JG CHEMICALS

# J.G. Chemicals Limited

## COMPANY BACKGROUND……………………………………………………..

- JG Chemicals Limited (JGCL), incorporated in 1975, is the largest manufacturer of Zinc Oxide in India.
- 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 amongst 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 JGCL serves the requirements of over 200 domestic customers and over 50 global customers in more than 10 countries.
- JGC 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. Catering 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 also Animal feeds.
- It is one of the largest suppliers to the top tyre companies 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 IP/BP/USP/ Ph.Eu Standards.

## 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 | 6,677 | 453 | 6.79% | 321 | 4.81% | 9.60 |
| FY25 | 8,479 | 861 | 10.16% | 668 | 7.87% | 16.34 |

| Key Data | |
|---|---|
| BSE Code | 544138 |
| NSE Code | JGCHEM |
| Reuters | |
| Bloomberg | JGCHEM:IN |

| Market Data (INR) As on 31st March, 2025 | |
|---|---|
| Face Value | 10.0 |
| CMP | 403.25 |
| 52 Week H/L | 484.0/173.05 |
| MCAP (Mn) | 11,787.2 |
| Shares O/S (Mn) | 39.2 |

| Performance As on 31st March, 2025 | 3M | 6M | 12M |
|---|---|---|---|
| J.G. Chemicals | -25.5% | -25.4% | 73.5% |
| SENSEX | -1.1% | -8.1% | 4.7% |
| BSE Small-cap | -15.8% | -18.6% | 7.1% |

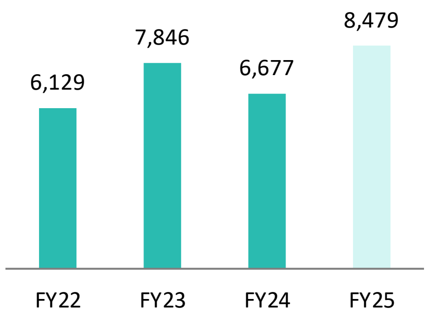
| Shareholding Pattern As on 31st March, 2025 | |
|---|---|
| Promoters | 70.99% |
| Public | 19.22% |
| DII/AIF | 3.70% |
| FPI | 6.09% |

## 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

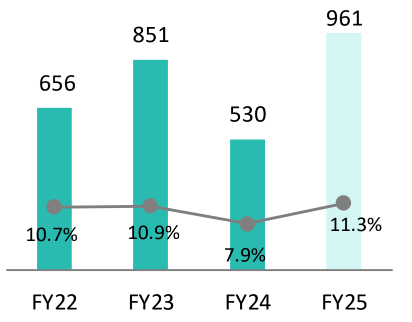
**Revenue from Operations (INR Mn)**




**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.

**EBITDA (INR Mn) & EBITDA Margin (%)**




## 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% | 12,012.5 |
| **Tinna Rubber** | 4,862 | 811 | 16.7% | 524 | 10.8% | 15,611.8 |
| **Rajratan Global Wire** | 9,377 | 1,281 | 13.7% | 638 | 6.8% | 17,147.9 |
| **NOCIL** | 14,095 | 1,475 | 10.5% | 1,236 | 8.8% | 28,957.8 |
| **PCBL** | 82,456 | 13,486 | 16.4% | 4,456 | 5.4% | 135,112.7 |

## INCOME STATEMENT

| INCOME STATEMENT (INR Mn) | FY22 | FY23 | FY24 | FY25 |
|---|---|---|---|---|
| **Total Operating Income** | **6,129** | **7,846** | **6,677** | **8,479** |
| Operating Expenses | 5,575 | 7,091 | 6,224 | 7,618 |
| **EBITDA** | **656** | **851** | **530** | **961** |
| ***EBITDA Margins (%)*** | ***10.70%*** | ***10.85%*** | ***7.94%*** | ***11.33%*** |
| Finance Cost | 63 | 50 | 36 | 8 |
| Depreciation | 27 | 34 | 45 | 54 |
| Other Income | 102 | 96 | 77 | 100 |
| **Profit before Tax and Exceptional Item** | **566** | **767** | **449** | **899** |
| Share Of Loss Of Associates | - | - | 18 | - |
| **Profit Before Tax** | **566** | **767** | **431** | **899** |
| Tax | 143 | 199 | 110 | 231 |
| **Profit After Tax** | **431** | **568** | **321** | **668** |
| ***PAT Margins (%)*** | ***6.90%*** | ***7.24%*** | ***4.81%*** | ***7.87%*** |
| Other Comprehensive Income | 1 | 1 | 47 | 23 |
| **Total Comprehensive Income** | **432** | **569** | **368** | **691** |
| Basic EPS (INR) | 12.61 | 17.32 | 9.60 | 16.34 |

## BALANCE SHEET

| Particulars (INR Mn) | FY23 | FY24 | FY25 |
|---|---|---|---|
| **EQUITIES & LIABILITIES** | | | |
| (A) Equity share capital | 317 | 392 | 392 |
| (B) Other equity | 1,759 | 3,592 | 4,255 |
| (C) Non Controlling Interest | 59 | 71 | 99 |
| **Total Equity** | **2,135** | **4,055** | **4,746** |
| **Non-Current Liabilities** | | | |
| (A) Financial liabilities | | | |
| (i) Borrowings | 67 | 36 | - |
| (B) Provisions | 3 | 4 | 5 |
| (C) Deferred Tax Liabilities | 6 | - | 5 |
| **Total Non-Current Liabilities** | **76** | **40** | **10** |
| **Current liabilities** | | | |
| (A) Financial liabilities | | | |
| (i) Borrowings | 636 | 102 | 1 |
| (ii) Trade payables | 84 | 82 | 166 |
| (iii) Other Financial Liabilities | 23 | 170 | 28 |
| (B) Other current liabilities | 5 | 20 | 7 |
| (C) Provisions | 13 | 15 | 19 |
| (D) Current Tax Liabilities | 6 | 6 | 2 |
| **Total Current Liabilities** | **767** | **395** | **223** |
| **Grand Total Equities & Liabilities** | **2,978** | **4,490** | **4,979** |

| Particulars (INR Mn) | FY23 | FY24 | FY25 |
|---|---|---|---|
| **Non-Current Assets** | | | |
| (A) Property, plant and equipment | 353 | 417 | 389 |
| (B) Capital work-in-progress | 9 | - | 11 |
| (C) Intangible assets | - | - | - |
| (D) Financial Assets | | | |
| (i) Investments | 30 | 112 | 122 |
| (ii) Other Financial Assets | 12 | 10 | 7 |
| (E) Deferred Tax Asset (Net) | - | 7 | - |
| (F) Other Non-Current Assets | 11 | 5 | 10 |
| **Total Non-Current Assets** | **415** | **551** | **539** |
| **Current Assets** | | | |
| (A) Inventories | 1,038 | 557 | 1,114 |
| (B) Financial Assets | | | |
| (i) Trade receivables | 1,156 | 1,167 | 1,419 |
| (ii) Cash & Bank Equivalents | 48 | 1,467 | 314 |
| (iii) Investments | - | 321 | 390 |
| (iv) Loans | 18 | - | - |
| (v) Other Financial Assets | 212 | 180 | 186 |
| (C) Current Tax Assets (Net) | - | - | - |
| (D) Other current assets | 91 | 247 | 277 |
| **Total Current Assets** | **2,563** | **3,939** | **4,440** |
| **Total Assets** | **2,978** | **4,490** | **4,979** |

## INVESTOR RELATIONS TEAM AT VALOREM ADVISORS ………………………………………………………………

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