interest	15	9	6	6	4	1	3	1	1
Other income	22	9	17	30	5	35	25	35	34
Exceptional items	-	-18	-	-	-	-	-	-	-
Share of MI/Asso.	-1	-3	-4	-5	-7	-6	-8	-6	-6
<b>PBT</b>	<b>51</b>	<b>49</b>	<b>143</b>	<b>176</b>	<b>205</b>	<b>225</b>	<b>231</b>	<b>210</b>	<b>213</b>
Tax	13	11	40	45	53	60	62	56	55
<b>PAT</b>	<b>38</b>	<b>37</b>	<b>102</b>	<b>131</b>	<b>152</b>	<b>165</b>	<b>170</b>	<b>153</b>	<b>158</b>
<b>APAT</b>	<b>38</b>	<b>37</b>	<b>102</b>	<b>131</b>	<b>152</b>	<b>165</b>	<b>170</b>	<b>153</b>	<b>158</b>
<b>EPS</b>	<b>1.2</b>	<b>1.2</b>	<b>3.2</b>	<b>3.3</b>	<b>3.9</b>	<b>4.2</b>	<b>4.3</b>	<b>3.9</b>	<b>4.0</b>

Source: Company Data, Centrum Broking

## Conference call KTAs

- Revenue growth of 8% YoY was a function of volume as well as pricing. FY25 volume growth came in double digits and the management maintained the same commentary for FY26. Focus on adding new customers across applications, which has helped grow the overall customer base and sales. Zinc sulphate sales have continued to do well and with a good monsoon season outlook the demand is expected to be healthy in the coming quarters.
- The management is working towards developing some other rubber chemicals for the existing tyre customers. R&D has been initiated towards this. The Company is also working on developing certain specialised grades of zinc oxides to cater to certain specific high end customer application segments.
- JGCHEM Board of Directors has approved a capex for a new state of the art project in Dahej, Gujarat for zinc chemicals using the advanced recycling technology. The company has acquired a land spread across 11.43 acres and planning to set up 40KTPA capacity. Commissioning deadline has been set at 1HFY27 wherein the total investment of Rs1bn will be funded entirely through internal accruals. However this expansion will be done in 2 phases. Exact capacity addition in first phase was not mentioned; however management hinted at adding equal capacity in both the phases.
- The management indicated that peak revenue potential from this capacity is Rs9bn i.e. almost equivalent JGCHEM's consolidated revenue in FY25. This translates into 9x Asset turnover. The management indicated that the current Asset turn is 15x (FY25). This capacity would offer wide range of zinc chemicals such as Zinc Oxides, Zinc Sulphates and other high performance zinc chemicals. The rationale behind starting a new capacity in Dahej involves strengthening the presence in West India in order to be located closer to the key customers in segments such as ceramics, specialty chemicals, pharmaceuticals and tyres.
- Post scale up of this facility, the management expects the non-rubber revenue share to increase from 15% to 30% and thereby leading to margin improvement. Also, the agriculture market in Western India can be tapped through this new facility.
- Spare capacity is available in the Naidupeta plant to meet customer demand for the upcoming fiscal till the Gujarat Project is commissioned; the Company will explore brownfield expansion in Naidupeta as required to augment capacity and increase efficiencies. 2.96 acres land parcel is already acquired in Naidupeta, for future expansion plans. Current Naidupeta capacity is sufficient till the time Dahej capacity comes on board
- India consumption demand for ZnO is 140KTPA wherein the share of imports is negligible (<5KTPA). Unlike other chemicals, there is no instance of China dumping of ZnO in India as well as other Asian countries. Since the pricing of RM as well as final product is ultimately linked to LME Zinc prices, there is no competitive edge for China.
- Tyre sector outlook in India is strong wherein the growth of ~8% is expected. Indian tyre exports crossed Rs250bn in FY25 vs Rs140 in FY21.
- In Ceramics segment, the market size for Zinc Oxide and other relevant chemicals is pegged at 25-30KTPA. Double digit growth is expected at the industry level in India. Current share of JGCHEM in Ceramics is very low. 15-20% is aspirational market share in Ceramics post ramp up of Dahej facility.
- On margin delivery, the management indicated 10%-11% EBITDA margin in the core business and indicated an improvement of 200-300bps over the medium term led by higher revenue contribution from the non-rubber segments.
- Exports share is usually in the range of 10%-15%. The management expects the same to continue going ahead as well. Impact of Tariff on business- USA revenue is negligible. However, in the near-term there could be an impact due to currency or RM volatility, if any.

## Company Background

Founded in 1975 by Mr. Suresh Jhunjhunwala and now led by Mr. Anirudh Jhunjhunwala (MD & CEO) and Mr. Anuj Jhunjhunwala (WTD & CFO), JG Chemicals (JGCHEM) and its subsidiary BDJ Oxides Private Limited are part of BDJ Group.

JGCHEM is the largest manufacturer of Zinc Oxide (ZnO) in India and enjoys domestic market share of 30%. It has grown from a 600 MTPA small plant in Kolkata, to become the largest manufacturers of Zinc Oxide in India and one of the top 5 players globally, with a manufacturing capacity of ~70,000 MTPA.

JGCHEM serves over 200 domestic customers and over 50 global customers in more than 10 countries. The Company has developed an extensive global supply network comprising over 100 suppliers from 50 different countries, which enables it to access various types of zinc scrap with diverse impurity profiles. It is the largest zinc recycling company and has strong R&D and in-house developed re-cycling technology for various forms of zinc waste/scrap.

## Manufacturing Presence

The manufacturing facilities include a plant in Jangalpur, West Bengal having a capacity of 14,400 MTPA for Zinc Oxide and 5,040 MTPA for Recycled Zinc Ingots. The second plant, located in Belur has a capacity of 1,800 MTPA for Zinc Oxide. Another plant is located in Naidupeta, Andhra Pradesh having a capacity of 1,800 MTPA for Zinc Oxide was set up to improve its proximity to its primary clientele within the tyre sector. It is the only IATF approved ZnO facility globally and has WHO GMP certification (amongst the very few plants globally to have this). They are adding a Greenfield facility at Dahej, Gujarat, which will commence operations in FY27.

**Exhibit 2: Manufacturing presence**

West Bengal	Naidupeta, Andhra Pradesh
<b>Plant 1: Jangalpur</b> <b>Capacity:</b> 14,400 MTPA for Zinc Oxide 5,040 MTPA for Recycled Zinc Ingots  <b>Plant 2: Belur</b> <b>Capacity:</b> 1,800 MTPA for Zinc Oxide	The only IATF approved ZnO facility globally and also has WHO GMP certification (amongst the very few plants globally to have this). <b>Capacity:</b> 43,704 MTPA for Zinc Oxide 2,016 MTPA for Recycled Zinc Ingots 10,080 MTPA for Zinc Sulphate and other allied chemicals

Source: Company Data, Centrum Broking

**Exhibit 3: Key clientele**



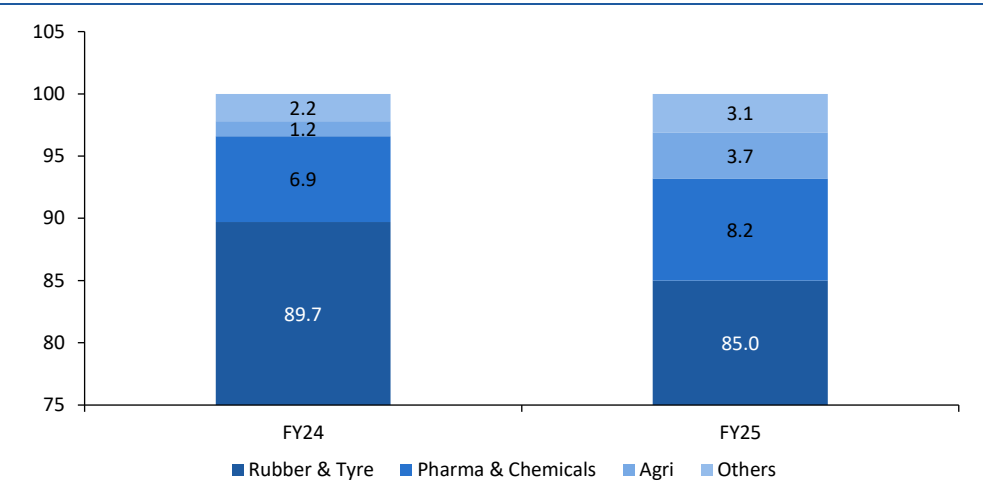
Source: Company Data, Centrum Broking

## Product portfolio and end-user industries

JGCHEM caters to a wide spectrum of industrial applications with a high degree of customization, including Rubber and Tyre, Ceramics, Paints & Coatings, Pharmaceuticals & Cosmetics, Electronics & Batteries, Agrochemicals & Fertilizers, Specialty chemicals, Lubricants, Oil & Gas and Animal feeds. However, Rubber and Tyre segment is the major contributor to the overall revenue (~90/~85% in FY24/FY25). This is significantly higher than India’s average of 70% and global average of 50%. Unlike the global and Indian markets, which have more diversified revenue from Ceramics and Others, JGCHEM is sharply focused on the rubber and tyre industry.

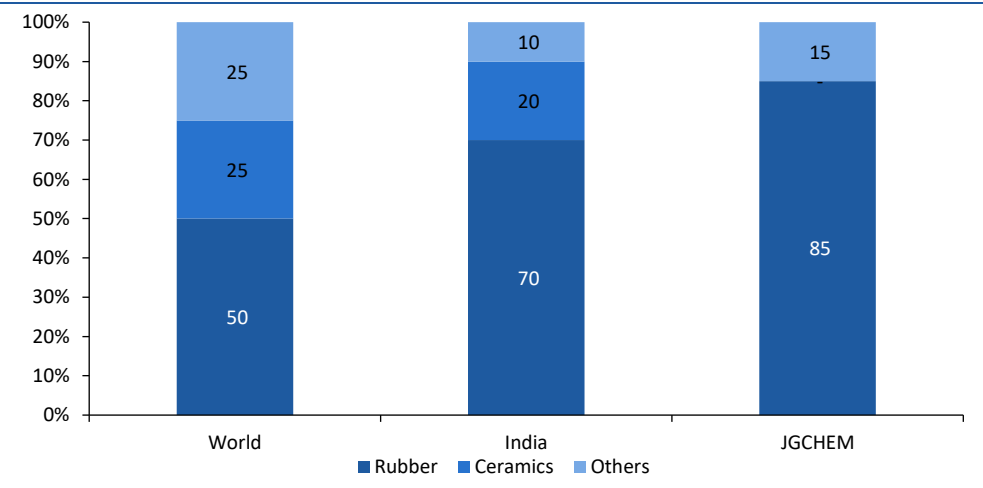
The tyre sector, where Zinc Oxide is indispensable, is a major customer segment for JG Chemicals. Supplying to 9 of the world’s top 10 and all top 11 Indian tyre manufacturers, the company has built strong, long-term relationships. With a direct sales model, over 95% of sales occur without intermediaries, fostering long-term relationships. 90% of its 250+ customers are repeat clients. This strong customer base enhances cost efficiency, revenue stability, and product innovation, positioning the company well to acquire new clients.

Exhibit 4: JGCHEM end-user wise Revenue share



Source: Company Data, Centrum Broking

Exhibit 5: Comparison with World and India Industry average

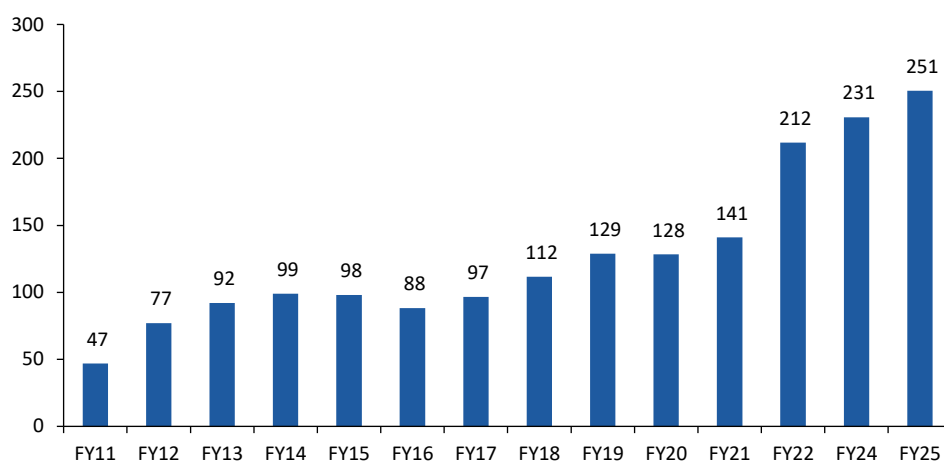


Source: Company Data, Centrum Broking

**Exhibit 6: Key end-user applications of ZnO**

End user industry	Key applications
Rubber & Tyres	Enhances elasticity, durability and weather resistance
Ointments	Used in skin ointments and wound care due to antiseptic properties
Batteries	Enables higher energy density in alkaline batteries
Oil & Gas	Used in drilling fluids (zinc bromide)
Lubricants & Ceramics	Enhances performance and processing characteristics
Agrochemicals	Safe for use in fertilizers and plant protection
Pigments	Acts as a UV blocker and corrosion inhibitor
Livestock	Serves as an essential trace element

Source: Company Data, Centrum Broking

**Exhibit 7: Indian tyre exports (Rsbn) grew at 15% CAGR over last 4 years**

Source: Industry Data, Centrum Broking

JGCHEM's strong focus on the rubber industry has enabled it to scale rapidly and build long-standing relationships with large institutional customers, ensuring strong visibility in both volumes and earnings. Going forward, the company aims to diversify by increasing its presence in non-rubber segments.

Zinc sulphate is an inorganic compound which is used as a fertilizer and for medicinal purposes. It is majorly used in agricultural, fertilizers, and the pharmaceuticals industry. As per The Fertiliser Association of India, the zinc sulphate demand in India is ~220ktpa. It helps in improving the quality of crop and productivity of soil. Domestically, the demand for zinc sulphate is anticipated to rise considerably in the southern part of India due to zinc-deficient soil. Additionally, zinc sulphate is used as a supplement in animal feed. Zinc sulphate capacity was commissioned in FY23 with 10ktpa capacity. Zinc ash is converted into zinc sulphate using ZLD technology. Currently, the zinc sulphate plant is operating at lower utilization levels and some portion of FY26 growth will come from ramp-up of this capacity. There are two products which are manufactured viz zinc sulphate heptahydrate (21% zinc content) and zinc sulphate monohydrate (33% zinc content). Zinc sulphate capacities can be added in their Gujarat plant as well since Gujarat soil is also zinc deficient

## Update on expansion

- JGCHEM Board of Directors has approved a capex for a new state of the art project in Dahej, Gujarat for zinc chemicals using the advanced recycling technology. The company has acquired a land spread across 11.43 acres and planning to set up 40KTPA capacity.
- Commissioning deadline has been set at 1HFY27 wherein the total investment of Rs1bn will be funded entirely through internal accruals. The management indicated that peak revenue potential from this capacity is Rs9bn i.e. almost equivalent JGCHEM's consolidated revenue in FY25. However this expansion will be done in 2 phases. Exact capacity addition in first phase was not mentioned; however management hinted at adding equal capacity in both the phases.
- This capacity would offer wide range of zinc chemicals such as Zinc Oxides, Zinc Sulphates and other high performance zinc chemicals. The rationale behind starting a new capacity in Dahej involves strengthening the presence in West India in order to be located closer to the key customers in segments such as ceramics, specialty chemicals, pharmaceuticals and tyres.
- Post scale up of this facility, the management expects the non-rubber revenue share to increase from 15% to 30% and thereby leading to margin improvement. Also, the agriculture market in Western India can be tapped through this new facility.

## Global market size, competitive landscape

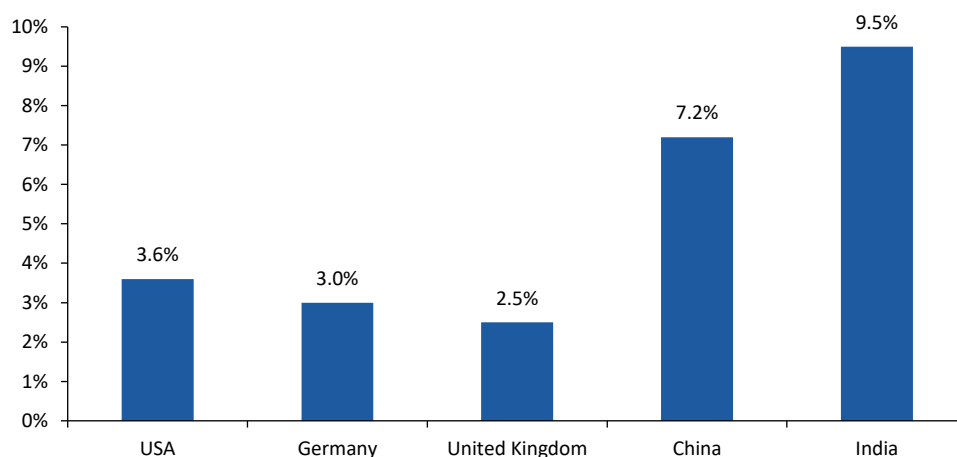
The global zinc oxide market is estimated to be worth USD 4,449.6 million by 2024 and is projected to reach a value of USD 8,273.5 million by 2034. Over the projection period, global demand for veterinary rapid tests is predicted to increase at a CAGR of 6.4%. The established key player holds a strong position in the sector while smaller players are applying various key strategies to gain substantial sector share in the current era. The zinc oxide is essential in rubber manufacturing. The demand for rubber is increasing in various industries nowadays. The automobile sector is vying for a prominent market share owing to the requirement for rubber products such as tires, windshields, and others. Wherever the zinc oxide sector also holds the dominating position in the pharmaceutical sector. The growing demand for zinc oxide including products such as medicines and skin care creams is accelerating the demand for zinc oxide in various nations in the current period.

In terms of grade type, the industrial segment is estimated to account for a share of 74.9% by 2034. By application, the rubber sector is anticipated to dominate by holding a share of 46.3% in 2034. The industrial grade is widely utilized due to its physical and chemical qualities, which make it suited for usage in a variety of end-use industries, including the rubber industry. Rubber is widely utilized in the automobile industry for the manufacture of tires and other vehicle components.

### Leading players globally

- USA Zinc
- Rubamin
- Zinc Oxide LLC
- Grupo Promax
- Weifang Longda Zinc Industry Co. Ltd.
- Yongchang Zinc Industry Co. Ltd.
- Pan Continental Chemical
- J.G. Chemicals
- Akrochem
- ZM Silesia

**Exhibit 8: Global Zinc Oxide growth CAGR (2024-34) region wise**



Source: Industry Data, Centrum Broking



## Manufacturing process

Zinc oxide (ZnO) is primarily produced through three main processes: the direct (American) process, the indirect (French) process, and wet chemical processes. The indirect process, involving zinc vaporization and oxidation, is the most common method globally. Wet chemical processes, including precipitation and calcination, are also used, particularly for producing ZnO nanomaterials.

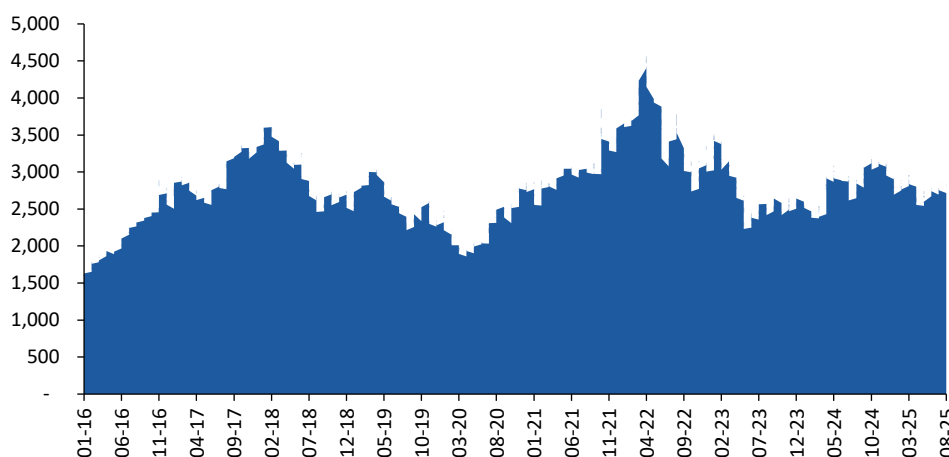
**Direct (American) Process-** This method involves reducing zinc ore in the presence of coal. Zinc vapours are then oxidized in the same reactor, completing the process in one cycle.

**Indirect (French) Process-** Metallic zinc is melted and vaporized in a furnace. The zinc vapour reacts with oxygen to form ZnO. The resulting ZnO particles are cooled and collected. It is known for producing high-purity ZnO. JGCHEM uses French process.

**Wet Chemical Processes-** Involve dissolving zinc salts in water. Zinc hydroxide is precipitated using a base like sodium hydroxide. The precipitate is then calcined to obtain ZnO. These methods are also used for synthesizing ZnO nanomaterials. Zinc Oxide (ZnO) is a highly versatile inorganic compound used across a wide range of industries. JGCHEM offers 80+ customized grades, tailored to specific customer requirements across segments. ZnO produced from Zinc Dross, Ash & Scrap reduces the consumption of raw material inputs (Zinc metal) to manufacturing by returning recycled Zinc to the value chain. Zinc ash is converted into Zinc Sulphate using a ZLD technology while, Zinc Sulphate is used in agriculture. New EPR regulations bode well for JGCHEM since it is already using recycled RM. Hence, there is no risk of reduction of zinc oxide in end user applications. The company's subsidiary, BDJ Oxides, also operates India's only IATF-certified Zinc Oxide facility, preferred by tyre manufacturers for OEM supplies.

**JGCHEM leverages the French Process**, a globally preferred technology, to produce high-purity Zinc Oxide. With decades of expertise, the company has customised this process through proprietary in-house recycling, enabling higher utilisation of zinc scrap compared to competitors. The company focuses on 'Green Manufacturing' where maximum amount of Zinc Scrap is used across all their manufacturing processes. Most grades are produced using 100% recycled scrap, giving JGCHEM a cost advantage and a specialised capability that is difficult to replicate.

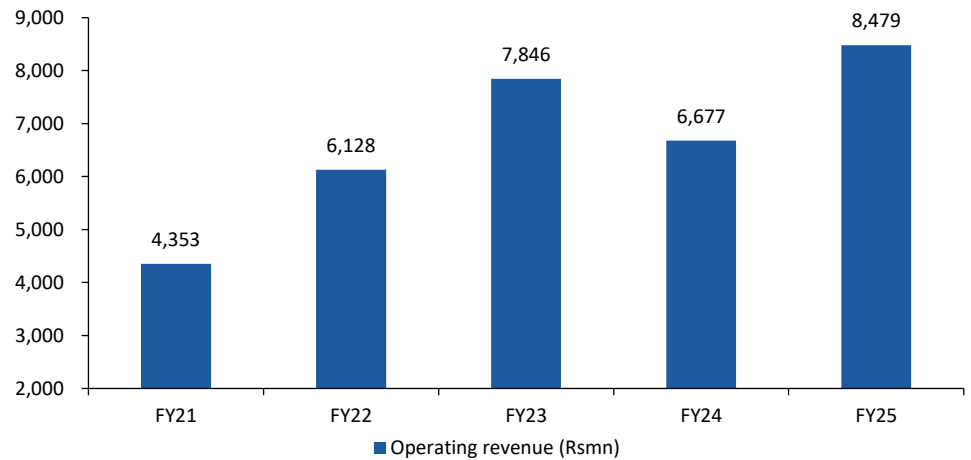
**Exhibit 9: LME Zinc price index**



Source: Bloomberg, Centrum Broking

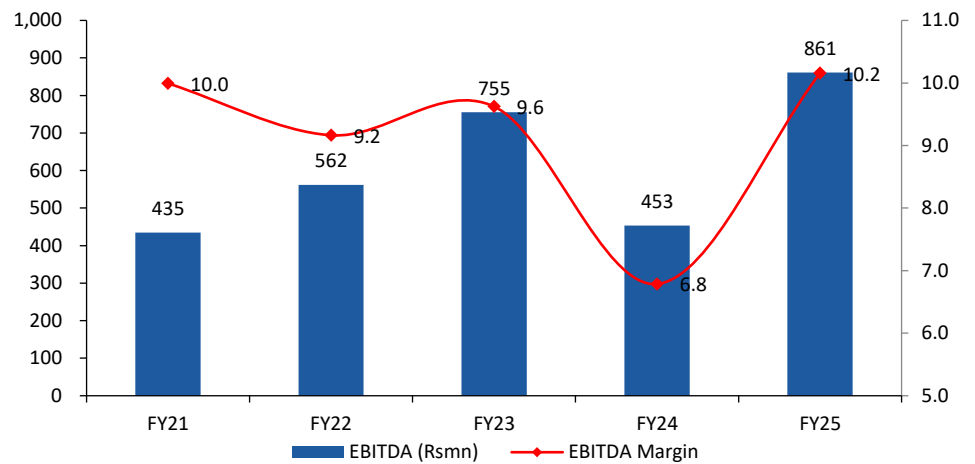
## Key financial charts

**Exhibit 10: Revenue growth at 18% CAGR over FY21-25**



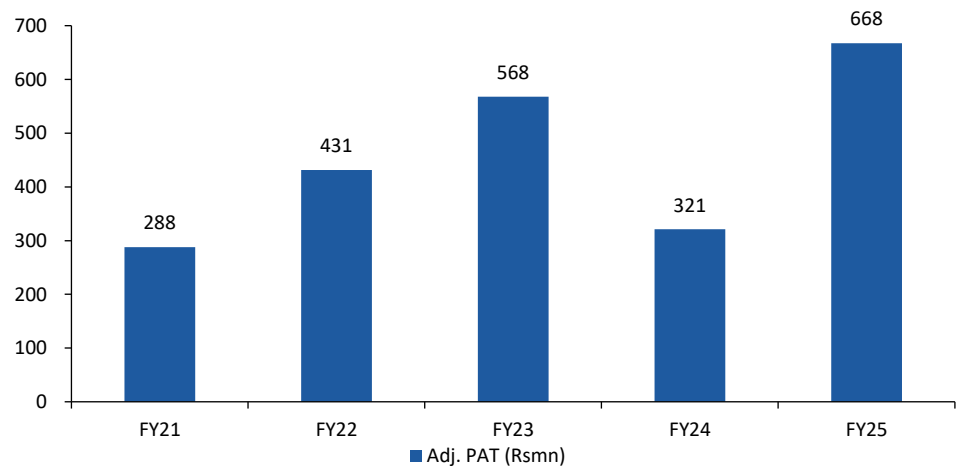
Source: Company Data, Centrum Broking

**Exhibit 11: EBITDA grew by ~19% CAGR over FY21-25**

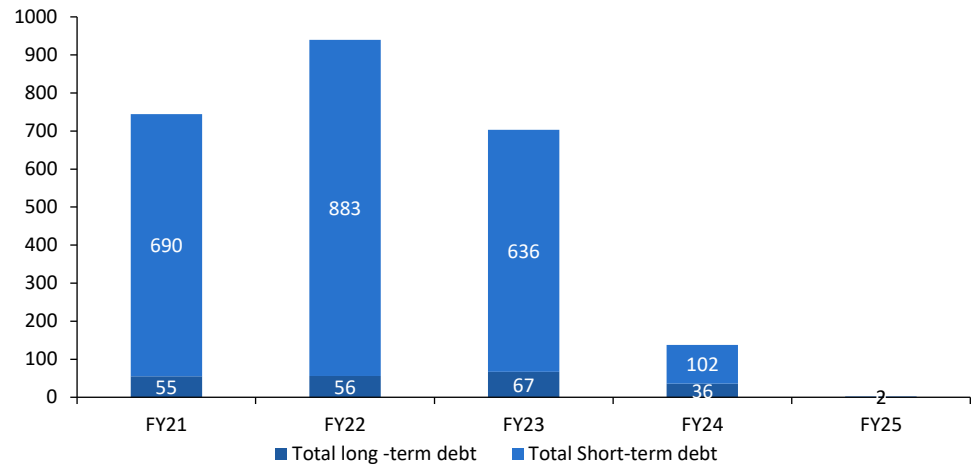


Source: Company Data, Centrum Broking

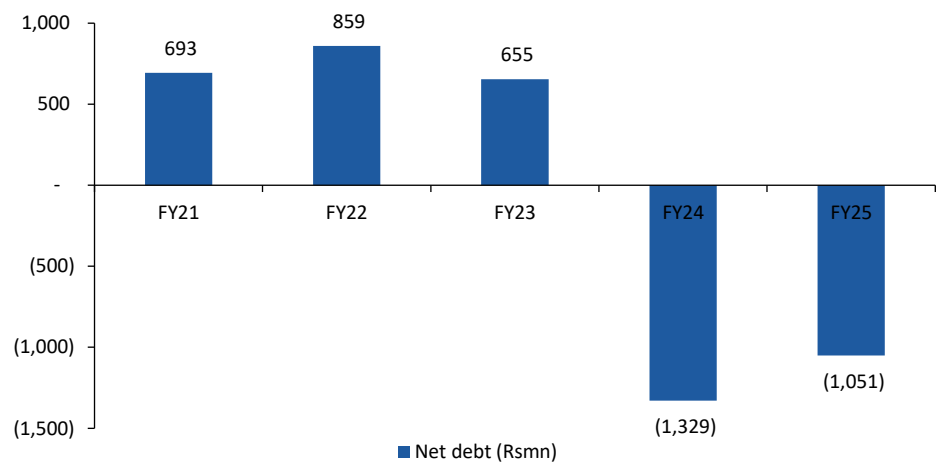
**Exhibit 12: APAT CAGR at 23% over FY21-25**



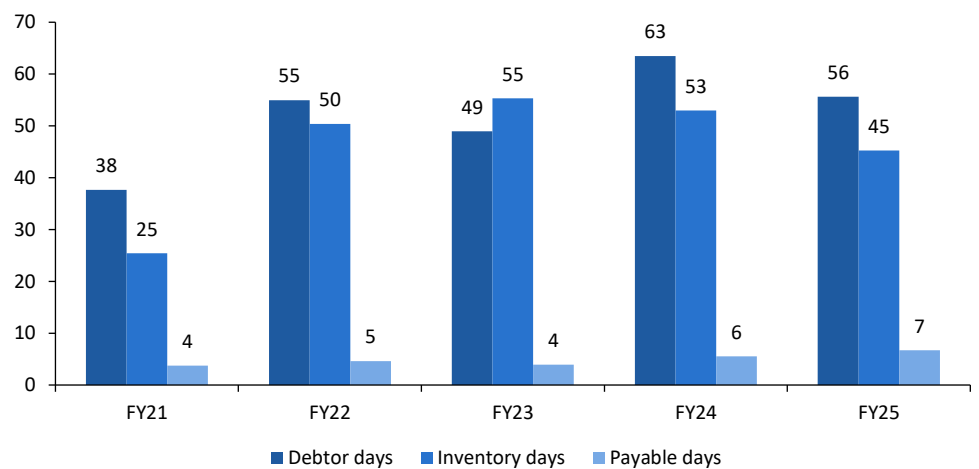
Source: Company Data, Centrum Broking

**Exhibit 13: Debt free B/S**

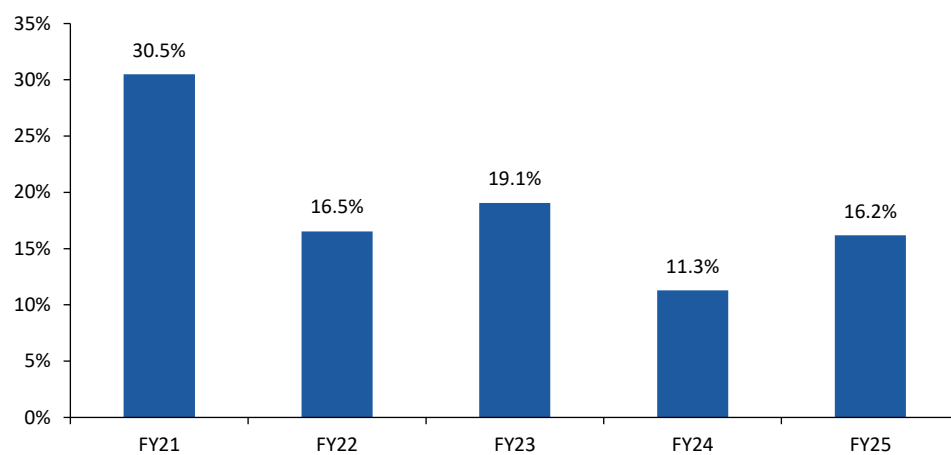
Source: Company Data, Centrum Broking

**Exhibit 14: Cash rich B/S enabling JGCHEM to fund future capex through internal accruals**

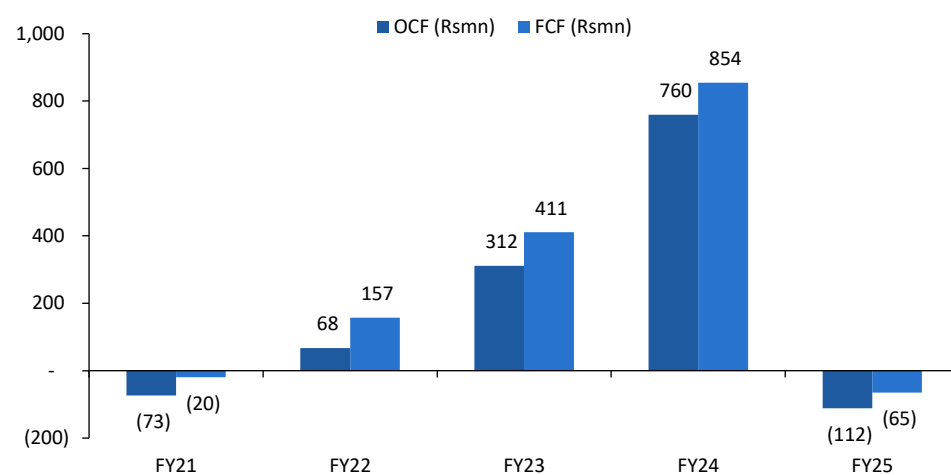
Source: Company Data, Centrum Broking

**Exhibit 15: Cash conversion cycle**

Source: Company Data, Centrum Broking

**Exhibit 16: Return ratios (ROIC)**

Source: Company Data, Centrum Broking

**Exhibit 17: Cash flow generation**

Source: Company Data, Centrum Broking

P&L					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24A	FY25A
<b>Revenues</b>	<b>4,353</b>	<b>6,128</b>	<b>7,846</b>	<b>6,677</b>	<b>8,479</b>
Operating Expense	3,490	4,958	6,341	5,496	6,738
Employee cost	103	133	148	165	184
Others	325	475	602	563	696
<b>EBITDA</b>	<b>435</b>	<b>562</b>	<b>755</b>	<b>453</b>	<b>861</b>
Depreciation & Amortisation	23	27	34	45	54
<b>EBIT</b>	<b>412</b>	<b>535</b>	<b>721</b>	<b>408</b>	<b>807</b>
Interest expenses	51	63	50	36	8
Other income	51	102	96	78	100
<b>PBT</b>	<b>412</b>	<b>574</b>	<b>767</b>	<b>449</b>	<b>899</b>
Taxes	124	143	199	110	231
Effective tax rate (%)	30.1	24.9	25.9	24.5	25.7
<b>PAT</b>	<b>288</b>	<b>431</b>	<b>568</b>	<b>339</b>	<b>668</b>
Minority/Associates	0	0	0	0	0
<b>Recurring PAT</b>	<b>288</b>	<b>431</b>	<b>568</b>	<b>339</b>	<b>668</b>
Extraordinary items	0	0	0	0	0
<b>Reported PAT</b>	<b>288</b>	<b>431</b>	<b>568</b>	<b>339</b>	<b>668</b>

Ratios					
YE Mar	FY21A	FY22A	FY23A	FY24A	FY25A
<b>Growth (%)</b>					
Revenue	0.0	40.8	28.0	(14.9)	27.0
EBITDA	0.0	29.1	34.4	(40.0)	90.1
Adj. EPS	0.0	49.7	31.7	(40.3)	96.9
<b>Margins (%)</b>					
Gross	19.8	19.1	19.2	17.7	20.5
EBITDA	10.0	9.2	9.6	6.8	10.2
EBIT	9.5	8.7	9.2	6.1	9.5
Adjusted PAT	6.6	7.0	7.2	5.1	7.9
<b>Returns (%)</b>					
ROE	53.1	33.0	31.5	11.2	15.5
ROCE	33.4	21.5	22.6	10.4	15.1
ROIC	30.5	16.5	19.1	11.3	16.2
<b>Turnover (days)</b>					
Debtors	38	55	49	63	56
Inventory	25	50	55	53	45
Creditors	4	5	4	6	7
Net working capital	134	125	113	199	182
<b>Solvency (x)</b>					
Net debt-equity	0.6	0.5	0.3	(0.3)	(0.2)
Interest coverage ratio	8.6	9.0	15.2	12.5	101.7
Net debt/EBITDA	1.6	1.5	0.9	(2.9)	(1.2)
<b>Per share (Rs)</b>					
Adjusted EPS	7.3	11.0	14.5	8.7	17.0
BVPS	27.7	38.9	53.0	101.7	118.6
CEPS	7.9	11.7	15.4	9.8	18.4
DPS	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>					
P/E	174.2	116.3	88.3	147.9	75.1
P/BV	46.2	32.9	24.2	12.6	10.8
EV/EBITDA	116.9	90.8	67.3	107.8	57.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24A	FY25A
Equity share capital	12	12	317	392	392
Reserves & surplus	1,073	1,514	1,759	3,592	4,256
Shareholders fund	1,085	1,526	2,077	3,984	4,648
Minority Interest	105	40	59	71	99
Total debt	745	939	704	138	2
Non Current Liabilities	4	2	3	4	4
Def tax liab. (net)	1	0	6	0	5
<b>Total liabilities</b>	<b>1,940</b>	<b>2,508</b>	<b>2,848</b>	<b>4,197</b>	<b>4,758</b>
Net block	224	224	353	417	389
Capital WIP	0	74	9	0	11
Net fixed assets	230	298	362	417	400
Non Current Assets	27	22	23	22	17
Investments	86	85	30	112	122
Inventories	486	883	1,038	557	1,114
Sundry debtors	898	948	1,156	1,167	1,419
Cash & Cash Equivalents	52	81	49	1,467	1,053
Loans & advances	20	18	18	0	0
Other current assets	300	309	302	748	854
Trade payables	72	53	84	82	166
Other current liab.	78	69	34	196	37
Provisions	9	11	13	15	19
Net current assets	1,596	2,104	2,433	3,646	4,219
<b>Total assets</b>	<b>1,940</b>	<b>2,508</b>	<b>2,848</b>	<b>4,197</b>	<b>4,758</b>

Cashflow					
YE Mar (Rs mn)	FY21A	FY22A	FY23A	FY24A	FY25A
Profit Before Tax	412	574	767	449	899
Depreciation & Amortisation	23	27	34	45	54
Net Interest	51	63	50	36	8
Net Change – WC	(442)	(413)	(355)	368	(739)
Direct taxes	(92)	(157)	(195)	(105)	(227)
<b>Net cash from operations</b>	<b>(73)</b>	<b>68</b>	<b>312</b>	<b>760</b>	<b>(112)</b>
Capital expenditure	(54)	(90)	(99)	(95)	(47)
Acquisitions, net	0	0	0	0	0
Investments	(5)	27	47	(1,306)	240
Others	2	8	3	2	54
<b>Net cash from investing</b>	<b>(56)</b>	<b>(54)</b>	<b>(49)</b>	<b>(1,399)</b>	<b>248</b>
<b>FCF</b>	<b>(127)</b>	<b>(22)</b>	<b>213</b>	<b>665</b>	<b>(159)</b>
Issue of share capital	0	(51)	0	1,522	0
Increase/(decrease) in debt	220	123	(236)	(566)	(136)
Dividend paid	0	0	0	0	0
Interest paid	(51)	(74)	(50)	(38)	(9)
Others	0	0	0	152	(144)
<b>Net cash from financing</b>	<b>170</b>	<b>(2)</b>	<b>(286)</b>	<b>1,070</b>	<b>(289)</b>
Net change in Cash	40	11	(23)	431	(153)

Source: Company, Centrum Broking

## Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. "Investment in securities market are subject to market risks. Read all the related documents carefully before investing."

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the foregoing limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of Centrum Broking and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

Centrum and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. Centrum and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declarations given by him, Mr. Abhishek Navalgund, research analyst and and/or any of his family members do not serve as an officer, director or any way connected to the company/companies mentioned in this report. Further, as declared by them, they are not received any compensation from the above companies in the preceding twelve months. They do not hold any shares by them or through their relatives or in case if holds the shares then will not to do any transactions in the said scrip for 30 days from the date of release such report. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance.

While we would endeavour to update the information herein on a reasonable basis, Centrum, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum from doing so.

Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Centrum policies, in circumstances where Centrum is acting in an advisory capacity to this company, or any certain other circumstances.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Centrum Broking Limited or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market.

#### Ratings definitions

Our ratings denote the following 12-month forecast returns:

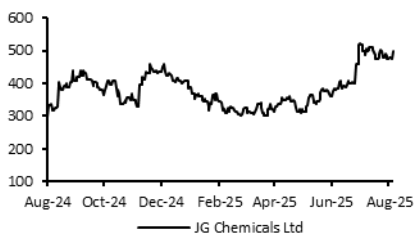
Buy – The stock is expected to return above 15%.

Add – The stock is expected to return 5-15%.

Reduce – The stock is expected to deliver -5-+5% returns.

Sell – The stock is expected to deliver <-5% returns.

#### JG Chemicals Ltd



Source: Bloomberg

**Disclosure of Interest Statement**

1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL and a SEBI registered Portfolio Manager.
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.
3	Registration status of CBL:	CBL is registered with SEBI as a Research Analyst (SEBI Registration No. INH000001469)
		<b>JG Chemicals Ltd</b>
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest	No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.	No
6	Whether the research analyst or his relatives has any other material conflict of interest	No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received	No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report	No
9	Whether Research Analysts has served as an officer, director or employee of the subject company	No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.	No
11	Whether it or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months;	No
12	Whether it or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No
13	Whether it or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No

**Member (NSE and BSE). Member MSEI (Inactive)****Single SEBI Regn. No.: INZ000205331****Depository Participant (DP)**

CDSL DP ID: 120 – 12200

Single SEBI Regn. No.: IN-DP-537-2020

PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Research Analyst

SEBI Registration No. INH000001469

Mutual Fund Distributor

AMFI REGN No. ARN- 147569

**Website:** www.centrumbroking.com**Investor Grievance Email ID:** investor.grievances@centrum.co.in**Compliance Officer Details:**

Chintan Madiya

(022) 4215 9000/9815; Email ID: [compliance@centrum.co.in](mailto:compliance@centrum.co.in)**Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)****Registered and Corporate Office:**

Level -9, Centrum House, C.S.T. Road,  
Vidyanagari Marg, Kalina,  
Santacruz (East) Mumbai – 400098  
Tel.: - +91 22 4215 9000